

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 2, 2022

Item 3 News Release

The news release dated December 6, 2022 was issued by Market News and Stockwatch on December 6, 2022.

Item 4 Summary of Material Change

On December 6, 2022, the Company announced that further to its News Release of November 29, 2022, it has completed the amendments to the secured convertible debentures (each, a “**Debenture**”) by issuing Amended and Restated Convertible Debenture Certificates in the aggregate principal amount of \$5,613,706 to certain holders (the “**Transaction**”).

The Debentures mature on November 21, 2025 and bear interest at the rate of 10% per annum. The Debentures are convertible into common shares of the Company (each a “**Share**”) at a conversion price (the “**Conversion Price**”) of \$0.085 per Share for the period from November 21, 2022 to November 21, 2023 and \$0.10 thereafter unless the Company completes a consolidation, then the Conversion Price shall be equal to \$0.085 multiplied by the consolidation ratio subject to a minimum Conversion Price of \$0.10. The Company is permitted to prepay all or any portion of the outstanding principal of the Debenture, and accrued and unpaid interest thereon, at its sole discretion without penalty or bonus.

An insider of the Company is the beneficial owner of Debentures in the aggregate amount of \$4,687,500, 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 Debentures 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 Releases filed on SEDAR at www.sedar.com.

MI 61-101 Requirements

Concept Capital Management (“**CCM**”), a 20%+ shareholder of the Company, was issued an amended and restated debenture certificate (the “**Certificate**”) in the amount of \$4,687,500. As such, a portion of the Transaction 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 Transaction.

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

The purpose of the Transaction was to extend the expiry date of the Debentures, amend the exercise price of the Debentures from \$0.10 to \$0.085 for the period from November 21, 2022 to November 21, 2023 and \$0.10 thereafter unless the Company completes a consolidation, then the Conversion Price shall be equal to \$0.085 multiplied by the consolidation ratio subject to a minimum Conversion Price of \$0.10 and permit the Company to prepay all or any portion of the outstanding principal of the Debenture, and accrued and unpaid interest thereon, at its sole discretion without penalty or bonus.

(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:*

CCM was issued a Certificate in the amount of \$4,687,500.

(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 Transaction on the percentage of securities of the Company beneficially owned or controlled by CCM:

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
Concept Capital Management 20+ Shareholder	\$4,687,500	Secured Convertible Debenture	Undiluted: 63,418,606	Undiluted: 21.72% ⁽²⁾	Undiluted: 63,418,606	Undiluted: 21.72% ⁽²⁾
			Diluted: 118,565,665 ⁽¹⁾	Diluted: 34.15% ⁽³⁾	Diluted: 118,565,665 ⁽¹⁾	Diluted: 34.15% ⁽³⁾

(1) Comprised of: (a) 63,418,606 Shares; and (b) 55,147,058 Shares that may be issuable on conversion of a convertible debenture in the principal amount of \$4,687,500, at a deemed conversion price of \$0.085 per Share, until November 21, 2025, all of which may be converted within the next 60 days

(2) Based on 292,022,677 Shares outstanding prior to and after the Transaction.

(3) Based on 347,169,735 Shares comprised of: (a) 292,022,677 Shares outstanding prior to and after the Transaction; and (b) 55,147,058 Shares that may be issued on conversion of convertible debentures of the Company, 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 Transaction. A special committee was not established in connection with the approval of the Transaction, 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 an amending agreement with CCM pursuant to which the parties amended the terms of the Debenture as noted above in Item 4.

- (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 Transaction 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 Amended and Restated Convertible Debenture Certificate 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 Transaction, 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 Debentures matured on November 21, 2022.

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 9, 2022