

Nicola Mining – Imminent Mining of Dominion Creek’s 10,000t Bulk Sample

Rating
BUY
Unchanged

Target Price
\$1.10
Prev. \$0.90

July 30, 2025

Disseminated on behalf of Nicola Mining

All figures in CAD unless otherwise stated

Nicola Mining Inc.	NIM:TSXV
Rating	BUY
Target Price	\$1.10
Return to Target	43%

Market Data

Share Price	\$0.77
Average Daily Volume (K)	169.9
FD ITM Shares (M)	184.3
Market Cap (\$M)	\$141.9
Cash (\$M)	\$4.6
Debt (\$M)	\$4.2
Enterprise Value (\$M)	\$141.5

Valuation

New Craigmont Project (\$M)	\$62.5
Merritt Mill & Tailings Facility (\$M)	\$117.7
Treasure Mountain Silver Mine	\$8.6
Dominion Creek (75% Interest)	\$13.8

Please refer to the applicable disclosures on the back page
Source: Atrium Research, CapitalIQ, Company Documents



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

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What you need to know:

- Nicola has commenced work on its 10,000t bulk sample at Dominion Creek, with infrastructure in place and extraction expected to begin by mid-August.
- Dominion adds a third near-term high-grade ore source to the Merritt Mill, following Talisker and pending shipments from Blue Lagoon.
- With multiple feed contracts and throughput ramping, Nicola is on track for significant revenue and cash flow generation in H2/25.

This morning, Nicola Mining Corp. (NIM:TSXV, HUSIF:OTC) announced that it has commenced work on its 10,000t bulk sample at its Dominion Creek Project, in which Nicola holds a 75% interest. The Dominion bulk sample program is fully permitted and marks an important step in Nicola's multi-asset milling strategy. The project benefits from straightforward logistics and proximity to Nicola's wholly owned Merritt Mill, where the ore will be processed. **We are maintaining our BUY rating and increasing our target price to \$1.10/share (previously \$0.90/share) on Nicola Mining.**

Nicola has already installed a 14-man camp, mobilized equipment, and constructed a bridge to the site. Roadwork improvements are underway and expected to be completed by August 10th, after which the extraction will commence. Dominion has returned highly encouraging historical grades, with a 9.7kg surface sample from 2020 assaying 62.1 g/t Au, 320 g/t Ag, along with 23.4% lead and 12.4% zinc. Additional chip samples from 2020 exposed vein outcrops and confirmed high-grade potential, positioning the project as a valuable source of internal mill feed.

Our Take

The near-term mining of the Dominion Creek bulk sample marks a meaningful milestone for Nicola as it continues to scale its integrated production model in BC. The bulk sample will be a meaningful contributor of high-grade ore to the Merritt Mill, further enhancing mill utilization. We will note that the profitability of the bulk sample concentrate sales will be significantly higher than that of its other ore sources. This is because NIM holds a 75% interest in the project and, therefore, is capturing a much larger percentage of the proceeds.

This initiative also underscores Nicola's ability to leverage its infrastructure advantage, being the only third-party gold and silver mill in BC, while maintaining capital efficiency and minimizing permitting hurdles. As ore from Talisker, Blue Lagoon, and now Dominion begins flowing through the mill, we see the ramp-up to 200tpd as achievable, with potential upside from throughput expansion already in motion. Dominion also adds long-term upside, potentially supporting a future standalone mining operation if the bulk sample results confirm scalability.

New Concentrate Sales Agreement

In addition to today's press release, Talisker Resources (TSK:TSX) announced that its subsidiary, Bralorne Gold Mines, signed three definitive agreements with Ocean Partners for the purchase of gravity and sulphide concentrates from Talisker's Mustang Mine. NIM will process the ore at its Merritt Mill facility, with Ocean Partners purchasing 100% of the concentrate. This news solidifies our confidence in TSK being a consistent and reliable source of ore for NIM's milling facility.

Catalysts

- New Craigmont 2025 Exploration Program – Ongoing
- Merritt Mill Production and New Partnerships – Ongoing
- Merritt Mill throughput Permit Amendment – Ongoing

Valuation

We continue to value the New Craigmont Copper Project at \$62.5M or \$0.34/share, based on the valuation placed on the asset by Nittetsu in 2023. With regards to the Merritt Milling facility, we have updated our gold and silver prices to further better reflect reality. We have updated our model to assume US\$3,000/oz Au and US\$31/oz Ag, increasing the NPV valuation of the Merritt Mill to \$117.8M or \$0.64/share, up from our previous note. We will note that our metal price assumptions still remain on the side of conservatism.

Additionally, we are now attributing a value to the Dominion Creek property, as we previously excluded it from our valuation methodology. With imminent value creation from the 10,000t bulk sample, we have attributed a value for the project of \$13.8M or \$0.07/share. We believe this remains modest, and there exists further upside as the bulk sample is mined and potentially proves that a larger scale operation could be justified. We continue to assign \$8.6M or \$0.05/share to the fully permitted Treasure Mountain Silver Mine. After adjusting for net debt, we arrive at our increased target price of \$1.10/share (previously \$0.90/share).

	Amount (C\$)	Per Share (C\$/share)
Mining Assets		
New Craigmont Copper Project	62.5	0.34
Merritt Mill & Tailings Facility	117.8	0.64
Treasure Mountain Silver Mine	8.6	0.05
Dominion Creek (75% Interest)	13.8	0.07
Enterprise Value	188.8	1.10
Corporate Adjustments		
(+) Cash	4.6	0.02
(-) Debt	4.2	0.02
Equity Value	189.2	1.10
Target Price (Rounded)		\$1.10
Upside		43%

Figure 1: Valuation Summary

Why We Like NIM

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

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

RATING	COVERED COMPANIES
BUY	25
HOLD	0
SELL	0

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