

Jun 23, 2025

Basic Materials

**HUSIF**

TSE

Rating

**Outperform**

Unchanged

Current Price

**\$0.51**

Target Price

**\$0.50**

Market Capitalization

**90M**

Shares Outstanding

**176M**

Float

**139M**

Institutional Holdings

**17.5%**

12-Month Low/High

**\$0.23/\$0.53**

Average 90-Day Volume

**106270**

Fiscal Year End

**12/31/2025**

## Nicola Mining Inc.

### Nicola Commences 2025 New Craigmont Exploration Drilling

**New Craigmont drilling program.** Nicola Mining (TSX.V: NIM, OTCQB: HUSIF) has commenced the 2025 exploration and diamond drilling program at its New Craigmont Copper Project, which will entail 4,000 to 5,000 meters of drilling. The program is expected to run from June through September and cost \$1.5 million to \$2.0 million. The purpose of the 2025 program is to collect geological data for target development for a potential porphyry copper system at New Craigmont.

**Identifying targets using artificial intelligence.** In collaboration with ALS Geoanalytics (formerly ALS GoldSpot), five priority targets, three of which are included in the 2025 program, were identified using artificial intelligence (AI)-based methods to analyze and correlate geophysical and geochemical data from Nicola's exploration data. The collaboration harnesses the power of AI to identify high-potential targets which could increase the probability of successful outcomes.

**Goals of the program.** While the 2025 program is in line with expectations outlined in our research note dated June 3, management's goals include the collection of more geochemical data, expanding the extent of mineralization at the MARB and CAS targets, testing two new targets at West Craigmont, and testing two new targets generated by ALS Geoanalytics in the center of the property. Drilling will probe continuity along the trend between MARB, CAS, and the Embayment Zone.

**Outperform rating with a price target of C\$0.70 or US\$0.50 per share.** Successful outcomes from the 2025 drilling program could provide catalysts for the stock. Along with the commencement of milling operations at the Merritt Mill and exploration at Nicola's high-grade silver Treasure Mountain project, we think 2025 could be a pivotal year for Nicola Mining as cash flows from mill operations support activities to increase the value of its exploration projects. In our view, the current stock price represents an attractive and timely entry point for 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

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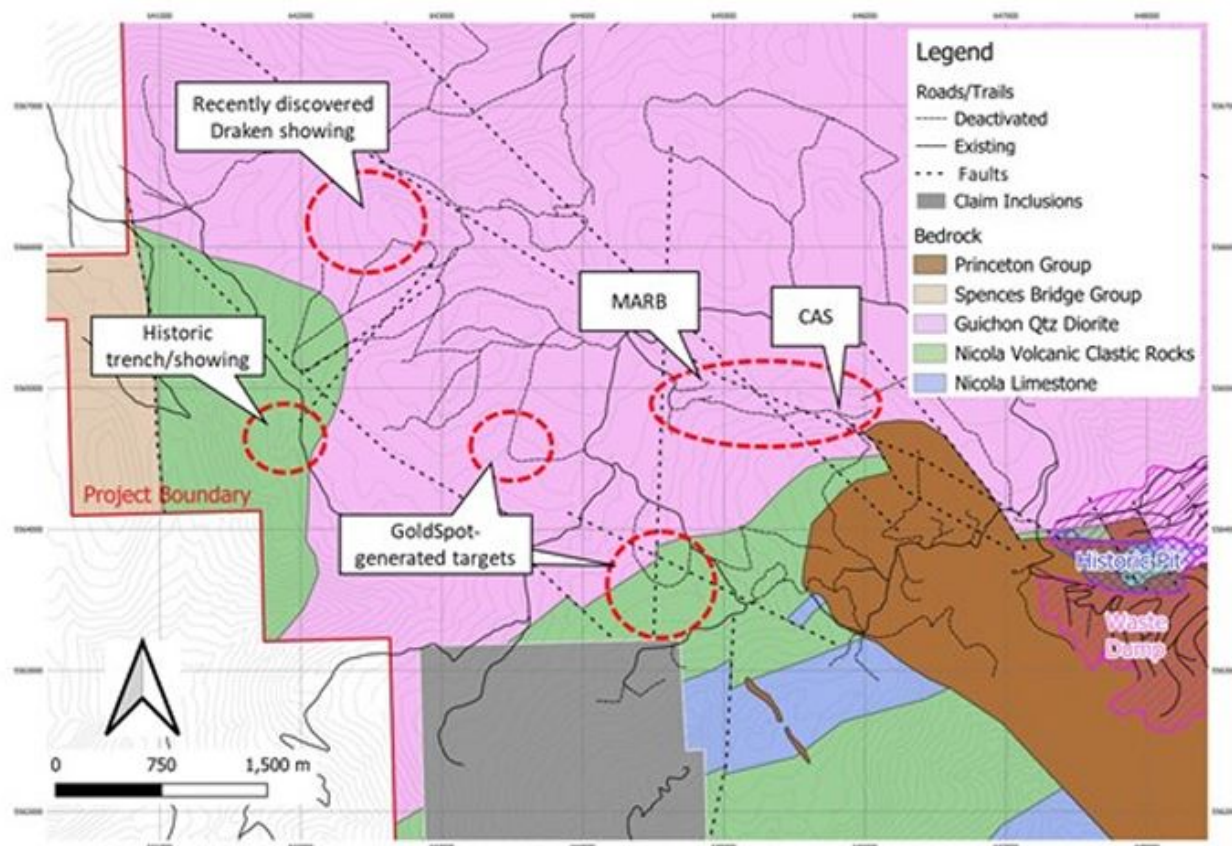
**Refer to the last two pages for  
Analyst Certification & Disclosures**

## Nicola Commences 2025 New Craigmont Exploration Drilling

Nicola Mining (TSX.V: NIM, OTCQB: HUSIF) has commenced its 2025 exploration and diamond drilling program at its New Craigmont Copper Project, which will entail 4,000 to 5,000 meters of drilling. The program is expected to run from June through September and cost \$1.5 million to \$2.0 million. The purpose of the 2025 program is to collect geological data for target development for a potential porphyry copper system at New Craigmont. Nicola's claim holdings at the New Craigmont Project consist of 22 contiguous mineral claims covering approximately 10,913 hectares and 10 mineral leases covering 347 hectares, along the southern end of the Guichon Batholith in British Columbia. New Craigmont benefits from having a valid mine and mill permit (Permit M-68) and is adjacent to Highland Valley, the largest copper mine in Canada.

Nicola recently hired Mr. Vicente Garcia as Senior Geologist to augment the company's copper porphyry expertise as it begins its 2025 exploration program. Mr. Garcia has over seven years of exploration experience and earned a B.Sc. in Geology from the University of Concepcion in Chile. Before joining Nicola, he worked at Anglo American, where he supported international exploration programs targeting copper-molybdenum porphyry systems in Arizona and nickel-copper-platinum group elements in Greenland. The map below illustrates key 2025 drilling targets at the New Craigmont copper project.

### 2025 New Craigmont Drilling Targets



Source: Nicola Mining Inc.

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. Drilling at MARB will follow-up near-surface porphyry-style copper-mineralization with holes designed to test a vertical mineralization trend at depth. Near surface skarn at CAS discovered in

2024 is characteristic of mineralization observed in the Embayment Zone. Drilling in 2025 will probe continuity along the trend between MARB, CAS, and the Embayment Zone.

Draken is a high-priority, undrilled target consisting of a cluster of copper showings discovered from Nicola's field program in 2023. In our research note dated June 3, we referred to it as the New Discovered Showing. Outcrop at the newly discovered Draken showing display porphyry style quartz-feldspar veinlets with weak copper oxide minerals. Exposures at Draken exhibit among the best-developed porphyry-style alteration identified on the New Craigmont property. The target also coincides with high resistivity and high chargeability geophysical response.

### **Harnessing the Power of Artificial Intelligence to Identify High-Potential Drill Targets**

In collaboration with ALS Geoanalytics, five priority targets, three of which are included in the 2025 program, were identified using artificial intelligence (AI)-based methods to analyze and correlate geophysical and geochemical data from Nicola's exploration data. Nicola will target porphyry systems by collecting geochemical data for use in studies with ALS, expand the extent of mineralization observed at the MARB and CAS targets, test two new targets at West Craigmont, including Draken, and two new targets generated by ALS Geoanalytics in the center of the property. The collaboration with ALS leverages the power of artificial intelligence to prioritize exploration targets, which could increase the probability of successful outcomes.

### **Capital Structure and Liquidity**

As of March 31, Nicola Mining reported cash and cash equivalents totaling C\$1,343,785 and marketable securities amounting to C\$1,796,999. Secured convertible debentures totaled C\$4,153,004. As of March 31, the number of common shares outstanding was 175,999,081.

## 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

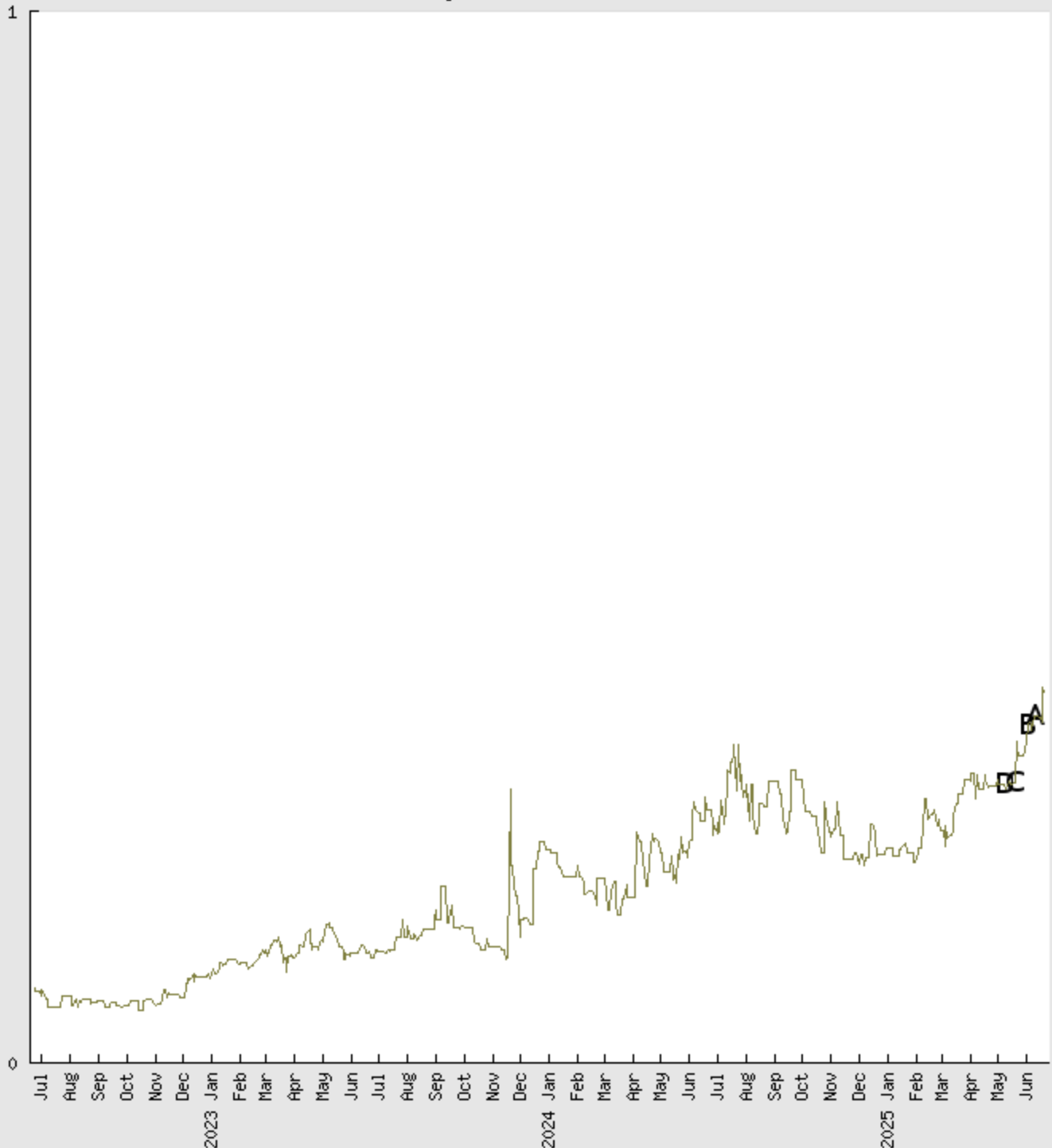
Our fundamental assessment rating, separate from our investment rating and valuation, is based on five attributes. We assign 3.0 checks out of 5.0, which falls within our "Average" range of 2.5 to 3.0 checks. In our opinion, the company's corporate governance practices are shareholder friendly, including 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 20, 2025 \$0.35



A - 06/10/2025 Outperform Target \$0.50 Current \$0.33

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

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

D - 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	88%	15%
Market Perform: potential return is -15% to 15% of the current price	12%	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.

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