

Nicola Mining Inc.

May 08, 2025

Basic Materials

HUSIF

OTCQB

Rating

Outperform

Initiation

Current Price

\$0.26

Target Price

\$0.50

Market Capitalization

60.9M

Shares Outstanding

169M

Float

138M

Institutional Holdings

17%

12-Month Low/High

\$0.15/\$0.30

Average 90-Day Volume

6353

Fiscal Year End

12/31/2025

Multiple Avenues for Value Creation Supported by Operational Cash Flow

Initiating coverage with a price target of C\$0.70 or US\$0.50 per share. Nicola Mining (TSX.V: NIM, OTCQB: HUSIF, FSE: HLIA) is a unique junior exploration company because it offers discovery potential through its ownership of its flagship New Craigmont Copper Project, ownership of the Treasure Mountain high-grade silver-lead-zinc mine, a 75% economic interest in the Dominion Creek gold project, along with 100% ownership of the only mill permitted to receive and process material from throughout British Columbia. The company's Merritt Mill, along with a sand/gravel pit and rock quarry, generates cash flow to support Nicola's operations and exploration programs, which minimizes the need for dilutive equity issuance.

New Craigmont Copper Project. New Craigmont is in the Quesnel Trough, one of Canada's most prolific copper belts, and is surrounded by past and present producing copper mines and is adjacent to Teck Resources' Highland Valley Copper Mine, the largest copper mine in Canada. New Craigmont derives its name from the historic Craigmont open pit and underground mine that operated on the property from 1961 to 1982. The Craigmont mine produced over 36.75 million tons of ore with an average grade of 1.28% copper, yielding 900 million pounds of copper.

Significant discovery potential. Nicola has completed over 18,000 meters of diamond drilling, along with extensive geological mapping and surveys. In 2024, the company completed a geophysical survey to define drill targets in the WP, MARB, and CAS zones, which were later drilled. Two holes were drilled in the Embayment Zone, which expanded the known mineralized areas. Results from the program suggest the potential for copper porphyry systems. Focusing on the same areas, Nicola has finalized targets for the 2025 drilling season, which is expected to begin in June.

Superb corporate governance. Mr. Peter Espig, CEO, has had an accomplished career as an investment banker and turnaround specialist and has held executive positions with Goldman Sachs and Olympus Capital. Nicola benefits from a talented management team and board with relevant experience in mining, geology, and finance.

Revenues (\$ MIL)

Period	2023 A	2024 A	2025 E
Q1	\$0.0000 A	\$0.0746 A	\$0.0000 E
Q2	\$0.4443 A	\$0.0000 A	\$2.8389 E
Q3	\$0.5694 A	\$0.0000 A	\$7.2889 E
Q4	\$0.6042 A	\$0.7436 A	\$13.0779 E
	\$1.6179 A	\$0.8182 A	\$23.2058 A


EPS (\$)

Period	2023 A	2024 A	2025 E
Q1	\$0.00 A	\$(0.01) A	\$(0.01) E
Q2	\$0.01 A	\$(0.02) A	\$0.00 E
Q3	\$(0.01) A	\$(0.01) A	\$0.02 E
Q4	\$(0.03) A	\$(0.00) A	\$0.03 E
	\$(0.02) A	\$(0.03) A	\$0.04 E

Equity Research

Mark Reichman, Managing Director, Equity Research Analyst, Natural Resources
(561) 999-2272, mreichman@noblecapitalmarkets.com,  Connect on LinkedIn

Noble Capital Markets, Inc.

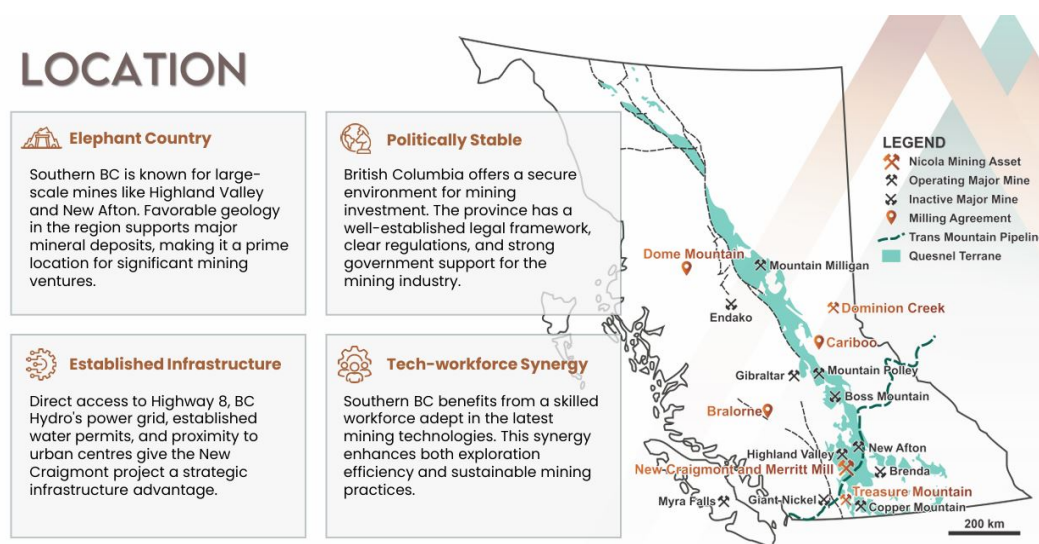
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INVESTMENT APPRAISAL

We are initiating coverage of Nicola Mining Inc. with an Outperform rating and price target of C\$0.70 or US\$0.50 per share. Nicola Mining is a junior mining company focused on the exploration and development of precious and base metals mining projects in British Columbia, Canada. The company is advancing its flagship New Craigmont Copper Project, which hosts the historic Craigmont Mine and is in the prolific Quesnel Trough, a major copper belt that is home to other major copper projects. The company also owns 100% of the past-producing Treasure Mountain high-grade silver, lead, and zinc underground mine with significant exploration potential and an active mining permit. Nicola distinguishes itself by offering investors significant discovery and value creation potential through its exploration activities at New Craigmont and Treasure Mountain while generating cash flows from the Merritt Mill, which processes ore from third parties, a sand and gravel pit, rock quarry, and ready-mix cement plant. These operations help fund Nicola's operations and exploration activities while limiting the need to issue dilutive equity. While the flagship New Craigmont Copper Project is the company's value driver, we think the company's Treasure Mountain Project represents an opportunity to create value through M&A, divestiture, joint venture, or reopening the mine. Figure 1 is a map illustrating Nicola Mining's interests.

Figure 1: Location, Location, Location



Source: Nicola Mining Inc.

British Columbia ranked 25th of 84 jurisdictions for investment attractiveness in the Fraser Institute's Annual Survey of Mining Companies in 2023 based on the province's geological attractiveness and government policy toward exploration investment. In the 2022 survey, British Columbia ranked 15th of 62 jurisdictions.

Catalysts for the Stock:

- Commencement of and outcomes associated with the 2025 exploration program at New Craigmont.
- Commencement of Merritt Mill production and processing of ore sourced from third parties, including from Talisker Resources' Bralorne gold project, Blue Lagoon Resources' Dome Mountain gold mine, and from the Dominion Creek Gold Project.
- Potential new third-party Merritt Mill processing agreements.
- Nicola has applied for a multi-year-based (MYAB) exploration permit for Treasure Mountain. Exploration will commence with an induced polarization (IP) survey at the MB zone in 2025.
- Growth in revenue and cash flow resulting from Merritt Mill production of third-party ore.

Investment Risks

Investment risks include but are not limited to: 1) Nicola Mining's failure to commercialize economic mineral resources, 2) uncertainties associated with the availability and costs of future financing, 3) changes in capital market and macroeconomic environments, 4) fluctuations in exchange rates, 5) changes in supply and demand fundamentals for base and precious metals, 6) delays in the development of projects, 7) the potential for operating costs and financing costs to vary from management expectations, 8) changes in regulation and/or permitting requirements, 9) failure to obtain necessary permits, 10) environmental risks, 11) delays in ore shipments to the Merritt Mill, and 12) varying quality and/or mineral content of ore delivered to the mill.

CORPORATE OVERVIEW

Nicola Mining is a junior mining exploration company that owns interests in several projects, including 100% ownership of its flagship New Craigmont Copper Project, 100% ownership of the Treasure Mountain high-grade silver-lead-zinc mine, a 75% economic interest in the Dominion Creek gold project, and 100% of the only mill permitted to receive and process material from throughout British Columbia. The Merritt Mill, along with a sand and gravel pit and rock quarry, generate cash flow to support Nicola's operations and exploration programs, which minimizes the need for dilutive equity issuance. The company's common stock is listed on the TSX Venture Exchange under the symbol "NIM", the Frankfurt Stock Exchange under the symbol "HLIA", and trades on the OTCQB in the United States under the ticker "HUSIF".

New Craigmont Project

Nicola consolidated ownership of mineral claims and leases to form the New Craigmont Project in 2015. Nicola holds 100% of the property, which includes 22 mineral claims and 10 mineral leases along the southern end of the Guichon Batholith in Lower Nicola, British Columbia, encompassing 10,913 hectares. New Craigmont benefits from having a valid mine and mill permit (Permit M-68) and shares the regional geological setting with Teck's Highland Valley Copper District, one of North America's largest copper producers. New Craigmont is adjacent to Highland Valley, the largest copper mine in Canada.

Figure 2: Proximity of the New Craigmont Property

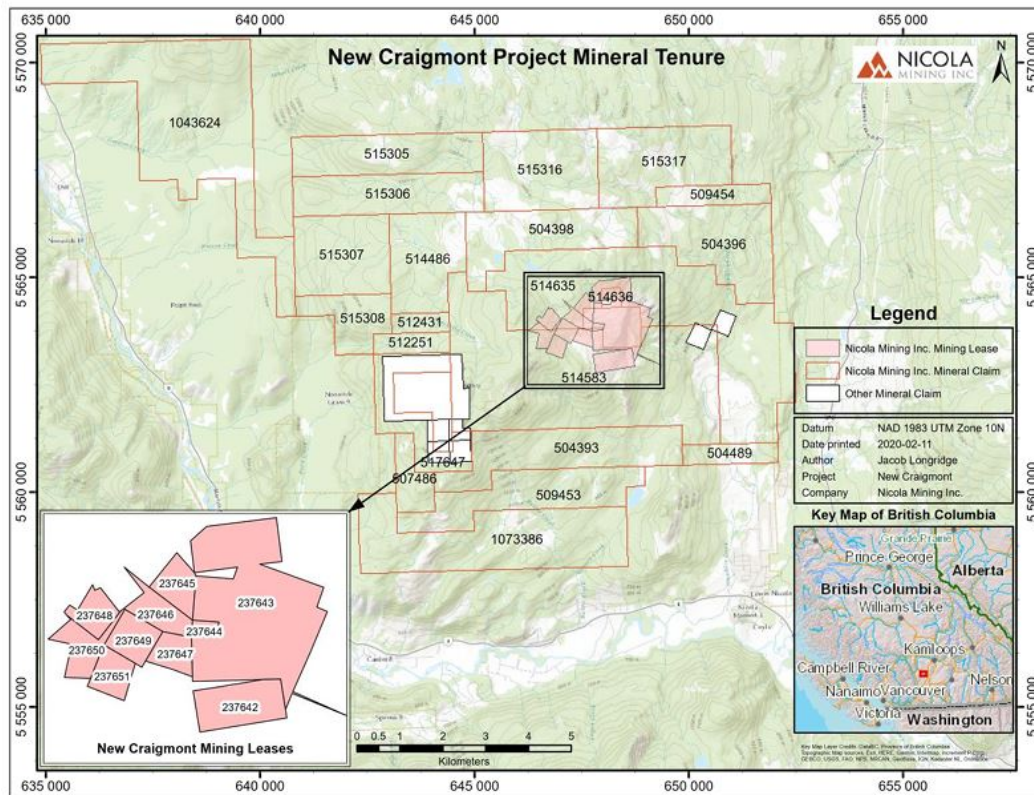


Source: Nicola Mining Inc.

The property benefits from well-developed infrastructure, including road access to all areas of the property. The Merritt Mill is on

the property and is connected to the British Columbia power grid. Prior to consolidation, broad-scale exploration was not undertaken due to multiple owners of the tenures, as illustrated in Figure 3.

Figure 3: New Craigmont Mineral Tenures



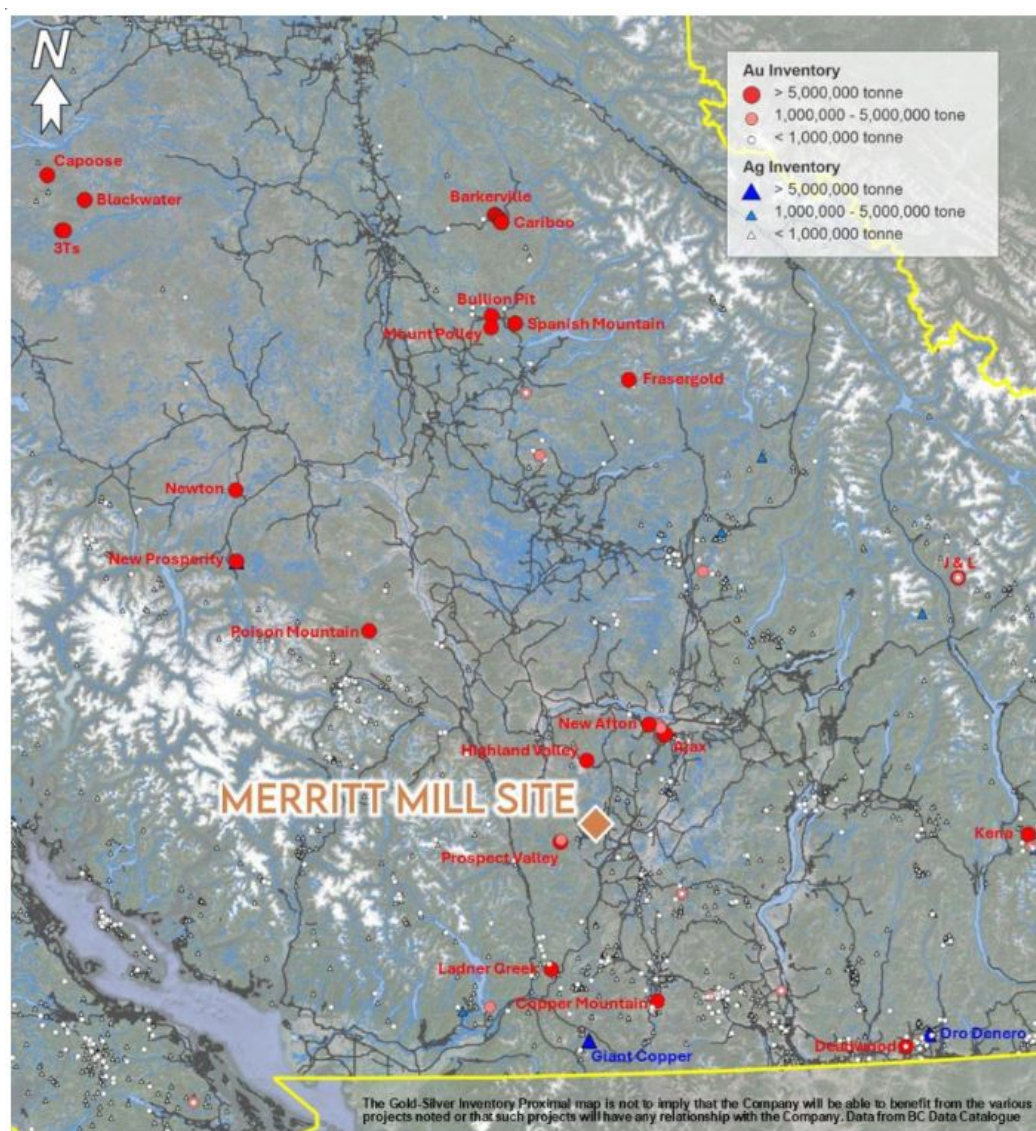
Source: New Craigmont Project Technical Report

The historic Craigmont Mine was operated by Craigmont Mines Ltd. from 1961 to 1967 as an open pit mine before moving to an underground sub-level cave operation from 1967 to 1982. The mine produced more than 36,750,000 tons at an average grade of 1.30% copper, yielding over 900,000,000 pounds of copper. The mine was shut down in 1982 due to low copper prices.

The property spans a large area along the southern part of the Guichon Batholith, known for many copper prospects. Much of the area is covered by thick gravel overburden. Carbonate-rich, silicate-rich, or intrusive rocks along the southern flank of the Guichon Batholith host two types of mineralization, including copper-iron skarn and copper porphyry. Faults near the Craigmont mine include the East and West Embayment Fault, the Mine East Fault, and the East-West Fault.

Merritt Mill and Tailings Facility

The Merritt Mill and Tailings site encompasses approximately 980 acres of freehold, I-3 industrial zoned land situated 10 kilometers northwest of Merritt, British Columbia. The facility is equipped to process 200 tonnes of ore per day through crushing, grinding, and flotation and is authorized for custom milling. Notably, the Merritt Mill is the sole facility in British Columbia permitted to receive and process third-party gold and silver feed from across the province. The Merritt Mill benefits from British Columbia's stringent regulatory requirements that result in multi-year approval processes and high capital costs for mill and infrastructure construction. Figure 4 depicts the mill's proximity to regional mining projects that could serve as sources of mill feed.

Figure 4: Proximity to Third-Party Sources of Mill Feed

Source: Nicola Mining Inc.

The land was purchased for C\$8,000,000 in 2011, and the mill and infrastructure were built in 2012 for around C\$22,000,000. Nicola invested C\$1.8 million to build a fully lined tailings facility to minimize its environmental impact. Since 2021, significant mill upgrades include a gravity cyclone concentrator for free gold extraction and a tabling system for refining gold concentrate. These improvements allow the production of free gold concentrate, gold flotation concentrate, and silver concentrate. The mill is designed for future expansion, including additional flotation tanks and gold screening units. Nicola and its First Nations partner are in the process of applying for a permit amendment to increase mill capacity to 500 tonnes per day and to expand the tailings facility. Figure 5 shows a panoramic view of the mill and tailings facility.

Figure 5: Merritt Mill and Tailings Facility

Source: Nicola Mining Inc.

Nicola Mining has entered into milling and profit share agreements with various partners, including Talisker Resources Ltd. and Blue Lagoon Resources Inc., among others. Through a purchase contract with Ocean Partners UK Limited, Nicola can sell gold and silver concentrates internationally. In April 2024, Talisker signed a milling agreement with Nicola to process up to 6,300 tonnes of ore mined from its Bralorne gold project at Nicola's Merritt Mill. Regarding profit sharing, Nicola receives a 40% share of the gross profit from milling ore sourced from Talisker Resources Ltd. and Blue Lagoon Resources Inc.

In May 2023, Blue Lagoon Resources extended its tolling agreement with Nicola Mining to March 31, 2027. Since June 2021, Blue Lagoon shipped about 5,000 tonnes of stockpiled material to Nicola for processing. Now, Blue Lagoon is focused on exploration and permitting to start mining at its Dome Mountain Mine Project, a gold and silver project in British Columbia. Dome Mountain has permits for up to 75,000 tonnes of annual production and features 15 high-grade gold veins, with 90% of the property yet to be explored. Gold production is expected to start in the third quarter of 2025, with an initial production of 55,000 tonnes per year. The company expects to recover 15,000 ounces of gold per year before ramping production.

Nicola's 75% economic interest in the Dominion Creek Gold Project is secured through a Mineral Purchase Agreement with High Range Exploration Limited. Nicola Mining and High Range Exploration have obtained a bulk sample permit to extract up to 10,000 tonnes of ore expected to commence in July 2025, with processing anticipated to commence at Merritt Mill in August 2025. The company has a strong economic incentive to process high-grade ore from Dominion Creek due to its significant economic interest.

Sand and Gravel Pit/Rock Quarry/Ready-Mix Concrete Plant

Nicola Mining, in collaboration with Lower Nicola Site Services (LNSS), operates a fully permitted sand/gravel pit and rock quarry at the Merritt Mill Property. The construction of a cement and concrete plant will further integrate its operations into the local supply chain. The company is developing infrastructure to support regional construction and highway projects, generating revenue and aiding local communities. This part of Nicola's business is managed in partnership with First Nations communities.

In March 2022, Nicola signed the agreement with LNSS, a partnership between Lower Nicola Indian Band Development Corporation and Infracon Construction Inc. LNSS has exclusive rights to extract gravel and rock from Nicola's Craigmont mine site for five years, with an option to extend. Nicola will earn royalties per tonne of material, and LNSS covers all costs except bonding, which Nicola handles. The gravel pit is fully permitted for annual production of 100,000 tonnes per year and is adjacent to the historic Craigmont Mine Site.

Nicola possesses a permit for rock quarry operations, authorizing the extraction of up to 1,500 tonnes per day. This material is predominantly used in highway infrastructure repair projects, with Nicola receiving royalties based on the volume of extracted material.

Nicola constructed a cement plant in partnership with LNSS. The cement plant is situated at the gravel pit and adjacent to the Craigmont Mine site. This strategic initiative supports Nicola's vertical integration efforts, enabling the company to extract sand, gravel, and rip rap, while also manufacturing cement for infrastructure projects.

Treasure Mountain Project

The Treasure Mountain Project is a 100% owned high-grade silver, lead, and zinc past-producing underground mine located 29 kilometers northeast of Hope, British Columbia. It offers significant exploration potential and has a valid permit (M-239) for mining operations through 2032 that permits the company to mine up to 60,000 tonnes per year. Nicola has applied for a multi-year-based (MYAB) exploration permit for Treasure Mountain, which it expects to receive within a few months.

Figure 6: Treasure Mountain



Source: Nicola Mining Inc.

The company holds 31 contiguous mineral claims over an area of approximately 2,200 hectares and one mining lease covering 335 hectares, including 248 hectares of historic workings. The project has been in care and maintenance since July 2013, with a resource update prepared in 2009 and a technical report completed in 2012. The project hosts a historic NI 43-101 mineral resource estimation summarized in Figure 7.

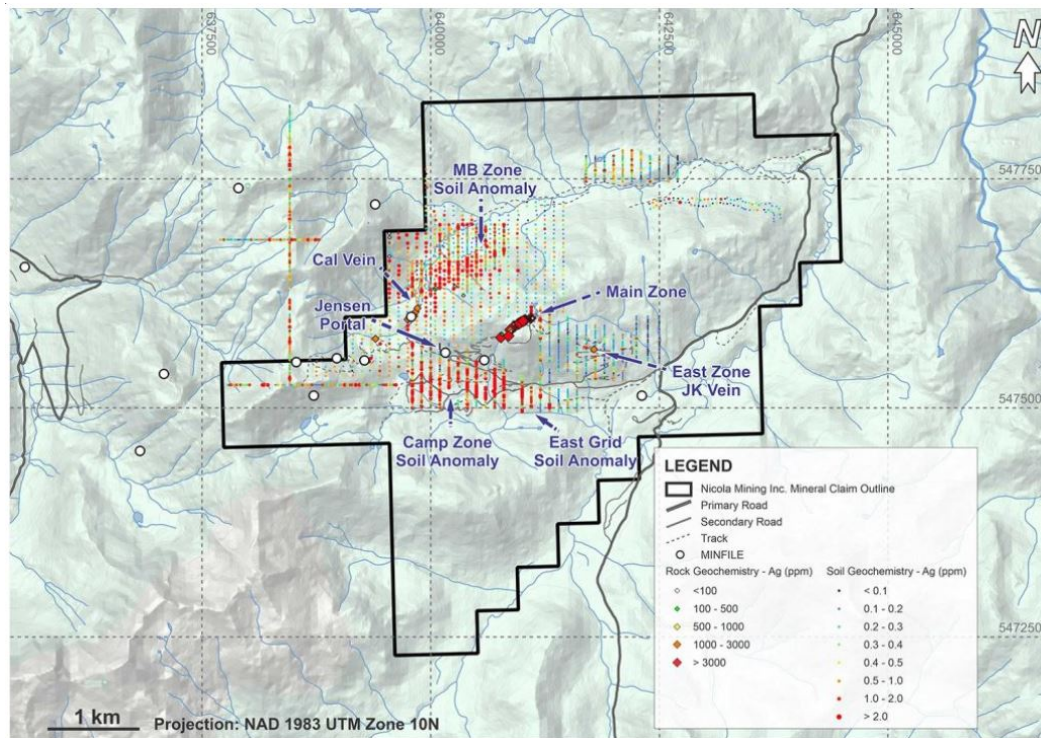
Figure 7: Treasure Mountain Mineral Resource Estimate

Category	Cut-Off Silver (Ounces/Tonne)	Silver (Ounces/Tonne)	Lead (%)	Zinc (%)	Silver (Ounces)	Lead (Pounds)	Zinc (Pounds)
Indicated	5.0	18.10	3.26	3.40	1,040,000	3,740,000	3,910,000
	10.0	24.20	4.16	3.80	880,000	3,030,000	2,760,000
Inferred	5.0	22.00	2.48	3.86	3,900,000	8,800,000	13,710,000
	10.0	27.00	2.79	4.36	3,580,000	7,370,000	11,540,000

Source: Nicola Mining Inc.

The Treasure Mountain property features polymetallic veins, including those from the historic silver-lead-zinc mine. Located in Washington State's Cascade Mountains, the area consists of sedimentary and volcanic rocks, along with newer intrusions and sediments. Figure 8 shows the mineralized zones of Treasure Mountain.

Figure 8: Treasure Mountain Mineral Zones



Source: Treasure Mountain Technical Report

The historic mine workings span elevations from 1,382 to 1,670 meters and include four levels along with an open cut near the summit of Treasure Mountain, positioned approximately 50 meters above the first level of the mine. The property's infrastructure is well-developed, including access to electric power.

Dominion Creek Gold Property Project

Dominion Creek is a gold and silver project located 43 miles northeast of Wells, British Columbia, Canada, in a highly prospective area with significant potential for the discovery of gold and associated base metal deposits. Dominion Creek is a high-grade gold system in which the vein outcrops at the surface. The project area consists of 8 contiguous mineral claims totaling approximately 1,040 hectares and includes claims covering 7.5 kilometers of the Isaac Lake Fault system. Nicola Mining holds a 75% economic interest in the Dominion Creek Property through a 50% land interest and a mining and milling profit share agreement. Ore from the Dominion Creek Property will be processed at the Merritt Mill. Nicola Mining and High Range Exploration have obtained a bulk sample permit to extract up to 10,000 tonnes of ore, with extraction expected to commence in 2025.

There are two mineralized areas that include a bulk sample pit and a mineralized outcrop containing multiple distinctive veins. Prior to consummating the acquisition of its 50% land interest and mining and milling profit share agreement in 2021, Nicola Mining conducted due diligence, which included site visits and sampling. Results from a 9.7-kilogram sample of outcropping sulfide mineralization taken from the Number 16 Vein returned 62.1 grams of gold per tonne, 320 grams of silver per tonne, 23.4% lead, and 12.4% zinc. In September 2020, Nicola announced that it had assayed 23 samples taken from material extracted from the Number 16 Vein and the Pit Vein zones and sent them to ALS Metallurgy Laboratory. Highlights included:

- Sample 204467: 81.7 grams of gold per tonne and 136.0 grams of silver per tonne.
- Sample 204473: 105.0 grams of gold per tonne and 156.0 grams of silver per tonne.
- Sample 204474: 149.0 grams of gold per tonne and 270 grams of silver per tonne.
- Sample 204481: 125.0 grams of gold per tonne and 266.0 grams of silver per tonne.
- Sample 204484: 106.0 grams of gold per tonne and 164.0 grams of silver per tonne.

The average grade from the sampling was 61.3 grams of gold per tonne and 173.7 grams of silver per tonne.

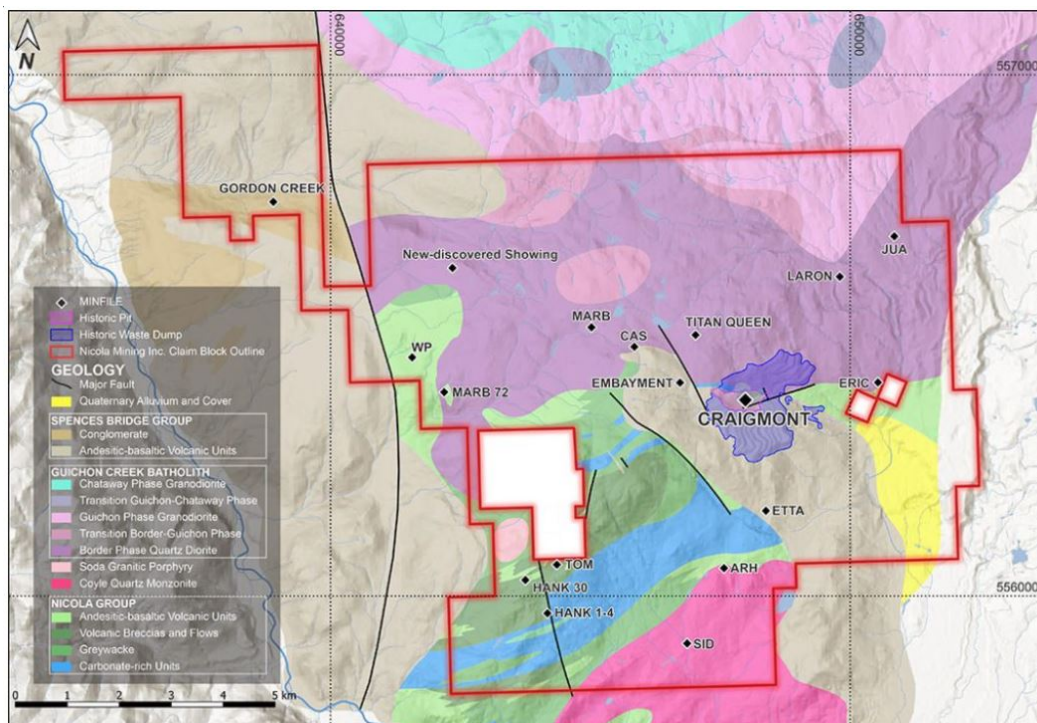
EXPLORATION AND DRILLING PROGRAMS

The Quesnel Trough hosts Triassic/Jurassic-age volcanic sedimentary and intrusive rocks that contain copper-gold porphyry deposits with copper, gold, silver, and molybdenum. It extends northwest for about 1,000 kilometers from the U.S. border to the Yukon border in south-central British Columbia. Besides copper-gold porphyry deposits, the Quesnel Trough also hosts various types of gold deposits.

New Craigmont.

Since consolidating the mineral claims in 2015, Nicola has actively explored the project by conducting over 18,000 meters of diamond drilling, 1,869 meters of reverse circulation drilling, and detailed geological mapping. Exploration included soil sampling and advanced geophysical surveys such as induced polarization, aeromagnetic surveys, and a Z-Axis Tipper electromagnetic (ZTEM) survey across the property. The company aimed to extend and identify porphyry copper systems believed to be the source of fluid responsible for the copper skarn. Figure 9 shows the New Craigmont mineral zones.

Figure 9: New Craigmont Mineral Zones



Source: Nicola Mining Inc.

Geophysical surveys revealed the significant mineral potential of the New Craigmont Project. A magnetization vector inversion model identified a significant magnetic anomaly in the MARB-CAS zone, similar to the historic Craigmont Mine. A ZTEM survey found a large resistivity anomaly north of the mine, indicating a promising porphyry exploration target. Induced polarization

surveys generated drill targets.

Roughly two-thirds of the Craigmont ore body occurs within skarn and is confined to a narrow, steeply south-dipping zone. The remaining ore is hosted by the Guichon Creek quartz diorite, exhibiting porphyry-style mineralization. In August 2021, Nicola completed a Phase I program with five diamond drill holes totaling 1,459.65 meters. Three holes were drilled between the historic pit and diamond drill holes to the West, while two targeted a magnetic anomaly along the Northeast pit margin. Highlights included Hole CC-21-78 intersecting 11.5 meters grading 2.19% copper within 71.5 meters at 0.38% copper, and Hole CC-21-79 intersecting 71.35 meters grading 0.29% copper within 130.35 meters at 0.29% copper. In November 2022, Nicola received a multi-year area-based exploration permit for copper exploration. This includes geophysical surveys, 190 diamond drill holes, and 12 kilometers of trenching/bulk sampling through November 2, 2027.

2023 Exploration

In 2023, Nicola drilled six diamond holes totaling 2,684 meters near the historic Craigmont Copper Mine to explore the southeastern extension of a skarn ore body and evaluate the potential for a porphyry copper system.

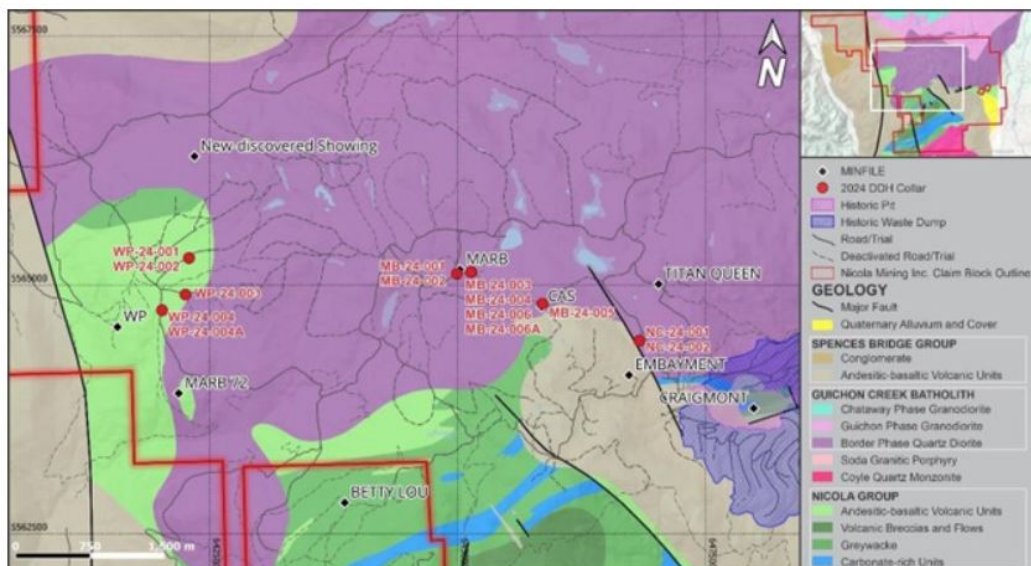
Holes NC23-001 to NC23-004a were drilled southeast of the historic Craigmont Copper Mine to explore skarn mineralization potential. Hole NC23-001 found two intervals of exoskarn in Nicola sedimentary rocks, featuring actinolite, magnetite, epidote, garnet, and chalcopyrite veinlets. Holes NC23-002 to NC23-004a revealed extensive alteration in Nicola Group rocks, suggesting a nearby porphyry system despite no exact skarn intervals.

Holes NC23-005 and NC23-006 were drilled northeast and north of the historic pit, targeting the Guichon Quartz Diorite. Potassic and propylitic alteration, along with chalcopyrite veinlets, suggest a porphyry copper system at New Craigmont. Significant copper grades ($>0.1\%$) near the historic high-grade skarn suggest one or more porphyries are present and that a copper porphyry system is the source of mineralization for the historic Craigmont skarn.

While hoping to find more mineralization southeast of the historic pit, the northeast drilling revealed extensive alteration, suggesting potential new bodies. Mapped outcroppings matched cross-section diagrams showing electromagnetic anomalies. Key findings included zones of copper mineralization and localized molybdenite.

2024 Exploration

In 2024, Nicola conducted a survey and drilling program at various zones, including WP, MARB, CAS, and the Embayment zones. The 14-hole diamond drilling program totaled 4,874 meters of drilling. In the Embayment copper skarn zone, two holes expanded the mineralized area. Figure 10 shows the drill collar locations.

Figure 10: 2024 Drilling Program Collar Locations

Source: Nicola Mining Inc.

The initial phase of the 2024 program at the West Craigmont-WP target, which had not been drilled previously, involved five holes totaling approximately 1,829.7 meters. The drilling results suggest a porphyry system, though further geological analysis and drilling are needed to determine the area's mineral potential. Mineralization directly below the MARB outcrop consists of chalcopyrite, pyrite, and pyrrhotite, occurring as fine disseminations and narrow veins within both intrusive and volcanic rock units.

Upon completing the first phase, drilling began in the unexplored MARB-CAS zones to understand the geology and evaluate mineral potential beneath two mineralized outcrops, one in the MARB zone and one in the CAS zone. In the MARB zone, six holes (MB-24-001 to MB-24-006A) were drilled over 1,500 meters near the outcrop to explore the surface and deeper targets.

- MB-24-001 intersected chalcopyrite-pyrite veins from 52.5 to 983.0 meters depth, averaging 0.10% copper over 40.5 meters, with 9.48 meters returning 0.34% copper.
- MB-24-002 encountered similar veinlets within the first 100 meters.
- MB-24-003 found weak mineralization in narrow sulphide veins within the first 100 meters.
- MB-24-004 intersected discontinuous chalcopyrite from 18.34 to 46.66 meters, averaging 0.11% copper over 28.32 meters, including 10.86 meters returning 0.23% copper.
- MB-24-006 and MB-24-006A targeted mineralization beneath the outcrop but were lost at about 120 meters due to a clay-filled fault.

The CAS mineralized outcrop contains pyrite and chalcopyrite mineralization along with garnet-epidote-magnetite-actinolite skarn. The outcrop is located at the Guichon Batholith, north of the contact between the batholith and Nicola Group rocks. Hole MB-24-005 was the sole hole drilled in 2024 to assess mineralization potential around the CAS mineral showing. Hole MB-24-005 was positioned on a pad 35 meters north of the CAS outcrop, with the goal of investigating the rocks directly beneath the CAS outcrop. At a depth of 15 meters, drilling intersected veinlets of chalcopyrite with alteration halos hosted by border phase diorite. Between 75.6 and 210.5 meters, the drilling encountered magnetite-diopside-actinolite skarn intermittently, where sulphide minerals were observed replacing magnetite.

Nicola drilled two holes in the Embayment Zone. Hole NC-24-001 found copper skarn mineralization, with intervals of 56.6 meters returning 0.17% copper and 75.0 meters returning 0.36% copper, including high-grade sections of 33.8 meters returning 0.23%, 10.0 meters returning 0.97%, and 12.0 meters returning 0.85%. Hole 24-002, drilled between two existing holes,

intersected a 52.90-meter interval of skarn-hosted copper mineralization at 1.03%, including 13.0 meters at 3.46%.

The 2024 drilling program at the Craigmont project was the most successful since the 1960s. Nicola Mining's goal was to confirm copper mineralization with shallow holes before drilling deeper targets. Key assay results are summarized below.

Figure 11: Highlights of the 2024 Drilling Program

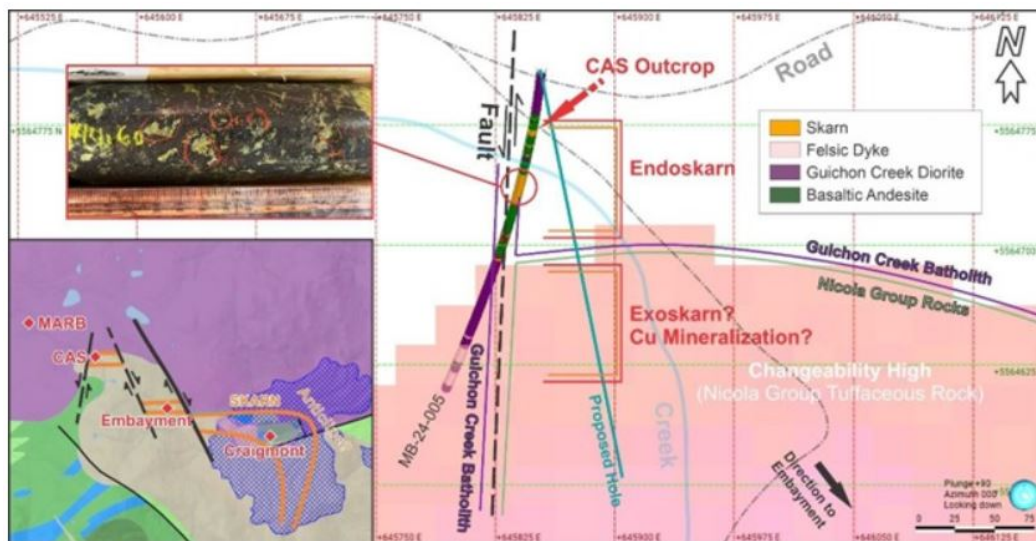
Hole ID	Interval (meters)	Grade (%)	From (meters)	To (meters)
MB-24-001	40.5	0.10%	52.5	93.0
Includes 9.48 meters of 0.34% copper				
MB-24-004	28.3	11.00%	18.3	46.7
Includes 10.86 meters of 0.23% copper				
NC-24-001	56.6	17.00%	313.7	370.3
Includes 33.8 meters of 0.23% copper				
	75.0	36.00%	404.0	479.0
Includes 10 meters of 0.97% copper and includes 12 meters of 0.85% copper				
NC-24-002	52.9	1.03%	344.1	397.0
Includes 13.0 meters of 3.46% copper				

Source: Nicola Mining Inc.

Take-Aways from the 2024 Program and Plans for Future Drilling

The MARB-CAS portion of the 2024 program successfully intersected near surface mineralization beneath the MARB outcrop, leaving it open at depth and to the west for future drilling. Figure 12 depicts a proposed hole for a follow-up program in 2025.

Figure 12: 2025 Follow-Up Drilling Plan



Source: Nicola Mining Inc.

The company plans to drill southwest of the MARB outcrop, targeting deeper mineralization beneath the MB-24-001 intercept.

Another hole will test mineralization extending southwest. Re-drilling holes MB-24-006/6a is an option to test mineralization along the strike from the CAS outcrop.

The 2024 CAS program discovered a skarn that may be a continuation of the Embayment Zone skarn, potentially displaced northward by a fault. For 2025, the proposed drilling includes a hole from the same pad as MB-24-005 aimed southeast toward the Nicola side of the lithology contact. The drilling would target exoskarn in the Nicola Group rocks, tracing it deeper and east toward the Embayment Zone. For those not familiar, if the origin of the skarn is sedimentary, it is referred to as exoskarn. If the origin is igneous, it is referred to as endoskarn.

The WP showing is a historic trench with significant malachite and chalcopryrite mineralization, making it a high-priority drilling target for 2025. The mineralized fault in the trench dips steeply north, so drilling may proceed from east to west.

We expect the 2025 exploration and drilling program to commence in June. We estimate the company could spend up to C\$2,000,000 on the program.

Treasure Mountain

Since June 2011, activities at Treasure Mountain have involved diamond drilling, soil geochemistry sampling, rock sampling both on the surface and underground at the two upper levels of the mine workings, a 10,000-tonne bulk sample, and a small exploration cut in the East Zone located 8 kilometers from the mine workings. The three main target areas at Treasure Mountain include: 1) the MB Zone (North side of the mountain), 2) the Eastern Zone/JK Vein, and 3) the Jensen Portal.

The MB Zone is located approximately 1.5 kilometers from the Treasure Mountain mine, although it is not believed to be of the same band of mineralization. It has not yet been drilled, although it has provided encouraging soil sample results that correspond to a geomagnetic survey and warrant further exploration.

The Eastern Zone is located approximately 1.0 kilometer from the historic mine development area, which was first explored in 1988. The area had some exploration success with rotary reverse circulation chip sample intervals assaying as much as 1,072.44 grams of silver per tonne, 15.2% lead, and 0.04% zinc over 20 feet. In August of 2011, a small open pit was completed in the East Zone, where approximately 500 tonnes of material was bagged and removed from the site for crushing and shipped to a smelter.

The Jensen Portal is located approximately 400 meters west of the Level 3 portal that was previously mined. Nicola has not completed any exploration at Jensen Portal.

Over 65 diamond drill holes, representing approximately 7,000 meters of drilling, have been completed at Treasure Mountain. Fifty-one diamond drill holes totaling 5,073 meters of drilling focused on the main mine development area to improve resource definition within the upper 150 meters of the mine's infrastructure. In November 2020, assay results were released for 14 portable drill holes that tested a 1.2-kilometer mineralized trend during Phase I of a 2020 program. The drilling program confirmed the vein system contained silver, trace amounts of gold, and copper.

Exploration activities have included 2,456 soil geochemical samples, focusing on two zones: the MB Zone and the Camp Zone. The MB Zone is located near the underground mine workings on the previously undrilled northern flank of the mountain, identified in 2010 after discovering the Cal Vein, which had a surface sample yielding 9,221 grams of silver per tonne. The Camp Zone was discovered through a geochemical testing program and revealed a soil anomaly below the Jensen Portal extending up to 1,000 meters from the existing workings.

Twenty geochemical rock samples were collected from the MB Zone and the Eastern Zone, along with eight underground samples taken over a length of 107 meters from the D Vein. The surface samples revealed notable findings, including one sample from the Eastern Zone with 1,040 parts of silver per million, and four samples from the MB Zone with silver concentrations exceeding 1,000 parts of silver per million, attributed to the Cal Vein.

While 2025 will focus on exploration at New Craigmont, the company has applied for a multi-year area-based permit to the Ministry of Energy, Mines, and Low Carbon Innovation, which would authorize it to conduct exploration activities for up to five

years. Exploration will commence with the company developing an IP survey at the MB Zone in 2025. Drilling will likely be centered in the MB zone on the undrilled northern backside of the mountain.

VALUATION:

Our price target of C\$0.70 or US\$0.50 per share is based on a sum-of-the-parts valuation. It is the summation of values ascribed to the following: 1) the New Craigmont Copper Project; 2) the Merritt Mill and Tailings Facility, 3) the Sand/Gravel Pit and Rock Quarry, and 4) the Treasure Mountain Silver Mine. While we did not assign a stand-alone value for Dominion Creek, we think its value is somewhat reflected in the Merritt Mill valuation since Dominion Creek will be a source of ore for the mill. Our valuation is in Figure 13:

Figure 13: Nicola Mining Sum-of-the-Parts Valuation

Project:	Value (C\$ in millions)	Per Share (C\$)
New Craigmont Copper Project	68.8	0.39
Merritt Mill and Tailings Facility	47.0	0.27
Sand/Gravel Pit and Rock Quarry	3.2	0.02
Treasure Mountain Silver Project	6.1	0.03
Total Value	125.0	0.71
(+) Cash	1.5	0.01
(+) Marketable Securities	1.1	0.01
(-) Debt	(4.5)	(0.03)
Equity Value (C\$)	123.0	0.69
Equity Value (US\$)	88.6	0.50
Shares Outstanding		177.1

Source: Noble Capital Markets Inc.

Except for shares outstanding, our valuation is based on balance sheet information as of December 31, 2024. Our share count is based on recent financings, which are discussed later in this report.

In our view, the New Craigmont Copper Project represents the greatest upside potential given that we think it could develop into a stand-alone company maker. We think Nicola's exploration activities will soon reveal New Craigmont's potential to be one the region's next major copper mines.

New Craigmont Copper Project

In September 2023, Nicola executed a letter of intent with Nittetsu Mining Co. Ltd. to form a joint venture to advance the New Craigmont project. The transaction was structured in two stages. During the first stage, Nittetsu would contribute an aggregate of \$10.0 million to achieve a 20% ownership interest in the project, which would be reflected as equity in a joint venture entity. The first stage was expected to take approximately three years, at which time Nittetsu had an option to move forward to the second stage, which was called the feasibility study stage. The two-year feasibility study stage would focus on the feasibility of the project with the intent to begin extracting copper from the project, including from the historic mine dumps. Upon completion of the feasibility study stage and a total contribution of at least \$15 million, Nittetsu would have earned a 40% interest in the property, reflected as equity in the project entity. The aggregate \$25.0 million investment by Nittetsu implied a New Craigmont value of \$62.5 million.

In November 2023, progress toward a definitive agreement with Nittetsu was suspended. During a site visit, Nittetsu discovered that over 90% of the property was covered with overburden, which limited the ability to see outcropping mineralization. Second, other areas associated with the historic mine were largely unexplored and lacked drill data. During the visit, both companies

agreed on two key zones of high interest, the WP Zone and the western area between the historic pit and the West Craigmont Zone, which exhibited high grade copper drill results in skarn. In our view, while Nittetsu recognized the New Craigmont project's exploration potential, the inability to see geological formations at the surface and the need for more exploration prompted them to decide it was too early to enter into the joint venture arrangement.

Since 2023, Nicola has significantly de-risked the project with the completion of several geophysical surveys and the completion of a successful 2024 drill program. Moreover, copper prices have strengthened based on a robust demand outlook driven by infrastructure spending and the need for copper in the rapid transition to electrification. During the month of September of 2023, copper prices averaged US\$3.75 per pound compared to the price of \$4.65 per pound as of May 7. To reflect the added value, we have added a 10% premium and value New Craigmont at C\$68.8 million or \$0.39 per share. We think our estimate remains conservative.

Merritt Mill and Tailings

We have employed a discounted cash flow framework for the Merritt Mill and Tailings facility, which follows a traditional mining model framework. It is based on mill processing capacity of 200 tonnes per day, gold equivalent ounces recovered, the price of gold, and operating costs per gold equivalent ounce. We have assumed mining and trucking costs of \$985 per ounce and milling costs of \$65 per ounce for an all-in cost of \$1,050 per gold equivalent ounce. Our discounted cash flow analysis values the Merritt Mill and Tailings facility at C\$47.0 million or C\$0.27 per share using a 10% discount rate.

Sand/Gravel Pit and Rock Quarry

Our valuation for the company's sand, gravel, and rock operations are based on a similar discounted cash flow analysis and is based on sand, gravel, and rock tonnage, along with the royalty received by Nicola per tonne. Nicola Mining receives a royalty of C\$2.00 per tonne of sand or gravel, and C\$3.00 per tonne of rock. Our discounted cash flow analysis values the company's sand/gravel pit and rock quarry at C\$3.2 million or C\$0.02 per share using a 10% discount rate.

Treasure Mountain Silver Mine

Our valuation of the Treasure Mountain Silver Mine is based on a market value-to-silver equivalent resources framework using a comparative group of junior mining companies that are advancing primarily silver-focused projects. We converted Treasure Mountain's existing indicated and inferred resources into silver equivalent ounces. We applied the average market value-to-silver equivalent resources on a per ounce basis to Treasure Mountain's resource base. Based on historic resources of 6.3 million silver equivalents, we value Treasure Mountain at C\$6.1 million or \$0.03 per share.

We note that Treasure Mountain's resource estimation is historic in nature, qualitative differences exist among the mineral resources of the comparator companies, and Nicola does not yet have an exploration permit. However, Nicola has applied for a multi-year-based (MYAB) exploration permit, which it expects to receive within a few months. Treasure Mountain is permitted to mine up to 60,000 tonnes per year, which is a significant advantage relative to projects that are not permitted, and we believe the property offers significant exploration and discovery potential. Consequently, we have based our valuation of Treasure Mountain on the peer group average.

Figure 14: Comparative Peer Group

(CDN\$), except where noted		Share		Price/	Market	Mineral	C\$		US\$	
Company	Ticker	Price	Shares				MC/Attributable	Resources	MC/Attributable	Resources
Aftermath Silver Ltd.	TSXV: AAG	\$ 0.49	290,308,119	3.9x	\$ 142,250,978	186,294,000	\$	0.76	\$	0.55
Argenta Silver	TSXV: AGAG	\$ 0.30	169,214,377	3.5x	\$ 49,918,241	49,400,000	\$	1.01	\$	0.73
Blackrock Silver Corp.	TSXV: BRC	\$ 0.31	314,721,794	4.0x	\$ 95,990,147	100,560,000	\$	0.95	\$	0.69
Dolly Varden Silver Corp.	TSXV: DV	\$ 3.72	79,500,000	2.9x	\$ 295,740,000	137,700,000	\$	2.15	\$	1.55
GR Silver Mining Ltd.	TSXV: GRSL	\$ 0.14	332,548,013	6.0x	\$ 46,556,722	134,000,000	\$	0.35	\$	0.25
Kootenay Silver Inc.	TSXV: KTN	\$ 0.90	62,194,443	1.5x	\$ 55,974,999	269,100,000	\$	0.21	\$	0.15
Outcrop Silver & Gold Corp.	TSXV: OCG	\$ 0.21	341,595,958	2.4x	\$ 71,735,151	37,700,000	\$	1.90	\$	1.37
Silver One Resources Inc.	TSXV: SVE	\$ 0.28	268,893,369	1.7x	\$ 73,945,676	128,700,000	\$	0.57	\$	0.41
Silver Viper Minerals Corp.	TSXV: VIPR	\$ 0.20	19,477,163	0.6x	\$ 3,798,047	17,730,000	\$	0.21	\$	0.15
Summa Silver Corp.	TSXV: SSVR	\$ 0.29	121,776,575	0.7x	\$ 35,315,207	75,300,000	\$	0.47	\$	0.34
Viscount Mining Corp.	TSXV: VML	\$ 0.56	110,475,351	6.4x	\$ 61,866,197	138,490,000	\$	0.45	\$	0.32
Vizsla Silver	TSX: VLZA	\$ 3.19	286,616,769	2.5x	\$ 914,307,493	361,100,000	\$	2.53	\$	1.82
Average				3.0x	\$ 153,949,905	136,339,500	\$	0.96	\$	0.69
Median				2.7x	\$ 66,800,674	131,350,000	\$	0.67	\$	0.48

¹As of most recent financial report or corporate presentation

²All dollar figures are in CDN\$ except where noted.

Source: Noble Capital Markets Inc.

Dominion Creek Gold Project

While we have not assigned a stand-alone value to Dominion Creek, it is already reflected in our valuation based on the Dominion Creek ore processed by the Merrit Mill.

CORPORATE GOVERNANCE:

Nicola benefits from a talented management team with relevant experience in mining, geology, and finance, along with an accomplished board of directors. Together, they have structured a unique exploration company with a diversified stream of cash flows to support the company's operations and exploration activities. Nicola Mining embraces ESG principles and environmental stewardship. The company's efforts have been recognized by local communities and First Nations. Spuzzum First Nations nominated Nicola Mining for the Annual British Columbia Mine Reclamation Award.

Mr. Peter Espig, President and Chief Executive Officer. Mr. Espig assumed the role of President and CEO on November 7, 2013, and guided the company through a Companies' Creditors Arrangement Act (CCAA) restructuring with a successful exit in November 2014. He is experienced in investment analysis, raising capital, deal sourcing, financial structuring, and corporate turnarounds. Mr. Espig has been active in the turnaround of mining projects and has functioned in management and director roles for numerous mining companies.

Mr. Espig served as Vice President of the Principal Finance and Securitization Group and Asia Special Situations Group for Goldman Sachs Japan. Prior to joining Goldman Sachs, Mr. Espig was Vice President of Olympus Capital, a New York private equity firm, where he participated in corporate restructurings, investment analysis, and financing negotiations for both domestic and international investments. In 1989, Mr. Espig received his B.A. from the University of British Columbia and later received his MBA from Columbia Business School, where he was a Chazen International Scholar.

Mr. Sam Wong, Chief Financial Officer. Mr. Wong is a Certified Public Accountant with more than 18 years of international experience in the mining and resource sector. He has held senior executive positions in publicly traded mining companies. His expertise includes financial reporting, corporate risk management, corporate strategy and planning, and investment evaluation. Mr. Wong began his career at Deloitte LLP in Vancouver, where he provided assurance and tax services.

Mr. Will Whitty, VP of Exploration. Mr. Whitty has over fifteen years of advanced-stage exploration experience working on a variety of porphyry copper and molybdenum deposits and copper skarns, as well as Carlin-style gold and orogenic gold

deposits. Mr. Whitty earned a B.Sc. degree in geology from Carleton University in Ottawa and his M.Sc. degree in geology with the Mineral Deposit Research Unit at UBC in Vancouver. Prior to joining Nicola, Mr. Whitty was employed with Nevada Gold Mines, a Barrick-Newmont joint venture, at Goldrush Mine as a senior geologist. Previously, he was employed with Freeport-McMoRan for nine years with the mine site exploration group where he provided geological services to most of the company's mines in the southwestern United States.

Mr. Bill Cawker, Corporate Development. Mr. Cawker joined Nicola in March 2023 and assumed responsibility for the company's corporate & investor relations, and social media functions. In March 2024, he added the role of Corporate Secretary. He is an experienced specialist who has worked assisting small capitalization and micro capitalization publicly listed companies in the fields of technology and natural resources. Mr. Cawker has worked at leading Canadian financial institutions and has been active with numerous public companies. He is a graduate of the University of British Columbia, where his focus was Canadian and United States economic history and free trade.

Mr. Frank Hogel, Chairman and Director. Mr. Hogel is an asset manager involved in the financial evaluation of companies and convertible debenture restructuring. He is on the advisory board of Concept Capital Management and has served as President and Chief Executive Officer of Peter Beck Performance Funds and Peter Beck and Partner Asset Management Company Limited since 2002. Mr. Hogel has been involved in the mining sector for fifteen years.

Dr. Paul Johnston, Director. Dr. Johnston is a professional geoscientist with over 30 years of mining industry experience and currently serves as Vice President of Exploration at Element 29 Resources. He has extensive experience internationally with early to advanced stage exploration for gold, copper, and zinc.

Dr. Johnston began his career in the late 1980s as a mine geologist before joining Teck Resources, where he worked in a variety of international positions, including Regional Chief Geoscientist for South America. He holds a PhD from Queen's University and is a member of the Association of Professional Engineers and Geoscientists of British Columbia.

Mr. Malcolm Swallow, Director. Mr. Swallow has extensive experience in providing guidance to mining companies, including all aspects of precious and base metals and industrial minerals development, mine and mill construction, and operations.

Mr. Brent Omland, Director. Mr. Omland has served as the Chief Financial Officer and Director of Ocean Partners Holdings Limited since 2013. In 2023, Mr. Omland was appointed to the role of co-CEO of Ocean Partners. Before joining Ocean Partners, Mr. Omland was the Chief Financial Officer for Ivernica Inc. and Enirgi Metals Group, companies focused on lead mining and secondary lead smelting in Australia. Mr. Omland worked in finance roles for Teck Cominco. He is a graduate of the University of British Columbia (Commerce) and a Canadian Chartered Accountant with 20 years of experience in the mining, metals, and trading business. Mr. Omland serves on the boards of Galantas Gold Corporation and Dore Copper Mining Corporation.

Nicola Mining's board of directors is chaired by Mr. Frank Hogel, who is on the advisory board of Concept Capital Management, a significant institutional shareholder. The board is comprised mostly of independent directors with a diversity of relevant experiences and skill sets.

Major institutional shareholders include: 1) Concept Capital Management which owns 22% of the shares outstanding, 2) BMO Nesbitt Burns which owns 30%, and 3) Ocean Partners which owns 3% of the shares outstanding. Mr. Peter Espig, CEO, owns 3.5% of the shares outstanding.

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG)

In addition to strong corporate governance, Nicola Mining has taken a lead on environmental and social initiatives in partnership with First Nations. Nicola has focused on reducing dust from historic tailings at its New Craigmont Mine Site, which were deposited up until 1982.

OUTLOOK FOR FISCAL YEARS 2025 AND 2026

In 2025, we forecast net income of C\$7,724,367 or C\$0.04 per share. Milling revenue is expected to be C\$23,205,760 with a gross profit of C\$10,922,294. We assume milling operations commence in July, with feed processed from Talisker Resources and mill feed processed from Blue Lagoon Resources in August. We also expect the mill to begin processing ore sourced from the Dominion Creek gold project in the third quarter. We have assumed the Merritt Mill operates at 200 tonnes per day beginning in July. Other income is expected to increase as we expect approximately 100,000 tonnes of sand and gravel to be extracted and sold each year beginning in 2025 and 15,000 tonnes of rock. Nicola Mining earns a royalty of \$2.00 per tonne for sand and gravel and \$3.00 per tonne for rock.

In 2026, we expect the company to generate net income of C\$27,550,980 or C\$0.15 per share. Milling revenue is expected to be \$60,326,330, with a gross profit of C\$34,906,734. We have assumed the Merritt Mill operates at full capacity throughout the year. We expect the grades to be modestly higher due to a greater proportion being sourced from Dominion Creek, which earns a greater percentage of the profits.

FINANCIAL RESULTS AND CAPITAL STRUCTURE

Summary of Fourth Quarter and Full Year 2024 Financial Performance

During 2024, Nicola Mining reported a loss of C\$5,230,946 or C\$0.03 per share compared to a net loss of C\$3,395,062 or C\$0.02 per share during the prior year period. Milling revenue declined to C\$818,157 compared to C\$1,617,911. Cost of sales declined to C\$2,257,053 compared to C\$2,257,053 during the prior year, while gross margin was a loss of C\$1,438,896 compared to a loss of C\$1,518,462 during the prior year. The company's net loss before other items decreased to C\$6,707,584 compared to C\$10,129,357 due to a \$4.6 million change in asset retirement obligation expense. Other income declined to C\$1,968,941 compared to \$8,145,935 during the prior year due to lower gravel, ash, soil, and other income.

The company's cash position declined C\$3,293,900 during the period to C\$1,402,218. Net cash used by operating activities amounted to C\$3,311,296, net cash used in investing activities amounted to C\$1,587,233, and net cash provided by financing activities totaled C\$1,604,629.

Recent Financings:

On January 3, 2025, the company converted the remaining outstanding principal and interest for a convertible debenture that matured on January 9 into 246,999 common shares. On January 9, 2025, Nicola elected to convert interest owed from 2024 on the convertible debenture that matures on November 21, 2025, into 1,469,935 common shares.

During the months of January and March 2025, Nicola issued 325,000 common shares from stock options exercised. Total proceeds were C\$76,500.

On March 12, 2025, the company completed a non-brokered private placement with the issuance of 4,038,955 units at a price of C\$0.28 per unit for aggregate gross proceeds of C\$1,130,907. After finder's fees, net proceeds were C\$1,067,080. Each unit consists of one common share and one-half of one share purchase warrant. Each warrant entitles the holder to purchase one additional share of the company at a price of C\$0.40 per warrant share for a period of three years from the closing of the offering.

During the month of April 2025, debenture holders converted the principal and settled interest for the convertible debenture that

matures on November 21, 2025, into 1,072,287 common shares.

Capital Structure and Liquidity

As of December 31, 2024, Nicola Mining reported cash and cash equivalents in the amount of C\$1,462,218. Marketable securities totaled C\$1,076,142. Debt amounted to C\$4,481,066 in the form of secured convertible debentures, all of which were classified as current. Based on recent financings, we estimate the balance of the secured convertible debentures to be approximately C\$3,800,000. As of December 31, 2024, the company had 169,918,196 shares outstanding. Based on recent financings, we estimate the current shares outstanding to be 177,071,372.

Company Profile

Nicola Mining is a junior exploration and custom milling company that is engaged in the business of identification, acquisition, and exploration of mineral property interests together with custom milling partnerships at its Merritt Mill. The company's common stock is listed on the TSX Venture Exchange under the symbol "NIM", the Frankfurt Stock Exchange under the symbol "HLIA", and trades on the OTCQB in the United States under the ticker "HUSIF".

Fundamental Analysis – 3.0/5.0 Checks

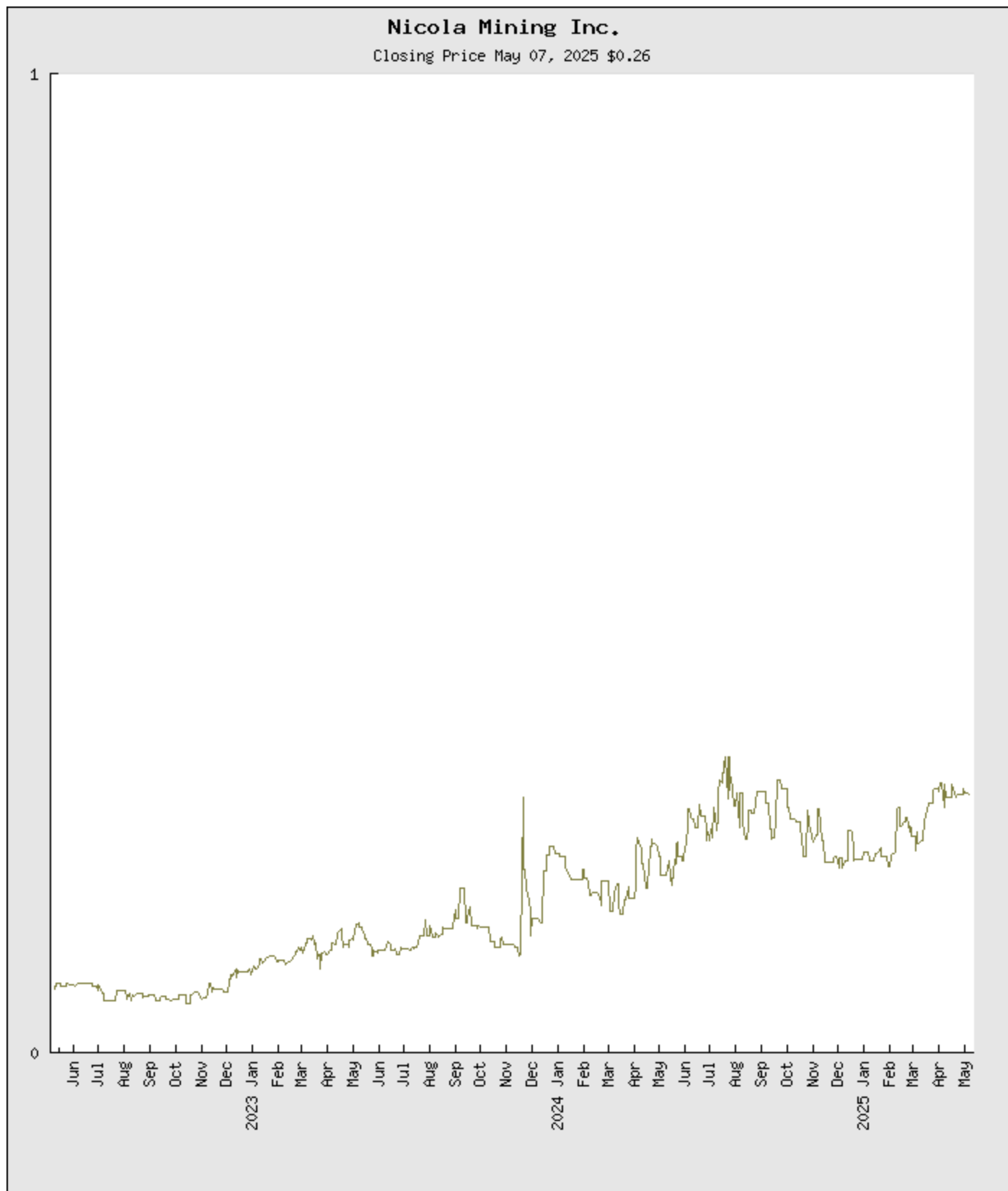
Our fundamental assessment rating, separate from our investment rating and valuation, is based on five attributes. We assign 3.0 checks out of 5.0, which falls within our "Average" range of 2.5 to 3.0 checks. In our opinion, the company's corporate governance practices are shareholder friendly, including a five-member board comprised of mostly independent directors, including the chairperson. Nicola Mining operates in the mining friendly jurisdiction of British Columbia which ranked 25th out of 84 jurisdictions in terms of investment attractiveness in the Fraser Institute's Annual Survey of Mining Companies 2023. In our view, the company is unique among junior exploration companies in that it has several operations that generate cash flow that is used to support the company's operations and exploration activities and minimizes the need for dilutive equity issuance. The company has significantly de-risked its exploration projects and the fundamental outlook for metals that will be produced from its mining projects remains favorable.

Valuation Summary

We are initiating coverage of Nicola Mining Inc. with an Outperform rating and price target of C\$0.70 or US\$0.50 per share. Our price target is based on a sum-of-the parts valuation. It is the summation of values ascribed to the following: 1) the New Craigmont Copper Project; 2) the Merritt Mill and Tailings Facility, 3) the Sand/Gravel Pit and Rock Quarry, 4) the Treasure Mountain Silver Mine, and 4) the company's interest in the Dominion Creek Gold Project. While we did not ascribe a stand-alone value for Dominion Creek, we think its value is somewhat reflected in the Merritt Mill valuation since Dominion Creek will be a source of ore for the mill. After summing the values, we added cash, subtracted debt, and divided by the number of shares outstanding to calculate value per share and our price target.

Nicola Mining Inc. Fiscal Year End: December 31	2023	2024	1Q 2025E	2Q 2025E	3Q 2025E	4Q 2025E	2025E	1Q 2026E	2Q 2026E	3Q 2026E	4Q 2026E	2026E
Income Statement												
Revenue:												
Milling Revenue	1,617,911	818,157	0	2,838,961	7,288,894	13,077,906	23,205,760	13,808,497	15,237,508	15,563,231	15,717,094	60,326,330
Cost of Goods Sold:												
Mining	0	0	0	(950,054)	(2,438,472)	(4,322,745)	(7,711,270)	(4,275,242)	(4,668,565)	(4,719,868)	(4,719,868)	(18,378,792)
Milling	0	0	0	(390,000)	(715,000)	(1,196,000)	(2,301,000)	(1,170,000)	(1,183,000)	(1,196,000)	(1,196,000)	(4,745,000)
Amortization and depreciation	(184,280)	(203,832)	(51,085)	(51,213)	(51,341)	(51,469)	(205,109)	(51,598)	(51,727)	(51,727)	(51,856)	(206,909)
Power and fuel	(321,132)	(141,722)	(35,519)	(35,608)	(35,697)	(35,786)	(142,610)	(35,876)	(35,965)	(35,965)	(36,055)	(143,861)
Mill supplies and rentals	(363,089)	(415,633)	(104,168)	(104,428)	(104,690)	(104,951)	(418,237)	(105,214)	(105,477)	(105,477)	(105,740)	(421,907)
Mill repairs	(696,695)	(525,943)	(131,814)	(132,144)	(132,474)	(132,800)	(529,238)	(133,138)	(133,470)	(133,470)	(133,804)	(533,882)
Salaries and wages	(1,559,868)	(967,641)	(242,515)	(243,121)	(243,729)	(244,338)	(973,704)	(244,949)	(245,562)	(246,176)	(246,791)	(983,478)
Other	(11,309)	(2,282)	(572)	(573)	(575)	(576)	(2,296)	(578)	(2,302)	(579)	(2,308)	(5,767)
Total Milling Costs	(3,136,373)	(2,257,053)	(565,674)	(1,907,142)	(3,721,977)	(6,088,672)	(12,283,465)	(6,016,594)	(6,426,068)	(6,489,262)	(6,492,422)	(25,419,596)
Gross margin	(1,518,462)	(1,438,896)	(565,674)	931,819	3,566,916	6,989,233	10,922,294	7,791,902	8,811,440	9,073,970	9,224,672	34,906,734
Operating Expenses:												
Care and maintenance	(957,979)	(1,045,250)	(125,000)	(125,000)	(125,000)	(125,000)	(500,000)	(125,000)	(125,000)	(125,000)	(125,000)	(500,000)
Exploration costs	(1,209,918)	(1,759,410)	(178,099)	(587,995)	(589,465)	(590,959)	(1,946,518)	(592,436)	(593,917)	(595,402)	(596,881)	(2,378,647)
Accretion of asset retirement obligation	(4,327,838)	286,545	(115,095)	(115,383)	(115,671)	(115,960)	(462,109)	(116,250)	(116,541)	(116,541)	(116,832)	(466,164)
Salaries and benefits	(167,670)	(99,412)	(16,027)	(16,067)	(16,107)	(16,148)	(64,349)	(16,188)	(16,228)	(16,228)	(16,269)	(64,913)
Share-based compensation expense	(540,914)	(756,784)	0	0	0	0	0	0	0	0	0	0
Professional fees	(207,170)	(183,607)	(8,781)	(8,803)	(8,825)	(8,847)	(35,256)	(8,869)	(8,891)	(8,891)	(8,914)	(35,565)
Consulting fees	(550,500)	(552,750)	(121,630)	(121,934)	(122,239)	(122,545)	(488,347)	(122,851)	(123,158)	(123,158)	(123,466)	(492,633)
Office and general	(129,694)	(460,536)	(46,054)	(46,169)	(46,285)	(46,400)	(184,908)	(46,516)	(46,633)	(46,633)	(46,749)	(186,531)
Travel and investor relations	(394,308)	(582,750)	(152,280)	(152,661)	(153,042)	(153,425)	(611,408)	(153,809)	(154,193)	(154,193)	(154,579)	(616,773)
Regulatory and transfer agent fees	(41,493)	(56,173)	(11,084)	(11,112)	(11,139)	(11,167)	(44,503)	(11,195)	(11,223)	(11,223)	(11,251)	(44,893)
Rent	(72,562)	(45,161)	(4,045)	(4,055)	(4,065)	(4,075)	(16,241)	(4,086)	(4,096)	(4,096)	(4,106)	(16,383)
Depreciation	(10,849)	(13,400)	(3,690)	(3,699)	(3,708)	(3,718)	(14,815)	(3,727)	(3,736)	(3,736)	(3,746)	(14,945)
Total Operating Expenses	(8,610,895)	(5,268,688)	(656,785)	(658,427)	(660,073)	(661,723)	(2,637,008)	(1,075,927)	(1,078,617)	(1,080,102)	(1,082,802)	(4,317,448)
Operating Income/Loss	(10,129,357)	(6,707,584)	(1,222,459)	273,392	2,906,843	6,327,510	8,285,286	6,715,975	7,732,823	7,993,868	8,141,870	30,589,286
Flow-through premium	29,416	4,192	0	0	0	0	0	0	0	0	0	0
Other income	8,145,935	1,968,941	333,219	334,144	335,068	335,068	1,337,500	208,219	209,144	210,068	210,068	837,500
Gain on disposal of mobile equipment	0	0	0	0	0	0	0	0	0	0	0	0
Finance costs	(1,446,059)	(591,881)	(155,639)	(95,000)	(95,238)	(95,476)	(441,352)	0	0	0	0	0
Fair value revaluation - marketable securities	0	103,897	0	0	0	0	0	0	0	0	0	0
Foreign exchange gain (loss)	5,003	(8,511)	0	0	0	0	0	0	0	0	0	0
Net Income or (Loss) before Income Taxes	(3,395,062)	(5,230,946)	(1,044,879)	512,535	3,146,674	6,567,103	9,181,434	6,924,194	7,941,967	8,203,936	8,351,938	31,426,786
Taxes	69,214	0	0	0	(472,001)	(985,065)	(1,457,067)	(1,038,629)	(1,191,295)	(1,230,590)	(1,252,791)	(4,713,305)
Net Income/(Loss)	(3,325,848)	(5,230,946)	(1,044,879)	512,535	2,674,673	5,582,038	7,724,367	6,093,784	6,959,815	7,183,414	7,309,216	27,550,980
Earnings per share - diluted	(0.02)	(0.03)	(0.01)	0.00	0.02	0.03	0.04	0.03	0.04	0.04	0.04	0.15
Weighted average number of shares - diluted	158,357,885	165,376,575	172,998,722	177,071,372	177,514,050	177,957,836	176,385,495	178,847,625	184,503,767	185,426,286	186,353,417	183,782,774

Nicola Mining Inc. Fiscal Year End: December 31	2023	2024	1Q 2025E	2Q 2025E	3Q 2025E	4Q 2025E	2025E	1Q 2026E	2Q 2026E	3Q 2026E	4Q 2026E	2026E
Statement of Cash Flows												
Operating Activities:												
Net income (loss)	(3,325,848)	(5,230,946)	(1,044,879)	512,535	3,146,674	6,567,103	9,181,434	6,924,194	7,941,967	8,203,936	8,351,938	31,422,035
Adjustments:												
Accretion of asset retirement obligation	4,327,838	(286,545)	115,095	115,383	115,671	115,960	462,109	115,960	462,109	115,960	462,109	1,156,139
Share-based compensation	679,773	756,784	0	0	0	0	0	0	0	0	0	0
Deferred income tax recovery	(69,214)	0	0	0	0	0	0	0	0	0	0	0
Depreciation	213,758	230,592	3,690	3,699	3,708	3,718	14,815	3,727	3,736	3,736	3,746	14,945
Impairment of exploration and evaluation assets	0	0	0	0	0	0	0	0	0	0	0	0
Non-cash interest and finance costs	1,435,951	597,227	140,075	85,500	85,714	85,928	397,217	0	0	0	0	0
Foreign exchange	(5,063)	0	0	0	0	0	0	0	0	0	0	0
Flow-through premium	(29,416)	(4,192)	0	0	0	0	0	0	0	0	0	0
Gain on disposal of mobile equipment	0	0	0	0	0	0	0	0	0	0	0	0
Recovery - write-off of accounts payables	0	0	0	0	0	0	0	0	0	0	0	0
Fair value revaluation - marketable securities	0	(103,897)	0	0	0	0	0	0	0	0	0	0
Changes in Non-Working Capital Items:												
Amounts receivable	632,299	(103,847)	0	0	0	0	0	0	0	0	0	0
Prepaid expenses and other assets	(111,159)	(100,385)	0	0	0	0	0	0	0	0	0	0
Accounts payable and accrued liabilities	121,923	933,913	0	0	0	0	0	0	0	0	0	0
Cash Provided by Operating Activities	3,870,842	(3,311,296)	(786,019)	717,117	3,351,768	6,772,709	10,055,576	7,043,882	8,407,812	8,323,633	8,817,793	32,593,120
Investing Activities:												
Purchase of marketable securities	0	(1,000,000)	0	0	0	0	0	0	0	0	0	0
Purchase of property, plant, and equipment	(48,355)	(452,988)	0	0	0	0	0	0	0	0	0	0
Acquisition of mineral interests	0	0	0	0	0	0	0	0	0	0	0	0
Proceeds on disposal of mobile equipment	0	0	0	0	0	0	0	0	0	0	0	0
Restricted cash	(40,341)	(162,000)	0	0	0	0	0	0	0	0	0	0
Proceeds - sales of marketable securities	0	27,755	0	0	0	0	0	0	0	0	0	0
Cash Flow Used in Investing Activities	(88,696)	(1,587,233)	0	0	0	0	0	0	0	0	0	0
Financing Activities:												
Issuance of common shares, net of issuance costs	2,000,000	1,669,604	0	1,700,000	0	0	1,700,000	0	0	0	0	0
Exercise of stock options	210,000	0	0	0	0	0	0	0	0	0	0	0
Interest payment on secured convertible debenture	(564,671)	(33,000)	0	0	0	0	0	0	0	0	0	0
Payment - premium and interest on amendment	(349,583)	0	0	0	0	0	0	0	0	0	0	0
Repayment of lease liabilities	(24,240)	(31,975)	0	0	0	0	0	0	0	0	0	0
Repayment of equipment loan	(20,668)	0	0	0	0	0	0	0	0	0	0	0
Interest payment on equipment loan	(384)	0	0	0	0	0	0	0	0	0	0	0
Working capital and revolving prepayment loan	0	0	0	0	0	0	0	0	0	0	0	0
Interest payment on working capital and revolving prepayment loan	0	0	0	0	0	0	0	0	0	0	0	0
Repayment of working capital and revolving prepayment loan	(6,981)	0	0	0	(2,000,000)	(2,481,066)	(4,481,066)	0	0	0	0	0
Repayment of secured convertible debenture	(1,165,275)	0	0	0	0	0	0	0	0	0	0	0
Transaction costs on the convertible debenture	0	0	0	0	0	0	0	0	0	0	0	0
Cash (Used in) Provided by Financing Activities	78,198	1,604,629	0	1,700,000	(2,000,000)	(2,481,066)	(2,781,066)	0	0	0	0	0
Net change in Cash	3,860,344	(3,293,900)	(786,019)	2,417,117	1,351,768	4,291,643	7,274,510	7,043,882	8,407,812	8,323,633	8,817,793	32,593,120
Cash - Beginning of Year	895,774	4,756,118	1,462,218	676,199	3,093,317	4,445,084	1,462,218	8,736,728	15,780,609	24,188,422	32,512,055	8,736,728
Cash - End of Year	4,756,118	1,462,218	676,199	3,093,317	4,445,084	8,736,728	8,736,728	15,780,609	24,188,422	32,512,055	41,329,848	41,329,848



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The fundamental assessment rating system is designed to provide insights on the company's fundamentals both on a macro level, which incorporates a company's market opportunity and competitive position, and on a micro/company specific level. The micro/company specific attributes include operating & financial leverage, and corporate governance/management. The number of check marks that a company receives is designed to provide a quick reference and easy determination of the company's fundamentals based upon the following five attributes of the company (weighting reflects the importance of each attribute in the overall scoring of company's fundamental analysis):

Attribute	Weighting
Corporate Governance/Management	20%
Market Opportunity Analysis	20%
Competitive Position	20%
Operating Leverage	20%
Financial Leverage	20%

For each attribute, the analysts score the company from a low of zero to a high of ten based upon the analysis described below. The final rating and resulting check marks is a result of dividing the overall score (out of 100%) by ten.

Rating	Score	Checks
Superior	9.1 to 10	Five Checks
Superior	8.1 to 9	Four & A Half Checks
Above Average	7.1 to 8	Four Checks
Above Average	6.1 to 7	Three & A Half Checks
Average	5.1 to 6	Three Checks
Average	4 to 5	Two & A Half Checks
Below Average	3 to 3.9	Two Checks
Below Average	2 to 2.9	One & A Half Checks
Low Quality	0 to 1.9	One Check

While these are the attributes currently used for the analyst's fundamental analysis, the attributes and weighting may be reviewed, updated with additional attributes, and/or changed in the future based on discussions with the analysts and recommendations from the Director of Research.

Following is the description of each attribute in the fundamental analysis.

Corporate Governance/Management

We believe that a review of corporate governance and assessment of the senior management are important tools to determine investment merit. Good corporate governance aligns management with the interests of stakeholders. As such, analysts are to rank the company on the basis of good corporate governance principles that may include rules and procedures, board composition and staggered term limits, rights and responsibilities, corporate objectives, monitoring of actions and policies, and accountability. In addition, analysts will assess issues with controlling shareholders and whether decisions have been made in the past that were in the interests of all shareholders. In addition, management will be assessed based on industry experience, expertise, and/or track record.

High ranking example: Board and management that is aligned with the interests of shareholders with incentives based on stock price appreciation and with an experienced management team known for exceptional shareholder returns.

Low ranking example: Concentrated ownership without independent directors that do not necessarily align with all shareholders' interests.

The Market Opportunity Analysis

In this review, the analyst assesses the company's macro environment as a measure of understanding the industry. Factors considered include the size and growth potential of the industry under various economic conditions, the emerging demands in the market, technological benefits/disruptions, competition, geographical opportunities, and customer demands/needs, and an assessment of supply and distribution channels. In addition, the analyst will review legal and regulatory trends, as well as potential shifts in consumer or social behavior and natural environment changes.

High rank example: A company in an industry that is growing revenues well above GDP rates (which are on average 2% plus) and/or may have unmet or underserved needs in a rapidly growing market opportunity.

Low rank example: A mature industry that is in secular decline and likely to grow below GDP rates.

Competitive Position

The evaluation of the company's competitive position is another macro environment attribute designed to measure the relevance, market share, position and value proposition, and sustainable differentiations of the company and its products/services within its industry. Ease of entry into the industry and the ability of other well-funded players to potentially enter the market would be determined. As such, the assessment would consider the company's strengths and advantages of its products/services against weaknesses and limitations. This may include the company's current brand awareness, pricing and cost structure, current market strategies and geographic penetration that may affect demand for its products/services. In addition, the company's competitors would be evaluated.

High rank example: An analyst would consider the company's product to be superior to its competitors and that should allow the company to gain market share.

Low rank example: A company with a "me-too" product that does not have any significant technology advantages in an industry that has low barriers to entry.

Operating Leverage

Simplistically, operating leverage is determined by the operating income relative to changes in revenue. The analyst will calculate the impact on sensitivity on gross margins and variable costs to determine operating leverage. The analyst will take into account the ability of the company to cut fixed and variable costs in a challenged revenue environment and technological changes that may impact operating expenses. In addition, the analyst is to assess corporate strategies that include capital investment, which may be required for sustainable revenue growth, marketing expenses, and the company's ability to attract and retain talent and/or employees. The analyst should focus on the revenue opportunity and determine the price elasticity of demand for the company's products or services. In other words, the analyst is to rank the company based on improved operating margins going forward on an absolute and relative basis.

High rank example: A company that has improving margins for the foreseeable future, with significant price elasticity.

Low rank example: A company that is in a challenged revenue environment with a fixed cost structure and limited ability to cut costs, indicating an outlook for declining margins.

Financial Leverage

A strict definition of financial leverage is total debt divided by total shareholder's equity. Financial leverage analysis is to determine the company's ability to improve shareholder value by means of utilizing its balance sheet to grow organically or to acquire assets. Analysts may look at the company's debt to cash flow leverage ratio, interest coverage ratios, or debt to equity ratios. In addition, the interest rate environment and the outlook for interest rates are a factor in determining the company's ability to manage financial leverage. Finally, the analyst is expected to determine the ability to service the debt given the industry and/or company profile, such as cyclicity, barriers to entry, history of bankruptcy, consistency in revenue and profit growth, or predictability in sales and profits and large cash reserves. The analyst is expected to take into account capital intensity of the company and the anticipated of capital allocation decisions.

High rank example: A company with predictable and growing revenue and cash flow with modest debt levels. This may indicate that the company could improve shareholder value through growth investments, including acquisitions, using debt financing.

Low rank example: A company in a cyclical industry in a late stage economic cycle that has above average debt leverage and is in an industry that has a history of financial challenges, including bankruptcies.

ANALYST CREDENTIALS, PROFESSIONAL DESIGNATIONS, AND EXPERIENCE

Senior Equity Analyst focusing on Basic Materials & Mining. 20 years of experience in equity research. BA in Business Administration from Westminster College. MBA with a Finance concentration from the University of Missouri. MA in International Affairs from Washington University in St. Louis.

Named WSJ 'Best on the Street' Analyst and Forbes/StarMine's "Best Brokerage Analyst."

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Outperform: potential return is >15% above the current price	87%	16%
Market Perform: potential return is -15% to 15% of the current price	13%	6%
Underperform: potential return is >15% below the current price	0%	0%

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Noble Capital Markets, Inc.
150 E Palmetto Park Rd, Suite 110
Boca Raton, FL 33432
561-994-1191

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