

Nicola Mining – Operational & Exploration Update + Closes Financing

Rating
BUY
Unchanged

Target Price
\$0.60
Unchanged

December 4, 2024

All figures in CAD unless otherwise stated

Nicola Mining Inc.	NIM:TSXV
Rating	BUY
Target Price	\$0.60
Return to Target	135%

Market Data

Share Price	\$0.255
Average Daily Volume (K)	30.1
FD ITM Shares (M)	167.6
Market Cap (\$M)	\$42.7
Cash (\$M)	\$2.4
Debt (\$M)	\$4.6
Enterprise Value (\$M)	\$45.0

Valuation

New Craigmont Project (\$M)	\$62.5
Merritt Mill & Tailings Facility (\$M)	\$25.5
Treasure Mountain Silver Mine	\$8.7

Please refer to the applicable disclosures on the back page
Disseminated on behalf of Nicola Mining Inc.
Source: Atrium Research, CapitalIQ, Company Documents



Nicola Mining Inc. is a junior mining company that maintains a 100% owned mill and tailings facility, located near Merritt, British Columbia and has signed Mining and Milling Profit Share Agreements with high grade gold projects. Nicola's fully permitted mill can process both gold and silver mill feed via gravity and flotation processes.

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What you need to know:

- Nicola announced an operational and exploration update on its 2024 drill program.
- NIM made a deposit for a Notice of Work and Reclamation Program at the Dominion Creek Project, which is an important milestone in obtaining the final permit for a bulk sample in 2025.
- NIM completed a flow-through private placement of 1.6M shares at \$0.335/share.

This morning, Nicola Mining Corp. (NIM:TSXV, HUSIF:OTC) provided an operational and exploration update on its 2024 drilling program as well as announced the closing of its flow-through non-brokered private placement. The Company has completed 4,872m across 14 holes at its New Craigmont Copper Project, near Merritt, B.C. **We are maintaining our BUY rating and \$0.60/share target price on Nicola Mining.**

As previously announced, the first phase of the 2024 exploration program at the never-before-drilled West Craigmont-WP target totalled ~1,829.7m, with the results reported on August 30th. The second phase targeted the unexplored MARB-CAS Zones, both of which are large zones ~3.5km in diameter. This drilling was focused on testing and developing the mineralization beneath the two outcrops at the MARB Zone and CAS Zone (Figure 1). The third phase, stepped out from the MARB-CAS Zones towards the Embayment Zone to see if there was a continuation of mineralization (Figure 1). NIM is currently finalizing core cutting which will then be sent to the lab for analysis. Results from the lab are not expected to be returned until the new year.

We look forward to seeing the results from this program, as the area shows significant potential to support expanded drill campaigns and the discovery of a sizeable deposit. The presence of the historic high-grade copper mine on the property as well as Nicola's neighbours who hold tier-1 assets (Teck Resources' Highland Valley Copper Mine, adjoining New Craigmont to the north and New Gold's New Afton Mine north of Highland Valley), further reinforces our confidence in the probability of discovering a legitimate copper asset. Additionally, as a brownfields project, the risks associated with development and permitting are minimized.

Also in today's release, the Company announced that it has made a deposit of \$137,700 on behalf of itself and High Range Exploration Ltd. for a Notice of Work and Reclamation Program at the Dominion Creek Gold-Silver Project. This is an important milestone in obtaining the final permit for a bulk sample in 2025. As a reminder, Nicola owns 75% economic interest in the Dominion Creek project and is planning on processing the bulk sample at its Merritt Mill facility. We view this news as positive as it will provide another revenue stream for the Company while also highlighting to investors the many levers Nicola has to pull to increase cashflow and minimize shareholder dilution.

Financing

Further to NIM's release on November 14th, the Company has completed its flow-through private placement in which it sold 1,641,790 common shares at a price of \$0.335/share for aggregate proceeds of \$550K.

Catalysts

- New Craigmont Diamond Drill Program Results – Q4/24-Q1/25
- Merritt Mill Production Sales and New Partnerships – Ongoing

Why We Like NIM

- The New Craigmont Copper Project has all the signs of a legitimate copper asset and the historical high-grade copper mine only increases our confidence in the Company discovering a sizeable resource.
- Nicola’s Merritt Mill and Tailings facility is being utilized for profit-sharing agreements where it processes ore for its partners in the region. This business is just beginning to ramp up, and we expect new partnerships and cashflows to accelerate.
- NIM’s Mill and the Sand/Gravel Pit and Rock Quarry businesses provide non-dilutive cashflow to fund exploration of its core assets. Additionally, the Pit and Quarry are operated by local aboriginal communities, strengthening its relationships with key stakeholders.
- The Treasure Mountain Mine hosts a silver, lead, and zinc resource and is fully permitted for mineral extraction, making it a highly attractive asset for partnerships with other miners.

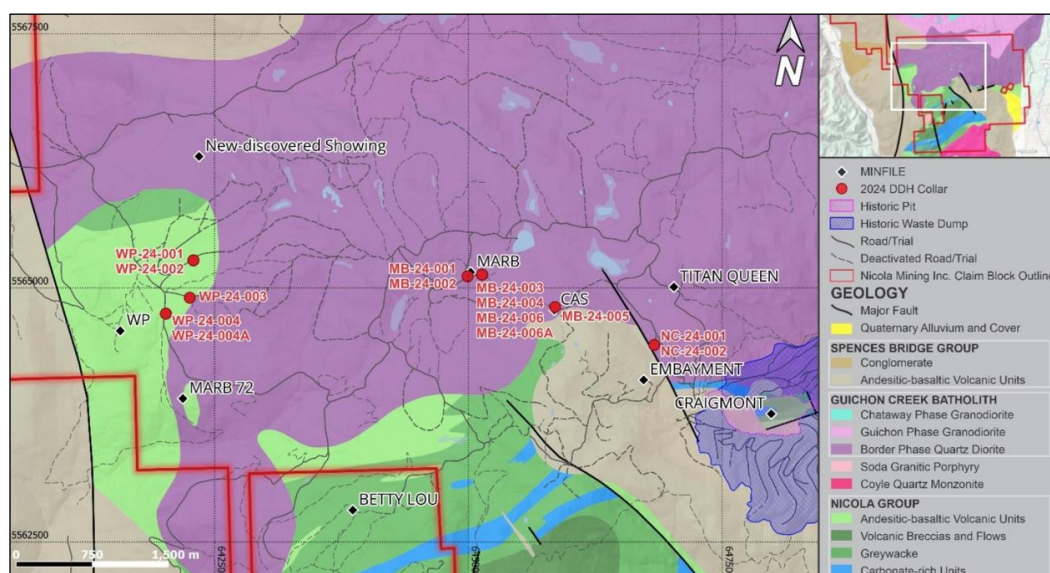


Figure 1: Collar Locations of 2024 Drill Campaign at the New Craigmont Project (Source: Company Documents)

Valuation

We continue to value the New Craigmont Copper Project at \$62.5M or \$0.37/share, assuming the valuation placed on the asset by Nittetsu in 2023. Additionally, we value the Merritt Mill using an NPV valuation which results in \$25.6M or \$0.15/share. Lastly, we add \$8.7M or \$0.05/share for the Treasure Mountain Silver Mine and adjust for net debt to arrive at our unchanged target price of \$0.60/share.

	Amount (C\$)	Per Share (C\$/share)
Mining Assets		
New Craigmont Copper Project	62.5	0.37
Merritt Mill & Tailings Facility	25.5	0.15
Treasure Mountain Silver Mine	8.7	0.05
Enterprise Value	96.7	0.58
Corporate Adjustments		
(+) Cash	2.4	0.01
(-) Debt	4.6	0.03
Equity Value	94.4	0.56
Target Price (Rounded)		\$0.60
Upside		135%

Figure 2: Valuation Summary

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HOLD: The stock is expected to generate returns of 0-20% over the next 24 months.

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NOT RATED (N/R): Atrium does not provide research coverage on the respective company.

RATING	COVERED COMPANIES
BUY	20
HOLD	0
SELL	0

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