

Nicola Mining – Draft Permit Received for Dominion Creek Project Bulk Sample

Rating
BUY
Unchanged

Target Price
\$0.60
Unchanged

March 6, 2025

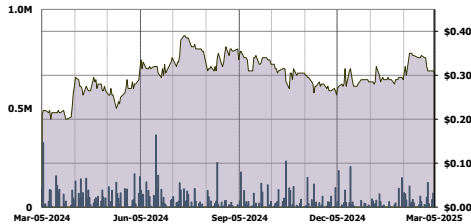
All figures in CAD unless otherwise stated

Nicola Mining Inc.	NIM:TSXV
Rating	BUY
Target Price	\$0.60
Return to Target	97%

Market Data	
Share Price	\$0.31
Average Daily Volume (K)	35.1
FD ITM Shares (M)	168.4
Market Cap (\$M)	\$51.3
Cash (\$M)	\$2.4
Debt (\$M)	\$4.6
Enterprise Value (\$M)	\$53.6

Valuation	
New Craigmont Project (\$M)	\$62.5
Merritt Mill & Tailings Facility (\$M)	\$25.5
Treasure Mountain Silver Mine	\$8.9

Please refer to the applicable disclosures on the back page
Disseminated on behalf of Nicola Mining Inc.
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.

Ben Pirie | Equity Research Analyst | bpirie@atriumresearch.ca | 647-688-9661
Nicholas Cortellucci, CFA | Equity Research Analyst | ncortellucci@atriumresearch.ca | 647-391-3314

What you need to know:

- Nicola announced that it received a draft permit for the 10,000t bulk sample at the Dominion Creek Mineral Project.
- As a reminder, NIM owns a 75% economic interest in the high-grade gold and silver project with its partner High Range Exploration owning the remaining.
- The bulk sample will be processed at Nicola's Merritt Milling Facility providing a potential third source of ore to the mill by Q3/25.

This morning, Nicola Mining Corp. (NIM:TSXV, HUSIF:OTC) announced it has received a draft bulk sample permit for its Dominion Creek Mineral Project, a high grade gold and silver project of which NIM owns a 75% economic interest. The Company has already paid the required reclamation deposit and plans to begin ore extraction as early as Q2 with ore processing being conducted at its Merritt Mill & Tailings Facility. **We are maintaining our BUY rating and \$0.60/share target price on Nicola Mining.**

The Company received the draft bulk sample permit from the BC Ministry of Mining and Critical Minerals, allowing for the extraction of 10,000t of ore; we expect the final permit to be secured in the near term. It is expected that NIM could start shipping the ore extracted from the site to its new Merritt Mill in early Q2/25 pending full approval. The Dominion Creek Deposit has shown promising results from previous sampling, including a 9.7kg sample of outcropping sulfide from Number 16 Vein.

Sampling results from Number 16 Vein at the property include:

- 62.1 g/t Au, 320.0 g/t Ag, 23.4% Pb, and 12.3% Zn

Dominion Creek Property

As a reminder, NIM owns a 75% economic interest in Dominion Creek Gold, a high-grade gold project located near Smithers, BC, 43km northeast of Wells and 110km east-southeast of Prince George. Its partner, High Range Exploration, has been associated with the project for over two decades and is excited to finally have the project move towards a mine plan. We do not currently attribute any value for Dominion Creek in our valuation of NIM, but once the Company delivers the final permit approval and provides estimates into production rates and grades, we will look to include the project in our valuation.

Pending Production at the Merritt Milling Facility

With today's news of the bulk sample permit from Dominion Creek, we want to highlight the other sources of ore that Nicola has secured that should be shipping to the Merritt Milling Facility in the short term. We expect that NIM's partner Talisker Resources will begin shipping ore to the Merritt Mill as early as Q2/25. Additionally, we are expecting NIM to begin receiving ore in Q3/25 from Blue Lagoon Resources (BLLG:CSE), which NIM has a Milling and Profit Sharing agreement with and recently announced receiving permits for 55,000tpy production. Read our previous [note](#) for more detail. All the above shows that Nicola is on the path to have its Merritt facility operating at close to capacity as early as Q3/25. This should result in meaningful sales for the Company, and we will look to update our estimates as more definitive production guidance is discussed. We must also not forget the ongoing drill campaign at the New Craigmont Project which has results pending.

Catalysts

- New Craigmont 2025 Exploration Program – Ongoing
- Merritt Mill Production Sales and New Partnerships – Ongoing

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 cashflows to accelerate.
- NIM’s Mill and the Sand/Gravel Pit and Rock Quarry businesses provide non-dilutive cashflow 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.

Valuation

We continue to value the New Craigmont Copper Project at \$62.5M or \$0.37/share, assuming the valuation placed on the asset by Nittetsu in 2023. Additionally, we value the Merritt Mill using an NPV valuation which results in \$25.5M or \$0.15/share. Lastly, we add \$8.9M or \$0.05/share for the Treasure Mountain Silver Mine and adjust for net debt to arrive at our unchanged target price of \$0.60/share.

	Amount (C\$)	Per Share (C\$/share)
Mining Assets		
New Craigmont Copper Project	62.5	0.37
Merritt Mill & Tailings Facility	25.5	0.15
Treasure Mountain Silver Mine	8.9	0.05
Enterprise Value	96.9	0.58
Corporate Adjustments		
(+) Cash	2.4	0.01
(-) Debt	4.6	0.03
Equity Value	94.6	0.56
Target Price (Rounded)		\$0.60
<i>Upside</i>		<i>97%</i>

Figure 1: Valuation Summary

Disclosures

Analyst Certification

Each authoring analyst of Atrium Research on this report certifies that (i) the recommendations and opinions expressed in this research accurately reflect the authoring analyst's personal, independent and objective views about any and all of the designated securities discussed (ii) no part of the authoring analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in the research, (iii) to the best of the authoring analyst's knowledge, she/he is not in receipt of material non-public information about the issuer, (iv) the analyst does not own common shares, options, or warrants in the company under coverage, and (v) the analysts adhere to the CFA Institute guidelines for analyst independence.

Atrium Research Ratings System

BUY: The stock is expected to generate returns of over 20% over the next 24 months.

HOLD: The stock is expected to generate returns of 0-20% over the next 24 months.

SELL: The stock is expected to generate negative returns over the next 24 months.

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

RATING	COVERED COMPANIES
BUY	20
HOLD	0
SELL	0

About Atrium Research

Atrium Research provides institutional quality issuer paid research on public equities in North America. Our investment philosophy takes a 3-5 year view on equities currently being overlooked by the market. Our research process emphasizes understanding the key performance metrics for each specific company, trustworthy management teams, unit economics, and an in-depth valuation analysis. For further information on our team, please visit <https://www.atriumresearch.ca/team>.

General Information

Atrium Research Corporation (ARC) has created and distributed this report. This report is based on information we considered reliable; we have not been provided with any material non-public information by the company (or companies) discussed in this report. We do not represent that this report is accurate or complete and it should not be relied upon as such; further any information in this report is subject to change without any formal or type of notice provided. Investors should consider this report as only one factor in their investment decisions; this report is not intended as a replacement for investor's independent judgment.

ARC is not an IIROC registered dealer and does not offer investment-banking services to its clients. ARC (and its employees) do not own, trade or have a beneficial interest in the securities of the companies we provide research services for and does not serve as an officer or Director of the companies discussed in this report. ARC does not make a market in any securities. This report is not disseminated in connection with any distribution of securities and is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal.

ARC does not make any warranties, expressed or implied, as to the results to be obtained from using this information and makes no express or implied warranties for particular use. Anyone using this report assumes full responsibility for whatever results they obtain. This does not constitute a personal recommendation or take into account any financial or investment objectives, financial situations or needs of individuals. This report has not been prepared for any particular individual or institution. Recipients should consider whether any information in this report is suitable for their particular circumstances and should seek professional advice. Past performance is not a guide for future results, future returns are not guaranteed, and loss of original capital may occur. Neither ARC nor any person employed by ARC accepts any liability whatsoever for any direct or indirect loss resulting from any use of its research or the information it contains.

This report contains "forward looking" statements. Forward-looking statements regarding the Company and/or stock's performance inherently involve risks and uncertainties that could cause actual results to differ from such forward-looking statements. Such statements involve a number of risks and uncertainties such as competition, technology shifts, market demand and the company's (and management's) ability to correctly forecast financial estimates; please see the company's MD&A "Risk Factors" Section for a more complete discussion of company specific risks for the company discussed in this report.

ARC is receiving a cash compensation from Nicola Mining Inc. for 12-months of research coverage. ARC retains full editorial control over its research content. ARC does not have investment banking relationships and does not expect to receive any investment banking driven income. ARC reports are primarily disseminated electronically and, in some cases, printed form. Electronic reports are simultaneously available to all recipients in any form. Reprints of ARC reports are prohibited without permission. To receive future reports on covered companies please visit <https://www.atriumresearch.ca/research> or subscribe on our website.

The information contained in this report is intended to be viewed only in jurisdictions where it may be legally viewed and is not intended for use by any person or entity in any jurisdiction where such use would be contrary to local regulations or which would require any registration requirement within such jurisdiction.