SCP EQUITY RESEARCH

Magna Mining, 23 October 2025

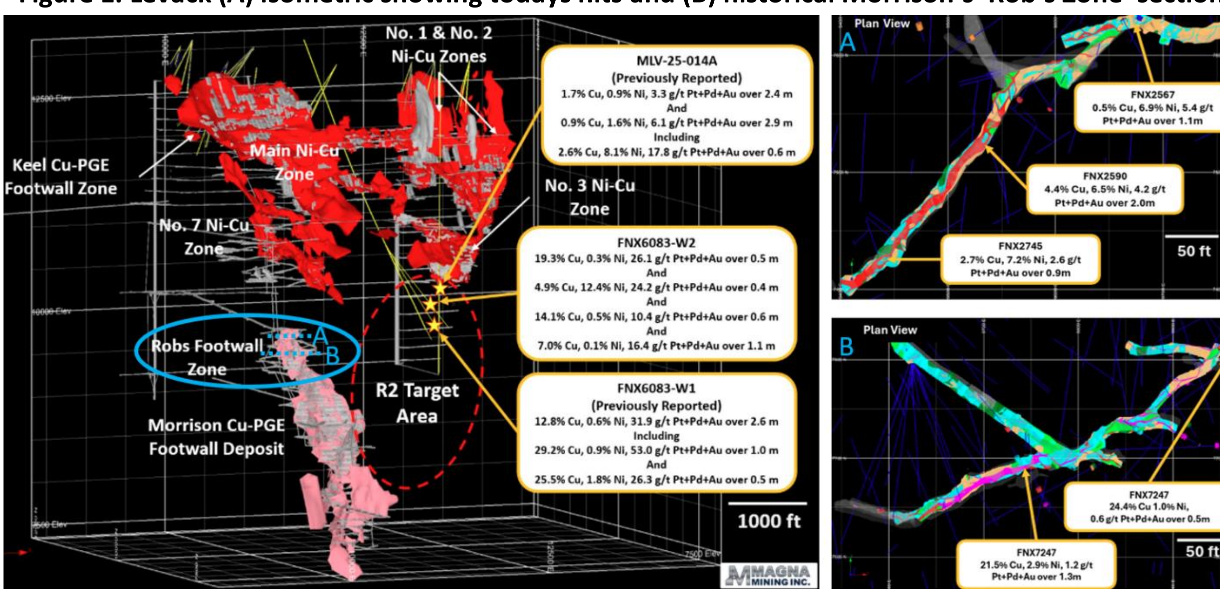
Ticker: NICU CN	**Pro forma:** C$75m	**Project:** Sudbury Assets
Market cap: C$622m	**Price:** C$2.685/sh	**Country:** Canada, ON
REC. (unc): BUY	*TARGET (-10c): C$3.10/sh*	*RISK RATING (unc): HIGH*

*Today's ~40m step-out at Levack testing the R2 target outside of the Franco royalty area, saw high-grade Cu headliner **0.5m @ 34.8% CuEq** at spot (55-19-12-7-5-1 / Cu-Pd-Pt-Au-Ag-Ni) in addition to three other vein hits **0.4m @ 24.9% NiEq** (50-35-15 / Ni-(Au-Ag-Pt-Pd)-Cu), **0.6m @ 22.1% CuEq** (64-33-3 / Cu-(Au-Ag-Pt-Pd)-Ni), and **1.1m @ 16.8% CuEq** (42-57-1 / Cu-(Au-Ag-Pt-Pd)-Ni) down-hole (all at spot). Notably, metal splits saw a combination of both high-grade Cu/PGE and Ni similar to the nearby Morrison deposit's upper 'Rob's Zone' (Figure 1 A/B), suggesting R2 could similarly transition to a predominantly Cu-rich zone at depth. Hence, we see good potential for intercepting Cu-veining at lower elevations here (assays pending for two holes at depth already). Importantly, drilling continues to inform the geological model that has identified two emerging systems of mineralization – one flatter lying and the other more steeply dipping, for follow-up. The company is 'three-for-three' now on drill hits and will be adding a fourth drill to test FW targets at Levack this month. Separately, nice to see today's high-grade Ag assays given the prevalence of Sudbury's chalcopyrite veins being associated with a precious 'halo' – suggesting they are in the right environment. **Given precious metals in the basin generally increase at depth for these systems, we think the discovery potential continues to be significant here.***

Ahead of detailed quarterly financials / production, yesterday's 3Q25 production results continued to see a transitional quarter. While not apples to apples for realized prices, we calculate 2.49% CuEq grade for the quarter for SCPe 1,695kt CuEq mined production, an SCPe -20% drop QoQ largely due to development delays from the 11 shifts of downtime that will see higher-grade stopes pushed to 4Q25 – back end loading this year's production to 2,025-2,750kt CuEq to achieve guidance ranges. Development advance remains a key metric in our view, hence the lift to implied 21ft/day advance rates (excluding the 5.5-day downtime) continues to trend towards the targeted ~28ft/day, positioning Magna well for achieving 2H25 guidance of 3.7-4.4kt payable production at McCreedy.

*Adding higher cash and share count post recent ~C$50m financing, **we maintain our BUY rating and lower our PT 10c from C$3.20/sh to C$3.10/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$75m pro forma 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) isometric showing todays hits and (B) historical Morrison's 'Rob's Zone' sections



Source: Magna Mining; SCP annotations

Three-for-three, 0.5m at 34.8% CuEq up dip at R2 discovery; deep holes pending

Today, Magna reported one drillhole from the R2 target area at Levack, 40m step N of the previously announced FNX6083-W1 and below MLV-25-14A, highlighted by **0.51m @ 25.9% CuEq** from 1,097m (incl. 4.91% Cu, 12.36% Ni, 0.10% Co, 6.82g/t Pt, 16.21g/t Pd, 1.15g/t Au, 46.0g/t Ag) and **9.76m @ 4.19% CuEq** (1.93% Cu, 0.69% Ni, 0.01% Co, 1.53g/t Pt, 2.41g/t Pd, 0.54g/t Au, 14.32g/t Ag) from 1,107m including **0.41m @ 16.85% NiEq (30.01% CuEq)**, **0.57m @ 17.28% CuEq**, and **1.1m @ 11.55% CuEq**. Additionally, previously reported drill hole FNX6083-W1 was assayed for silver and returned up to 1m @ 190g/t Ag. Currently, two surface DD are operating at Levack testing the R2 target to confirm the geological model and define extent of mineralization; one underground DD is testing footwall targets east of the Fecunis Fault, with a second expected to be active by the end of October.

Separately, Magna reported its 3Q25 production results yesterday from the McCreedy West mine, highlighting **75.2kst (68.2kt) at 1.52% Cu, 0.21% Ni, 0.42g/t Pt, 0.53g/t Pd, 0.22g/t Au, and 10.78g/t Ag**. A total of 11 shifts were lost due to failure in the underground compressed air system in addition to several power related delays that impacted production and development, with higher grade stopes now expected in 4Q25. Underground development for the quarter totaled 1,796ft (+24% QoQ and nearly 3x 1Q25). Diamond drilling totaled 15,361ft for the quarter, with a third rig mobilized to site in September.

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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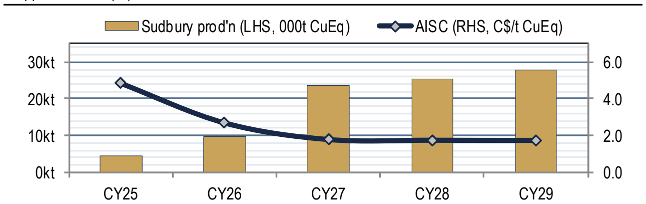
Ticker:	NICU CN	**Price / mkt cap:**	C$2.685/sh, C$622m	**P/NAV today:**	0.61x	**Country:**	Canada, Ontario
Author:	B Gaspar	**Rec / PT:**	BUY, C$3.1/sh	**1xNAV7%:**	C$4.41/sh	**Asset:**	Sudbury

Commodity price	CY24A	CY25E	CY26E	CY27E	CY28E
Cu price (US$/t)	9,264	9,550	9,263	8,953	8,929
Cu price (US$/t, payable)	5,589	5,762	5,589	5,401	5,387
SOTP *project* valuation*	**C$m**	**o/ship**	**NAVx**	**C$/sh**	
McCreedy + Levack @ 4Q25	807	100%	1.00x	2.81	
SCPe Crean Hill	280	100%	1.00x	0.97	
SCPe nominal exploration upside	150	100%	1.00x	0.52	
Resources ex inv'try ex Shak'pr @ 1% in-situ	114	100%	1.00x	0.40	
Franco Stream (C$m)	(177)	100%	1.00x	(0.62)	
Central G&A + finance NPV (C$m)	-	100%	1.00x	-	
FY 2Q25 Cash + LIFE	75	100%	1.00x	0.26	
Cash from ITM options/warrants	17	100%	1.00x	0.06	
1XNAV C$	**1,266**			**4.41**	
**Build start, ex fin. cost + G&A, dil. for optns not build*			*P/NAV today:*	0.61x	
Asset value: 1xNPV project (C$m, ungeared)*					
Asset NPV (C$m)	8,000	8,500	8,929	9,800	10,800
9.0% discount	706	722	736	764	796
7.0% discount	775	792	807	837	872
5.0% discount	853	872	888	922	959
Ungeared project IRR:	0%	0%	0%	0%	0%
Asset NPV (C$/sh)	8,000	8,500	8,929	9,800	10,800
9.0% discount	2.46	2.51	2.56	2.66	2.77
7.0% discount	2.70	2.76	2.81	2.92	3.04
5.0% discount	2.97	3.04	3.09	3.21	3.34
**Project level NPV, excl finance costs and central SGA, discounted to build start*					
***Group* valuation over time^**	**Dec-25**	**Dec-26**	**Dec-27**	**Dec-28**	**Dec-29**
McCreedy + Levack	807	868	848	772	677
SCPe Crean Hill	280	280	280	280	280
SCPe nominal exploration upside	150	150	150	150	150
Resources ex inv'try ex Shak'pr @ 1% in-situ	114	114	114	114	114
Franco Stream (C$m)	(177)	(177)	(177)	(177)	(177)
Central G&A and finance costs	(63)	(50)	(39)	(27)	(16)
Net cash prior quarter	13	41	76	162	262
Cash from ITM options/warrants	17.3	17.3	17.3	17.3	17.3
Total NAV (C$m)	1,141	1,243	1,269	1,291	1,307
FF FD share count (m)	*287*	*287*	*287*	*287*	*287*
1xNAV7%/sh FF FD (C$/sh)	3.97	4.33	4.42	4.49	4.55
1xNAV/sh company @ 2026 commercial production (C$, geared)^					
1xNAV (C$m)	8,000	8,500	8,929	9,800	10,800
9.0% discount	1,163	1,180	1,195	1,225	1,260
7.0% discount	1,208	1,227	1,243	1,275	1,312
5.0% discount	1,259	1,279	1,297	1,332	1,372
1xNAV (C$/sh)	8,000	8,500	8,929	9,800	10,800
9.0% discount	4.05	4.11	4.16	4.27	4.39
7.0% discount	4.21	4.27	4.33	4.44	4.57
5.0% discount	4.38	4.45	4.51	4.64	4.78
Production (Y1 from 2Q25)	**CY25**	**CY26**	**CY27**	**CY28**	**CY29**
SCPe production (000kt CuEq)^	4.6	9.7	23.6	25.5	27.8
AISC Co-prod. (US$/lb CuEq)	4.85	2.70	1.80	1.76	1.75
Copper revenue (%)	*68%*	*63%*	*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)	231.7	FF FD Shares (m)	287.2
Fully-funded Shares (m)	287.2		

CY25-27 Funding: uses		Sources	
SCP Exploration spend (C$m)	10	Pro forma cash+ ITM op (C$m)	84
SCPe UG dev. Capex (C$m)	15	Operating CF to CY27(C$m)	57
SCPe UG Sus. Capex (C$m)	13	SCPe equity (C$m)	0
Working cap (C$m)	13		
Total uses (C$m)	51	Total sources (C$m)	141
Buffer (C$m):	*90*		

Ratio analysis	CY24E	CY25E	CY26E	CY27E	CY28E
Shares out (m)	194.9	231.7	231.7	231.7	231.7
EPS (Cc/sh)	-	-	2.4	30.4	34.2
CFPS before w/c (C$/sh)	-	-	-	17.0	36.4
EV (C$m)	505.8	566.3	584.6	524.8	437.4
FCF yield (%)	-	-	-	10%	14%
EV/EBITDA	-	-	23.4x	4.1x	3.1x
Income statement	**CY24E**	**CY25E**	**CY26E**	**CY27E**	**CY28E**
Revenue (C$m)	-	61.0	131.3	303.3	325.5
COGS (C$m)	-	64.7	77.8	128.5	136.5
Gross profit (C$m)	**-**	**(3.7)**	**53.4**	**174.8**	**189.0**
G&A (C$m)	7.4	20.0	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$m)	-	(2.2)	13.3	45.3	48.9
Other (C$m)	(1.4)	(23.9)	22.7	44.8	46.2
Net income (C$m)	**(16.3)**	**(6.3)**	**5.7**	**70.5**	**79.3**
Cash flow statement	**CY24E**	**CY25E**	**CY26E**	**CY27E**	**CY28E**
EBITDA (C$m)	(16.5)	(32.0)	24.9	129.3	143.1
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)	11.0	20.3	3.0
Cash flow ops (C$m)	**(17.8)**	**(23.2)**	**1.7**	**64.8**	**92.4**
PP&E - build + sust. (C$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$m)	24.9	92.8	-	-	-
Debt draw (repay) (C$m)	(0.2)	-	-	-	-
Cash flow fin. (C$m)	**24.6**	**91.1**	**-**	**-**	**-**
Net change in cash (C$m)	6.6	53.1	(18.3)	59.8	87.4
Balance sheet	**CY24E**	**CY25E**	**CY26E**	**CY27E**	**CY28E**
Cash (C$m)	17.5	70.7	52.3	112.1	199.5
Acc rec. + invet. (C$m)	4.4	8.9	19.8	43.3	47.3
PP&E & expl'n (C$m)	17.6	114.5	129.9	122.8	114.0
Total assets (C$m)	**39.6**	**194.1**	**202.1**	**278.2**	**360.9**
Debt (C$m)	-	14.9	14.9	14.9	14.9
Accounts payable (C$m)	3.6	7.6	7.5	10.7	11.8
Others (C$m)	21.0	78.4	70.9	154.2	245.6
Total liabilities (C$m)	4.5	82.7	82.6	85.8	86.8
Shareholders' equity (C$m)	71.3	145.2	147.6	150.0	152.4
Reserves (C$m)	5.4	14.2	14.2	14.2	14.2
Retained earnings (C$m)	(41.6)	(48.0)	(42.3)	28.2	107.5
Liabilities + equity (C$m)	**39.6**	**194.1**	**202.1**	**278.2**	**360.9**

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Summary of Recommendations as of October 2025	
BUY:	55
HOLD:	0
SELL:	0
UNDER REVIEW:	0
TENDER:	0
NOT RATED:	0
TOTAL	55

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