

<b>Ticker:</b> NICU CN	<b>3Q25 cash + warrants:</b> C\$69m	<b>Project:</b> Sudbury Assets
<b>Market cap:</b> C\$717m	<b>Price:</b> C\$2.87/sh	<b>Country:</b> Canada, ON
<b>REC. (unc):</b> BUY	<b>TARGET (+140c):</b> C\$5.10/sh	<b>RISK RATING (unc):</b> HIGH

*Magna's McCreedy West guidance—while below our initial ~10-11kt CuEq payable expectations—sets a credible operating baseline and reinforces visibility on growth from Levack and Crean Hill. The key lever remains low capital intensity: SCPe ~C\$115m to restart two mines and scale production from ~7-8ktpa CuEq toward ~30-40ktpa LT (Levack +20ktpa; Crean Hill +10ktpa). Critically, Levack shifts exposure away from Franco-encumbered ounces toward largely unstreamed production, while Crean Hill adds incremental precious metals entirely outside royalty constraints. We model scale-driven cost efficiencies with SCPe AISC trending down from C\$5.5/lb in CY26 to C\$3.1/lb in CY28. Moreover, we update our model (details on Page 2) and incorporate 2026 production of 333kt @ 3.45% CuEq for 7.3kt payable CuEq at ~\$5.50/lb AISC (using Magna's budgeted price deck), Levack restart capex enabling Morrison mining from SCPe 4Q26, expanded development in CY27, and accelerated Crean Hill timelines with construction in SCPe 4Q26 and first ore 1Q28.*

**Exploration torque remains material**—including first ever drill platforms east of the Fecunis fault targeting R2 from optimal drill angles and new target areas along trend of Vale's mining zones on Magna's property. Further, infrastructure synergies should see new mining horizons drilled out in time at both McCreedy and Levack in our view, all warranting an exploration lift from C\$150m to C\$350m—reflecting our conviction in the exploration upside of the assets and the team's abilities. As such, **we maintain our BUY rating and increase our price target from C\$3.70/sh to C\$5.10/sh** based on updated ~C\$976m SOTP valuation for the group at lifted 1.5xNAV7% (in line with peers). We look to refine our assumptions with Crean Hill FS and Levack PEA coming up later this year (3Q26).

**Site visit observations confirmed ramp-up execution:** McCreedy steady at 900–1,100tpd @ >3% CuEq, development rates improved to ~16–20ft/day, and operational transition risks largely mitigated. Levack drilling continues targeting Morrison-style footwall mineralization. We discuss this further below.

**Table 1. 2026 McCreedy West Mine Production and Cost Guidance**

2026 McCreedy West	Guidance	SCPe
k tons (k tonnes)	355-375k tons (322-340k tonnes)	367k tons (333k tonnes)
CuEq grade (%)	3.2-3.5%	3.45%
Payable CuEq production	16-18Mlbs (7.3-8.2k tonnes)	16.1Mlbs (7.3k tonnes)
Total AISC excl. stream	\$4.20-4.70/lb	\$4.51/lb
Total AISC incl. stream	\$4.98-5.62/lb	\$5.50/lb

Source: Magna Mining, SCPe; Eq at Magna prices \$7.22/lb Ni, \$4.88/lb Cu, \$18.12/lb Co, \$1,410/oz Pt, \$1,156/lb Pd, \$3,815/oz Au, \$50/oz Ag and CAD/USD: 1.37; at SCPe price deck 3.57% CuEq grade, 16.5Mlbs (7.5k tonnes) CuEq production, \$4.41/lb AISC excl stream and \$5.48/lb incl stream.

## 2026 guidance: McCreedy ramp-up derisked, Levack better than expected, Crean Hill accelerated

Last week, Magna announced 2026 guidance for its Sudbury assets:

McCreedy West is targeting production of **16-18Mlbs** of **payable CuEq** from 355-375k tons at 3.2-3.5% CuEq, with **cash costs** of **US\$3.4-3.8/lb CuEq** and **AISC** of **US\$4.20-4.70/lb CuEq** excluding stream payments (~US\$0.78-0.92/lb+ including the stream). Grades in 1Q26 are expected to be at the lower end of guidance, reflecting a strategy to capitalize on strong commodity prices. An inaugural mineral reserves report is nearing completion, and mine plan optimization, including stope sequencing, is currently underway. Additionally, the potential restart of mining in the Intermain Nickel Zone is under evaluation, with ore shipments possible within months of a positive decision.

The Levack Mine restart PEA is underway and expected in 3Q26. In parallel, a ramp is being developed, with breakthrough expected in early 2Q26 to support a neighboring company's secondary egress and establish new drill platforms to test Magna's R2 FW Zone and other targets. Underground level rehab is also underway to provide further drill platforms. Four rigs are active at Levack with assays pending for

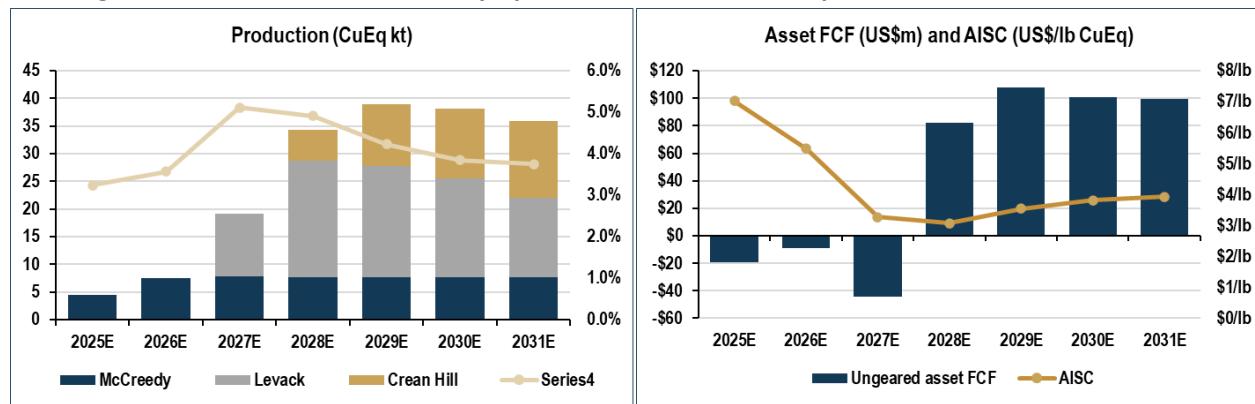
release in 1Q26. Contractors are also evaluating the scope of work required to re-establish ore and waste hoisting, with Magna anticipating hoisting from the No. 2 shaft in 2H26.

At Crean Hill, the PFS is targeted for 3Q26, with dewatering of the UG workings expected to commence in 2Q26.

### Our view: 2026 guidance provides a credible base case ahead of expansions; SCP site visit highlights

We update our model for 2026 McCreedy production and cost guidance, for average 333k tonnes at 3.45% CuEq for 7.3kt of payable CuEq production @ mid range \$5.50/lb AISC. Further, we update our Levack mine plan incorporating C\$10m capex this year to establish hoisting capabilities and enable mining of high-grade Morrison commencing in SCPe 4Q26, and \$45m in CY27 for portal/mine development to access off-ramp mining areas Keel, No.3 FW and Contact in an expanded SCPe ~1,700tonne/day Levack production scenario by 2Q27 based on the 4Q25 updated Levack MRE at 60-100% tonnage conversion and 10-15% dilution factors. Additionally, we conservatively lift our sustaining capex to C\$15m pa for Levack and C\$8m for McCreedy. Finally, we bring forward our timelines to first production at Crean Hill with construction commencing in SCPe 4Q26 and pre-production ore in 1Q28.

**Figure 1. SCPe forecasted Sudbury operations (A) cumulative production and (B) FCF vs AISC**



Source: SCP

**Site visit highlights:** On January 27<sup>th</sup> we visited McCreedy West and Levack mines, providing a useful check-in from our last tour in 2Q25. Big picture, the initial 2025 **McCreedy West** ramp-up was a success, with management having a firm grasp on current operations—now running 900-1,100tons/day @ >3% CuEq steady-state across multiple mining horizons—including from areas that were flagged as near-term opportunities pre-acquisition—significantly derisking historical single-level mining, to provide needed operational flexibility.

Development rates have stabilized (~16-20ft/day) to achieve the company's upcoming production targets, seeing a significant uplift +200% from prior under-capitalized owners 6ft/day. The focus/opportunity now shifts to optimizing mined grade, with three DD rigs turning underground to support near-to-long-term mine planning.

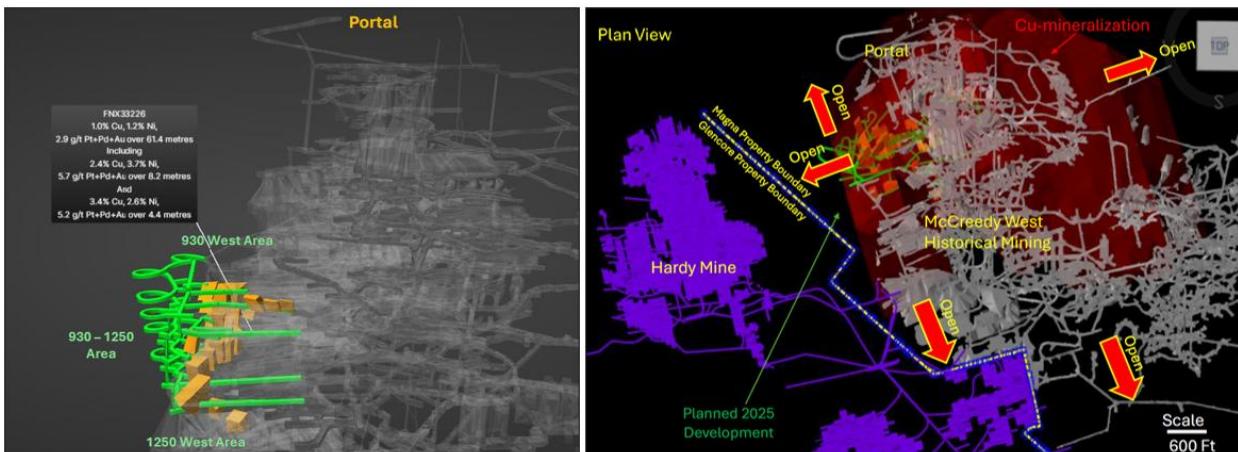
Operationally, we think the team is through the highest risk part of the hand over—with key/quality personnel hires, risk review of UG operations, and a clear path forward. Hence, we see more upside than downside risk with overall timelines in-line with those communicated >12 months ago. At **Levack** (on care and maintenance), we were reminded of discovery upside—a major catalyst in our view with two rigs on surface and two underground testing for FW targets similar to Morrison (Levack Footwall) that saw historic production of 2Mt from 2009-2018 at 7.1% Cu, 1.4% Ni, 8.1g/t Pd+Pt+Au.

**Figure 2. McCreedy West mine (A) main entrance and (B) surface ore stockpile**

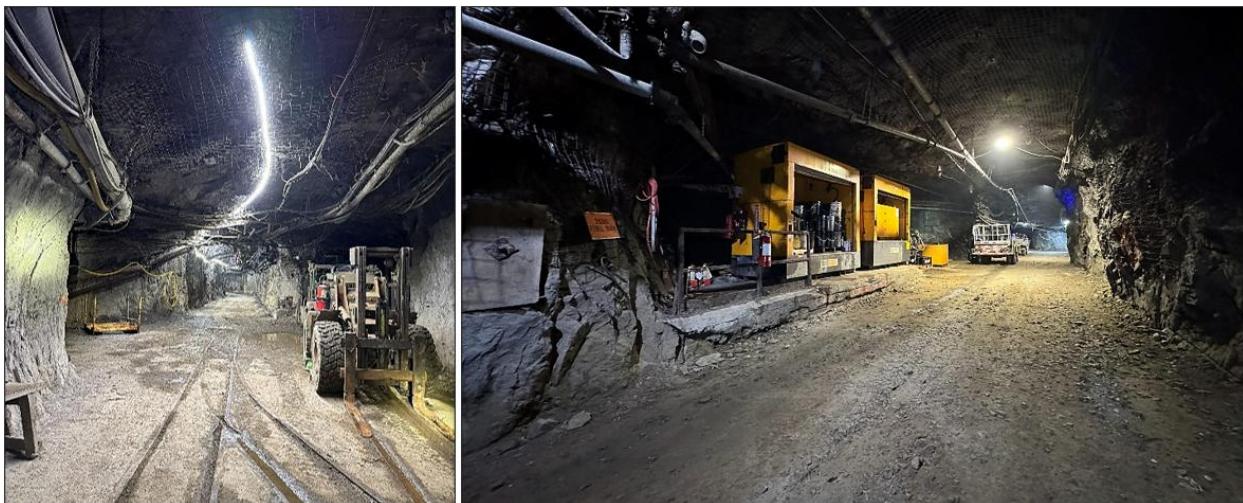
Source: SCP

**Figure 3. McCreedy West mine active underground work areas**

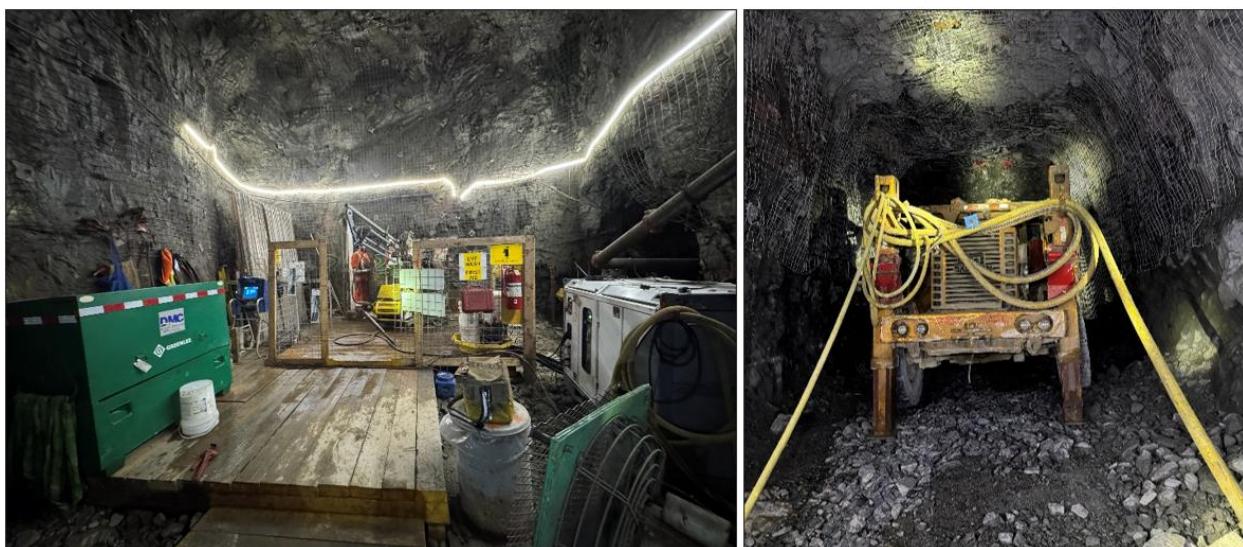
Source: SCP

**Figure 4. McCreedy (A) isometric of 2026 production plans and (B) plan view of expansion potential**

Source: Magna Mining

**Figure 5. Levack mine underground infrastructure**

Source: SCP

**Figure 6. Levack mine (A) diamond drill set-up and (B) active development ramp to 3600L**

Source: SCP

**Figure 7. Levack mine (A) main offices and (B) core shack**

Source: SCP

Figure 8. Levack mine (A) four-compartment shaft and (B) headframe



Source: SCP

### 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

- CY26: McCreedy West quarterly production
- CY26: Levack surface / UG exploration drilling
- 1Q26: McCreedy LOM, maiden reserves
- 3Q26: Crean Hill PFS, Levack PEA

### Research

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Ticker: NICU CN Author: B Gaspar		Price / mkt cap: C\$2.87/sh, C\$717m Rec / PT: BUY, C\$3.1/sh			P/NAV today: 1.41x 1xNAV7%: C\$2.04/sh			Country: Canada, Ontario Asset: Sudbury							
<b>Commodity price</b>		<b>CY24A</b>	<b>CY25A</b>	<b>CY26E</b>	<b>CY27E</b>	<b>CY28E</b>	<b>Resource/Inventory</b>	<b>Mt</b>	<b>NiEq %</b>						
Cu price (US\$/t)		9,264	10,022	9,401	9,000	9,000	Shakespeare pit inventory	12 Mt	0.7%						
Cu price (US\$/t, payable)		7,313	8,218	6,972	6,395	6,136	SCPe UG inventory	22 Mt	1.8%						
<b>SOTP project valuation*</b>		<b>C\$m</b>	<b>o/ship</b>	<b>NAVx</b>	<b>C\$/sh</b>		<b>Total</b>	<b>34 Mt</b>	<b>1.4%</b>						
Sudbury operations @ 1Q26		339		100%	1.00x	1.17									
SCPe nominal exploration upside		350		100%	1.00x	1.21									
UG resources ex inv'try ex Shak'pr @ 1% in-situ		130		100%	1.00x	0.45									
Franco Stream (C\$m)		(233)		100%	1.00x	(0.81)									
Central G&A + finance NPV (C\$m)		(81)		100%	1.00x	(0.28)									
FY 3Q25 cash + warrants		69		100%	1.00x	0.24									
Cash from ITM options/warrants		14		100%	1.00x	0.05									
<b>1xNAV C\$</b>		<b>588</b>			<b>2.04</b>										
*Build start, ex fin. cost + G&A, dil. for optns not build		P/NAV today: 1.41x			Note: NiEq using SCPe LT metal prices; *incl. Historic KGHM MRE Kirkwood + Pod										
<b>Share data (m)</b>															
Shares (m)			249.8			FF FD Shares (m)			288.5						
<b>CY26-27 Funding: uses</b>					<b>Sources</b>										
SCP Exploration spend (C\$m)			16			Pro forma cash+ ITM op (C\$m)			77						
SCPe UG dev. capex (C\$m)			115			Operating CF to CY28(C\$m)			98						
SCPe UG sus. capex (C\$m)			16			SCPe equity (C\$m)			150						
Working cap (C\$m)			74			Total sources (C\$m)			325						
Convert debt repayment (C\$m)			15												
Total uses (C\$m)			236												
Buffer (C\$m):			89												
<b>Ratio analysis</b>															
Shares out (m)			194.9			249.8			249.8						
EPS (Cc/sh)			-			-			10.2						
CFPS before w/c (C\$/sh)			-			-			3.1						
EV (C\$m)			541.9			669.0			707.9						
FCF yield (%)			-			-			5%						
EV/EBITDA			-			-			11.0x						
<b>Income statement</b>															
Revenue (C\$m)			63.1			117.8			268.6						
COGS (C\$m)			60.1			87.4			151.0						
<b>Gross profit (C\$m)</b>			3.0			30.4			212.7						
G&A (C\$m)			7.4			7.9			6.3						
Exploration (C\$m)			10.1			8.4			8.0						
Finance costs (C\$m)			0.2			3.4			1.5						
Tax (C\$m)			-			(4.5)			28.2						
Other (C\$m)			(1.4)			34.5			48.0						
<b>Net income (C\$m)</b>			(16.3)			(25.6)			77.5						
<b>Cash flow statement</b>															
EBITDA (C\$m)			(16.5)			(25.6)			154.1						
Add share based (C\$m)			1.8			3.5			4.7						
Net change wkg cap (C\$m)			0.2			(2.0)			58.2						
<b>Cash flow ops (C\$m)</b>			(17.8)			(27.1)			81.0						
PP&E - build + sust. (C\$m)			(0.0)			(15.1)			(47.7)						
PP&E - expl'n (C\$m)			-			-			-						
<b>Cash flow inv. (C\$m)</b>			(0.2)			(14.5)			(47.7)						
Share issue (C\$m)			24.9			90.1			-						
Debt draw (repay) (C\$m)			(0.2)			-			-						
<b>Cash flow fin. (C\$m)</b>			24.6			87.3			-						
Net change in cash (C\$m)			6.6			45.7			33.3						
<b>Balance sheet</b>															
Cash (C\$m)			17.5			63.2			24.3						
Acc rec. + invent. (C\$m)			4.4			34.5			182.0						
PP&E & expl'n (C\$m)			17.6			111.5			205.6						
<b>Total assets (C\$m)</b>			39.6			209.2			468.6						
Debt (C\$m)			-			15.3			15.3						
Accounts payable (C\$m)			3.6			21.4			46.8						
Others (C\$m)			21.0			96.1			156.9						
<b>Total liabilities (C\$m)</b>			4.5			93.7			141.3						
Shareholders' equity (C\$m)			71.3			142.5			272.0						
Reserves (C\$m)			5.4			15.4			15.4						
Retained earnings (C\$m)			(41.6)			(67.9)			35.2						
<b>Liabilities + equity (C\$m)</b>			39.6			209.2			468.6						
<b>Source: SCP estimates, *AISC done on ore selling NSR</b>															

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BUY:	56
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SELL:	0
UNDER REVIEW:	0
TENDER:	0
NOT RATED:	0
<b>TOTAL</b>	<b>56</b>

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