

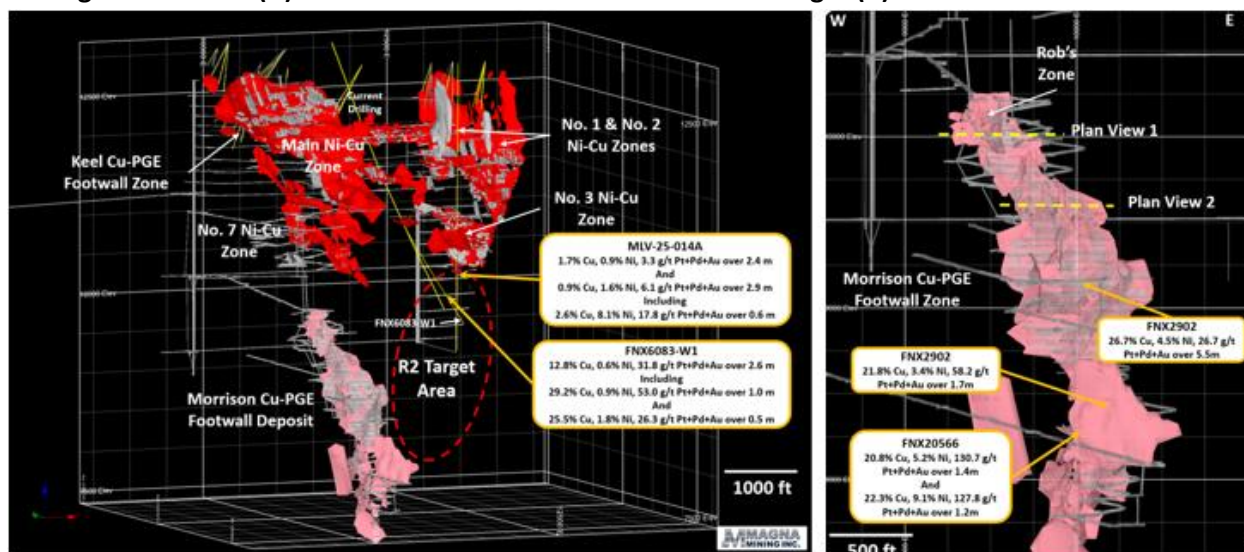
Ticker: NICU CN **FY 2Q25:** C\$27m **Project:** Sudbury Assets
Market cap: C\$483m **Price:** C\$2.29/sh **Country:** Canada, ON
REC. (unc): BUY **TARGET (+10c):** C\$3.20/sh **RISK RATING (unc):** HIGH

Today's headline intercept of **2.6m @ 40.8% CuEq** at spot (57-31-7-3-2 / Au-Cu-Pd-Pt-Ni) at Levack hints at a potential new discovery from Magna's first hole into the R2 Target ~140m below prior drilling. The R2 target lies in the footwall environment below the historic No. 3 Ni-Cu Zone and above the Morrison Footwall Cu-PGE Deposit. While just one hole, the standout here is the copper and gold grade (incl. **1.0m @ 29.2% Cu + 29.9g/t Au + 7.3g/t Pt + 15.8g/t Pd**)—highlighting classic Sudbury FW-style enrichment with initial analogies to Morrison (which transitioned from Ni-rich upper levels to Cu-rich depths historically). Put simply, we think tonnes could build quickly on minimal dimension at these grades. Better still, the target is near existing infrastructure (~600-700m from existing 15x15m ramp at Morrisson or closer 10x10m 2650mL access) for quicker turnaround from drilling to resource / mine inventory. Lastly, Franco Nevada royalty doesn't apply here, preserving upside on precious metals for Magna. Looking ahead, Magna is mobilizing two additional drills to Levack and will continue to test the lateral and downdip extent of the R2 target.

2Q25 financials / production – 2H25 guidance reiterated: Not surprisingly, Magna's 2Q25 results reflect a transitional quarter, with 1.38kt CuEq production at US\$10,297/t CuEq cash costs and US\$12,017/t AISC, driven by the initial stope availability constraints and one-time integration expenses post-KGHM acquisition along with spend on maintenance and equipment upgrades. More relevant, Magna's ownership has driven a 183% increase in development rates, reflecting strong execution of optimization plans before full contractor implementation in July, targeting ~28ft per day. This positions Magna for a 2H25 ramp-up, aiming for 8.2-9.8Mlb CuEq (3.7-4.4kt) payable production from 900-1000tpd at McCreedy West, prioritizing grade and cost reduction.

We update our model to reflect 2Q25 actuals and lower cash (C\$27m) but add \$100m of nominal exploration upside ahead of follow up drilling on the new R2 target. As drilling brings visibility to the potential scale of this new discovery, we expect this to change. As such, we **maintain our BUY rating and increase our C\$3.10/sh PT to C\$3.20/sh**, 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. With C\$27m cash (+ potential \$10.2m in warrants expiring in November), Magna's 2025 ramp-up in 2H25 fuels reinvestment for expansions and high-torque exploration over the coming 12 months.

Figure 1. Levack (A) mineralized zones in relation to the R2 target (B) historical DD of Morrison



Source: Magna Mining

New R2 FW target emerges with 2.6m @ 40.8% CuEq at spot; two UG drills mobilized; PT up

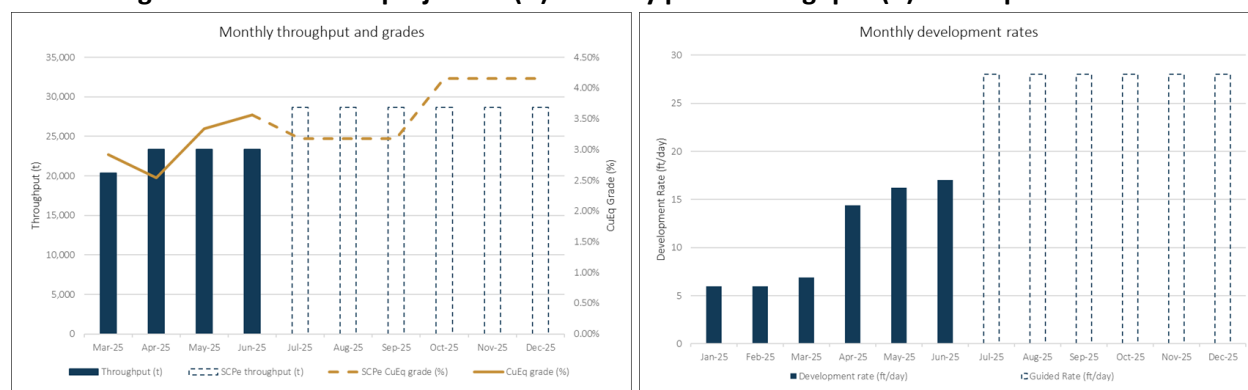
Rob's 2 target (Levack): testing 140m below MLV-25-14A (0.6m @ 19.28% CuEq) today's hole returned published highlights of **2.6m @ 26.81% CuEq** (12.8% Cu, 0.6% Ni, 31.8g/t TPM) (incl. 1.0m @ 50.96% CuEq and 0.5m @ 34.79% CuEq) from 1,152m. Mineralization intersected to date at R2 shows similarities to the upper levels of the Morrison Footwall Cu-PGE Deposit, (600m SW in Levack), with veins from <1m- >6m with Ni-rich upper levels and Cu-rich veins with increasing TPM at depth. Drilling will ramp up at Levack with two underground DDs mobilizing within the coming weeks, currently two surface DDs are operating at the Levack Mine one completing shallow infill and metallurgical drillholes in support of the Levack Restart Study and the other is exploring the footwall environment.

Separately, **Magna reported its 2Q25 results** reflecting its first full quarter of production (1Q25 reflected 1-month) from the McCreedy West mine, following the Feb 28, 2025, acquisition of KGHM's Sudbury basin assets. **Financials:** net revenue reached C\$18.5m (C\$4.5m 1Q25), with 3.05mlbs of CuEq payable (0.79mlbs 1Q25) sold at US\$4.39/lb from 70.0kt processed at 3.26% CuEq (1Q25 20.4kt processed at 3.0% CuEq). Cash costs were C\$6.47/lb (US\$4.67/lb) vs C\$5.98/lb 1Q25, and AISC was C\$7.55/lb (US\$5.45/lb) vs C\$6.65/lb 1Q25, yielding a -C\$0.39m cash margin (C\$0.3m 1Q25). Net income was -C\$9.50m (-\$0.05/share) vs \$29.1m 1Q25. Operating cashflow was -C\$11.56m (-C\$0.06/share) vs -C\$2.6m 1Q25 driven by a C\$1.9m increase in site maintenance spend, and free cashflow was -\$10.71m (-\$0.05/share) vs -C\$10.9m 1Q25 driven by increased operating cash outflow, the capital development and acquisition of mobile equipment. Cash and equivalents stood at \$27.02m (C\$38.3m 1Q25), with \$31.91m in working capital.

Operations: During the quarter, Magna processed 59.1kt @ 3.35% CuEq from 700 Cu zone and 10.9kt @ 2.77% CuEq from Intermain Ni zone (previously developed) for a total of 70.0kt @ 3.26% CuEq producing 3.05mlb payable CuEq with costs of C\$6.52m mining, C\$4.45m processing, and C\$4.06m G&A. April's production was affected by a lack of operating and capital development completed in the preceding quarters under prior ownership.

Development: as reported in July a contract mining company was mobilized in June to increase development until the end of the year, daily development rate is expected to increase to 28ft/day in 2H (5,100ft total development) with Q2 starting at 14.4ft/day in April and trending up to 17ft/day in June.

Figure 1. Historic and projection (A) monthly plant throughput (B) development rates



Source: Magna Mining, SCPe

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\$2.29/sh, C\$483m	P/NAV today: 0.50x	Country: Canada, Ontario
Author: B Gaspar	Rec / PT: BUY, C\$3.2/sh	1xNAV7%: C\$4.61/sh	Asset: Sudbury

Commodity price	CY24A	CY25E	CY26E	CY27E	CY28E
Cu price (US\$/lb)	9,264	9,550	9,263	8,953	8,929
Cu price (US\$/t payable)	5,583	5,755	5,582	5,395	5,381
SOTP project valuation*	C\$/m	o/ship	NAVx	C\$/sh	
McCreedy + Levack @ 3Q25	814	100%	1.00x	3.07	
SCPe Crean Hill	280	100%	1.00x	1.05	
SCPe nominal exploration upside	150	100%	1.00x	0.56	
Resources ex inv'try ex Shakpr @ 1% in-situ	114	100%	1.00x	0.43	
Franco Stream (C\$/m)	(175)	100%	1.00x	(0.66)	
Central G&A + finance NPV (C\$/m)	(0)	100%	1.00x	(0.00)	
FY 2Q25 Cash	27	100%	1.00x	0.10	
Cash from ITM options/warrants	15	100%	1.00x	0.06	
1xNAV C\$	1,226			4.61	

*Build start, ex fin. cost & G&A, dil. for optns not build

P/NAV today: 0.50x

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

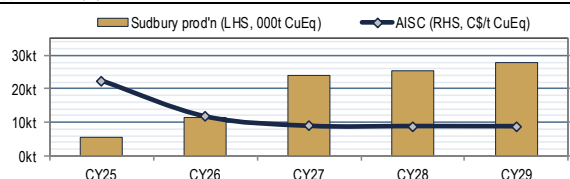
*Project level NPV, exd finance costs and central SGA, discounted to build start

Group valuation over time^	Sep-25	Sep-26	Sep-27	Sep-28	Sep-29
McCreedy + Levack	814	866	863	789	699
SCPe Crean Hill	280	280	280	280	280
SCPe nominal exploration upside	150	150	150	150	150
Resources ex inv'try ex Shakpr @ 1% in-situ	114	114	114	114	114
Franco Stream (C\$/m)	(175)	(175)	(175)	(175)	(175)
Central G&A and finance costs	(72)	(53)	(43)	(31)	(18)
Net cash prior quarter	12	(9)	12	98	194
Cash from ITM options/warrants	15.1	15.1	15.1	15.1	15.1
Total NAV (C\$/m)	1,139	1,189	1,216	1,240	1,259
FF FD share count (m)	266	266	266	266	266
1xNAV7% FF FD (C\$/sh)	4.29	4.47	4.58	4.67	4.74

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)^	5.6	11.3	23.9	25.5	27.8
AISC Co-prod. (US\$/lb CuEq)	4.47	2.34	1.78	1.76	1.75
Copper revenue (%)	67%	49%	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	17 Mt	0.7%
SCPe UG inventory	18 Mt	1.9%	UG M&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)	210.9	FF FD Shares (m)	265.7
Fully-funded Shares (m)	265.7		

CY25-27 Funding: uses		Sources	
SCP Exploration spend (C\$/m)	10	Pro forma cash+ ITM op (C\$/m)	35
SCPe UG dev. Capex (C\$/m)	15	Operating CF to CY27(C\$/m)	70
SCPe UG Sus. Capex (C\$/m)	13	SCPe equity (C\$/m)	0
Working cap (C\$/m)	14		
Total uses (C\$/m)	51	Total sources (C\$/m)	105
Buffer (C\$/m):	54		

Ratio analysis	CY24E	CY25E	CY26E	CY27E	CY28E
Shares out (m)	194.9	210.9	210.9	210.9	210.9
EPS (C\$/sh)	-	-	5.6	34.6	38.3
CFPS before w/c (C\$/sh)	-	-	-	29.6	40.7
EV (C\$/m)	428.8	478.7	500.5	428.0	339.2
FCF yield (%)	-	-	-	15%	18%
EV/EBITDA	-	-	13.9x	3.2x	2.3x

Income statement	CY24E	CY25E	CY26E	CY27E	CY28E
Revenue (C\$/m)	-	71.0	147.9	304.9	325.5
COGS (C\$/m)	-	72.2	78.5	128.5	136.5
Gross profit (C\$/m)	-	(1.2)	69.4	176.3	189.0
G&A (C\$/m)	7.4	21.9	4.2	6.8	7.2
Exploration (C\$/m)	10.1	6.7	6.0	6.0	6.0
Finance costs (C\$/m)	0.2	2.1	1.5	1.5	1.5
Tax (C\$/m)	-	(2.2)	17.6	45.7	48.9
Other (C\$/m)	(1.4)	(21.6)	28.3	43.3	44.7
Net income (C\$/m)	(16.3)	(8.1)	11.8	73.0	80.7

Cash flow statement	CY24E	CY25E	CY26E	CY27E	CY28E
EBITDA (C\$/m)	(16.5)	(33.5)	36.1	132.4	144.5
Add share based (C\$/m)	1.8	2.3	2.4	2.4	2.4
Net change wkg cap (C\$/m)	0.2	(14.2)	21.2	10.1	3.0
Cash flow ops (C\$/m)	(17.8)	(24.7)	(1.8)	77.5	93.8
PP&E - build + sust (C\$/m)	(0.0)	(14.7)	(20.0)	(5.0)	(5.0)
PP&E - expl'n (C\$/m)	-	-	-	-	-
Cash flow inv. (C\$/m)	(0.2)	(14.8)	(20.0)	(5.0)	(5.0)
Share issue (C\$/m)	24.9	42.8	-	-	-
Debt draw (repay) (C\$/m)	(0.2)	-	-	-	-
Cash flow fin. (C\$/m)	24.6	41.1	-	-	-
Net change in cash (C\$/m)	6.6	1.7	(21.8)	72.5	88.8

Balance sheet	CY24E	CY25E	CY26E	CY27E	CY28E
Cash (C\$/m)	17.5	19.2	(2.6)	69.9	158.7
Acc rec. + invet (C\$/m)	4.4	9.7	30.2	43.3	47.3
PP&E & expl'n (C\$/m)	17.6	114.2	129.0	121.9	113.2
Total assets (C\$/m)	39.6	143.1	156.6	235.1	319.2
Debt (C\$/m)	-	14.9	14.9	14.9	14.9
Accounts payable (C\$/m)	3.6	8.4	7.7	10.7	11.8
Others (C\$/m)	21.0	27.6	26.3	112.0	204.8
Total liabilities (C\$/m)	4.5	83.5	82.8	85.8	86.8
Shareholders' equity (C\$/m)	71.3	95.2	97.6	100.0	102.4
Reserves (C\$/m)	5.4	14.2	14.2	14.2	14.2
Retained earnings (C\$/m)	(41.6)	(49.8)	(38.0)	35.1	115.8
Liabilities + equity (C\$/m)	39.6	143.1	156.6	235.1	319.2

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TENDER: The analyst recommends tendering shares to a formal tender offering

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Summary of Recommendations as of August 2025	
BUY:	53
HOLD:	0
SELL:	0
UNDER REVIEW:	1
TENDER:	0
NOT RATED:	0
TOTAL	54

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