

51-102F3  
AMENDED 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**

July 23, 2018

**Item 3 News Release**

The news release dated July 23, 2018 was issued by GlobeNewswire.

**Item 4 Summary of Material Change**

On July 23, 2018, the Company announced that it closed its non-brokered private placement financing (the “**Financing**”) as further described in its news release of June 25, 2018. In connection with the closing, the Company sold an aggregate of 9,333,329 units (each, a “**Unit**”), at a price of \$0.15 per Unit, for gross proceeds of \$1,399,999.35. Each Unit consists of one common share of the Company (each, a “**Share**”) and one-half of one share purchase warrant (each whole warrant, a “**Warrant**”). Each Warrant is exercisable into one additional Share at a price of \$0.18 per Share for a period of two years from the date of issuance.

Proceeds from the Financing will be used to repay outstanding senior secured debt of approximately \$656,977.27, approximately 50% of the outstanding senior secured debt, and for general working capital. The Company has contacted the senior lender to discuss repayment of the remaining portion.

The Company paid cash finders fees of \$71,749.95 and issued 478,333 share purchase warrants (the “**Finder’s Warrants**”) to two finders in connection with certain subscriptions in the Financing. The Finder’s Warrants have the same terms as the Warrants.

Peter Espig, the President, Chief Executive Officer and a director of the Company was issued 1,236,633 Units 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 the 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 party did not exceed 25% of the Company’s market capitalization.

**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 1,236,633 Units. 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 Mr. Espig:

Name and Position	Dollar Amount of Units Issued	Number of Units Issued	No. of Units 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>	\$185,494.95	1,236,633 Units	Undiluted: 7,411,962	Undiluted: 3.8% <sup>(2)</sup>	Undiluted: 8,648,595	Undiluted: 4.2% <sup>(5)</sup>
			Diluted: 9,774,462 <sup>(1)</sup>	Diluted: 4.9% <sup>(3)</sup>	Diluted: 11,629,412 <sup>(4)</sup>	Diluted: 5.6% <sup>(6)</sup>

(1) Comprised of: (a) 7,411,962 Shares; (b) 1,000,000 options, each of which is exercisable into one Share at a price of \$0.165 until December 27, 2022; (c) 1,112,500 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, 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; and (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, all of which may be exercised or converted within the next 60 days.

(2) Based on 195,737,446 Shares outstanding prior to the Financing.

(3) Based on 198,099,946 Shares comprised of: (i) 195,737,446 Shares outstanding prior to the Financing; (ii) 1,000,000 Shares that may be issuable on exercise of stock options of the Company held by Mr. Espig; (iii) 1,112,500 Shares that may be issuable on exercise of Warrants of the Company held by Mr. Espig; and (iii) 250,000 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) 8,648,595 Shares; (b) 1,000,000 options, each of which is exercisable into one Share at a price of \$0.165 until December 27, 2022; (c) 1,730,817 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, 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, 55,000 are exercisable at a price of \$0.275 per Share until November 21, 2019 and 618,317 are exercisable at a price of \$0.18 per Share until July 23, 2020; and (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, all of which may be exercised or converted within the next 60 days.

(5) Based on 205,070,775 Shares outstanding after the Financing.

(6) Based on 208,051,592 Shares comprised of: (i) 205,070,775 Shares outstanding after the Financing; (ii) 1,000,000 Shares that may be issuable on exercise of stock options of the Company held by Mr. Espig; (iii) 1,730,817 Shares that may be issuable on exercise of Warrants of the Company held by Mr. Espig; and (iii) 250,000 Shares that may be issuable on conversion of convertible debentures of the Company held by Mr. Espig, 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**

July 27, 2018



TSX.V: NIM

## NICOLA MINING ANNOUNCES CLOSING OF NON-BROKERED PRIVATE PLACEMENT

VANCOUVER, B.C., July 23, 2018 – Nicola Mining Inc. (the “**Company**”) is pleased to announce that it has completed its non-brokered private placement financing (the “**Financing**”) as further described in its news release of June 25, 2018. In connection with the closing, the Company sold an aggregate of 9,333,329 units (each, a “**Unit**”), at a price of \$0.15 per Unit, for gross proceeds of \$1,399,999.35. Each Unit consists of one common share of the Company (each, a “**Share**”) and one-half of one share purchase warrant (each whole warrant, a “**Warrant**”). Each Warrant is exercisable into one additional Share at a price of \$0.18 per Share for a period of two years from the date of issuance.

Proceeds from the Financing will be used to repay outstanding senior secured debt of approximately \$656,977.27, approximately 50% of the outstanding senior secured debt, and for general working capital. The Company has contacted the senior lender to discuss repayment of the remaining portion.

The Company paid cash finders fees of \$71,749.95 and issued 478,333 share purchase warrants (the “**Finder’s Warrants**”) to two finders in connection with certain subscriptions in the Financing. The Finder’s Warrants have the same terms as the Warrants.

Peter Espig, the President, Chief Executive Officer and a director of the Company was issued 1,236,633 Units 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 the 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 party did not exceed 25% of the Company’s market capitalization.

The securities issued under the Financing, and the Shares that may be issuable on exercise of the Warrants and the Finder’s Warrants, are subject to a statutory hold period expiring on November 24, 2018.

On behalf of the Board of Directors

*“Peter Espig”*

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Peter Espig  
CEO & Director

For additional information contact:

Peter Espig  
Telephone: (778) 385-1213  
Email: [peter@nicolamining.com](mailto:peter@nicolamining.com)

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