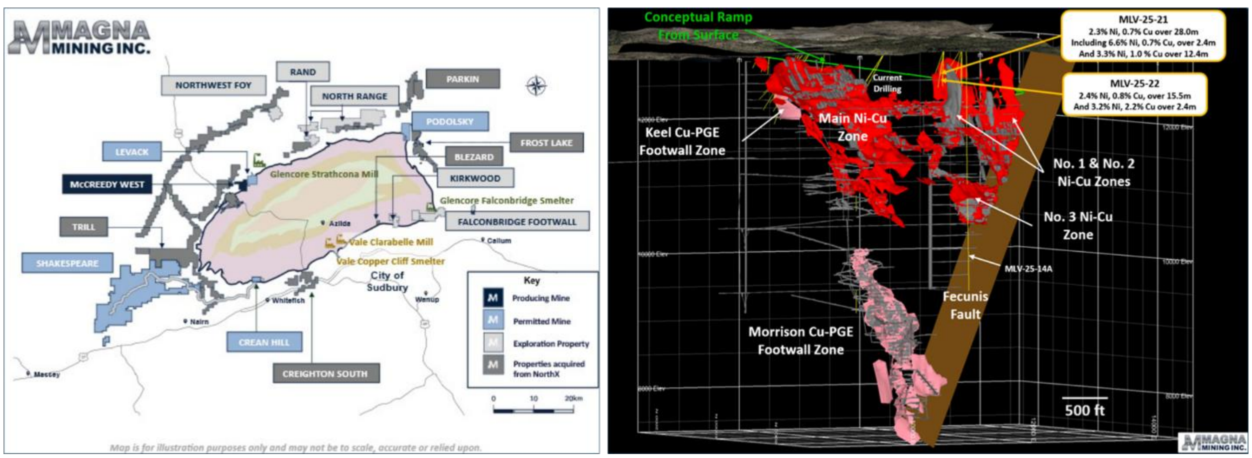
SCP EQUITY RESEARCH

Magna Mining, 19 August 2025

Ticker: NICU CN	**FY 1Q25:** C$38m	**Project:** Sudbury Assets
Market cap: C$362m	**Price:** C$1.78/sh	**Country:** Canada, ON
REC. (unc): BUY	*TARGET (unc): C$3.10/sh*	*RISK RATING (unc): HIGH*

Today's drill results from the No. 1 Contact and Keel Zones point to new additions to be captured in the upcoming MRE update. Keel Zone drilling highlighted 0.3m @ 18% CuEq (incl. 17.2% Cu) for useful follow on to prior 1.5m at 51.6% CuEq intercepts. However, the standout today is the headline ***28.0m @ 4.4% CuEq*** *from 146m (Ni-Cu-Pd-Pt / 62-13-14-7 at spot) up-plunge of the No.1 Contact Zone historic zone. Digging in, the headline hits here are thick and while mostly nickel at spot, copper ranges from bulk 0.73% to 2.2% for good optionality. Also key, these results are within 135-155m from surface that could be accessed via a new decline – details we should see in the mine restart plan. Excitingly, underground drilling will begin this quarter, with a second drill starting in 4Q25, focusing on deeper No. 3 zone (recent 2.9m @ 4.8% CuEq) where management is targeting a potential new FW discovery at depth, guided by geophysics—this is where the fun starts in our view. For now, we* ***maintain our BUY rating and C$3.10/sh PT****, based on a ~C$1.1bn SOTP valuation for the group at 0.7x NAV7% using US$4.05/lb Cu LT for the Sudbury assets. Magna's 2025 ramp-up year fuels reinvestment for robust 2026 output. A rare copper growth story in a fully permitted, top-tier North American site, boasting high grades and low capital intensity.*

Figure 1. (A) Magna Mining existing properties and (B) oblique 3D view looking NE



Source: Magna Mining

Shallow No 1 Contact Zone extensions: 28.0m @ 4.4% CuEq; Drills move UG to test 'flyer' target

Today, Magna reported results from a total of 6 holes (1 excluded as assays still pending) and 9 mineralized intercepts from the Keel Cu-PGE (4 holes) and No. 1 Ni-Cu zones (2 holes) at the Levack Mine. Assays at Keel averaged 0.7m and drilling at No. 1 zone were highlighted by **28.0m @ 4.40% CuEq** (2.3% Ni, 0.7% Cu, 0.3 g/t 2PGE + Au) from 146m, **12.4m @ 6.34% CuEq** (3.3% Ni, 1.0% Cu, 0.5 g/t 2PGE + Au) from 155m, and **1.9m @ 7.42% CuEq** (3.2% Ni, 2.2% Cu, 1.4 g/t 2PGE + Au) from 189m.

There are currently two surface diamond drills active and one underground drill set to begin at the Levack mine this quarter, with a second underground drill to follow in Q4, bringing the total to four. Surface drilling has tested the No. 1 and No. 2 zones and is now focused east of the Main OB to expand higher precious metal-bearing Ni-Cu mineralization that could provide early restart feed, before shifting to the No. 3 OB footwall to follow up on high-grade intersections and recent geophysical targets. Underground drilling is targeting downdip and along-strike extensions below the No. 3 zone and the east side of the Fecunis fault, where historical drilling returned high-grade Cu-Ni-PGM mineralization, testing for a potential vertical vein system and thicker massive sulphide cores typical of Sudbury footwall copper deposits.

Why we like Magna Mining Inc

1. Explorer turned copper producer with blue sky +37ktpa CuEq potential in <5 years
2. Quality asset base with potential for step-change exploration upside/discovery
3. Savvy management team strategically growing company with accretive acquisitions
4. Tier-1/globally significant Cu-Ni-PGE sulphide district near hungry mills/smelters
5. Best in class Sudbury based technical team (formerly FNX Mining)

Catalysts

- CY25: McCreedy West quarterly production / ramp up reports
- 2025: Levack surface / UG exploration drilling
- 3Q/4Q: Levack 43-101 MRE update / restart plan
- 2025: Crean Hill engineering, dewatering and progression of grid power

Research

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Ticker:	NICU CN	Price / mkt cap:	C$1.78/sh, C$362m	P/NAV today:	0.40x	Country:	Canada, Ontario
Author:	B Gaspar	Rec / PT:	BUY, C$3.1/sh	1xNAV7%:	C$4.48/sh	Asset:	Sudbury

Commodity price	CY22A	CY23A	CY24A	CY25E	CY26E
Cu price (US$/t)	8,816	8,523	9,264	9,319	9,079
Cu price (US$/t, payable)	5,313	5,136	5,583	5,616	5,471

SOTP *project* valuation*	C$m	o/ship	NAVx	C$/sh
McCreedy + Levack @ 3Q25	807	100%	1.00x	3.18
SCPe Crean Hill	280	100%	1.00x	1.10
SCPe nominal exploration upside	50	100%	1.00x	0.20
Resources ex inv'try ex Shak'pr @ 1% in-situ	114	100%	1.00x	0.45
Franco Stream (C$m)	(171)	100%	1.00x	(0.68)
Central G&A + finance NPV (C$m)	0	100%	1.00x	0.00
FY 1Q25 Cash	38	100%	1.00x	0.15
Cash from ITM options/warrants	18	100%	1.00x	0.07
1XNAV C$	**1,136**			**4.48**
**Build start, ex fin. cost + G&A, dil. for optns not build*			*P/NAV today:*	0.40x

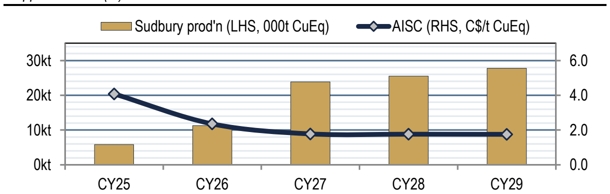
Asset value: 1xNPV project (C$m, ungeared)*					
Asset NPV (C$m)	8,000	8,500	8,929	9,800	10,800
9.0% discount	705	721	734	762	794
7.0% discount	775	792	**807**	838	873
5.0% discount	856	875	891	924	963
Ungeared project IRR:	0%	0%	0%	0%	0%
Asset NPV (C$/sh)	8,000	8,500	8,929	9,800	10,800
9.0% discount	2.78	2.84	2.90	3.01	3.13
7.0% discount	3.06	3.12	**3.18**	3.30	3.44
5.0% discount	3.37	3.45	3.51	3.65	3.80

**Project level NPV, excl finance costs and central SGA, discounted to build start*

Group valuation over time^	Sep-25	Sep-26	Sep-27	Sep-28	Sep-29
McCreedy + Levack	807	867	863	788	699
SCPe Crean Hill	280	280	280	280	280
SCPe nominal exploration upside	50	50	50	50	50
Resources ex inv'try ex Shak'pr @ 1% in-situ	114	114	114	114	114
Franco Stream (C$m)	(171)	(171)	(171)	(171)	(171)
Central G&A and finance costs	(45)	(33)	(23)	(13)	(2)
Net cash prior quarter	8	(22)	2	92	192
Cash from ITM options/warrants	18.1	18.1	18.1	18.1	18.1
Total NAV (C$m)	1,062	1,103	1,132	1,158	1,179
FF FD share count (m)	*254*	*254*	*254*	*254*	*254*
1xNAV7%/sh FF FD (C$/sh)	4.19	**4.35**	4.47	4.57	4.65

1xNAV/sh company @ 2026 commercial production (C$, geared)^					
1xNAV (C$m)	8,000	8,500	8,929	9,800	10,800
9.0% discount	1,019	1,037	1,051	1,082	1,116
7.0% discount	1,068	1,087	**1,103**	1,135	1,173
5.0% discount	1,124	1,144	1,161	1,197	1,237
1xNAV (C$/sh)	8,000	8,500	8,929	9,800	10,800
9.0% discount	4.02	4.09	4.15	4.27	4.40
7.0% discount	4.21	4.29	**4.35**	4.48	4.62
5.0% discount	4.43	4.51	4.58	4.72	4.88

Production (Y1 from 2Q25)	CY25	CY26	CY27	CY28	CY29
SCPe production (000kt CuEq)^	5.8	11.3	23.9	25.5	27.8
AISC Co-prod. (US$/lb CuEq)	4.08	2.35	1.78	1.76	1.75
Copper revenue (%)	*68%*	*50%*	*25%*	*24%*	*24%*



*Source: SCP estimates, *AISC done on ore selling NSR*

Resource/Inventory	Mt	NiEq %	Sudbury	Mt	NiEq %
Shakespeare pit inventory	12 Mt	0.7%	Pit M&I&I	17 Mt	0.7%
SCPe UG inventory	18 Mt	1.9%	UG M&I&I*	69 Mt	1.5%
Total	30 Mt	1.4%	Total*	85 Mt	1.3%

*Note: NiEq using SCPe LT metal prices; *incl. Historic KGHM MRE*

Share data (m)			
Shares (m)	203.5	FF FD Shares (m)	253.6
Fully-funded Shares (m)	253.6		

CY25-27 Funding: uses		Sources	
SCP Exploration spend (C$m)	11	Pro forma cash+ ITM op (C$m)	49
SCPe UG dev. Capex (C$m)	15	Operating CF to CY27(C$m)	77
SCPe UG Sus. Capex (C$m)	16	SCPe equity (C$m)	0
Max KGHM contingent payment (C$m)	26		
Working cap (C$m)	28		
Total uses (C$m)	96	Total sources (C$m)	125
Buffer (C$m):	*29*		

Ratio analysis	CY24E	CY25E	CY26E	CY27E	CY28E
Shares out (m)	194.9	203.5	203.5	203.5	203.5
EPS (Cc/sh)	-	3.5	6.5	37.7	41.6
CFPS before w/c (C$/sh)	-	-	-	32.7	44.2
EV (C$m)	329.4	371.5	392.1	315.7	222.8
FCF yield (%)	-	-	-	21%	26%
EV/EBITDA	-	-	10.4x	2.3x	1.5x

Income statement	CY24E	CY25E	CY26E	CY27E	CY28E
Revenue (C$m)	-	75.8	148.7	305.1	325.5
COGS (C$m)	-	67.7	78.5	128.5	136.5
Gross profit (C$m)	**-**	**8.1**	**70.2**	**176.5**	**189.0**
G&A (C$m)	7.4	12.2	4.0	4.0	4.0
Exploration (C$m)	10.1	4.9	6.0	6.0	6.0
Finance costs (C$m)	0.2	1.1	1.5	1.5	1.5
Tax (C$m)	-	2.5	17.8	45.6	48.7
Other (C$m)	(1.4)	(19.7)	27.8	42.7	44.2
Net income (C$m)	**(16.3)**	**7.1**	**13.2**	**76.7**	**84.7**

Cash flow statement	CY24E	CY25E	CY26E	CY27E	CY28E
EBITDA (C$m)	(16.5)	(16.2)	37.9	136.5	148.9
Add share based (C$m)	1.8	2.0	2.0	2.0	2.0
Net change wkg cap (C$m)	0.2	(0.4)	21.2	10.0	3.0
Cash flow ops (C$m)	**(17.8)**	**(24.2)**	**(0.6)**	**81.4**	**97.9**
PP&E - build + sust. (C$m)	(0.0)	(16.4)	(20.0)	(5.0)	(5.0)
PP&E - expl'n (C$m)	-	-	-	-	-
Cash flow inv. (C$m)	**(0.2)**	**(19.4)**	**(20.0)**	**(5.0)**	**(5.0)**
Share issue (C$m)	24.9	32.3	-	-	-
Debt draw (repay) (C$m)	(0.2)	-	-	-	-
Cash flow fin. (C$m)	**24.6**	**31.3**	**-**	**-**	**-**
Net change in cash (C$m)	6.6	(12.3)	(20.6)	76.4	92.9

Balance sheet	CY24E	CY25E	CY26E	CY27E	CY28E
Cash (C$m)	17.5	5.3	(15.3)	61.1	154.0
Acc rec. + invet. (C$m)	4.4	12.9	33.4	46.4	50.4
PP&E & expl'n (C$m)	17.6	119.1	133.6	125.9	116.6
Total assets (C$m)	**39.6**	**137.2**	**151.6**	**233.3**	**321.0**
Debt (C$m)	-	14.5	14.5	14.5	14.5
Accounts payable (C$m)	3.6	8.4	7.7	10.7	11.8
Others (C$m)	21.0	14.1	14.0	103.5	200.3
Total liabilities (C$m)	4.5	73.1	72.4	75.4	76.4
Shareholders' equity (C$m)	71.3	84.9	86.9	88.9	90.9
Reserves (C$m)	5.4	13.7	13.7	13.7	13.7
Retained earnings (C$m)	(41.6)	(34.5)	(21.3)	55.4	140.0
Liabilities + equity (C$m)	**39.6**	**137.2**	**151.6**	**233.3**	**321.0**

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SCP Resource Finance Equity Research Ratings:

Summary of Recommendations as of August 2025	
BUY:	52
HOLD:	0
SELL:	0
UNDER REVIEW:	1
TENDER:	0
NOT RATED:	0
TOTAL	53

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