



# **NICOLA MINING INC.**

**Condensed Interim Consolidated Financial Statements**

**For the three months ended March 31, 2025 and 2024**

**(unaudited, prepared by management)**

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

### **CONDENSED INTERIM CONSOLIDATED FINANCIAL REPORTING**

The accompanying unaudited condensed interim consolidated financial statements of Nicola Mining Inc. ("the Company") have been prepared by management in accordance with International Reporting Standards ("IFRS"). Management acknowledges responsibility for the preparation and presentation of the unaudited condensed interim consolidated financial statements, including responsibility for significant accounting estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

### **NOTICE OF NO AUDITOR REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for review of interim financial statements by an entity's auditor.

**NICOLA MINING INC.**  
**Condensed Interim Consolidated Statements of Financial Position**  
**(Expressed in Canadian dollars) - unaudited**

	Note	March 31, 2025	December 31, 2024
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalent		\$ 1,343,785	\$ 1,462,218
Amounts receivable	3	387,978	670,556
Marketable securities	5	1,796,999	1,076,142
Prepaid expenses and other assets		308,484	223,425
		<b>3,837,246</b>	<b>3,432,341</b>
<b>Non-current assets</b>			
Property, plant, and equipment		5,654,323	5,734,412
Right-of-use assets		48,057	54,601
Mineral interests	4	4	4
Restricted cash		1,437,875	1,437,875
<b>Total assets</b>		<b>\$ 10,977,505</b>	<b>\$ 10,659,233</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		\$ 1,063,900	\$ 1,616,118
Current portion of lease liabilities		26,174	26,174
Other liabilities		-	-
Secured convertible debenture	7	4,153,004	4,481,066
Flow-through liability		51,000	102,524
		<b>5,294,078</b>	<b>6,225,882</b>
<b>Non-current liabilities</b>			
Lease liabilities		22,763	28,427
Secured convertible debenture	8	-	-
Asset retirement obligation ("ARO")		14,290,642	14,219,544
<b>Total liabilities</b>		<b>19,607,483</b>	<b>20,473,853</b>
<b>Equity</b>			
<b>Shareholders' deficit</b>			
Share capital		89,403,955	87,783,671
Equity component of convertible debentures		2,659,366	2,659,366
Warrants		1,694,494	1,694,494
Contributed surplus		9,534,264	9,494,098
Accumulated deficit		(111,922,057)	(111,446,249)
<b>Total shareholders' deficit</b>		<b>(8,629,978)</b>	<b>(9,814,620)</b>
<b>Total liabilities and shareholders' deficit</b>		<b>\$ 10,977,505</b>	<b>\$ 10,659,233</b>

Nature of operations and going concern (Note 1)  
Subsequent events (Note 13)

Approved on behalf of the Board:

Peter Espig (signed)

Frank Hogel (signed)

*The accompanying notes are an integral part of these unaudited interim consolidated financial statements.*

**NICOLA MINING INC.****Condensed Interim Consolidated Statements of Operations and Comprehensive Loss****(Expressed in Canadian dollars) - unaudited**

	Note	Three months ended March 31,	
		2025	2024
Milling revenue	2(a),10	\$ 6,398	\$ 74,595
Milling – cost of sales	2(a)	(391,359)	(413,348)
Gross margin		(384,961)	(338,753)
Care and maintenance	2(a)	(313,462)	(70,288)
Exploration cost	4	(131,687)	(177,655)
Change in estimate and accretion of ARO		(71,098)	(114,808)
Salaries and benefits	11	(6,561)	(49,420)
Share-based compensation		(73,973)	(4,145)
Professional fees		(14,543)	(2,665)
Consulting fees	11	(84,182)	(140,125)
Office and general		(92,642)	(33,344)
Travel and investor relations		(245,732)	(153,666)
Regulatory and transfer agent fees		(5,273)	(10,553)
Depreciation		(6,544)	(3,682)
<b>Total operating expenses</b>		<b>(1,045,697)</b>	<b>(760,351)</b>
<b>Net loss before other items</b>		<b>(1,430,658)</b>	<b>(1,099,104)</b>
Flow-through premium	4	51,524	-
Other income	10	218,209	241,612
Finance costs		(136,874)	(134,923)
Fair value revaluation – marketable securities	5	824,319	(35,714)
Foreign exchange gain (loss)		(2,328)	-
<b>Net loss for the year</b>		<b>(475,808)</b>	<b>(1,028,129)</b>
<b>Loss per share – basic and diluted</b>		<b>\$ (0.00)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of common shares outstanding – Basic</b>		<b>172,344,234</b>	<b>161,182,098</b>
<b>Weighted average number of common shares outstanding – Diluted</b>		<b>172,344,234</b>	<b>161,182,098</b>

*The accompanying notes are an integral part of these unaudited interim consolidated financial statements.*

**NICOLA MINING INC.**  
**Condensed Interim Consolidated Statements of Cash Flows**  
**(Expressed in Canadian dollars) - unaudited**

	<b>Three months Ended March 31</b>	
	<b>2025</b>	<b>2024</b>
<b>Operating Activities</b>		
Net loss for the period	\$(475,808)	\$ (1,028,129)
Adjustments for:		
Change in estimate and accretion of ARO	71,098	114,808
Share-based compensation	73,973	4,145
Depreciation	87,433	75,010
Non-cash interest and finance costs	135,555	143,134
Flow-through premium	(51,524)	-
Fair value revaluation – marketable securities	(824,319)	35,714
Changes in non-cash working capital items		
Amounts receivable	282,578	289,044
Prepaid expenses and other assets	(85,059)	(161,381)
Accounts payable and accrued liabilities	(552,218)	(75,118)
<b>Cash (Used In) Provided by Operating Activities</b>	<b>(1,338,291)</b>	<b>(602,773)</b>
<b>Investing Activities</b>		
Purchase of marketable securities	(25,000)	(1,000,000)
Purchase of property, plant, and equipment	(800)	-
Proceeds – sales of marketable securities	128,462	-
<b>Cash Used in Investing Activities</b>	<b>102,662</b>	<b>(1,000,000)</b>
<b>Financing Activities</b>		
Issuance of common shares, net of cash paid for share issuance costs	1,048,703	-
Proceeds from stock option exercised	76,500	
Interest payment on secured convertible debenture	-	(32,200)
Repayment of lease liabilities	(8,007)	(6,060)
<b>Cash Provided by Financing Activities</b>	<b>1,117,196</b>	<b>(38,260)</b>
<b>Net change in cash for the period</b>	<b>(118,433)</b>	<b>(1,641,033)</b>
<b>Cash and cash equivalent - beginning of year</b>	<b>1,462,218</b>	<b>4,756,118</b>
<b>Cash and cash equivalent - end of period</b>	<b>\$1,343,785</b>	<b>\$ 3,115,085</b>
<b>Cash</b>	<b>\$1,283,785</b>	<b>\$ 3,054,197</b>
<b>Cash equivalent</b>	<b>60,000</b>	<b>60,888</b>
<b>Cash and cash equivalent - end of period</b>	<b>\$1,343,785</b>	<b>\$ 3,115,085</b>

*The accompanying notes are an integral part of these condensed interim consolidated financial statements.*

**NICOLA MINING INC.**  
**Condensed Interim Consolidated Statements of Changes in Shareholders' Equity**  
**(Expressed in Canadian dollars) – unaudited**

	Number of Common Shares	Share Capital	Warrants	Equity Component of Convertible Debentures	Contributed Surplus	Accumulated Deficit (restated - note 2a)	Total Deficit
<b>Balance, January 1, 2025</b>	169,918,196	\$ 87,783,671	\$ 1,694,494	\$ 2,659,366	\$ 9,494,098	\$ (111,446,249)	\$ (9,814,620)
Share issuance financing, net	4,038,955	1,048,703	-	-	-	-	1,048,703
Stock options exercise	325,000	110,307	-	-	(33,807)	-	76,500
Convertible debenture conversion	1,716,930	461,274	-	-	-	-	461,274
Share-based compensation	-	-	-	-	73,973	-	73,973
Net loss for the year	-	-	-	-	-	(475,808)	(475,808)
<b>Balance, March 31, 2025</b>	175,999,081	\$ 89,403,955	\$ 1,694,494	\$ 2,659,366	\$ 9,534,264	\$ (111,922,057)	\$ (8,629,978)
<b>Balance, January 1, 2024</b>	161,182,098	\$ 85,894,218	\$ 1,694,494	\$ 2,671,669	\$ 8,737,314	\$ (106,215,303)	\$ (7,217,608)
Share-based compensation	-	-	-	-	4,145	-	4,145
Net loss for the period	-	-	-	-	-	(1,028,129)	(1,028,129)
<b>Balance, March 31, 2024</b>	161,182,098	\$ 85,894,218	\$ 1,694,494	\$ 2,671,669	\$ 8,741,459	\$ (107,243,432)	\$ (8,241,592)

*The accompanying notes are an integral part of these consolidated financial statements.*

**NICOLA MINING INC.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**(Expressed in Canadian dollars) - unaudited**  
**For the three months ended March 31, 2025 and 2024**

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**1. NATURE OF OPERATIONS AND GOING CONCERN**

Nicola Mining Inc. (the “**Company**” or “**Nicola**”) is a junior exploration company that is engaged in the business of identification, acquisition, and exploration of mineral property interests together with custom milling operations at its mill located in Merritt, B.C. (the “**Merritt Mill**”). The Company’s head office is located at 3329 Aberdeen Road, Lower Nicola, B.C. Nicola is a publicly listed company incorporated under the *Business Corporations Act* (British Columbia). The Company’s common shares are listed on the TSX Venture Exchange (the “**TSX-V**”) under the symbol “NIM.V” and on OTCQB operated by the OTC Markets Group Inc. under the ticker “HUSIF”.

As at March 31, 2025, the Company had an accumulated deficit of \$111,922,057 (December 31, 2024 - \$111,446,249) and working capital deficit of \$1,456,832 (December 31, 2024 – working capital deficit of \$2,793,541). To continue operations, the Company will be required to raise funds through the issuance of equity or debt, be successful recommencing operations at the Treasure Mountain project (“**Treasure Mountain Property**”) and/or Merritt Mill (“**Merritt Mill**”), together with ongoing exploration programs at its New Craigmont property (“**New Craigmont Property**”).

The Company’s business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, tariffs, changes in laws, and national and international circumstances. Recent geopolitical events and potential economic global challenges such as the risk of higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company’s business. These factors represent a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. Realization values may be substantially different from carrying values as shown and the Company’s consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

These unaudited condensed interim consolidated financial statements have been prepared using the going concern concept, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

**2. BASIS OF PRESENTATION**

**a) Reclassification of prior year balances**

The Company has identified the following adjustments to previously reported amounts:

- i) As milling and other milling related operations is considered to be the Company’s ordinary business, \$74,595 of milling charges and net profit earned from concentrate sales were reclassified as milling revenue from other income. The associated milling cost of \$413,348 was reclassified as milling - cost of sales. \$70,288 remaining costs relating to care and maintenance have been reclassified as such.
- ii) The adjustments above did not have a material impact on the Company’s total cash flows used in or provided by operating activities, cash flows used in investing activities, and cash flows provided by financing activities.

These changes were made in accordance with IAS 8 resulting in the restatement of prior year figures.

**b) Statement of Compliance with International Financial Reporting Standards**

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain disclosures included in annual financial

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statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB have been condensed or omitted and these unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2024. The financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The financial statements are presented in Canadian dollars.

The Company's interim results are not necessarily indicative of its results for a full year.

These unaudited condensed consolidated interim financial statements were approved by the Board of Directors on May 30, 2025.

**c) Basis of Consolidation**

These unaudited condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Huldra Properties Inc. All inter-company balances, and transactions are eliminated on consolidation.

**d) Basis of Measurement**

These unaudited condensed interim consolidated financial statements are presented in Canadian dollars, which is also the Company's and its subsidiary's functional currency and have been prepared on a historical cost basis, except for certain financial instruments, which are carried at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

**e) Use of Estimates and Judgments**

The preparation of the unaudited condensed interim consolidated financial statements in conformity with IFRS requires management to make judgements and estimates which affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. The judgements that have the most significant effect on the amounts recognized in the Company's consolidated financial statements are as follows:

i) Revenue – Agent versus Principal

The Company uses judgment in assessing whether it is acting as an agent or principal in earning milling revenues. As part of this determination, consideration has been given as to whether the Company control the goods being delivered to the customer, is primarily responsible for fulfilling the promise to provides goods to the customer, having any inventory risk, and the Company's ability in establishing pricing. Management has reviewed the relevant factors and assessed that the Company is an agent.

ii) Impairment of non-current assets

Non-current assets are tested for impairment when indicators of impairment are present. Calculating the estimated fair values of cash generating units for non-current asset impairment tests requires management to make estimates and assumptions with respect to metal selling prices, future capital expenditures, reductions in the amount of recoverable reserves, resources, and exploration potential, production cost estimates, discount rates and exchange rates. Reduction in metal price forecasts, increases in estimated future costs of production, increases in estimated future non-expansory capital expenditures, reductions in the amount of recoverable reserves, resources, and exploration potential, and/or adverse current economics can result in a write-down of the carrying amounts of the Company's non-current assets.



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**f) Key Sources of Estimation Uncertainty**

The significant assumptions about the future and other major sources of estimation uncertainty as at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amounts of the Company's assets and liabilities are as follows:

**i) ARO**

The Company's rehabilitation provision represents management's best estimate of the present value of the future cash outflows required to settle the liability. Management assesses these provisions on an annual basis or when new information becomes available. This assessment includes the estimation of the future rehabilitation costs, the timing of these expenditures, inflation, and the impact of changes in discount rates, interest rates and foreign exchange rates. The actual future expenditures may differ from the amounts currently provided if the estimates made are significantly different than actual results or if there are significant changes in environmental and/or regulatory requirements in the future.

**ii) Convertible debentures**

The Company's convertible debentures represent management's best estimates and judgement in accounting for separate components of financial liability and an equity instrument. The identification of such components embedded within a convertible debenture requires significant judgement given that it is based on the interpretation of the substance of the contractual arrangement. Where the conversion option has a fixed conversion rate, the financial liability, which represents the obligation to pay coupon interest on the convertible debentures in the future, is initially measured at its fair value and subsequently measured at amortized cost. The residual is accounted for as an equity instrument at issuance.

**g) Adoption of New and Revised IFRS and IFRS Not Yet Effective**

Certain new standards, interpretations and amendments to existing standards have been issued that are mandatory for accounting periods noted below. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

*IFRS 18 Presentation and Disclosure in Financial Statements*

IFRS 18 introduces three sets of new requirements to give investors more transparent and comparable information about companies' financial performance for better investment decisions.

I. Three defined categories for income and expenses (operating, investing and financing) to improve the structure of the income statement, and require all companies to provide new defined subtotals, including operating profit.

II. Requirement for companies to disclose explanations of management-defined performance measures (MPMs) that are related to the income statement.

III. Enhanced guidance on how to organise information and whether to provide it in the primary financial statements or in the notes.

This new standard is effective for reporting periods beginning on or after January 1, 2027. The Company is currently in the process of assessing its impact on the consolidated financial statements.

*Accounting standards adopted in the current year*

*IAS 1 Presentation of Financial Statements*

IAS 1 has been amended to clarify the classification of liabilities as current or non-current based on the contractual arrangements in place at the reporting date. The amendments are effective

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for the years beginning on or after January 1, 2024. The adoption of this amendment had no material impact on the Company.

**3. AMOUNTS RECEIVABLE**

	<b>March 31, 2025</b>	<b>December 31, 2024</b>
Gravel, ash, soil, and other receivables	\$ 237,016	\$ 354,054
GST receivable (payable)	71,468	112,802
Provisional gold sales	-	203,700
	<b>\$ 308,484</b>	<b>\$ 670,556</b>

**4. MINERAL INTERESTS**

The Company holds a 100% interest in 30 mineral claims and 1 mineral lease at the Treasure Mountain Property, located near Hope, B.C. The properties are subject to a 2% net smelter royalty.

The Company holds a 100% interest in New Craigmont Property comprising 22 mineral claims and 10 mineral leases located in Lower Nicola, BC. The properties are subject to a 2% net smelter royalty.

The Company recorded an impairment write-down in relation to its Treasure Mountain Property in 2014. The property remains in good standing, and further carrying charges and evaluation costs are being charged to the consolidated statement of operations as an operating expense.

*Dominion Creek Property*

On May 31, 2021, the Company entered into a Mineral Property Purchase Agreement ("Dominion Purchase Agreement") and acquired a 50% interest in 8 mineral claims known as the Dominion Creek Property from High Range Exploration Ltd ("**High Range**"). The Dominion Creek Property is located near Prince George, BC. The Company acquired the 50% by paying \$225,000, \$75,000 of which was used to commence work on a 10,000-tonne bulk sample permit application. During the year ended December 31, 2022, the Company impaired the Dominion Creek Property by \$224,999 to \$1 due to the delays in development.

The Company is committed to acquiring the 10,000 tons bulk sample permit. Nicola will, within 30 days of High Range receiving the Permit, commence incremental funding the following costs (collectively "Initial Costs"):

- i) Camp construction costs not to exceed \$50,000;
- ii) Road construction upgrade costs not to exceed \$300,000;
- iii) Reclamation bonding costs not to exceed \$100,000 (paid); and
- iv) The Company also agreed to fund the project up to and including all costs to produce and ship 3,000 tons of ore.

A part of the Dominion Purchase Agreement, the Company entered a mining and profit sharing agreement ("Dominion Milling Agreement"). The Company would receive an even split for all profits after certain costs are reimburse to High Range and Nicola (which includes all of Initial Costs).

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The Company's group of claims consists of the following:

	March 31, 2025 \$	December 31, 2024 \$
a) The Treasure Mountain group of claims located in the Similkameen Mining Division of British Columbia	1	1
b) A Crown Grant mineral claim (Lot 1210) in the Yale Mining Division contiguous to the Treasure Mountain Claims known as the "Eureka"	1	1
c) The surface rights to Lot 1209 located in the Yale Mining Division of British Columbia known as the "Whynot Fraction"	1	1
d) Acquisition of 50% interest in Dominion Creek Property, located in the Cariboo Mining Division of British Columbia	1	1
	<b>4</b>	<b>4</b>

Exploration costs incurred is as follows:

	Three months ended March 31,	
	2025 \$	2024 \$
<b>New Craigmont Property</b>		
Assay	-	14,180
Drilling and mapping	-	83,293
Field supplies and rentals	3,117	2,914
First Nations liaison consulting	15,000	2,500
Geological consulting and technical fees	113,570	73,318
<b>Total costs incurred during the period</b>	<b>131,687</b>	<b>177,655</b>

## 5. MARKETABLE SECURITIES

On January 17, 2024, the Company made a strategic investment of \$1,000,000 in Blue Lagoon Resources Inc. ("BLLG") to purchase BLLG's common shares. During the year ended December 31, 2024, the Company received proceeds of \$27,755 from the disposition of BLLG common shares.

During the period ended March 31, 2025, the Company purchased \$25,000 of BLLG's common shares and disposed \$128,462 worth of BLLG's common shares. The fair value of the BLLG common shares held by the Company was \$1,796,999 as at March 31, 2025, resulting a fair value gain of \$824,319 (2024 – loss of \$35,714).

**NICOLA MINING INC.****Notes to Condensed Interim Consolidated Financial Statements****(Expressed in Canadian dollars) - unaudited****For the three months ended March 31, 2025 and 2024**

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**6. RESTRICTED CASH**

The Company has in place deposits amounting to \$1,437,875 at March 31, 2025 (December 31, 2024 - \$1,437,875) registered in the name of the British Columbia Ministry of Finance as security for its mining permits and for reclamation clean up at the Treasure Mountain Property, the Merritt Mill and decommissioned tailings, Dominion Creek Project and the New Craigmont Property.

**7. SECURED CONVERTIBLE DEBENTURE**

The outstanding principal and interest of the Debentures and Second Tranche Debentures are secured against the assets of Nicola.

***Year ended December 31, 2024***

During the year ended December 31, 2024, debenture holders converted \$314,262 of the convertible debenture (principal and interest) into 1,594,314 shares common shares that mature on January 9, 2025.

During the year ended December 31, 2024, the Company's Second Tranche annual interest of \$411,583 was due in November 2024. This amount was fully settled in shares subsequent to the year end.

***Three months ended March 31, 2025***

On January 3, 2025, a \$45,000 convertible debenture and interest of \$4,472 were converted into 246,995 of the Company's common shares.

On January 9, 2025, upon TSXV approval, the Company issued 1,469,935 common shares to settle an interest payment of \$411,583 of the convertible debenture.

The outstanding principal and interest of the Debentures and Second Tranche Debentures are secured against the assets of Nicola.

	<b>March 31, 2025</b>	<b>December 31, 2024</b>
Opening	\$ 4,481,066	\$ 4,236,848
Conversion of Convertible Debenture and interest	(461,274)	(314,262)
Less payment of interest	-	(33,000)
Accrued interest and accretion	133,212	591,480
	<b>\$ 4,153,004</b>	<b>\$ 4,481,066</b>
Current portion	<b>\$ 4,153,004</b>	<b>\$ 4,481,066</b>
Non-current portion	<b>\$ -</b>	<b>\$ -</b>

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**8. SHARE CAPITAL AND RESERVES**

**a) Common Shares**

**Authorized**

The authorized capital stock of the Company is an unlimited number of common shares without par value.

***Issued – year ended March 31, 2025***

On January 3, 2025, a \$45,000 convertible debenture and interest of \$4,472 were converted into 246,995 of the Company's common shares.

On January 9, 2025, the Company issued 1,469,935 common shares to settle an interest payment of \$411,583 of the convertible debenture.

On March 12, 2025, the Company completed a non-brokered private placement issuing 4,038,955 units at \$0.28 per unit, for aggregate gross proceeds of \$1,130,907 and paid \$82,204 of transaction cost, for net proceeds of \$1,048,703. Each unit consists of one common share and one-half of one share purchase warrant, with each warrant entitling the holder thereof to purchase one additional Share of the Company at a price of \$0.40 per warrant share for a period of three years from the closing of the offering. If during the exercise period of the warrants, but after the resale restrictions on the shares have expired, the shares trade on the TSX Venture Exchange (or such other exchange on which the shares may be traded at such time) at a closing price of \$0.60 or greater per Share for a period of ten (10) consecutive trading days, the Company may accelerate the expiry of the warrants by giving notice to the holders thereof (by disseminating a press release advising of the acceleration of the expiry date of the warrants) and, in such case, the warrants will expire on the thirtieth (30th) day after the date of such notice.

During the period ended March 31, 2025, the Company issued 325,000 common shares from stock option exercised for total proceeds of \$76,500.

***Issued – year ended December 31, 2024***

On April 12, 2024, the Company completed a flow-through private placement offering, pursuant to which it issued an aggregate of 5,499,994 shares at a price of \$0.23 per share for gross proceeds of \$1,264,999.

The Company paid an aggregate of \$102,146 transaction cost in connection with the private placement.

On December 3, 2024, the Company completed a flow-through private placement offering, pursuant to which it issued an aggregate of 1,641,790 shares at a price of \$0.335 per share for gross proceeds of \$550,000.

The Company paid an aggregate of \$43,249 transaction cost in connection with the private placement, and reclassified \$106,716 of flow through liability out of equity.

During the year ended December 31, 2024, the Company converted \$314,262 of convertible debenture into 1,594,314 shares.

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**b) Share Purchase Warrants**

As of March 31, 2025, the Company had 2,019,477 share purchase warrants outstanding (December 31, 2024 – nil). Each warrant entitles the holder thereof to purchase one additional Share of the Company at a price of \$0.40 per warrant share for a period of three years (expire March 12, 2028) from the closing of the offering. If during the exercise period of the warrants, but after the resale restrictions on the shares have expired, the shares trade on the TSX Venture Exchange (or such other exchange on which the shares may be traded at such time) at a closing price of \$0.60 or greater per Share for a period of ten (10) consecutive trading days, the Company may accelerate the expiry of the warrants by giving notice to the holders thereof (by disseminating a press release advising of the acceleration of the expiry date of the warrants) and, in such case, the warrants will expire on the thirtieth (30th) day after the date of such notice.

**9. SHARE-BASED PAYMENT**

**2022 Equity Incentive Plan**

Until May 14, 2022, the Company had a “rolling” stock option plan (the “Stock Option Plan”) whereby the Company was authorized to grant stock options (“Options”) equal to up to 10% of the number of issued and outstanding common shares.

Effective May 14, 2022, the Company adopted an equity incentive plan (the “Equity Incentive Plan”) that replaced the Stock Option Plan. The Equity Incentive Plan has two components as follows: (i) a rolling stock option plan for the grant of Options equal to up to 10% of the number of issued and outstanding common shares, and (ii) a fixed plan for the grant of performance equity securities including Deferred Share Units (“DSUs”), Restricted Share Units (“RSUs”), and Performance Share Units (“PSUs”) (“DSUs” and, collectively with the RSUs and PSUs, the “Performance-Based Awards”).

Pursuant to the Equity Incentive Plan, the Company is authorized to grant Options to executive officers, directors, employees, and consultants. The Board shall determine any vesting terms applicable to the grants.

Pursuant to the Equity Incentive Plan, the Company is authorized to grant Performance-Based Awards to executive officers, directors, employees, and consultants with the maximum aggregate number of common shares that may be issuable for Performance Based Awards not to exceed 16,991,819 (2024 - 16,991,819) common shares. The Board shall determine any vesting terms applicable to the grants.

During the three months ended March 31, 2025, the Company issued nil (2024 – nil) stock options and to consultants, employees and directors of the Company.

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The following is a summary of changes in stock options:

	<b>Number of Options</b>	<b>Weighted Average Exercise Price \$</b>
<b>Balance at December 31, 2023</b>	7,475,000	0.26
Issued options	3,500,000	0.27
Cancelled options	(575,000)	0.25
<b>Balance at December 31, 2024</b>	10,400,000	0.27
Exercised options	(325,000)	
Cancelled options	(425,000)	
<b>Balance at March 31, 2025</b>	9,650,000	

As at March 31, 2025, the following stock options were outstanding and exercisable:

<b>Number Outstanding</b>	<b>Number Exercisable</b>	<b>Exercise Price</b>	<b>Weighted Average Contractual Life (Years)</b>	<b>Expiry Date</b>
1,625,000	1,625,000	\$0.30	1.02	January 8, 2026
525,000	525,000	\$0.22	1.76	October 5, 2026
1,875,000	1,875,000	\$0.16	2.76	October 5, 2027
100,000	100,000	\$0.30	3.34	May 2, 2028
1,925,000	1,925,000	\$0.36	3.57	July 26, 2028
200,000	200,000	\$0.30	3.59	August 3, 2028
2,900,000	2,900,000	\$0.27	4.30	April 18, 2029
500,000	500,000	\$0.30	4.97	December 18, 2029
9,650,000	9,650,000			

As at December 31, 2024, the following stock options were outstanding and exercisable:

<b>Number Outstanding</b>	<b>Number Exercisable</b>	<b>Exercise Price</b>	<b>Weighted Average Contractual Life (Years)</b>	<b>Expiry Date</b>
375,000	375,000	\$0.24	0.05	January 20, 2025
1,625,000	1,625,000	\$0.30	1.02	January 8, 2026
600,000	600,000	\$0.22	1.76	October 5, 2026
1,875,000	1,875,000	\$0.16	2.76	October 5, 2027
100,000	100,000	\$0.30	3.34	May 2, 2028
1,925,000	1,925,000	\$0.36	3.57	July 26, 2028
200,000	200,000	\$0.30	3.59	August 3, 2028
200,000	200,000	\$0.40	3.77	October 3, 2028
3,000,000	3,000,000	\$0.27	4.30	April 18, 2029
500,000	500,000	\$0.30	4.97	December 18, 2029
10,400,000	10,400,000			

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*Restricted Shares Unit*

On December 18, 2024, the Company issued 1,000,000 Restricted Share Units ("RSUs") with a fair value of \$0.30 per RSU and a vesting date of December 31, 2025.

**10. MILLING REVENUE AND OTHER INCOME**

Major customers are defined as customers that each individually account for greater than 10% of the Company's revenues. For the three months ended March 31, 2025 and 2024, one customer accounted for 100% of the Company's milling revenue.

During the three months ended March 31, 2025, the Company received \$218,209 (2024 - \$316,207) of other income related to royalty on gravel pit, space rental, and materials disposal.

**11. RELATED PARTY TRANSACTIONS**

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly, and consist of its directors, the Chief Executive Officer, and the Chief Financial Officer.

The following is a summary of the Company's key management compensation:

	<b>Three months ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
Consulting fees	79,500	140,125
Salaries and benefits	-	35,250
Share-based compensation	60,140	-
Total	139,640	175,375

**12. FINANCIAL and CAPITAL RISK MANAGEMENT**

*Fair Value*

The carrying value of cash and cash equivalents, amounts receivables, accounts payable and accrued liabilities, secured convertible debentures and lease liabilities approximate their fair value because of the short-term nature of these instruments. The carrying value of restricted cash approximates fair value due to the nature of this asset.

The Company records its financial instruments, other than marketable securities which are at fair value through profit or loss, at amortized cost.

The financial instruments have been characterized on a fair value hierarchy based on whether the inputs to those valuation techniques are observable (inputs reflect market data obtained from independent sources) or unobservable (inputs reflect the Company's market assumptions).

The three levels of fair value estimation are:

Level 1 – quoted prices in active markets for identical instruments.

Level 2 – quoted prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.



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Level 3 – valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

Marketable securities are measured using level 1 inputs.

*Risk Exposure and Management*

Overview

The Company has exposure to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The principal financial risks to which the Company is exposed are credit risk, interest rate risk, liquidity risk, commodity and equity price risk, and currency risk.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. As at March 31, 2025, the Company's maximum exposure to credit risk is the carrying value of its cash and cash equivalent, restricted cash, and amounts receivable in the amount of \$3,169,638 (December 31, 2024 - \$3,570,649).

All off the Company's cash is held with a major financial institution in Canada and management believes the exposure to credit risk with respect to such institutions is not significant. Those financial assets that potentially subject the Company to credit risk are primarily receivables. The Company considers the risk of material loss to be significantly mitigated due to the financial strength of the parties from whom the receivables are due, including government organizations.

Interest Rate Risk

The Company's financial assets exposed to interest rate risk consist of cash and short-term investments balances. The interest earned on the cash balances approximates fair value rates, and the Company is not at a significant risk to fluctuating rates.

The Company's secured convertible debenture which accrues interest is at a fixed rate of 10%, and does not expose the Company to interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it projects the funds required to support its operations.

Management anticipates that it may incur expenditures towards exploring its mineral interests and other Company assets. However, there is no assurance that the Company will operate profitably or will generate positive cash flow in the future. The Company has limited working capital, no history of profitable operations and no assurance that additional funding will be available to it for further exploration and development of its mineral interests. The Company may also need further financing if it decides to obtain additional mineral properties. As such, the Company is subject to many risks common to exploration enterprises, including undercapitalization, cash shortages and limitations with respect to personnel, financial, access to other resources, and lack of revenues. Although the Company has been successful in the past in obtaining financing through credit facilities or the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Such means of financing typically result in dilution of the positions of existing shareholders, either directly or indirectly.

Failure to obtain additional financing could result in the delay or indefinite postponement of further exploration.

**NICOLA MINING INC.****Notes to Condensed Interim Consolidated Financial Statements****(Expressed in Canadian dollars) - unaudited****For the three months ended March 31, 2025 and 2024**

March 31, 2025	Less than 12 months (\$)	One to five years (\$)	Total (\$)
Accounts payable and accrued liabilities	1,063,900	-	1,063,900
Lease liabilities	26,174	22,763	48,937
Secured convertible debenture	4,153,004	-	4,153,004
Total	5,243,078	22,763	5,265,841

December 31, 2024	Less than 12 months (\$)	One to five years (\$)	Total (\$)
Accounts payable and accrued liabilities	1,616,118	-	1,616,118
Lease liabilities	26,174	28,427	54,601
Secured convertible debenture	4,481,066	-	4,481,066
Total	6,123,358	28,427	6,151,785

Foreign Exchange Rate Risk

The functional currency of the Company is the Canadian dollar. As at March 31, 2025 and December 31, 2024, the Company has not entered into contracts to manage foreign exchange risk.

Commodity and Equity Price Risk

The ability of the Company to explore its exploration assets, continue milling operations, and the future profitability of the Company are directly related to the market price of copper, gold, silver, and other precious metals. Equity price risk is defined as the potential adverse impact on the Company's performance to movements in individual equity prices or general movements in the level of the stock market.

Capital Management

The Company considers capital to be the elements of shareholders' equity (deficit). The Company's primary objectives in capital management are to safeguard the Company's ability to continue as a going concern to provide returns for shareholders and to maintain sufficient funds to finance the exploration and development of its mineral property interests and Merritt Mill operations. The Company manages its capital structure to maximize its financial flexibility by adjusting to changes in economic conditions, and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital and is not subject to externally imposed capital requirements. There have been no changes to the management of capital during the current fiscal year.

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**13. SUBSEQUENT EVENTS**

Subsequent to the period ended March 31, 2025, debenture holders converted the principal and settled interest (\$194,455) for the convertible debenture that matures on November 21, 2025, into 1,072,287 common shares.