



Canadian Critical Minerals Inc. (TSXV: CCMI) Bull River generates record revenues; QC Copper to acquire Thierry Mine

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Investment Highlights

- ◆ **Canadian Critical Minerals Inc. (TSXV: CCMI, OTCQX: RIINF)** (the “Company”) is a base metals explorer with its flagship advanced copper project, the 100%-owned Bull River Mine in British Columbia.
- ◆ **Bull River project generates record monthly revenue:** CCMI achieved a record monthly revenue of C\$378,000 in October 2024 from the sale of stockpile materials to New Afton. Based on a projected monthly revenue run rate of C\$300,000 to C\$350,000, the anticipated total revenue over the next 12 months is estimated to be approximately C\$3.6 million to C\$4.2 million. This positive financial outlook is expected to alleviate financing concerns by generating near-term cash flow, which is intended to support the reactivation of the Bull River Mine.
- ◆ **Sale of Thierry Mine to QC Copper:** CCMI has received an all-stock offer from QC Copper (TSXV: QCCU) to sell its entire interest in its private subsidiary, Cuprum Corp, which owns a 100% stake in Thierry Mine. The deal is expected to be finalized by the end of December 2024. Once the transaction is complete, CCMI will hold approximately 26.77 million shares of QC Copper, representing a 10.4% ownership stake with an estimated value of C\$3.2 million. This transaction provides CCMI with liquidity, as QC Copper is publicly traded.
- ◆ **Based on our analysis and valuation models, we reiterate our BUY rating and update our price target to C\$0.18 per share (earlier C\$0.19).** The key catalyst for value creation will be the announcement of securing a permit for Bull River Mine. Management is confident that this will happen.

Key financial data (FYE May 31, C\$)	FY2024	Q1-FY2025
Cash	\$ 111,877	\$ 164,584
Working capital	\$ (2,627,450)	\$ (2,186,113)
Mineral assets	\$ 6,913,683	\$ 6,622,154
Total assets	\$ 13,402,503	\$ 13,667,757
Net income (loss) for the 3M	\$ (1,204,776)	\$ (487,434)
EPS for the 3M	\$ (0.005)	\$ (0.002)

Current Price (C\$)*	\$0.04
Fair Value	\$0.18
Projected Upside	348.88%
Action Rating	BUY
Perceived Risk	VERY HIGH
Shares Outstanding	291,394,666
Market Cap. (C\$)	\$11,655,787
P/B	1.28
YoY Return	33.33%
YoY TSXV Return	13.92%

* Note: all \$ amounts are C\$ unless otherwise stated

TSXV: CCMI price and volume history



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Source: Company

Canadian Critical Minerals remains focused on advancing its mining assets in Canada in the battery and critical minerals space. The Bull River Mine project is its most advanced project, currently under care and maintenance. The Company continues to work with regulatory authorities to restart the mine.

- ◆ CCMI generated a record monthly revenue of C\$378,000 in October 2024 from the sale of stockpile materials to New Afton. Assuming a monthly revenue run rate in the range of C\$300,000-C\$350,000, the total revenue potential over the next 12 months could be around C\$3.6-C\$4.2 million. This should ease financing concerns by providing near-term cash flow, which will be used to restart the Bull River Mine.
- ◆ CCMI received an all-stock offer from QC Copper (TSXV: QCCU) to sell 100% interest in its private subsidiary, Cuprum Corp, which holds a 100% interest in Thierry Mine. The transaction is likely to be completed by the end of December 2024. Following the transaction, CCMI will own nearly 26.77 million shares of QC Copper (or 10.4% stake), with an implied value of C\$3.2 million. The transaction offers liquidity to CCMI, given that QC Copper is a publicly traded Company.

2025 is set to be an exciting year for the Company and has the potential to transform the Company into a well-established producer. Our attention will be focused on the successful restart of production at Bull River Mine.

BULL RIVER MINE GENERATES RECORD REVENUE FROM THE ORE PURCHASE AGREEMENT WITH NEW AFTON

CCMI generated record revenue of C\$378,000 in October 2024 for the sale of stockpile material to New Afton, taking the total amount to C\$1.3 million for the period January-October 2024. To date, the Company has transferred 5,300 tonnes of mineralized ore to New Afton. We note that the Company estimates the total stockpile to be nearly 180,000 tonnes (at 6.14 Mlb CuEq) with an implied value of C\$30 million.

Figure 1: 2024 revenue from sale of stockpiled material



Source: Company data

As of the end of October 2024, all of the 180,000 tonnes of mineralized material on the surface have undergone screening and crushing. Following the screening and crushing, the material is passed through an ore sorter that separates low grade and waste from higher grade material so that only higher-grade material will be transported. At this time, the Company has around 73,000 tonnes of coarse material ready for sorting via the Steinert KSS 100 ore sorter before it is dispatched to New Afton. Furthermore, there are about 42,000 tonnes of rejects from the ore sorting process currently stockpiled on the surface, designated as an initial feed for the BRM mill.

The grade of these rejects continues to range from 0.4% Cu to 1.0% Cu, indicating that all rejects may be economically processed at the BRM once authorization to resume mill operations has been obtained. Currently, the Bull River mine is under care and maintenance, and CCMI is working with regulatory authorities to restart the mine.

In addition, the Company has accumulated approximately 60,000 tonnes of fine material that is deemed too fine for sorting. On average, the fines graded 1.39% Cu, 0.29 g/t Au, and 11 g/t Ag, which is same as the average grade characteristic of the original surface stockpile. The cut-off grade for milling copper mineralized



Inside mill. Source: Company

material at the Bull River Mine that is already on the surface is set at 0.4% Cu. Thus, both the rejects and fines possess sufficiently desirable grades to ensure an economic feed for the BRM mill in the future.

We note that given the grade of Fines assayed (1.68% CuEq), CCMI has the optionality to send a higher amount of material to New Afton than originally planned under the Ore Purchase Agreement (OPA). This will increase the amount of revenue generated from the sale of stockpiled material.

We note that the material is expected to be delivered to New Afton over a period of two years. Of which, nearly 10 months have passed generating a total revenue of C\$1 million. Assuming a monthly revenue run rate in the range of C\$300,000-C\$350,000, the total revenue potential over the next 12 months could be around C\$3.6-C\$4.2 million. This will alleviate any immediate worries regarding financing. The generated revenue will address continuous expenses, such as the annual C\$250k needed to maintain the dewatering of the Bull River mine.

CCMI continues to work on advancing the mine to restart its operations. As we covered in our earlier update, the operations will be restarted in a phased approach wherein the initial phase will be the extraction of mineralized material from the surface stockpile. Following this, the Company intends to recommence mining operations from the underground, which has been kept in a dewatered state since 2010. According to the Company, the Bull River mine will require C\$10-C\$15 million in capex to bring it back to production.

Located approximately 50 km east of Cranbrook in the East Kootenay region of BC, the Bull River Mine comprises 21 mineral claims covering an area of 10,285 hectares. The Company acquired the property on January 21, 2019, when it closed the acquisition of Purcell Basin Minerals Inc. ("Purcell"), Bull River's previous owner, which fell under creditor protection.

The mine, which previously produced throughout the period of 1971 through 2009, has been under care and maintenance since 2014. The mine's first operator originally explored the property starting in 1968, including diamond drilling, soil sampling and electromagnetic surveys, before identifying two deposits amenable to open pit mining. Subsequent to the exploration work, a 700 tpd mill was built and commenced production in October 1971. The initial open pit operation continued through to June 1974, producing a lifetime output of 7,260 tonnes of copper, 6,354 kg of silver, and 126 kg of gold. The subsequent two operators (including Purcell) both continued mine development initiatives, including exploration work and NI43-101 compliant resource estimates, but eventually ended up being placed under creditor protection. Throughout its history, Bull River has seen over 104,748 meters of diamond drilling.

As a result of its historical development, the majority of the necessary mining infrastructure is already in place at Bull River and needs only refurbishment or replacement in order to return to functionality. The existing mining infrastructure at Bull River includes a 700 tpd conventional mill with an adjoining 5,000 tpd crusher building, a fine ore bin, and a concentrate storage facility. The mine has an underground infrastructure including 22,000 meters of working across seven levels, a mine ramp, ventilation raises and fans, sumps, and a mobile equipment fleet.

Using the cash flows from the sale of stockpile and leveraging the existing infrastructure, the Company plans to restart the mine as an underground operation. CCMI intends to restart the Bull River Mine at a planned throughput of 700 tpd, which given the current resource, implies a mine life of 12 years minimum. The most current NI 43-101 compliant resource estimate published December 1, 2021, has indicated resources of 2.261 MT at 2.132% Cu (or 106.27 Mlbs CuEq) and inferred resources of 1.356 MT at 1.918% Cu (or 57.33 Mlbs CuEq).

Figure 2: Resource estimate

CATEGORY	TONNAGE	COPPER Equivalent (CuEq)	MINE LIFE & NOTES
Indicated Resources (43-101)	2.261 Million Tonnes @ 2.132% Cu Eq	106.27 Million lbs	12 Years Mine Life
Inferred Resources (43-101)	1.356 Million Tonnes @ 1.918% Cu Eq	57.33 Million lbs	Extra Mine life + Exploration upside
Underground workings and development size	22,000 meters of workings	N/A	7 levels of access
Past Production	450,000 tonnes @ 1.8% Cu	17,857,443 lb Cu Eq	
Surface Stockpile	180,000 tonnes @ 1.7% Cu	6,146,487 lb Cu Eq	Valued over \$30 million

Source: Couloir Capital

With the developments around the ore purchase agreement, we think that the Company is in a position to generate near-term cash flow that can be used to advance the Bull River project without excessive dilution. As noted above, the Company estimates that it will require nearly C\$10-C\$15 million in pre-production capital. The OPA reduces financing risk in the near term and is positive for the shareholders as it avoids further dilution. Further, it provides room for the Company to continue to advance its project till the environment for junior miners improves.



Core storage. Source: Company

SALE OF THIERRY MINE TO QC COPPER

CCMI noted that QC Copper (TSXV: QCCU) had made an all-stock offer to purchase Cuprum Inc., owner of 100% interest in Thierry Mine. CCMI currently owns 29.9% of Cuprum Inc. The transaction is subject to shareholder approval and is likely to be completed by the end of December 2024. Following the transaction, CCMI will own nearly 10.4% of QC Copper. QC Copper will become one of the largest resource developers in Canada, with two multi-billion pound copper deposits — Opemiska Copper Project, Quebec and Thierry Mine, Ontario.

QC Copper will issue a total of 82.76 million shares to Cuprum in connection with the acquisition. CCMI will hold 26.77 million shares, with an implied value of C\$3.2 million (based on QC Copper's current market price of C\$0.12). CCMI's 10% stake in QC Copper will be held in escrow for an 18-month period, with 10% available for sale at closing of the transaction.

The transaction is beneficial for the CCMI shareholders as it enables the Company to concentrate on progressing its flagship, the Bull River Mine project, while maintaining the optionality to participate in any upside from the Opemiska and Thierry Mine projects. Furthermore, the transaction offers liquidity to CCMI given that QC Copper is a publicly traded Company. This is significant as the cash raised could be used for the development of its core asset, Bull River Mine project.

FINANCIALS OVERVIEW

At the end of Q1-FY2025, the Company reported cash and working capital of C\$0.16 million and C\$(2.1) million, respectively. The Company's current ratio of 0.31x demonstrates the inability of current assets to sufficiently cover current liabilities, implying the Company was not in a position to cover its current liabilities at the end of August 2024. CCMI reported a monthly cash flow burn for the three months ended August 31, 2024, of C\$45.5k, compared to a cash burn of C\$232.0k for the comparative period in 2023 primarily on account of lower mining, exploration and development expenses in Q1-FY2025. The following table summarizes the Company's liquidity position:

Table 1: Liquidity position

Key financial data (FYE May 31, C\$)	FY2024	Q1-FY2025
Cash	\$ 111,877	\$ 164,584
Working capital	\$ (2,627,450)	\$ (2,186,113)
Current ratio	0.12	0.31
Debt	\$ 2,394,053	\$ 2,422,238
Monthly cash generation/burn (3M)	\$ (232,006)	\$ (45,531)
Cash from financing activities (3M)	\$ 350,000	\$ 189,300

Source: Company, Couloir Capital

The following table outlines the Company's outstanding options and warrants:

Table 2: Outstanding options and warrants

Options			Warrants		
Number	Strike	Exercise value	Number	Strike	Exercise value
2,350,000	\$ 0.10	\$ 235,000	175,000	\$ 0.06	\$ 10,500
3,950,000	\$ 0.10	\$ 395,000	1,850,000	\$ 0.09	\$ 166,500
500,000	\$ 0.11	\$ 52,500	289,545	\$ 0.08	\$ 21,716
700,000	\$ 0.10	\$ 70,000	2,008,648	\$ 0.08	\$ 160,692
3,050,000	\$ 0.08	\$ 228,750	2,000,000	\$ 0.17	\$ 337,600
1,000,000	\$ 0.10	\$ 100,000	2,222,222	\$ 0.19	\$ 411,111
500,000	\$ 0.08	\$ 37,500	6,250,000	\$ 0.12	\$ 750,000
850,000	\$ 0.08	\$ 63,750	437,500	\$ 0.08	\$ 35,000
9,850,000	\$ 0.05	\$ 492,500	1,600,000	\$ 0.11	\$ 180,000
500,000	\$ 0.05	\$ 25,000	9,500,000	\$ 0.12	\$ 1,140,000
			665,000	\$ 0.08	\$ 53,200
			3,500,000	\$ 0.10	\$ 350,000
			3,500,000	\$ 0.08	\$ 262,500
			1,330,000	\$ 0.05	\$ 66,500

Source: Company, Couloir Capital

We estimate that the Company currently has 23.25 million options (weighted average exercise price of C\$0.07 per share) and 35.32 million warrants (weighted average exercise price of C\$0.11 per share) outstanding. At this time, none of the options and warrants are in the money.

REVENUE AND EPS FORECASTS

Whilst CCMI is working on advancing Bull River to near-term production, we will remain cautious and wait for further developments (i.e. permitting and securing funding) before providing our preliminary revenue and EPS forecasts. This is especially important as the mine restarts at Bull River is not backed by a PEA and has not been independently studied for economic feasibility.

NET ASSET VALUATION MODEL

For the Bull River Mine, our model assumes (roughly) the production schedule and assumptions forecasted in the Company's 2021 project report that outlined the plans and approximate parameters for the Bull River restart but incorporates our own assumptions on LOM average copper pricing and discount rate. Our base case DCF model, which assumes a long-term domestic copper price of C\$4.55 per pound, a discount rate of 12% and a net debt of C\$1.3 million, implies an NAV of C\$38.57 million, or C\$0.13 on a per share basis. Note that in our last update, the Bull River valuation was C\$44.94 million of C\$0.17 per share. Note we will be substantially discounting the role of NAV in the overall CCMI valuation, given our view that the Company will face major funding constraints to kick off project development.

The sensitivity table provided below outlines the various NAV per share given changes in the long-term copper price or discount rate:

Table 3: NAV per share given changes in the long-term gold price or discount rate

		LT Copper Price Assumption (C\$)				
		\$3.90	\$4.23	\$4.55	\$4.88	\$5.20
	8%	\$0.08	\$0.13	\$0.18	\$0.23	\$0.27
	10%	\$0.07	\$0.11	\$0.15	\$0.20	\$0.24
	12%	\$0.06	\$0.09	\$0.13	\$0.17	\$0.21
	14%	\$0.05	\$0.08	\$0.11	\$0.15	\$0.18
	16%	\$0.04	\$0.07	\$0.10	\$0.13	\$0.16

Source: Couloir Capital

COMPARABLES VALUATION

As part of the comparable valuation, we consider CCMI's relative valuation against other mining companies that we believe to be comparable. The table below outlines our peer group selection:

We think there is a potential for re-rating as the Company nears getting a new operating permit for the Bull River Mine. Further, the ore purchase agreement and the non-core investment (10.4% stake in QC Copper) ensure enough liquidity that can be used to restart the Bull River project. CCMI noted that it will need between C\$10-C\$15 million in initial capex to bring the mine to production. Management anticipates raising the money to fund Bull River's capital expenditures once the mining permit is obtained. The approval of the permit is expected to drive significant price appreciation in the stock, which, in our view, will make it easier to raise money. We value CCMI at EV/Net Resource multiple of C\$0.03/lb, the higher end of the peer group (excluding outliers).

Table 4: Peer group selection

Company	Location	Stage	Net resources [lb]	Enterprise value [\$]	EV/ Net resource [\$ /lb]
Canadian Critical Minerals Inc.	British Columbia & Ontario	Development	818,974,388	\$12,963,441	\$0.02
Abacus Mining & Exploration Corp.	British Columbia & Nevada	Development	5,735,862,021	\$33,580,000	\$0.01
Kutcho Copper Corp.	British Columbia	Development	1,330,000,000	\$13,600,000	\$0.01
Granite Creek Copper Ltd.	Yukon	Development	838,169,000	\$3,790,000	\$0.00
Western Copper and Gold Corp.	Yukon	Development	21,981,102,451	\$236,370,000	\$0.01
Rockridge Resources Ltd.	Saskatchewan & Ontario	Exploration	144,500,000	\$1,710,000	\$0.01
Foran Mining Corp.*	Saskatchewan	Development	1,858,000,829	\$1,358,420,000	\$0.73
Callinex Mines Inc.	Manitoba & New Brunswick	Development	1,307,807,721	\$18,080,000	\$0.01
Dore Copper Mining Corp.	Quebec	Development	560,522,794	\$18,040,000	\$0.03
Eagle Mountain Mining Ltd.	Arizona	Exploration	785,671,728	\$16,208,920	\$0.02
Average (*excl outliers)					\$0.01

Source: Couloir Capital, Public Disclosures

Based on the above metrics, CCMI should be trading at a valuation of C\$25.0 million or C\$0.09 per share on an EV/Resource basis, implying that the Company is trading at a discount to fair value. We have come to the valuations by converting the implied EV to equity via the addition of cash and removal of debt. Note that in our last update, the valuation using peer comps was C\$29.84 million or C\$0.12 per share.

CONCLUSION

We assign a 30:70 weight to the NAV valuation and the Comparable valuation. This gives us a value of \$0.10 per share. To this, we add the value of the stockpile (at C\$20 million) and the 10.4% interest in QC Copper (at C\$3.2 million) to arrive at the final target price for CCMI.

Based on the current run rate, we assume that CCMI ships would have shipped 15,000 tonnes of stockpile to new Afton worth C\$10M by the end of 2025. The remaining stockpile of 165,000 tonnes, valued at C\$20 million, will be available to be sent to Bull-river Mill once it starts.

This leads us to an overall fair value per share estimate of C\$0.18 for CCMI. We maintain our BUY rating and expect the following catalysts to materially impact our valuation estimate:

- ◆ Any news regarding ongoing permitting and development work related to the Bull River restart
- ◆ Any news regarding the resumption of the Bull River PEA
- ◆ Any news regarding equity or debt financing that materially impacts the Company's capital structure



Crushing and screening. Source: Company

RISKS

The following outlines some of the key risk considerations that investors should keep in mind when evaluating CCMI as an investment opportunity:

- ◆ **Delays in achieving key development milestones:** Any delay in reaching key development milestones will lead to uncertainties around production viability and cash flow viability. We note that CCMI has previously failed to achieve a restart at Bull River within the promised timelines. Further delays in the restart may call into question the economic feasibility of the restart.
- ◆ **Commodity price:** CCMI is exposed to movements within the copper, gold, and silver markets, which have the potential to adversely affect the Company. Commodity prices are currently high and experiencing considerable volatility.
- ◆ **Unproven recoveries at commercial scale:** At Bull River, the mineral recoveries have not been proven at scale, which poses a risk given recoveries on ore can significantly impact production and, therefore, cash flows.
- ◆ **Uncertainty around permitting:** CCMI requires multiple permits for Bull River, and the inability to secure permitting (such as environmental permitting) can significantly hold up project development.
- ◆ **Capital structure deterioration related to ongoing cash burn:** There is the potential that the Company's cash burn could sap liquidity to the point of the Company needing to raise capital. Assuming no cash flows, there is a chance that CCMI would do so via equity issuance. Depending on the price of the issuance, such issuance could be dilutive to existing shareholders.

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