

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 13, 2019 and December 18, 2019

**Item 3 News Release**

The news release dated December 13, 2019 was issued by Market News and Stockwatch on December 13, 2019. The news release dated December 19, 2019 was issued by Market News and Stockwatch on December 19, 2019.

**Item 4 Summary of Material Change**

On December 13, 2019, the Company announced a non-brokered private placement consisting of the issuance of up to 3,500,000 common shares (each, a “Share”) at a price of \$0.10 per Share for gross proceeds of up to \$350,000 (the “Offering”). Each Share will be issued on a “flow-through” basis pursuant to the *Income Tax Act* (Canada).

On December 18, 2019, the Company closed the Offering by the issuance of 3,520,000 Shares for gross proceeds of \$352,000. The Offering was oversubscribed by \$2,000.

The Company paid cash finder’s fees of \$24,290.

An insider of the Company, acquired 50,000 Shares in the Offering which constituted a related party transaction under 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 the 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(1)(a) as the value of the Shares did not exceed 25% of the Company’s market capitalization.

The aggregate gross proceeds from the sale of the Offering will be used for further exploration on the Company’s wholly-owned New Craigmont Property, which covers an area of 10,084 hectares along the southern end of the Guichon Batholith and is adjacent to Teck Resources Ltd.’s Highland Valley Copper, Canada’s largest copper mine.

None of the securities sold in connection with the Offering are registered under the United States Securities Act of 1933, as amended, and no such securities may be offered or sold in the United States absent registration or an applicable exemption from the registration requirements. This news release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

The Company has received a 30-day extension from the TSX Venture Exchange to close its convertible debenture financing announcing on November 13, 2019.

## 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 Releases filed on SEDAR at [www.sedar.com](http://www.sedar.com).

#### MI 61-101 Requirements

Warwick Bay, the chief financial officer and secretary of the Company, acquired 50,000 Shares for \$5,000. As such, a portion of the Offering is a “related-party transaction” as such term is defined in MI 61-101.

The following supplementary information is provided in accordance with Section 5.2 of MI 61-101.

(a) *a description of the transaction and its material terms:*

See Item 4 above for a description of the Offering.

(b) *the purpose and business reasons for the transaction:*

The purpose of the Offering is for the further exploration on the Company’s wholly-owned New Craigmont Property.

(c) *the anticipated effect of the transaction on the issuer’s business and affairs:*

The Company does not anticipate any material effect on the Company’s business and affairs.

(d) *a description of:*

(i) *the interest in the transaction of every interested party and of the related parties and associated entities of the interested parties:*

Warwick Bay was issued 50,000 Shares for gross proceeds of \$5,000.

(ii) *the anticipated effect of the transaction on the percentage of securities of the issuer, or of an affiliated entity of the issuer, beneficially owned or controlled by each person or company referred to in subparagraph (i) for which there would be a material change in that percentage:*

The following table sets out the effect of the Offering on the percentage of securities of the Company beneficially owned or controlled by Warwick Bay:

Name and Position	Dollar Amount of Shares	Number of Securities	No. of Securities Held prior to the Issuance	Percentage of Issued and Outstanding Securities prior to the Issuance	No. of Securities Held After the Issuance	Percentage of Issued and Outstanding Securities After the Issuance
Warwick Bay Chief Financial Officer and Secretary	\$5,000	50,000 Shares	Undiluted: Nil	Undiluted: 0% <sup>(2)</sup>	Undiluted: 50,000	Undiluted: 0.02% <sup>(5)</sup>
			Diluted: 680,000 <sup>(1)</sup>	Diluted: 0.28% <sup>(3)</sup>	Diluted: 730,000 <sup>(4)</sup>	Diluted: 0.29% <sup>(6)</sup>

(1) Comprised of: (a) 650,000 options, each of which is exercisable into one Share, of which 400,000 are exercisable at a price of \$0.11 per Share until June 5, 2020, 150,000 are exercisable at a price of \$0.165 per Share until December 27, 2022 and 100,000 are exercisable at a price of \$0.10 per Share until December 28, 2023; and (b) 30,000 warrants, each of which is exercisable into one Share, at a price of \$0.15 per Share until December 21, 2020, all of which may be exercised or converted within the next 60 days.

- (2) Based on 243,324,530 Shares outstanding prior to the Offering.
  - (3) Based on 244,004,530 Shares comprised of: (a) 243,324,530 Shares outstanding prior to the Offering; (b) 650,000 Shares that may be issued on exercise of options; and (c) 30,000 Shares that may be issued on exercise of warrants, all convertible within 60 days.
  - (4) Comprised of: (a) 50,000 Shares; and (b) all of the convertible securities of the Company set out in footnote (1), all of which may be exercised or converted within the next 60 days.
  - (5) Based on 246,844,530 Shares outstanding after the completion of the Offering.
  - (6) Based on 247,524,530 Shares comprised of: (a) 246,844,530 Shares outstanding after to the Offering; (b) 650,000 Shares that may be issued on exercise of options; and (c) 30,000 Shares that may be issued on exercise of warrants, all convertible within 60 days.
- (e) *unless this information will be included in another disclosure document for the transaction, a discussion of the review and approval process adopted by the board of directors and the special committee, if any, of the issuer for the transaction, including a discussion of any materially contrary view or abstention by a director and any material disagreement between the board and the special committee:*

The board of directors approved the Offering. A special committee was not established in connection with the approval of the Offering, and no materially contrary view or abstention was expressed or made by any director.

- (f) *a summary in accordance with section 6.5 of MI 61-101, of the formal valuation, if any, obtained for the transaction, unless the formal valuation is included in its entirety in the material change report or will be included in its entirety in another disclosure document for the transaction:*

Not applicable.

- (g) *disclosure, in accordance with section 6.8 of MI 61-101, of every prior valuation in respect of the issuer that related to the subject matter of or is otherwise relevant to the transaction:*

- (i) *that has been made in the 24 months before the date of the material change report:*

Not applicable.

- (ii) *the existence of which is known, after reasonable enquiry, to the issuer or to any director or officer of the issuer:*

Not applicable.

- (h) *the general nature and material terms of any agreement entered into by the issuer, or a related party of the issuer, with an interested party or a joint actor with an interested party, in connection with the transaction:*

The Company entered into a subscription agreement with Mr. Bay pursuant to which Mr. Bay acquired 50,000 Shares for gross proceeds of \$5,000.

- (i) *disclosure of the formal valuation and minority approval exemptions, if any, on which the issuer is relying under sections 5.5 and 5.7 of MI 61-101 respectively, and the facts supporting reliance on the exemptions:*

The Offering is exempt from the valuation and minority shareholder approval requirements of MI 61-101 by virtue of the exemptions 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(1)(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.

As this material change report is being filed less than 21 days before the closing of the Offering, there is a requirement under MI 61-101 to explain why the shorter period is reasonable or necessary in the circumstances. In the view of the Company, such shorter period is reasonable and necessary in the circumstances because the Company wished to complete the Offering in a timely manner.

*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, 778.385.1213

**Item 9 Date of Report**

December 20, 2019