

Jun 10, 2025

Basic Materials

HUSIF

OTCQB

Rating

Outperform

Unchanged

Current Price

\$0.33

Target Price

\$0.50

Market Capitalization

58.43m

Shares Outstanding

177.07m

Float

139.30m

Institutional Holdings

0.001%

12-Month Low/High

\$0.15/\$0.33

Average 90-Day Volume

17320

Fiscal Year End

12/31/2025

Nicola Mining Inc.

Nicola Receives a Multi-Year Exploration Permit for the Treasure Mountain Project

Treasure Mountain. Nicola Mining's (TSX.V: NIM, OTCQB: HUSIF) 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 April 26, 2032, that permits the company to mine up to 60,000 tonnes per year. 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.

Receipt of exploration permit. On June 4, Nicola Mining received a multi-year area-based (MYAB) exploration permit to conduct extensive exploration at Treasure Mountain. The MYAB permit allows the company to carry out exploration activities, including 30 drill holes, 1,400 meters of trenching, 4,500 meters of trail building, and 20 kilometers of geophysical surveys over the next five years within certain boundaries of the project.

Exploration plans. Significant exploration potential exists to the north and west of the historic mine. The MB Zone is approximately 800 meters northwest of the current mine workings on the undrilled northern flank of the mountain. 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.

Rating is Outperform with a price target of C\$0.70 or US\$0.50 per share. In our view, Nicola's receipt of the MYAB permit is significant, given that the company may commence exploration and drilling activities at Treasure Mountain. The project is unique in that it has both an exploration permit and a valid permit for mining operations, which, in our view, could make the project more marketable and of greater value. While the 2025 exploration and drilling program will focus on the company's flagship New Craigmont copper project, we think exploration at Treasure Mountain will garner a high level of interest among investors.

Revenues (\$ MIL)

Period	2023 A	2024 A	2025 E
Q1	\$0.0000 A	\$0.0746 A	\$0.0064 A
Q2	\$0.4443 A	\$0.0000 A	\$2.8356 E
Q3	\$0.5694 A	\$0.0000 A	\$8.4701 E
Q4	\$0.6042 A	\$0.7436 A	\$14.2493 E
	\$1.6179 A	\$0.8182 A	\$25.5613 E


EPS (\$)

Period	2023 A	2024 A	2025 E
Q1	\$0.00 A	\$(0.01) A	\$(0.00) A
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	\$0.05 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.

Trading: (561) 998-5489 Sales: (561) 998-5491
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**Refer to the last two pages for
Analyst Certification & Disclosures**

Nicola Receives a Multi-Year Exploration Permit for the Treasure Mountain Project

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. 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.

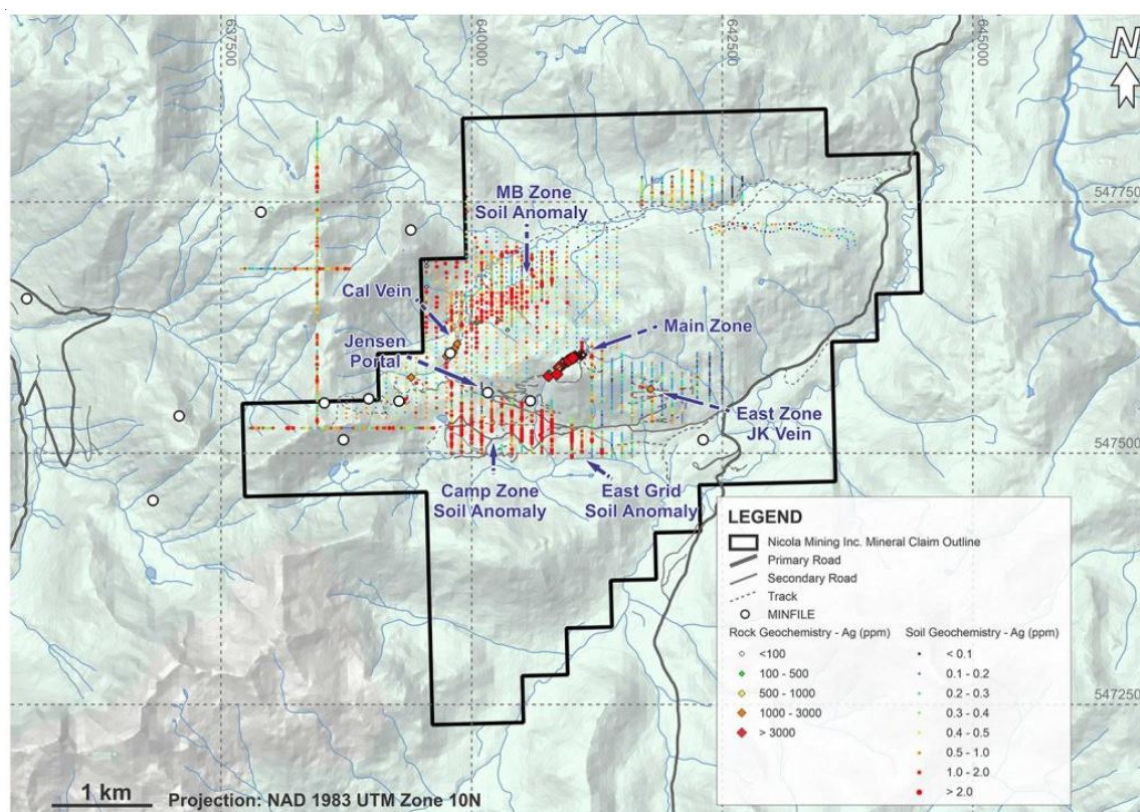
Treasure Mountain is a high-grade silver, lead, and zinc past-producing underground mine located 29 kilometers northeast of Hope, British Columbia. It offers significant exploration potential and has a valid permit (M-239) for mining operations through April 26, 2032, that permits the company to mine up to 60,000 tonnes per year. 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 1.

Figure 1: 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.

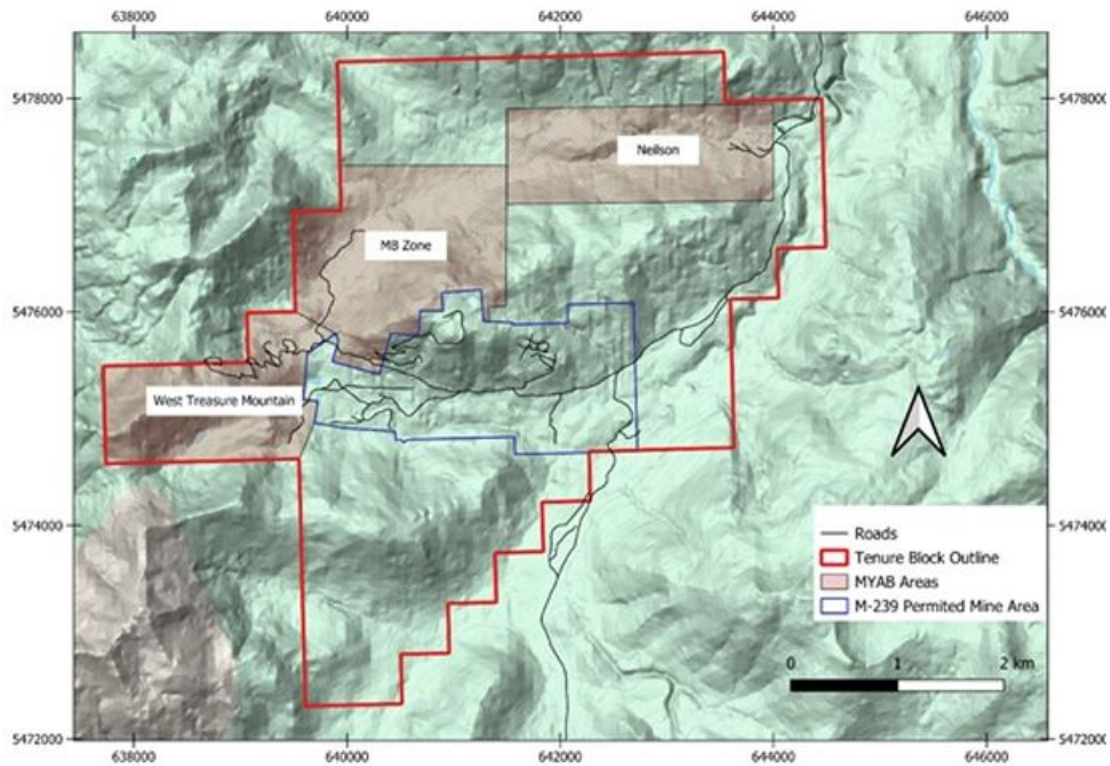
The Treasure Mountain property features polymetallic veins, including those from the historic silver-lead-zinc mine. Located in Washington State's Cascade Mountains, the area consists of sedimentary and volcanic rocks, along with newer intrusions and sediments. Figure 2 shows the mineralized zones of Treasure Mountain.

Figure 2: 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 mine's first level. The property's infrastructure is well-developed, including access to electric power.

On June 4, Nicola Mining received a multi-year area-based (MYAB) exploration permit to conduct extensive exploration at Treasure Mountain. The MYAB Permit allows the company to carry out exploration activities, including 30 drill holes, 1,400 meters of trenching, 4,500 meters of trail building, and 20 kilometers of geophysical surveys over the next five years in the areas shown in Figure 3.

Figure 3: Site Map with MYAB Permit Boundaries

Source: Nicola Mining Inc.

Significant exploration potential exists to the north and west of the historic mine. The MB Zone is approximately 800 meters northwest of the current mine workings on the undrilled northern flank of the mountain. The Cal Vein was discovered at this location in 2010 and returned a surface sample grading as high as 9,221 grams of silver per tonne, 1.02% copper, 1.14% lead, and 1.03% zinc. Small exploration programs conducted between 2019 and 2021 on the northwestern side of the mountain included soil sampling, rock sampling, mapping, and shallow drilling campaigns. These programs successfully identified a two-kilometer soil anomaly, which appears to be related to a vein system of roughly the same strike length. Drill testing of the exposed vein confirmed continuity of mineralization coincidental with the soil anomaly. 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.

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

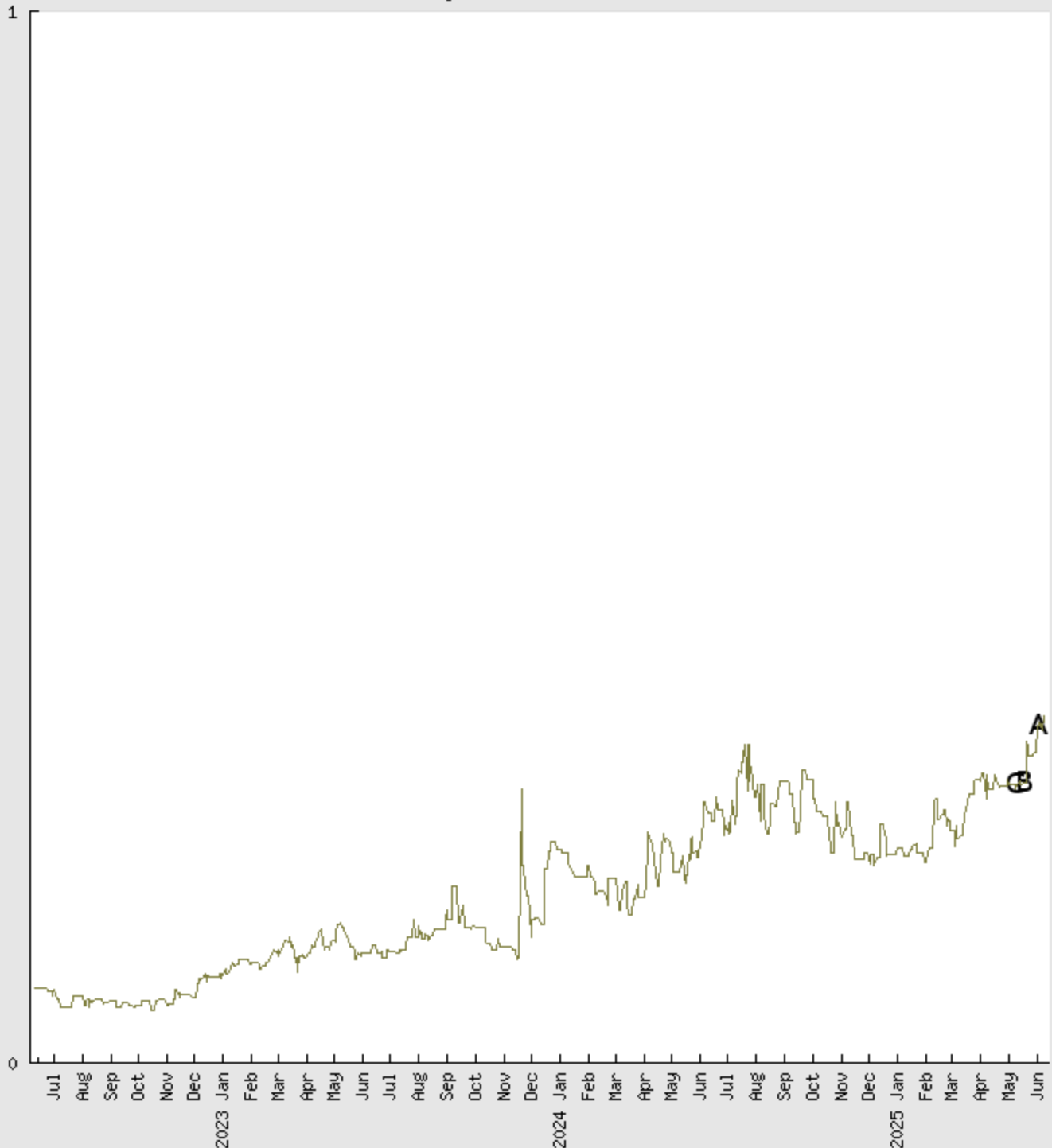
Our fundamental assessment rating, separate from our investment rating and valuation, is based on five attributes. We assign 3.0 checks out of 5.0, which falls within our "Average" range of 2.5 to 3.0 checks. In our opinion, the company's corporate governance practices are shareholder friendly, including 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

Our investment rating is an Outperform with a 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.

Closing Price Jun 09, 2025 \$0.33



A - 06/03/2025 Outperform Target \$0.50 Current \$0.32

B - 05/19/2025 Outperform Target \$0.50 Current \$0.27

C - 05/08/2025 Outperform Target \$0.50 Current \$0.26

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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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NOBLE RATINGS DEFINITIONS	% OF SECURITIES COVERED	% IB CLIENTS
Outperform: potential return is >15% above the current price	86%	15%
Market Perform: potential return is -15% to 15% of the current price	14%	5%
Underperform: potential return is >15% below the current price	0%	0%

NOTE: On August 20, 2018, Noble Capital Markets, Inc. changed the terminology of its ratings (as shown above) from "Buy" to "Outperform", from "Hold" to "Market Perform" and from "Sell" to "Underperform." The percentage relationships, as compared to current price (definitions), have remained the same.

Additional information is available upon request. Any recipient of this report that wishes further information regarding the subject company or the disclosure information mentioned herein, should contact Noble Capital Markets, Inc. by mail or phone.

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

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