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OPTIMO RESEARCH

Nicola Mining Inc.

21st September 2026

Consolidator of small-scale, high-grade gold & silver projects in British Columbia (BC) positioned for strong growth. Scope to become an M&A player and unlock the cash-generation ability of stranded assets

Nicola Mining is the former Huldra Silver, which operated the Treasure Mountain silver mine and the Merritt Mill. Ex-Goldman Sachs restructuring expert Peter Espig has guided the company through a 13-year turnaround, and the fruits of his labours are beginning to show. He renegotiated the mill permit on highly favourable, unique terms, allowing the processing of gold/silver ore from anywhere in BC. This move has positioned Nicola as an outright consolidation vehicle. BC is a highly favourable jurisdiction for such a model to be rolled out, as the province is littered with small projects that cannot justify investment in their own mills. Nicola also owns the New Craigmont Copper Project, which combines high-grade copper, district-scale porphyry potential, and modern geophysics confirming new intrusive centres.

• Small gold play Dominion Creek looks to be dramatically growing in scale

Nicola's first M&A deal has been at Dominion Creek, where the project has been acquired for a 25% profit share on the first 10,000t bulk sample, which is currently being mined. After that, the company has a 100% interest, and the rules allow for a further 70,000t of this rich gold ore to be mined. On-site work is rapidly suggesting that this small, high-grade gold play could be far larger.

• High-grade Treasure Mountain silver mine set to be reopened in early 2027

The first target is 400,000oz of silver in a stope, which could be ready for removal in early 2027. Modern geophysics indicates a much larger mineralised footprint than the old mine ever accessed, with the real excitement possibly being at the back of the mountain. The start of the 2026 exploration drilling programme at Treasure Mountain was announced in mid-September.

• Business coming together, with a C$58 million net profit forecast for 2027

We think 2026 should demonstrate that Nicola is earnings-positive, allowing drilling to continue as planned. 2027 could see revenue earned from a 30-40% share of C$50 million from partner Blue Lagoon, C$50 million from Treasure Mountain, plus Dominion Creek & partner Red Eye. We think Nicola could create a C$50 million+ cash pile, which would provide funds for the acquisition strategy.

• Sum-of-the-parts analysis suggests a target price of C$2.93 per share

We have valued the mill at C$250 million. For the pan-BC gold/silver mining/milling operations we derived an NPV(12), discounted by an additional 15%, of C$357 million. Adding C$125 million for the New Craigmont Copper Project, based on an update of the 2023 earn-in deal, plus net cash and warrant proceeds, brings the total valuation to C$766 million.

Table: Financial overview. Source: Company & Optimo Research

Year to end Dec	2024A	2025A	2026E	2027E
Revenue (C$'000)	818	1,535	17,000	109,000
Net profit (C$'000)	(5,230)	(5,525)	1,400	58,000
EPS (C$)	(0.03)	(0.03)	0.01	0.22

TARGET PRICE – C$2.93

Key data

Listing	NASDAQ:NICM TSX.V:NIM, FSE:HLIA
Share price	C$0.73
52 week high/low	C$1.35 - 0.63
Shares in issue	229.53m
Market Cap	C$167.56m

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Highly compelling roll-up platform of gold and silver projects in BC

Nicola Mining Inc. is a British Columbia-based gold and silver producer and copper exploration company. Nicola has a smart hybrid business model and portfolio of projects that we think offer a really impressive combination of cash-flow-generating projects and tremendous discovery potential, all within a low-risk, mining-friendly Tier-1 jurisdiction.

The company's 100%-owned Merritt Mill and Tailings Facility is the only facility permitted to process third-party gold and silver ores from anywhere in BC. This is being used as a powerful tool to consolidate gold and silver projects across the province. Many BC precious metal projects are stranded because they cannot afford to build a mill and wait 15 years for permitting.

The Merritt Mill is a modern, recently upgraded, state-of-the-art 200 tonnes per day (tpd) facility that is being expanded to 500tpd, with over C$35 million invested to date. The mill and tailings facility lies on a 900-acre brownfield site, acquired in 2012 for C$8 million. The site also includes additional interests in the form of an operating gravel pit, rock quarry and ready-mix concrete plant, all operated in partnership with First Nations.

The company has a number of longstanding milling and profit-sharing agreements with local mines, which are planned to increase production to nameplate capacity. The nameplate capacity itself is also being increased. Mill feed is expected to significantly increase as a result of the forecast production from the company's Dominion Creek project and Treasure Mountain Silver Project.

But on top of all this, Nicola owns the New Craigmont Copper Project, which has a Tier-1 geological address, as it sits on the eastern margin of the Quesnel Trough, one of Canada's most prolific copper belts, which hosts Highland Valley Copper and New Afton.

Deals to increase mill throughput

Blue Lagoon Resources' (CSE:BLLG) Dome Mountain asset is an important source of feed for the company's Merritt Mill. A long-term mining and milling partnership agreement is in place for up to 75ktpa of mill feed from Dome Mountain. Initially, the operation is targeting 55ktpa of mill feed, with expected recovery of ~15,000 oz/year of gold following the start of mining activities in July 2025.

Nicola is a long-term partner and investor which had a >6% ownership stake in Blue Lagoon ahead of a recent further investment. In August 2026, the board announced that Nicola and its partner, Ocean Partners, had provided C$10 million in financing to Blue Lagoon, with each investing C$5 million. The financing is intended to advance mine development to increase production towards 150 to 200tpd.

A landmark deal with Red Eye Resources, a private BC mineral explorer and project generator, was also announced in August 2026. The two companies have entered into a mining and milling profit-sharing agreement. Red Eye Resources has a portfolio of precious metal prospects and is supported by a team with decades of experience in BC's mining and exploration industry. The agreement will focus exclusively on precious metal opportunities, with profits generated under the arrangement to be shared equally between the parties.

With the deal agreed, no time has been wasted, with immediate work on site taking representative samples weighing a total of 47.82kg from two Red Eye stockpiles totalling 1,500t. Results indicated a weighted average grade of 2.83g/t gold and 753.41g/t silver, which, at current gold and silver prices, equates to c.14g/t AuEq. Nicola is moving forward with lab simulations to maximise recoveries. Nicola flagged that results of this programme should not be considered representative of the entire volume of material contained within the piles, since buried material was not accessible for sampling, and more material was added to the larger pile after the samples were collected. Increasing mill feed from Dome Mountain, Dominion Creek and now Red Eye Resources will position Nicola for a transformative period of operational growth and rising cash flow generation.

Gold mining begins at the Dominion Creek Gold Project

The Dominion Creek Gold Project hosts a high-grade gold-silver system, with veins outcropping at the surface across eight contiguous mineral claims covering 1,040 ha in central BC. Twenty-three grab samples collected in 2020 averaged 61.3g/t gold and 173.7g/t silver. A 10,000t bulk sampling programme is ongoing, with the ore processed at the Merritt Mill site. Nicola has a 75% economic interest in the mining and milling of the first 10,000t. After that, the company will own a 100% interest. Nicola announced in June 2026 that gold and silver mining was about to start at the Dominion Creek Gold Project. This high-grade gold project lies 110km SE of Prince George, BC.

Mining of the initial bulk sample at Dominion Creek. Source: Company

Nicola sees Dominion Creek as providing both exceptional near-term production and significant long-term strategic value. The vein systems remain open in all directions, with grades as high as 113g/t of gold. The team sees this project as able to provide a steady level of premium-grade mill feed for the Merritt Mill on a sustainable basis. Ahead of the commencement of operations, Nicola has advanced multiple key infrastructure, equipment and operational initiatives, and has strengthened the reclamation profile through an additional C$251,000 payment towards reclamation bonding requirements. In addition, the company has completed payment for a 14-person operational camp, acquired three CATERPILLAR excavators, acquired a high-performance rock drill attachment, secured a John Deere haul truck, hired operational crews, and engaged a key mining contractor.

Production at Treasure Mountain expected to recommence in 2027

Just 90 minutes from the Merritt Mill lies Treasure Mountain, a high-grade silver mine where production is expected to resume in 2027. It is a historic high-grade Ag-Pb-Zn underground mine that, in the 1930s, saw 4,000 tons of ore mined, producing 40koz of silver, 380K lbs of lead and 88K lbs of zinc. There is a historical (2009) NI 43-101 resource estimate, and since 2011, a total of 69 diamond drill holes totalling 7,000m have been completed, revealing significant exploration upside. One of Peter Espig's first moves after taking over the helm at Nicola was to halt mining here in 2013 due to low silver prices, but the mine has been properly maintained and is ready to restart operations.

Recently, the company announced the results of an independent underground inspection and factual assessment of the mine, which found that Treasure Mountain was in better condition than expected. Both principal portals (1 and 2) remain accessible, and significant portions of the underground development remain open. In addition, natural ventilation pathways are still functioning, and much of the historical underground infrastructure remains in place. The team will initially focus on understanding the existing workings before recommencing mining on Levels 1 and 2.

Treasure Mountain underground. Portal 1 Level 1 (left) and Level 1 Raise for Mining (right). Source: Company

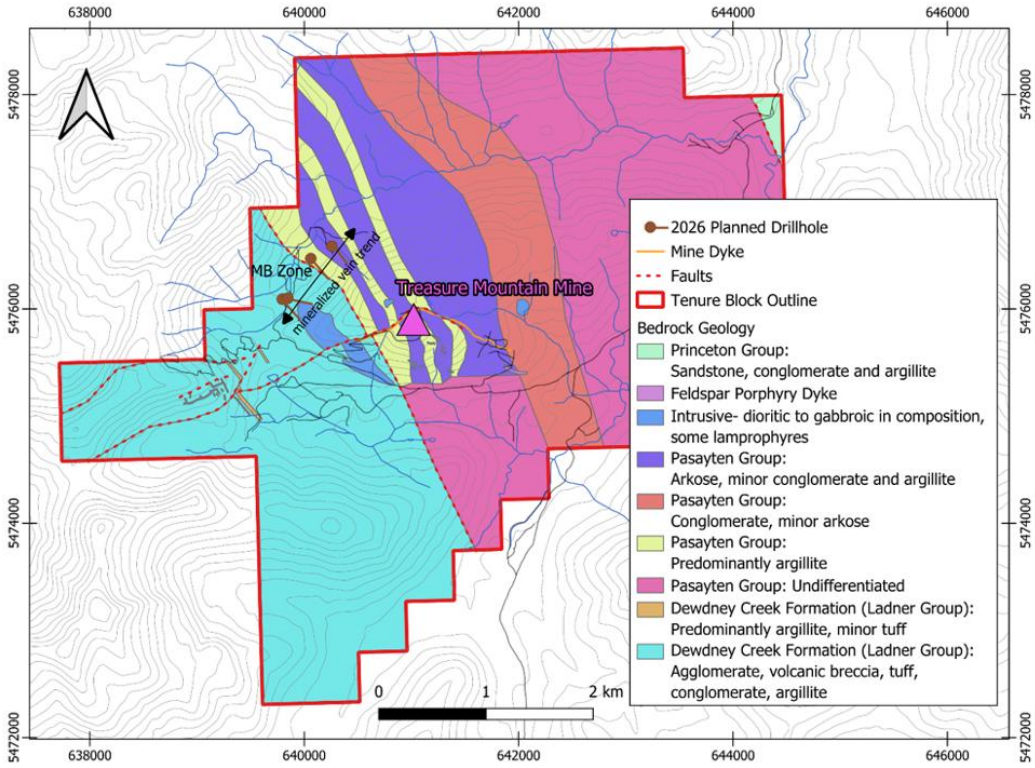
In our view, this is a very promising silver mine, as historic operators mined extremely high-grade silver veins, often 20-35oz/t silver in mined material. Nicola has plans to recommence extraction at mining Level 1, Stope 2. The project has a mine permit (M-239) in place, allowing the mining of up to 60,000tpa and the current mineral lease runs until 2032. However, there is much more to this site than meets the eye. There appears to be untapped potential on the far side of the mountain, where fifteen veins are exposed at the surface. Nicola has spent eight years conducting soil and chip sampling along these veins, revealing grades of 350-9,200 g/t silver, 0.2–0.26g/t gold, 1-4% copper, 10-30% lead, and 10-15% zinc, along with indium and rare earth elements.

First drilling at Treasure Mountain's MB Zone consists of four drill holes

News that the 2026 exploration drilling programme at Treasure Mountain had begun was reported to investors in mid-September. Exploration plans for 2026 involve diamond drilling at the MB target area, which had been previously undrilled despite being highly prospective, and which lies just 1km from the historic Treasure Mountain silver mine. Soil and surface rock sampling by Nicola in the 2019-22 period produced strong results, indicating silver-lead-zinc-copper-gold mineralisation along a vein system exposed at several locations along strike. Sample 2100207, taken from an exposed vein, revealed 1,300g/t silver, 2.59g/t gold, 1.16% copper, 27.4% lead and 27.2% zinc.

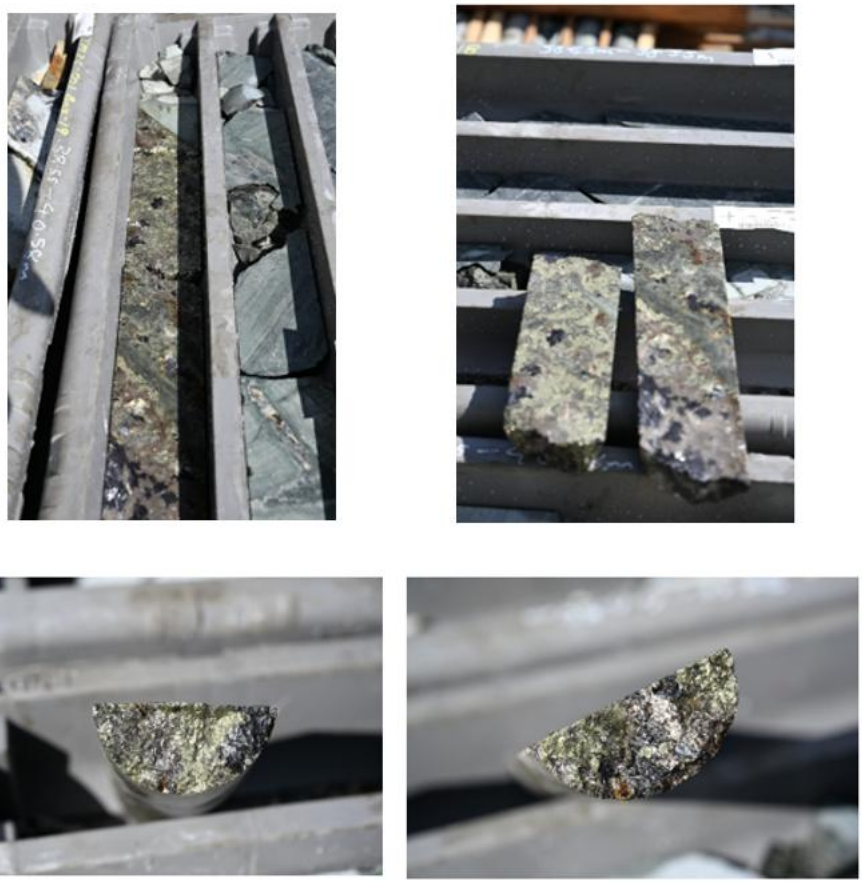
The 2026 programme consists of four drill holes for 800m, which target the MB Zone. These holes are planned to intersect and test quartz-sulphide veins that trend NE-SW along the length of the valley, which have previously been sampled. Drilling is expected to be completed by the end of September 2026, with results planned to be released by the year end.

The current exploration programme is designed to test whether the mineralised system seen at the surface demonstrates continuity and scale at depth. Any positive analytical results would serve to enhance the team's understanding of the geology of the MB Zone as well as help guide the next phase of exploration at Treasure Mountain.



Location of the planned drill holes in the MB Zone and the geological setting. Source: Company

Core photos from the first hole TM26-001 show semi-massive pyrite-pyrrhotite-sphalerite mineralisation which occurs in irregular blebs, patches and sulphide-rich aggregates throughout the host rock. A bleb is a small, rounded, bubble-like inclusion of one mineral trapped inside a larger host mineral. Pyrrhotite and pyrite are predominant, with subordinate sphalerite occurring as coarse, silvery-grey blebs/aggregates.



TM26-001 core photos. Source: Company

Photos of exploration work at Treasure Mountain

Source: Company

Exploration at the highest-grade copper mine in Canadian history

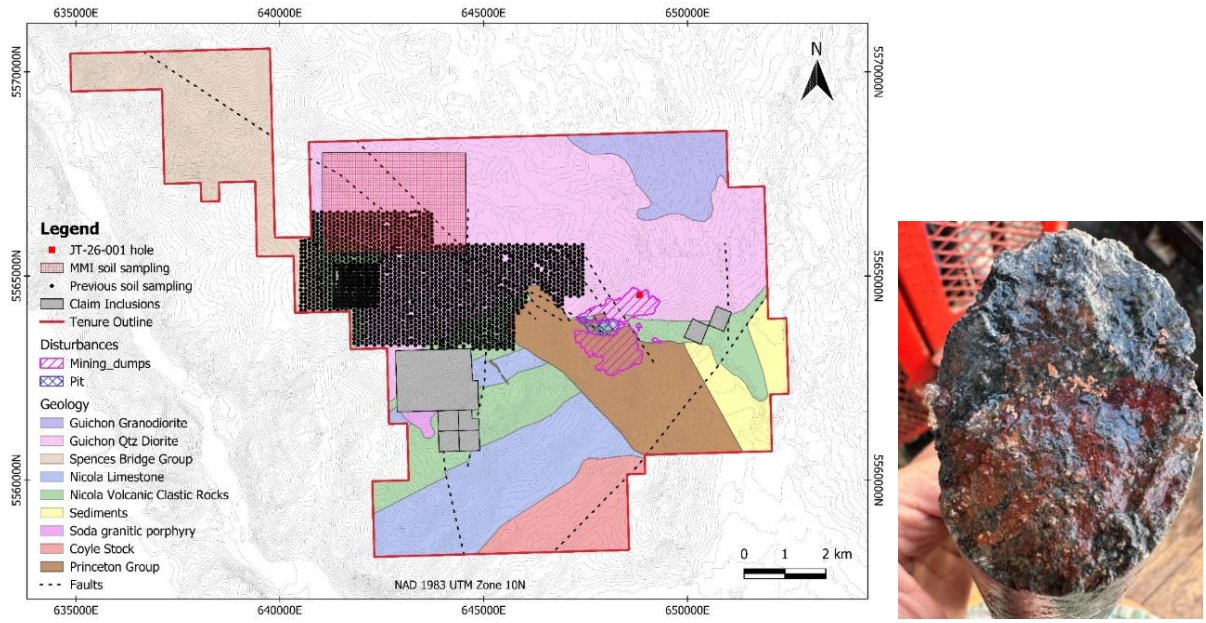
Alongside the consolidation potential of precious metal projects in BC, Nicola has a 100% interest in the New Craigmont Copper Project, centred on the historic Craigmont Copper Mine, which produced around 900M lbs of copper (34Mt @ 1.28% Cu) and was the highest-grade copper mine in Canadian history. The project lies adjacent to Teck Resources' Highland Valley, the largest open-pit copper mine in Canada. Nicola has identified high-grade copper skarn with potential for a porphyry copper system. In 2025, a 3,300m diamond drilling programme was undertaken to expand the extent of the observed mineralisation and to test other targets.

In late April 2026, Nicola announced it would begin exploration drilling. Results from the company's previous exploration work on the project have been highly impressive. In 2022, Nicola contracted Geotech Ltd to complete a property-wide Z-axis Tipper Electromagnetic (ZTEM) survey, an airborne passive-source EM survey that maps subsurface resistivity at depth. Interpretation of this survey data identified a prominent resistivity anomaly just north of the historical Craigmont open pit.

Subsequent drilling in 2023 at holes NC23-005 and NC23-006, south of the anomaly, intersected encouraging porphyry-style alteration assemblages, supporting the potential for a larger mineralised system at depth. This feature has been called the Jotun target. The company's geologists reckon that Jotun could be the causative intrusive source responsible for the high-grade copper skarn historically mined at Craigmont.

New porphyry target at the New Craigmont Copper Project

The 2026 exploration programme at Craigmont included drilling an exploration hole to directly test the ZTEM anomaly. In late June 2026, the market learnt that the first drilling at Jotun confirmed geological characteristics consistent with a highly prospective copper target. Drill hole JT-26-001 was completed to a depth of 840m at the Jotun target, where the hole predominantly intersected hornblende diorite of the Guichon Creek Border Phase, as the company had expected. Throughout the hole, a variety of alteration styles were identified over a substantial vertical extent, all of which suggests a large-scale mineralising system.



2026 drilling and soil sampling at New Craigmont Copper Project and drill hole JT-26-001 core showing hornblende diorite at 447m depth containing visible native copper. Source: Company

The drill hole also intersected multiple fault zones and intensely fractured intervals. Of particular interest were several structures containing visible native copper within hematite and limonite-goethite. Copper mineralisation is concentrated along fault-related structures and fractures, highlighting the importance of structural controls on fluid flow and mineral deposition.

The 2026 exploration programme also included an extensive soil geochemistry programme over the Draken target, another emerging porphyry centre, and an airborne geophysical survey over the entire New Craigmont property. Nicola completed a Mobile Metal Ion (MMI) soil sampling programme covering the Draken target area. MMI soil sampling detects mobile ionic fractions of metals that migrate upwards from buried mineralisation and is well suited to identifying deeply buried structures. The programme covered an 8.75 km² area and involved the collection of some 1,000 soil samples. The company completed a Mobile MT geophysical survey across the property to improve the resolution of previous geophysical datasets and further refine exploration targets for future drilling.

The work further validated the company's evolving exploration model and reinforced the significant discovery potential of the broader New Craigmont project. The successful drilling of the Jotun target has opened a new exploration area at New Craigmont and provided invaluable geological information to support ongoing target development and to improve understanding of structural controls, lithological contacts and mineralisation. All of which is vital to advancing exploration of a potential porphyry copper system at the project. The company has been quick to point out that New Craigmont has the potential to host multiple porphyry systems, as seen at the adjacent Highland Valley Copper.

Strategy for Growth

Nicola Mining is British Columbia based consolidator of gold & silver projects which is just beginning to flex its muscles. We think BC looks attractive given its decades of historical exploration and fragmented ownership. The board is keen to point out that the Blue Lagoon deal is an exception to its strategy; Nicola is not in the business of being a toll miller per se but of consolidating the province. The Blue Lagoon deal has allowed the mill to operate and continue to employ its core team, but milling materials is not its business. That said, Nicola and its strategic global concentrate trader and offtaker, Ocean Partners, have invested C$10 million in Blue Lagoon to increase production from 120tpd to 200tpd, enabling mining at fourteen faces instead of six, a step expected in the coming months. This move should result in Nicola and Blue Lagoon sharing C$1 million every fortnight (c.C$26 million annualised as an interim stage), on the way to C$50 million in 2027. Close to the mill is the New Craigmont Copper Project, which hosted the highest-grade copper mine in Canadian history. There is huge blue-sky potential to drill and explore, with self-generated funds going forward.

Gold mining began at Dominion Creek in July 2026, providing a useful blueprint for further deals that Nicola will pursue as it rolls out its consolidation business plan. Dominion Creek was initially seen as a small, high-grade gold resource that was stranded, too small to justify the investment in its own mill. Enter Nicola, which has the only mill in BC available to process third-party gold and silver ores. It agreed a deal to acquire the project for 25% of the profit from mining and processing the first 10,000t bulk sample, which is far more attractive to a vendor than waiting 10-15 years for a major to explore the larger area and earn from a skinny net smelter royalty. With eight contiguous claims, Nicola will be able to mine eight 10,000t bulk samples, and after the initial one, it has a 100% interest. Dominion Creek has now revealed itself to be a much bigger project, as work on widening the access road led to the discovery of two more economic-grade gold veins, making a total of five. This year could see 1,000 to 2,000oz of gold being mined here, with rather a lot more planned in 2027. Nicola may not have exploration as its main goal; however, at Dominion, as it produces, the company will also be exploring.

Treasure Mountain is about to be rehabilitated to allow silver mining to recommence. The two main entry points are clear, and recent inspections have revealed that the initially targeted Level 1 Stope 2 contains some 400,000oz of silver, along with plentiful lead and zinc, which will pay for the operation. All Nicola needs to do is install ventilation and develop three more raises. Stope 1 has 11 raises and blast holes upwards. It required 11 raises; 8 are complete, and now they will complete numbers 9, 10 and 11. Importantly, the material is on the ground, which means the stope has already been blasted, and the team reckon they could draw down that 400,000oz of silver in 5-8 weeks, which is timetabled for early next year. But there is so much more to the Treasure Mountain story, as the MB Zone lies on the backside of the mountain and features a completely different style of mineralisation that Nicola is keen to get on with drilling, with results that could attract substantial investor interest.

The recent deal with Red Eye Resources provides additional high-grade mill feed, and the board is in discussions with a number of similar groups to further the roll-up strategy in BC. In 2026, Nicola ought to be able to demonstrate to the market that it is cash-generative, and by year-end might be able to boast cash and equities worth C$15-20 million. We think 2027 is likely the year Nicola really begins to show it could become a major cash generator. Next year could see an estimated 30-40% share of the C$50 million from Blue Lagoon, C$50 million from Treasure Mountain, plus whatever Dominion Creek and Red Eye can produce. We believe that the company could amass a C$50 million+ cash pile next year and quickly become a formidable player in acquisitions across the province. Nicola's NASDAQ listing in April this year caught the attention of the mighty Citadel Advisors LLC, which snapped up the whole US$6 million placing. According to its recent filings, Citadel manages gross assets valued at c.US$570 billion, with its backing giving Nicola institutional credibility. This is a hallmark of investment quality that can help to attract other funds and improve future financing terms.

Risks

Geological risks

There are a series of technical risk factors concerning the level of understanding of the geology of the project areas and the areas being targeted, as well as the distribution and magnitude of the indicators identified during exploration.

Resource risks

All resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates that are valid when initially determined may change significantly when new information or techniques become available. Resource estimates are inherently imprecise and depend to some extent on interpretation, which may prove inaccurate. There is a significant difference between early resource estimates and what ultimately becomes classified as reserves.

Commodity price risks

Gold, silver, copper, lead and zinc are all tradable, price-volatile commodities. Gold is highly sensitive to global uncertainty, and the recent ratcheting up of geopolitical tensions has been a major factor supporting elevated gold prices, although, behind the scenes, the major central banks have continued to accumulate the yellow metal. Silver's commodity price risk is higher and more complex than gold's because silver also has industrial demand. Changes in the prices of these precious and base metals can positively or negatively affect the valuation of the company's projects and revenue from metal sales.

Execution and management risks

Exploration success depends heavily on the quality of management. There are well-known risks of over-promotion, unrealistic timelines, poor technical decisions, weak governance, misallocation of capital, and conflicts of interest with related parties.

Operational risks

In mining projects, operational risk stems from geological variability, mining execution failures and processing underperformance, which can disrupt throughput and recovery. Safety and environmental issues can restrict operations, and margins can be eroded by supply chain disruptions and rising costs.

Equity dilution risks

As with any publicly traded company, there is the risk that the issuance of further equity will dilute the interests of current shareholders.

Valuation

In our analysis we have used a mixture of replacement cost, discounted cash flow analysis and the update of an earn-in deal to provide a conservative valuation and a realistic target price for the company.

Merritt Mill

Nicola's 100%-owned Merritt Mill is a valuable asset. Management believe that it would cost approximately C$250 million to rebuild a fully permitted, operational 500tpd mill, plus the value of the extensive industrial-zoned land at this brownfield site. The facility includes a crushing circuit, a grinding circuit and a flotation circuit, all designed to produce high-grade concentrates. This estimate includes the costs of obtaining a permit, which in BC can take close to 15 years. Thus, having the Merritt Mill and the right to process gold and silver ore from anywhere within the province is a major competitive advantage in BC, where permitting is a bottleneck for most juniors. Given these considerations and the rapidly rising costs of mining equipment, which have experienced significant inflation since 2020, we believe that this figure of C$250 million is a conservative estimate to include in our SOTP table.

Gold and silver mining projects and milling

Currently, the mill is focused on material from Blue Lagoon Resources, but the M&A strategy has already begun at Dominion Creek, where mining has started. This year, progress is planned towards starting production at the company's 100%-owned Treasure Mountain Silver Project. The company has a clear strategy of trucking production from its own projects to its Merritt Mill.

We believe that the best way to value the Blue Lagoon, Dominion Creek, Red Eye Resources and other such future similar profit-sharing deals, further production of Dominion Creek under 100% ownership, and the production from Treasure Mountain, is to use a discounted cash flow analysis. Based on our current visibility, we have built a financial model for the Merritt Mill running to the end of 2030, using data from the company's announcements, website content, and conversations with the management team. In this analysis we have used current metal prices of: gold US$4,250/oz, silver US$63/oz, lead US$1,900/t and zinc US$3,800/t.

Dome Mountain - Blue Lagoon appears to be making good progress towards boosting production to the permitted 75,000tpa, a figure we have modelled as being achieved in 2028. We have assumed that Nicola will receive 35% of the resulting cash flow after all costs have been deducted from revenue. Grades of 9.7g/t gold and 35.6g/t silver have been used in the analysis.

Dominion Creek - We have assumed that, on the initial 10,000t bulk sample, the company receives its costs plus 75% of the resulting cash flow. Following this move, the company will own the project outright. Extensive exploration work on this 1,040ha site has shown two mineralised areas and a mineralised outcrop containing multiple distinctive veins, which should offer the potential for further bulk samples. The Dominion Creek project comprises eight contiguous mineral claims. Mining legislation allows for one bulk sample per contiguous claim. We have modelled the operation at Dominion Creek as being geared up and permitted, allowing a further 70,000t of ore to be mined over subsequent years, with a grade of 30.65g/t gold and 86.85g/t silver.

Treasure Mountain - Processing of silver-lead-zinc ore from Treasure Mountain has been modelled to begin in 2027, with production rising to a run rate of 60,000tpa in 2028, which is the permitted capacity. We based our analysis on the historical MRE for the project, determined in 2009, which includes both the Indicated and Inferred resources and would allow for a 3-4-year life of mine; initial production is planned to come from mining the higher-grade 28 ounces per tonne silver ore.

Guidance on costs for Canadian gold and silver projects indicates mid-range figures of C$180 per tonne for mining and C$0.15 per tonne per km (based on C$100/t from Dominion Creek to the mill) for haulage. The current 200tpd mill can handle 250–270tpd, so there are no immediate capacity constraints. Next year, a larger ball mill will be installed, increasing capacity to 500tpd. Only limited, well-planned delays are expected for the upgrade, as this equipment is already on site. This upgrade makes good sense, as the cost per tonne with the larger ball mill is expected to be some 40% lower. Power consumption is expected to be 30% higher than the current C$30,000 per month, with a small increase in manpower. These are the costs used in our analysis. The recovery factor selected for the concentrate is based on current mill performance, which is around 94%, with conservative figures used for payability at the refinery, based on percentages achievable for clean, high-grade concentrate.

Discount rate	NPV C$ million
5%	513.65
8%	471.69
10%	445.22
12%	419.92

Merritt Mill – After tax, Net Present Values at various discount rates. Source: Optimo Research

After applying a 27% tax charge, we have calculated the NPV at various discount rates. Rates of 5%, 8% and 10% are commonly used in appraising mining projects. To be conservative, we have elected to use the NPV(12) in our further analysis, as a higher discount rate more severely penalises the resultant cash flows. Given the differing development stages of the projects providing ore to the mill, we risk this C$419.92 million at 15%, giving a valuation of C$356.93 million.

New Craigmont Copper Project (100%)

The valuation we have derived for this project is based on an earn-in deal outlined in the non-binding Letter of Intent signed by Nicola with Nittetsu Mining in September 2023. This agreement provided for C$25 million to advance the project to the Feasibility Stage, with the project valued at C$62.5 million given Nittetsu's proposed 40% stake. However, in November 2023, the process towards a definitive agreement was suspended due to limited surface exposure and insufficient drill density. Nevertheless, this formal external valuation provides a compelling indication of the valuation the New Craigmont Copper Project might have attracted in late 2023.

In September 2023, the copper price was US$3.75/lb and is now 70% higher at US$6.37/lb. Copper developers now seem to be trading at around double the US$0.03–0.05/lb CuEq seen in 2021–24. Accordingly, we are applying a 100% premium to the 2023 earn-in valuation of C$62.5 million and have therefore transferred C$125 million to our SOTP table. On a fully diluted basis, the valuation per share comes out at C$2.93, which we have adopted as our new target price. This is lower than our original C$3.30 target price at the time of initiation because of lower prevailing precious metal prices (i.e. gold US$500/oz lower at US$4,250/oz and silver US$12/oz lower at US$63/oz), as well as an improved understanding of potential production levels, grades, and timing of the various projects that are to provide feed for the mill over the period being modelled.

Asset	C$ million
Merritt Mill	250.00
Gold, silver, lead and zinc mining/milling	356.93
New Craigmont Copper Project	125.00
Cash and securities	5.20
Debt	0.00
Sub-total	**737.13**
Value per share - current shares in issue (229,525,709)	**C$3.21**
Proceeds from warrants & option conversions	28.60
Total	**765.73**
Value per share - fully diluted (261,012,118)	**C$2.93**

Valuation and the determination of a target price. Source: Optimo Research

DISCLOSURES

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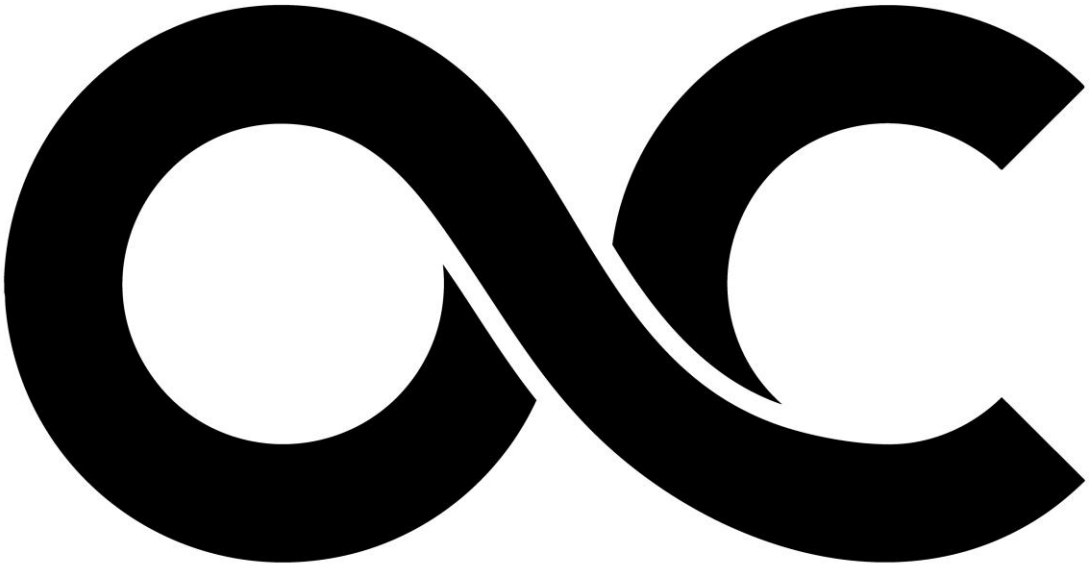

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