

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 14, 2020 and December 22, 2020

Item 3 News Release

The news release dated December 14, 2020 was issued by Market News and Stockwatch on December 14, 2020. The news release dated December 22, 2020 was issued by Market News and Stockwatch on December 20, 2020.

Item 4 Summary of Material Change

On December 14, 2020, the Company announced a non-brokered private placement consisting of the issuance of up to 4,615,384 units (each, a “Unit”) at a price of \$0.13 per Unit for gross proceeds of up to \$600,000 (the “Offering”).

Each Unit will consist of one common share of the Company issued on a “flow-through” basis pursuant to the *Income Tax Act* (Canada) (each, a “Share”) and one-half of one common share purchase warrant (each whole warrant, a “Warrant”), with each Warrant entitling the holder to purchase one Share (each, a “Warrant Share”) (on a non-flow-through basis) at a price of \$0.17 per Warrant Share for a period of two years following the closing of the Offering.

On December 22, 2020, the Company closed the Offering by the issuance of 4,761,535 Units for gross proceeds of \$618,999.55. The Offering was oversubscribed by \$18,999.55.

The Company paid cash finder’s fees of \$40,144.97 and issued 66,500 share purchase warrants (the “Finder’s Warrants”) to three finders in connection with certain subscriptions in the Offering. The Finder’s Warrants have the same terms as the Warrants.

All securities issued in connection with the Offering are subject to a statutory hold period expiring April 23, 2021.

An insider of the Company acquired 150,000 Units 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 Units did not exceed 25% of the Company’s market capitalization.

The aggregate gross proceeds from the sale of the Offering are expected to 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.

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.

MI 61-101 Requirements

Peter Espig, the chief executive officer, president and a director of the Company, acquired 150,000 Units for \$19,500. 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:*

Peter Espig was issued 150,000 Units for gross proceeds of \$19,500.

(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 Peter Espig:

Name and Position	Dollar Amount of Securities	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
Peter Espig Chief Executive Officer, President and Director	\$19,500	150,000 Units	Undiluted: 9,402,029	Undiluted: 3.64% ⁽²⁾	Undiluted: 9,552,029	Undiluted: 3.63% ⁽⁵⁾
			Diluted: 13,302,029 ⁽¹⁾	Diluted: 5.07% ⁽³⁾	Diluted: 13,527,029 ⁽⁴⁾	Diluted: 5.06% ⁽⁶⁾

- (1) Comprised of: (a) 9,402,029 Shares; (b) 3,250,000 options, each of which is exercisable into one Share, 750,000 are exercisable at a price of \$0.175 per Share until July 10, 2021, 1,000,000 are exercisable at a price of \$0.165 per Share until December 27, 2022, 1,000,000 are exercisable at a price of \$0.10 per Share until December 28, 2023 and 500,000 are exercisable at a price of \$0.12 per Share until January 20, 2025; (c) 450,000 Shares that may be issuable on conversion of a convertible debenture in the principal amount of \$45,000, at a deemed conversion price of \$0.10 per Share, until November 21, 2022; and (d) 200,000 Shares that may be issuable on conversion of a convertible debenture in the principal amount of \$20,000, at a deemed conversion price of \$0.10 per Share, until May 20, 2023, all of which may be exercised or converted within 60 days.
 - (2) Based on 258,553,353 Shares outstanding prior to the Offering.
 - (3) Based on 262,453,353 Shares comprised of: (a) 258,553,353 Shares outstanding prior to the Offering; (b) 3,250,000 Shares that may be issued on exercise of options; and (c) 650,000 Shares that may be issued on conversion of convertible debentures of the Company, all convertible within 60 days.
 - (4) Comprised of: (a) 9,552,029 Shares; (b) all of the convertible securities of the Company set out in footnote (1), and (c) 75,000 Warrants, each of which is exercisable into one Share at a price of \$0.17 per Share until December 22, 2022, all of which may be exercised or converted within 60 days.
 - (5) Based on 263,314,888 Shares outstanding after the completion of the Offering.
 - (6) Based on 267,289,888 Shares comprised of: (a) 263,314,888 Shares outstanding after the completion of the Offering; (b) 3,250,000 Shares that may be issued on exercise of options; (c) 75,000 Shares that may be issued on exercise of warrants; and (d) 650,000 Shares that may be issued on conversion of convertible debentures of the Company, all exercisable or 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. Peter Espig abstained from voting on the resolution approving 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 Peter Espig pursuant to which Peter Espig acquired 150,000 Units for gross proceeds of \$19,500.

- (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 Units 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 24, 2020