

51-102F3  
MATERIAL CHANGE REPORT [F]

**Item 1 Name and Address of Company**

Nicola Mining Inc. (the “Company”)  
3329 Aberdeen Road  
Lower Nicola, BC V0K 1Y0

**Item 2 Date of Material Change**

December 22, 2017

**Item 3 News Release**

The news release dated December 27, 2017 was issued by Stockwatch.

**Item 4 Summary of Material Change**

On December 22, 2017, the Company announced that it has completed its non-brokered private placement (the “**Financing**”) as further described in its news releases of December 8, 2017 and December 15, 2017. In connection with the closing of the Financing, the Company sold an aggregate of 10,262,500 shares (each, a “**Share**”) at a price of \$0.20 per Share for gross proceeds of \$2,052,500. The Shares were issued on a “flow-through” basis pursuant to the *Income Tax Act* (Canada).

The Company paid cash finder’s fees of \$135,800 to seven finders in connection with certain subscriptions in the Financing.

Insiders of the Company were issued an aggregate of 187,500 Shares under the Financing, which constituted a “related party transaction” within the meaning of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”). The issuance to each insider is exempt from the valuation requirement of MI 61-101 by virtue of the exemption contained in section 5.5(b) as the Company’s shares are not listed on a specified market and from the minority shareholder approval requirements of MI 61-101 by virtue of the exemption contained in section 5.7(a) of MI 61-101 in that the fair market value of the consideration of the shares issued to the related parties did not exceed 25% of the Company’s market capitalization.

The securities issued under the Financing are subject to a statutory hold period expiring on April 23, 2019.

The aggregate gross proceeds from the sale of the Financing will be used for further exploration on the following key targets:

- Continued extension of the Embayment Zone skarn mineralization:
  - Southern extension of the Embayment Zone
- Promontory Hill
- South Embayment Zone
- Reverse circular drilling on the approximate 80-90 million tonne waste piles surrounding the historic pit, which had a cut off grade of 0.7% Cu.

The Company's wholly-owned New Craigmont Property, which covers an area of 10,084 hectares along the southern end of the Guichon Batholith, is adjacent to Teck Resources Ltd.'s Highland Valley Copper, Canada's largest copper mine.

The Company also announced that it has granted an aggregate of 2,650,000 stock options (each, an "Option") to directors, officers and consultants of the Company for the purchase of up to 2,650,000 common shares of the Company pursuant to its Stock Option Plan. Each option is exercisable for a period of 5 years at a price of \$0.165 per common share.

## Item 5 Full Description of Material Change

### 5.1 Full Description of Material Change

The material change is fully described in Item 4 above and in the News Release attached hereto.

### MI 61-101 Requirements

Peter Espig, the President, Chief Executive Officer and a director of the Company, was issued 150,000 Shares and Warwick Bay, the Chief Financial Officer and Secretary of the Company was issued 37,500 Shares. As such, a portion of the placement was a "related-party transaction" as such term is defined in MI 61-101. Mr. Espig's participation in the Financing was approved by disinterested members of the board of directors of the Company.

MI 61-101 requires that issuers obtain a formal valuation and minority shareholder approval of related party transactions, unless an applicable exemption is available. The Company has determined that exemptions from both such requirements were available, given that the fair market value of the consideration of the Shares issued to related parties did not exceed 25% of the Company's market capital (as determined in accordance with MI 61-101) and the Company is not listed on a specified market as set out in MI 61-101.

The following table sets out the effect of the Financing on the percentage of securities of the Company beneficially owned or controlled by each of Mr. Espig and Mr. Bay:

Name and Position	Dollar Amount of Shares Issued	Number of Shares Issued	No. of Shares Held prior to the Issuance	Percentage of Issued and Outstanding Shares prior to the Issuance	No. of Shares Held After the Issuance	Percentage of Issued and Outstanding Shares After the Issuance
Peter Espig <i>President, Chief Executive Officer and Director</i>	\$30,000	150,000 Shares	Undiluted: 6,575,786	Undiluted: 3.7% <sup>(2)</sup>	Undiluted: 6,725,786	Undiluted: 3.5% <sup>(5)</sup>
			Diluted: 10,307,263 <sup>(1)</sup>	Diluted: 5.6% <sup>(3)</sup>	Diluted: 11,457,263 <sup>(4)</sup>	Diluted: 5.9% <sup>(6)</sup>
Warwick Bay <i>Chief Financial Officer and Secretary</i>	\$7,500	37,500 Shares	Undiluted: 84,333	Undiluted: 0.05% <sup>(2)</sup>	Undiluted: 121,833	Undiluted: 0.06% <sup>(5)</sup>
			Diluted: 717,666 <sup>(7)</sup>	Diluted: 0.4% <sup>(8)</sup>	Diluted: 905,166 <sup>(9)</sup>	Diluted: 0.5% <sup>(10)</sup>

(1) Comprised of: (a) 6,575,786 Shares; (b) 500,000 options, each of which is exercisable into one Share at a price of \$0.14 per Share until July 26, 2021; (c) 2,908,750 warrants, each of which is exercisable into one Share, of which 20,000 are exercisable at a price of \$0.50 per Share until May 20, 2019, 747,500 are exercisable at a price of \$0.15 per share until March 22, 2018, 1,048,750 are exercisable at a price of \$0.15 per Share until April 29, 2018, 850,000 are exercisable at a price of \$0.18 per Share until August 24, 2019, 187,500 are exercisable at a price of \$0.35 per Share until December 14, 2019 and 55,000 are exercisable at a price of \$0.275 per Share until November 21, 2019; (d) 250,000 Shares that may be issuable on conversion of a convertible debenture in the principal amount of \$55,000, at a deemed conversion price of \$0.22 per Share, until November 21, 2019; and (e) 72,727 Shares that may be issuable on conversion of a convertible debenture in the principal amount of \$20,000, at a deemed conversion price of \$0.275 per Share, until May 20, 2018, all of which may be exercised or converted within the next 60 days.

(2) Based on 180,065,250 Shares outstanding prior to the Financing.

- (3) Based on 183,796,727 Shares comprised of: (i) 180,065,250 Shares outstanding prior to the Financing; (ii) 500,000 Shares that may be issuable on exercise of stock options of the Company held by Mr. Espig; (iii) 2,908,750 Shares that may be issuable on exercise of Warrants of the Company held by Mr. Espig; and (iii) 322,727 Shares that may be issuable on conversion of convertible debentures of the Company held by Mr. Espig, all exercisable within 60 days.
- (4) Comprised of: (a) 6,725,786 Shares; (b) 1,500,000 options, each of which is exercisable into one Share, of which 1,000,000 are exercisable at a price of \$0.165 until December 27, 2022 and 500,000 are exercisable at a price of \$0.14 per Share until July 26, 2021; (c) 2,908,750 warrants, each of which is exercisable into one Share, of which 20,000 are exercisable at a price of \$0.50 per Share until May 20, 2019, 747,500 are exercisable at a price of \$0.15 per share until March 22, 2018, 1,048,750 are exercisable at a price of \$0.15 per Share until April 29, 2018, 850,000 are exercisable at a price of \$0.18 per Share until August 24, 2019, 187,500 are exercisable at a price of \$0.35 per Share until December 14, 2019 and 55,000 are exercisable at a price of \$0.275 per Share until November 21, 2019; (d) 250,000 Shares that may be issuable on conversion of a convertible debenture in the principal amount of \$55,000, at a deemed conversion price of \$0.22 per Share, until November 21, 2019; and (e) 72,727 Shares that may be issuable on conversion of a convertible debenture in the principal amount of \$20,000, at a deemed conversion price of \$0.275 per Share, until May 20, 2018, all of which may be exercised or converted within the next 60 days.
- (5) Based on 190,327,750 Shares outstanding after the Financing.
- (6) Based on 195,059,227 Shares comprised of: (i) 190,327,750 Shares outstanding after the Financing; (ii) 1,500,000 Shares that may be issuable on exercise of stock options of the Company held by Mr. Espig; (iii) 2,908,750 Shares that may be issuable on exercise of Warrants of the Company held by Mr. Espig; and (iii) 322,727 Shares that may be issuable on conversion of convertible debentures of the Company held by Mr. Espig, all exercisable within 60 days.
- (7) Comprised of: (a) 84,333 Shares held by directly, (ii) 550,000 options held directly, each of which is exercisable into one Share, of which 150,000 are exercisable at a price of \$0.06 per Share until June 9, 2019 and 400,000 are exercisable at a price of \$0.11 per Share until June 5, 2020; (iii) 83,333 warrants held directly, each of which is exercisable into one Share, exercisable at a price of \$0.18 per Share until August 24, 2019, all exercisable within 60 days.
- (8) Based on 180,698,583 Shares comprised of: (i) 180,065,250 Shares outstanding prior to the Financing; (ii) 550,000 Shares that may be issuable on exercise of stock options of the Company held by Mr. Bay; and (iii) 83,333 Shares that may be issuable on exercise of warrants of the Company held by Mr. Bay, all exercisable within 60 days.
- (9) Comprised of: (a) 121,833 Shares held by directly, (ii) 700,000 options held directly, each of which is exercisable into one Share, of which 150,000 are exercisable at a price of \$0.165 per Share until December 27, 2022, 150,000 are exercisable at a price of \$0.06 per Share until June 9, 2019 and 400,000 are exercisable at a price of \$0.11 per Share until June 5, 2020; (iii) 83,333 warrants held directly, each of which is exercisable into one Share, exercisable at a price of \$0.18 per Share until August 24, 2019, all exercisable within 60 days.
- (10) Based on 191,111,083 Shares comprised of: (i) 190,327,750 Shares outstanding after the Financing; (ii) 700,000 Shares that may be issuable on exercise of stock options of the Company held by Mr. Bay; and (iii) 83,333 Shares that may be issuable on exercise of warrants of the Company held by Mr. Bay, all exercisable within 60 days.

As this material change report is being filed less than 21 days before the transaction, there is a requirement under MI 61-101 to explain why the shorter period was reasonable or necessary in the circumstances. In the view of the Company, it was necessary to immediately close the Financing and therefore, such shorter period was reasonable and necessary in the circumstances to improve the Company's financial position.

## *5.2 Disclosure for Restructuring Transactions*

Not Applicable

### **Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102**

Not Applicable

### **Item 7 Omitted Information**

None

### **Item 8 Executive Officer**

Peter Espig, President and Chief Executive Officer, 604.647.0142

**Item 9 Date of Report**

December 28, 2017



TSX.V: NIM

## NICOLA MINING ANNOUNCES COMPLETION OF FLOW THROUGH FINANCING AND GRANT OF STOCK OPTIONS

VANCOUVER, B.C. December 27, 2017 – Nicola Mining Inc. (the “Company”) is pleased to announce that it has completed its non-brokered private placement (the “Financing”) as further described in its news releases of December 8, 2017 and December 15, 2017. In connection with the closing of the Financing, the Company sold an aggregate of 10,262,500 shares (each, a “Share”) at a price of \$0.20 per Share for gross proceeds of \$2,052,500. The Shares were issued on a “flow-through” basis pursuant to the *Income Tax Act* (Canada).

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The Company also announces that it has granted an aggregate of 2,650,000 stock options to directors, officers and consultants of the Company for the purchase of up to 2,650,000 common shares of the company pursuant to its Stock Option Plan. Each option is exercisable for a period of 5 years at a price of \$0.165 per common share.

On behalf of the Board of Directors

*"Peter Espig"*

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Peter Espig  
CEO & Director

For additional information contact:

Peter Espig  
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