

Nicola Mining Letter to Shareholders

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Vancouver, December 18, 2024 - [Nicola Mining Inc.](#) (TSXV: NIM) (FSE: HLIA) (OTCQB: HUSIF) (the "Company" or "Nicola")

Dear Shareholders and Investors,

Nicola Mining Inc. (the "Company" or "Nicola") is pleased to provide its "Year in Review: 2024", with the hope that it provides additional clarity on several key milestones that were achieved and insight into what looks to be an exciting 2025.

Corporately, the began with the Company announcing that solid operational cash flow in 2023, would allow it to prepay an aggregate of \$1,165,275 in Principal Prepayment Amount leaving a balance of an aggregate of \$4,131,431 in Debentures. Subsequently, the Company announced that it had appointed Sam Wong as the Company's Chief Financial Officer and Bill Cawker as the Company's Secretary, both of whom have been solid additions to the Nicola team.

Exploration wise, the year began with the Company announcing that it had contracted Dias Geophysical to conduct a 3D Induced Polarization survey ("IP Survey") at its New Craigmont Copper Project. The IP Survey focused on two key target areas and covering approximately 4.5 square kilometers¹. The first zone is the MARB-CAS Zone, located immediately west of the Embayment Zone, while the second zone is the West Craigmont Zone, both of which are explained in detail below.

Operationally, Nicola announced that it and [Talisker Resources Ltd.](#) had signed a Milling Agreement², which, on July 18, 2024, the Company announced had commenced production. In addition, to the production of gold and silver, Nicola announced that it had commenced the construction of a cement plant along with its partner Lower Nicola Site Services Ltd³. The Company is also pleased to announce that it has successfully completed its milling campaign for the year and that the cement plant, which has already secured contracts for 2025, is near completion:

Gold and Silver Production

To view an enhanced version of this graphic, please visit:
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Cement Ready Mix Plant Construction

To view an enhanced version of this graphic, please visit:
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For those interested in reading about copper and gold projections, please feel free to read our summary after our project-specific updates:

New Craigmont Copper Project
Mine Permit M-68: 10,800+ hectares of mineral claims

Background

Although long term shareholders are already aware, I will begin by providing a few key characteristics

augmenting the value of New Craigmont Copper Project ("New Craigmont"). The wholly-owned New Craigmont is more than a brownfield exploration project, it maintains Mine Permit M-68, is adjacent to the largest copper mine in Canada, is the site of one of North America's highest grade historic copper mines, and is largely unexplored. The significant difference between maintaining a mine permit vs. "exploration project" cannot be underemphasized; it takes approximately 13 years⁴ in British Columbia to graduate from discovery phase to a mine permit. The mine closed in 1982, due to low copper prices, and exploration was limited to the Kingsvale capping that made it difficult to conduct induced polarization surveys, as well as for drilling exploration. In addition, it wasn't until November 19, 2015, that the Company was able to consolidate ownership from a consortium of shareholders⁵ and commence active exploration for the first time since the 1960's.

2024 Exploration:

In 2024, Nicola Mining Inc. launched an exploration program at the New Craigmont Project with two primary objectives:

- Identify new mineralization Systems: Targeted the west portion of the Multi-year Area-based Permitting (MYAB) region, including the previously undrilled West Craigmont target area and MARB-CAS target area.
- Expand the historic ore body: Aiming to expand and infill the Embayment Zone.

Prior to drilling, the 2024 exploration season at the New Craigmont Project commenced with an Induced Polarization ("IP Survey") geophysical survey covering West Craigmont and the MARB-CAS (Fig. 1). The primary goal of this IP survey was to enhance the geological understanding of these areas and to assist in identifying precise drilling targets for the planned drilling campaign.

Figure 1. Summary map of 2024 exploration activities at the New Craigmont Project.

To view an enhanced version of this graphic, please visit:

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For the 2024 drilling campaign at the New Craigmont Project, a total of 14 drill holes (Fig. 1) were completed, totaling 4,878 metres of core. The breakdown of drilling activities includes:

- West Craigmont: 5 holes drilled, totaling 1,829 metres.
 - Initial findings reported in the August 30, 2024, Operations and Exploration Update.
 - Observations suggest a porphyry system; however, additional geological analysis and drilling will be required to establish potential in the area.
- MARB Mineral Showing: 6 holes drilled, totaling 1,496 metres.
 - Successfully intersected near surface mineralization beneath the MARB outcrop (Fig. 2), leaving it open at depth and to the west for future drilling. Lab analyses are pending and are expected to be released in Q1 2025.
- CAS Mineral Showing: 1 hole drilled, totaling 399 metres.
 - Skarn discovered in this hole has an identical mineral assemblage to that of the Embayment Zone, suggesting it may be a continuation of the Embayment Zone skarn, potentially displaced northward by a dextral fault. More drilling is necessary to establish continuity and mineralization.

- Embayment Zone: two holes drilled at the Embayment Zone through the Embayment fault towards the southeast and south-southeast, aiming at the zone's west extension and infilling, totaling 1,150 metres.
- Both holes intersected significant intervals of intense chalcopyrite mineralization (Fig. 3). Lab results are pending and are expected to be released in Q1 2025.

Figure 2. Representative core samples from 2024 drilling campaign at MARB and CAS: a. semi-massive chalcopyrite mineralization hosted by basaltic andesite from MB-24-001; b. veinlets of chalcopyrite from hole MB-24-001; c. mineralization of chalcopyrite occurring along the contact between basaltic andesite and a felsic dyke from MB-24-002; d. chalcopyrite veinlets hosted by basaltic andesite from MB-24-003; e. chalcopyrite veinlets along with phyllic alteration hosted by Border Phase Diorite from MB-24-005; and f. chalcopyrite replacing magnetite within epidote-magnetite-actinolite skarn from MB-24-005.

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Figure 3. Examples of intense chalcopyrite mineralization encountered in 2024 Embayment Zone drill holes: a. NC-24-001: 412.63m; b. NC-24-001: 431.20m; c. NC-24-002: 360.15m; and d. NC-24-002: 367.75m.

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Treasure Mountain Silver Project

Mine Permit M-239: 31 mineral tenures, 2200 hectares

Background

Like New Craigmont, Treasure Mountain is a permitted mine site and holds Mine Permit M-239, which allows the Company to mine up to 60,000 tonnes per year of silver/lead/zinc mill feed. The high-grade silver project maintains 4 fully developed portals, a June 15th, 2009 National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101") resource estimate, and exploration potential at the MB Zone, which is located approximately 1.5 km from the Treasure Mountain mine.

Update

The Company announced that it has received a very important ten-year mining lease extension (the "Extension") for the mine through April 26, 2032⁶. In addition to receipt of a ten-year mine extension, the Company applied for a MYAB on Treasure Mountain, as it hopes to follow up on previous results that include:

- Sample 2100152: 813 g/t Ag and 0.518 g/t Au per tonne and 19% zinc and 4.66% copper⁷
- Sample 2100207 was taken from the Exposed Vein and contained 1300 g/t Ag (37.9 ounces per ton Ag), 2.59 g/t Au, and 1.16% Cu, 27.4% Pb and 27.2% Zn⁸

Merritt Mill - Gold and Silver Milling Facility

Fully permitted mill on 900 acres free-hold-owned land

In addition to processing of materials for Talisker Resources Ltd, the Company spent approximately \$1.0 million to upgrade the following:

- Water Recirculation System: Installation of a water recirculation system between the mill and lined tailings facility that significantly decreases water consumption.

- Process Automation: Installation of automated processes inside the mill, which streamlines processes, decreases production costs, facilitates employee safety and can optimize recovery.
- Gravity Separation System: The gravity concentrator allows for the recovery of free gold, which would otherwise not be captured flotation processes.

Nicola elected to shutter operations to complete the upgrades as throughput visibility for 2025 expects the mill to operate at full capacity commencing Q2, 2025.

2025 EMPHASIS

Our priorities for 2025 are driven by three factors:

1. Copper Exploration: 2024 proved to be the most successful and insightful exploration program undertaken to date. The combination of broad near surface mineralization at the MARB and CAS zones and understanding of significant potential deeper mineralization, below 100 metres from surface, provides the basis of our 2025 program. In addition, expansion of Embayment mineralization towards the CAS Zone, and Embayment-like skarn at CAS suggests the potential for a larger mineralized trend.
2. Gold and Silver Production: Mill updates will help production volume and recovery rates as we expect to commence full mill production capacity, which includes production from Dominion Creek, which Nicola maintains a 75% economic interest⁹. The Company announced that it had paid a reclamation bond deposit and hopes to ship material of the high-grade gold project in 2025.
3. Treasure Mountain: Having secured a ten-year mine permit extension and applied for a MYAB, Nicola expects to revisit the project and reacquaint investors and strategic entities with the project, now that silver has recovered in value.

Qualified Person

William Whitty, P. Geo., the Company's VP Exploration, is the Qualified Person as defined by National Instrument 43-101 - Standards of Disclosure for Mineral Projects and supervised the preparation of, has reviewed, and approved the technical information in this release.

Copper

In 2024, the price of copper is being influenced by several key factors, with both supply and demand playing pivotal roles in shaping the market. As of late 2023, copper prices were relatively strong, driven by strong demand from industries such as construction, electronics, and electric vehicles ("EVs"). Copper is essential in various green technologies, including renewable energy systems and electric vehicle production, which are experiencing significant growth globally. This continued rise in demand, especially from emerging economies and the transition to renewable energy, is expected to drive copper prices in 2024-2025, albeit with some fluctuations.

On the supply side, copper production is facing multiple challenges. Major copper-producing countries like Chile and Peru have experienced declining output due to aging mines, environmental concerns, and labor strikes. Additionally, geopolitical tensions, particularly in Latin America, have added uncertainty to copper production. These supply disruptions, combined with the high demand, have led to tighter market conditions, exerting upward pressure on prices.

However, copper prices could also be affected by broader global economic conditions in 2025. A potential slowdown in China, the world's largest consumer of copper, or a global economic downturn could weaken demand and exert downward pressure on prices. Moreover, efforts to recycle copper and improve mining efficiency might offset some of the supply challenges.

In summary, the price of copper in 2025 is expected to remain volatile, driven by a combination of strong

demand from green technology sectors and supply constraints from key producing countries. The interplay of these factors, alongside broader economic conditions, will continue to shape copper market dynamics throughout the year.

Graph 1: Price and Demand of Copper 2024 / 2025 Estimate

The 2025 outlook, according to Goldman Sachs bodes for initially lower, but stable copper prices and growing demand in the latter half of 2025

Source: Mining Gm

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Gold

In 2024, the price of gold is influenced by a combination of macroeconomic factors, geopolitical tensions, and shifts in investor sentiment. Historically, gold has been viewed as a safe-haven asset, and this role continues to drive its demand during periods of economic uncertainty. In 2025, central banks, particularly in emerging markets, are expected to continue accumulating gold reserves as a hedge against inflation and currency devaluation, contributing to upward pressure on prices.

Interest rates, inflation expectations, and the strength of the U.S. dollar are also key factors affecting gold prices. If inflation remains high or central banks, such as the Federal Reserve, hold interest rates steady or lower them, gold is likely to become more attractive to investors seeking protection from inflation. Conversely, if interest rates rise further, the opportunity cost of holding gold, which yields no income, could weigh on its price.

Geopolitical instability, such as tensions in major global regions or economic disruptions, also tends to boost gold demand as investors seek safe assets. In 2025, potential political unrest, ongoing trade tensions, or global financial market volatility could prompt increased demand for gold.

On the supply side, gold mining has faced challenges in recent years, with many major mines nearing depletion or operating at lower efficiencies. Despite technological advancements in mining, production has not significantly increased, which could contribute to a tighter supply in the market.

In summary, gold prices in 2024 were driven by economic uncertainty, central bank policies, and geopolitical risks. While a strong U.S. dollar and rising interest rates could limit price growth, inflation concerns, and global instability may drive continued demand for gold as a safe-haven investment.

Gold Price Forecasts for 2025:

Financial institutions have provided varying forecasts for gold prices in 2025:

- Goldman Sachs: Predicts gold prices will rise to new record highs in early 2025, driven by central bank purchases, Federal Reserve rate cuts, and geopolitical risks.
- J.P. Morgan: Forecasts an average gold price of \$2,600 per ounce in 2025, citing factors such as Federal Reserve rate cuts and continued central bank demand.
- Citi Research: Projects gold prices could reach \$3,000 per ounce within six to twelve months, influenced by potential U.S. labor market issues and Federal Reserve interest rate cuts.

On behalf of the Board of Directors
"Peter Espig"

Peter Espig
CEO & Director

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Forward Looking-Statements

Certain statements in this letter are forward-looking statements, which reflect the expectations of management regarding the Company. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future, including, but not limited to, statements regarding: (i) Nicola's near term and long term goals, specifically with regard to its priorities for 2025; (ii) Nicola's ability to move forward on its five-year exploration plan; (iii) the anticipated receipt 2024 lab analyses and as a result thereof, any effect these results may have on Nicola's diamond drilling exploration plans for both copper skarn and copper porphyry targets; (iv) the anticipated receipt of the Treasure Mountain MYAB permit; (v) the value, intrinsic or otherwise, of the Merritt Mill Site; (vi) any cash flows associated with milling activities at the Merritt Mill Site; (viii) the prospects of Nicola's exploration projects, including its New Craigmont, Treasure Mountain and Merritt Mill Site; and (viii) any general statement regarding Nicola's operational and exploratory goals going forward. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements, including risks related to factors beyond the control of the Company. These risks include, but are not limited to: (i) changes in Nicola's business relationships and plans; (ii) changes in the anticipated revenue streams and operational and exploratory goals; (iii) the failure of Nicola to receive the necessary approvals for various regulatory applications and permits, as applicable; (iv) and other general business, economic, or market related risks beyond the director control of the Company and which may affect the Company's business and operations. The Company undertakes no obligation to update forward-looking information if circumstances or management's estimates or opinions should change, unless required by law. The reader is cautioned not to place undue reliance on forward-looking information.

¹ News Release: February 21, 2024 [Link](#)

² News Release: April 9, 2024 [Link](#)

³ News Release: April 5, 2024 [Link](#)

⁴ Nelson Bennett, "Building a mine in British Columbia: hurry up and wait", Business in Vancouver (January 29, 2021), online (Mining.com):

<https://www.mining.com/building-a-mine-in-british-columbia-hurry-up-and-wait>.

⁵ News Release: November 19, 2015 [Link](#)

⁶ News Release dated August 30th, 2024 [Link](#)

⁷ See the Company's news release dated February 21, 2020, which is filed under the Company's profile on SEDAR at www.sedar.com

⁸ See the Company's news release dated September 8, 2020, which is filed under the Company's profile on SEDAR at www.sedar.com

⁹ News Release dated December 4, 2024. [Link](#)

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