



**NICOLA**  
MINING INC

*more than a mining company*

# **CORPORATE PRESENTATION CCAA FINAL FINANCING**

# CAUTIONARY NOTES



## CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

Certain statements and projections in this presentation are forward-looking statements and forward-looking information within the meaning of applicable securities laws. Forward-looking information is frequently characterized by words such as “plan”, “expect”, “project”, “intend”, “believe”, “anticipate”, “estimate” and other similar words, or statements that certain events or conditions “may” occur. Forward-looking information in this presentation includes, but is not limited to, statements regarding the beliefs, plans, expectations or intentions of management, as of the date of this presentation, including that: the Merritt mill property is capable of multiple industrial uses; the Merritt mill property has the potential to become, and be recognized as, BC’s leading milling hub and a small mines facilitator; the Company will proceed with the custom milling partnerships and that profit will be made from such partnerships; the Merritt mill has the capacity of 500 to 1,000 tpd; the Company will obtain an amended mining permit to become an industrial soil disposal facility and that it will receive 80,000 tonnes of soil; the Company will have milling and soil disposal opportunities; the sale of the gravel pit will be completed; the long term exploration potential of the copper claims owned by Thule Copper; the copper claims have the potential of a magnetic skarn formation similar to the old Craigmont mine site; the Company will conduct further exploration on the copper claims in 2016; the Company will open and mine Level 1 of Stope 2 of the Treasure Mountain mine and that it has short term cash potential; the Company will conduct further exploration on the Treasure Mountain claims; the Company has numerous M&A opportunities; the Company will execute on additional cash flow focused opportunities; the convertible debenture and/or the equity offering will be completed; and the Company will successfully exit the CCAA process.

These forward-looking statements reflect management’s current views and are based on certain assumptions and speak only as of the date of this presentation. Although the Company believes that the expectations reflected in the forward-looking information are reasonable, there can be no assurance that these expectations and assumptions will prove to be correct. Such forward-looking statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements including, without limitation, the risks that: (1) the Company may not receive the permits and/or approvals required to operate the Merritt mill property for any other industrial uses; (2) the Company may not be able to obtain the necessary approval and permits to operate as a milling facility and/or a soil disposal facility; (3) the Company may not enter into any contracts to operate as a milling facility and/or a soil disposal facility; (4) the Company may not obtain any contracts for the processing and milling of mine feed from other mines; (5) the Merritt mill may not have the anticipated throughput capacity due to technical or other difficulties; (6) the Company may not be able to obtain the necessary approvals for the sale of the gravel pit; (7) the copper claims owned by Thule copper will have any commercial viability or contain any commercially viable amounts of copper; (8) the Company will have the working capital to proceed with exploration on such copper claims; (9) the amount and grade of mill feed that can be removed from Level 1 of Stope 2 is less than expected; (10) the cost to remove and transport such mill feed to the mill is higher than projected due to geotechnical issues, weather issues, increased costs, equipment failures, fuel costs, as well as other unforeseen factors; (11) the cost to process such mill feed is higher than expected due to equipment failures, staffing requirements, weather, and other unforeseen factors; (12) the price that the smelter will pay for the concentrates and the manner of payment may change because of the changes in the agreement with the smelter; (13) the price of silver, lead and zinc at the time of the sale to the smelter and at the time of settlement of the payments by the smelter for the purchased concentrates may decrease; (14) the Company may not be able to retain or engage the employees or contractors necessary to mine and process such mill feed; (15) there may be unexpected difficulties with the milling and the extraction of minerals from the Company’s projects; (16) there may be unexpected interruptions and problems encountered in the operation of the milling facility; (17) there may be factors that delay or cause difficulties in timing of shipments of concentrates by the Company; (18) there may be potential negative financial impact from regulatory investigations, claims, lawsuits and other legal proceedings and challenges; (19) the Company may not have sufficient capital to operate the mine and/or the mill; (20) the Company will fail to identify and complete on any M&A opportunities or any additional cash flow focused opportunities; (21) that the Company may not successfully complete the convertible debenture and/or equity offering, (22) that the Company will exit the CCAA process for whatever reason, and (23) other factors beyond the Company’s control. There is a significant risk that such forward-looking statements will not prove to be accurate. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits the Company will obtain from them. Given the current state of the global financial markets, global commodity markets, especially the recent volatility in global silver spot prices and current economic conditions, the financial projections may be impacted significantly. Consequently, there is no representation by the Company that actual results achieved will be the same as those forecast. You are cautioned not to place undue reliance on these forward-looking statements. No forward-looking statement is a guarantee of future results. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. Additional information about these and other risks and uncertainties are set out in the section entitled “Risk Factors” in the Company’s MD&A filed on SEDAR at [www.sedar.com](http://www.sedar.com).

# CAUTIONARY NOTES



## **CAUTIONARY NOTE REGARDING TECHNICAL INFORMATION**

Unless otherwise indicated, technical information in this presentation regarding the Treasure Mountain Property is derived from the Company's technical report entitled "Technical Report, Project Update Treasure Mountain Property Tulameen River Area, BC, Canada" dated June 7, 2012 prepared by Erik A. Ostensoe, P. Geo., Gary H. Giroux, MASc., P. Eng. and Jim Cuttle, P. Geo., and the technical information in this presentation regarding the Thule Copper Property is derived from the Company's technical report entitled "Technical Report on Thule Copper – Iron Property Southern British Columbia, Canada" dated May 7, 2013 prepared by Jim Cuttle, B.Sc., P. Geo. Such information is based on assumptions, qualifications and procedures which are not fully described herein. Reference should be made to the full text of these technical reports which were filed under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com) on June 12, 2012 and May 8, 2013, respectively.

## **CAUTIONARY NOTE REGARDING CREDITOR PROTECTION AND RESTRUCTURING**

As a result of a combination of events including the decline in the price of silver between January and June, 2013, a further precipitous decline of over 10% in the price of silver between June 20 and 26, 2013, together with a substantial drop in the price of the Company's shares, the general uncertainty in the equity markets, the inability of the Company to raise equity or debt financing, and an unanticipated breakdown and shutdown of the mill on June 23, 2013, resulting in an interruption of the Company's cash flow, the Company was left without the working capital to continue operations. On June 26, 2013, the Company was forced to put its Treasure Mountain mine and Merritt mill on care and maintenance.

On July 26, 2013, Nicola Mining Inc., after careful consideration of all available alternatives, sought creditor protection under the *Companies' Creditors Arrangement Act* (Canada) (the "CCAA") and obtained a stay order (the "Initial Order") from the British Columbia Supreme Court (the "Court"). The Company sought the protection because it was hampered by the equity markets, commodity prices and operational challenges. The CCAA proceedings cover the Company and its wholly-owned subsidiaries, Huldra Properties Inc., Huldra Holdings Inc., and 0913103 B.C. Ltd. (collectively, the "Applicants"). The Applicants will remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof, and will continue to attempt to restructure their financial affairs. Grant Thornton LLP (the "Monitor") has been appointed by the Court as monitor in the proceedings and will be responsible for reviewing Nicola's ongoing operations, liaising with creditors and other stakeholders and reporting to the Court.

The Initial Order provided for a stay of proceedings against the Applicants and their property for an initial period ending August 26, 2013 which the Court subsequently extended to November 24, 2014. On September 23, 2014, the affected creditors of the Company unanimously approved the Company's Plan of Compromise and Arrangement. On October 10, 2014 the Court approved the Plan of Compromise and Arrangement by granting a sanction of the order (the "Sanction Order"). Pursuant to the Sanction Order the Company is working towards satisfying conditions to implementation of the Plan of Compromise and Arrangement. While under CCAA protection, Nicola will continue attempting to restructure its financial affairs under the supervision of the Monitor.

Additional information about the creditor protection and restructuring is set out in the section entitled "Creditor Protection and Restructuring" in the Company's MD&A filed on SEDAR at [www.sedar.com](http://www.sedar.com).

# MORE THAN A MINING COMPANY (1)



**In difficult markets it's clear that superior assets can weather the storm and can outperform peers**

Nicola Mining Inc. (the "Company" or "Nicola") has superior assets that distinguish it from other junior mining companies

- Newly built \$21.6 MM fully-permitted Merritt Mill is centrally located near Merritt, B.C. and is capable of processing both gold and silver concentrates
- Newly constructed \$2.0 MM fully-lined tailings facility
- The Merritt Mill is constructed on a freehold I-3 Industrial Zoned \$8,000,000 site capable of multiple industrial uses
- Wholly-owned and fully-permitted aggregate mine providing positive cash flow
- Treasure Mountain Mine that provides exploration upside
- Thule Copper claims, which are located adjacent to the Merritt Mill, provide long-term copper exploration potential

**The Merritt Mill site has the potential of becoming BC's leading milling hub**

# MORE THAN A MINING COMPANY (2)



**Superior management can maximize asset potential and create superior business opportunities**

## **Past Year**

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Nicola's management has clearly shown its value over the past year

- Successfully guided the Company into the *Companies' Creditors Arrangement Act* (Canada) (the "CCAA") process to restructure company and provide balance sheet stability and debt restructuring
- **Listed its gravel pit for \$2.5 MM and received accepted offer that it is working towards closing**
- Signed 4 custom milling partnerships that will provide it 50% of all mining profits
- Working towards an amended Mine Permit M-68 to allow it to receive 80,000 tonnes of soil – a profitable agreement and the first such agreement for a mining company in BC

## **Current Initiatives**

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Management continues to work intelligently to move Nicola forward

- Current tranche will allow the Company to repay the final senior secured debt obligation
- Working towards November 2015 exit of CCAA
- Additional milling partnerships that can provide strong cash flow without resource depletion
- Commenced permitting processes to allow Company to receive additional "industrial soil" contracts
- Reviewing numerous M&A opportunities

**On November 24, 2014 the Company announced that it had successfully closed a \$7.0 MM Tranche 1. The financing not only restructured the Company's balance sheet but has been a catalyst of business opportunities**

➤ **Financial Impact of Tranche 1 - 2**

- Reduced stakeholder debt from approximately \$25.2 MM to approximately \$6.5 MM (-74%)
- Allowed the Company to repay \$4.0 MM of the \$6.5 MM senior secured debt obligation
- Provided working capital to allow the Company to meet corporate obligations and costs associated with the CCAA process
- Provided management the opportunity to explore value-added and near term cash flow opportunities

➤ **Financial Impact of Current Financing (Convertible Debenture and Equity)**

- The \$2.25 MM financing will allow the company to repay \$1.25 MM of the current \$2.5 MM senior debt (lender has agreed to convert remaining \$1.25 MM principal into new 3-year at 3% per annum debt)
- Provide the Company with up to \$1,000,000 in working capital<sup>1</sup>
- Allow the Company to exit CCAA
- Allow management to execute on additional cash flow focused opportunities
- Execute on site initiatives as the Ministry of Energy and Mines recognizes the property as a milling hub and the Ministry of Environment recognizes the Company's freehold land as an "Industrial Soil Disposal Site"

<sup>1</sup> Not including any commissions and fees re closing, broker and fees associated with completion of placement and exiting CCAA

# TRANCHE STRUCTURE(S)



## OFFERING STRUCTURE

- Convertible Debenture Offering Size: up to \$1,500,000
- Units: Each Unit shall consist of a Debenture in the principal amount of \$1,000 and of 5,000 Warrants

## DEBENTURE TERMS

- Maturity: 36 months from the date of issuance of the Debenture
- Interest: 10% per annum that will be paid bi-annually in 50% cash and 50% in shares at market price at the time of payment

## CONVERSION TERMS

- At the option of the holder, the principal and interest under the Debenture is convertible into common shares at \$0.275 per share until maturity
- Debentures must be converted in whole, not in part

## WARRANTS TERMS

- Each warrant is convertible at \$0.50 for 4 years after closing

## USE OF PROCEEDS

- Repay Waterton \$1.25 MM<sup>1</sup> Remaining payment to be extended out 3 years<sup>2</sup> at 3% per annum
- Repay additional debt and payable obligations
- Provide working capital
- Exit CCAA

## Equity Units

- Up to \$750,000 in equity Units at \$0.08 per Unit (comprised of one share and a half \$0.15 Warrant for 2 years) that provides investors with near term market liquidity

1 Total payment will be \$1.25 MM in principal and \$37.5 M in accrued interest

2 Remaining loan calculated as follows: \$1.25 MM + \$37.5 M = \$1.285MM post-closing principal

## **Its restructured balance sheet, solid asset portfolio and Perfect Storm scenario to build a solid company**

- ☒ Customized mill for both silver and gold processing capabilities
- ☒ Function as a mine project catalyst and review M&A opportunities with other BC mining properties that are unable to construct an on-site milling facility due to permitting or large capital expenditures
- ☒ Continue permitting expansion to create BC's first "Industrial Soil Disposal Facility"
- ☒ Review Thule Copper exploration options with a recently signed NDA counterparty, which is a sector leader, to re-examine known and potential ore bodies as well as old waste rock piles<sup>1</sup>
- ☒ Expand usage of its aggregate property for debt repayment and for additional working capital
- ☒ Focus on exploration of 3 key target zones at Treasure Mountain and evaluate the economic benefit of mining Level 1 Stope 2

**Nicola intends to aggressively pursue milling and industrial soil disposal opportunities**

<sup>1</sup> At time of Craigmont Mining operations the copper price was approximately \$0.60 / lb requiring far higher cut off grades. Historical cut off grades were approximately 0.7% Cu.



**Recent historical events have already had a significant long term impact on the BC Mining Sector. The Perfect Storm clearly provides Nicola with unique opportunities.**

## Mount Polley Tailings Breach

- On August 4, 2014, Mount Polley tailings pond partially breached, releasing 10 million cubic metres of water and 4.5 million cubic metres of slurry into Polley Lake
- Spill is one of the biggest environmental disasters in modern Canadian history
- Ministry of Energy and Mines currently reviewing all tailings facilities in BC and reviewing permit applications



- Nicola has a fully-lined and fully permitted mineral processing facility in a mineral rich jurisdiction and can function as a project consolidator
- Brownfield property characteristics could significantly expedite projects by limiting environmental impact

## Roger William Case

- On June 17, 2014, the Supreme Court of Canada created a new precedent by applying aboriginal title vs. BC Court of Appeal fee-simple ruling. This creates veto power for First Nations groups on resource projects<sup>1</sup>
- Unlike other provinces, British Columbia does not have modern-day treaties with its First Nations, so the ruling allows First Nations groups to use both provincial or federal courts<sup>2</sup>



- Nicola has been supported by and has been a major employer of impacted First Nations groups, including the Lower Nicola Band, since the early 1960's
- Grandfathered permits and local support expedites permitting applications

<sup>1</sup> Canadian Business: <http://www.canadianbusiness.com/business-news/industries/energy/northern-gateway-roger-william-supreme-court-case/>

<sup>2</sup> MacLean's: <http://www.macleans.ca/politics/ottawa/supreme-court-grants-land-title-to-b-c-first-nation/>

## Mining is a vital industry to British Columbia. Nicola could play an important role as a project facilitator because of its attributes

### Project Hurdles

- ☒ Several projects are located in key watersheds, such as Lake Okanagan or Interior lakes / rivers that will significantly delay permitting
- ☒ Lengthy time and significant costs associated with Environmental Assessment studies<sup>1</sup>
- ☒ Strict FLNRO water license and approval rules for new mining / industrial projects<sup>2</sup>
- ☒ Costly power and road infrastructure requirement
- ☒ Approval obstacles with mill site locations on crown land

### Nicola Solutions



- ☑ Nicola maintains a fully-permitted mill site that could expedite project permitting and cash flows



- ☑ Nicola's Merritt Mill Site is permitted and has minimal environmental impact as it is situated on a brownfield site



- ☑ Nicola has a grandfathered Conditional Water Licence from 1960 for up to 1,300,000 gallons / day



- ☑ Nicola has sufficient power for expansion and is located adjacent to highway transportation



- ☑ Nicola maintains a 100% ownership of its approximate 1,000 acre mill site property

<sup>1</sup> See Environmental Assessment Office: [http://www.eao.gov.bc.ca/ea\\_process.htm](http://www.eao.gov.bc.ca/ea_process.htm)

<sup>2</sup> See FLNRO: [http://www.env.gov.bc.ca/wsd/water\\_rights/licence\\_application/](http://www.env.gov.bc.ca/wsd/water_rights/licence_application/)

## As a catalyst Nicola could be instrumental in unlocking project value

### Project Hurdles

- ☒ Tendency towards costly lined tailings facilities and the potential that projects without lining could face increased approval scrutiny
- ☒ The Roger Williams Case highlights the importance of working with First Nations prior to submitting permit applications.<sup>2</sup>
- ☒ Shipping mill feed to US-based smelters may not be a solution as US environmental requirements are often more complex than those of BC
- ☒ Complexity of hauling mill feed from one mining district to another within BC
- ☒ Property + Mill = massive CAPEX and dilutive impact

### Nicola Solutions

- ☑ Nicola's tailings pond is fully lined with a High-Density Polyethylene (HDPE "60mil")<sup>1</sup>
- ☑ Nicola's Merritt Mill site has First Nation's support and has been a leading employer to local First Nations groups
- ☑ Nicola's Merritt Mill site and processing operations supported by local businesses and politicians hoping to support local jobs and industry
- ☑ The Company was the first to receive such permitting conditions that will be difficult to replicate
- ☑ Nicola's \$8.0 MM for the property and approx. \$23.6 MM in construction costs are sunk costs that could help projects mitigate massive dilution

<sup>1</sup> See Titan Environmental Homepage: <http://www.titanenviro.ca/geosynthetics/geomembranes/hdpe/>

<sup>2</sup> Highlighted by New Prosperity Mine legal issues: [http://www.huffingtonpost.ca/2013/12/12/new-prosperity-mine-approval-lawsuit\\_n\\_4434063.html/](http://www.huffingtonpost.ca/2013/12/12/new-prosperity-mine-approval-lawsuit_n_4434063.html/)

## The key to unlocking value requires both superior management and solid assets

- Nicola's management boast a successful track record required to unlock asset value, including:
  - ✓ Building successful platforms in multiple sectors
  - ✓ M&A skills to augment natural organic growth
  - ✓ M&A skills to maximize shareholder exit value
  - ✓ Move quickly and efficiently to secure leading position in developing platforms
  - ✓ Raising expansion and project capital
  - ✓ Building teams comprised of members providing required skill sets
  
- Unlocking value can be accomplished with Nicola's portfolio of high-potential assets:
  - ✓ Merritt Mill
  - ✓ Treasure Mountain Level 1 Stope 2 and exploration upside
  - ✓ Thule Copper
  - ✓ Aggregate operations
  - ✓ Industrial and residential property development potential
  - ✓ Industrial Soil Disposal Facility

**Centrally located in the BC Interior, the Merritt Mill Site has the potential of functioning as a true small-mines facilitator and milling hub**



- Located 14 kilometers northwest of Merritt, BC
- Highway access directly to mill site gates via BC Highway 8 and Aberdeen Road
- Situated in the heart of the Interior and Okanagan mining districts
- Dry arid climate ideal for storing ore



- Property is fully serviced by hydro power and has 1.7kva available, of which only 0.6kva is required to operate the current mill
- Grandfathered daily water permit draw of up to 1,300,000 gallons per day
- Brownfield site of the former Craigmont Mines
- Lined tailings facility's strength further augmented by underlining clay ground

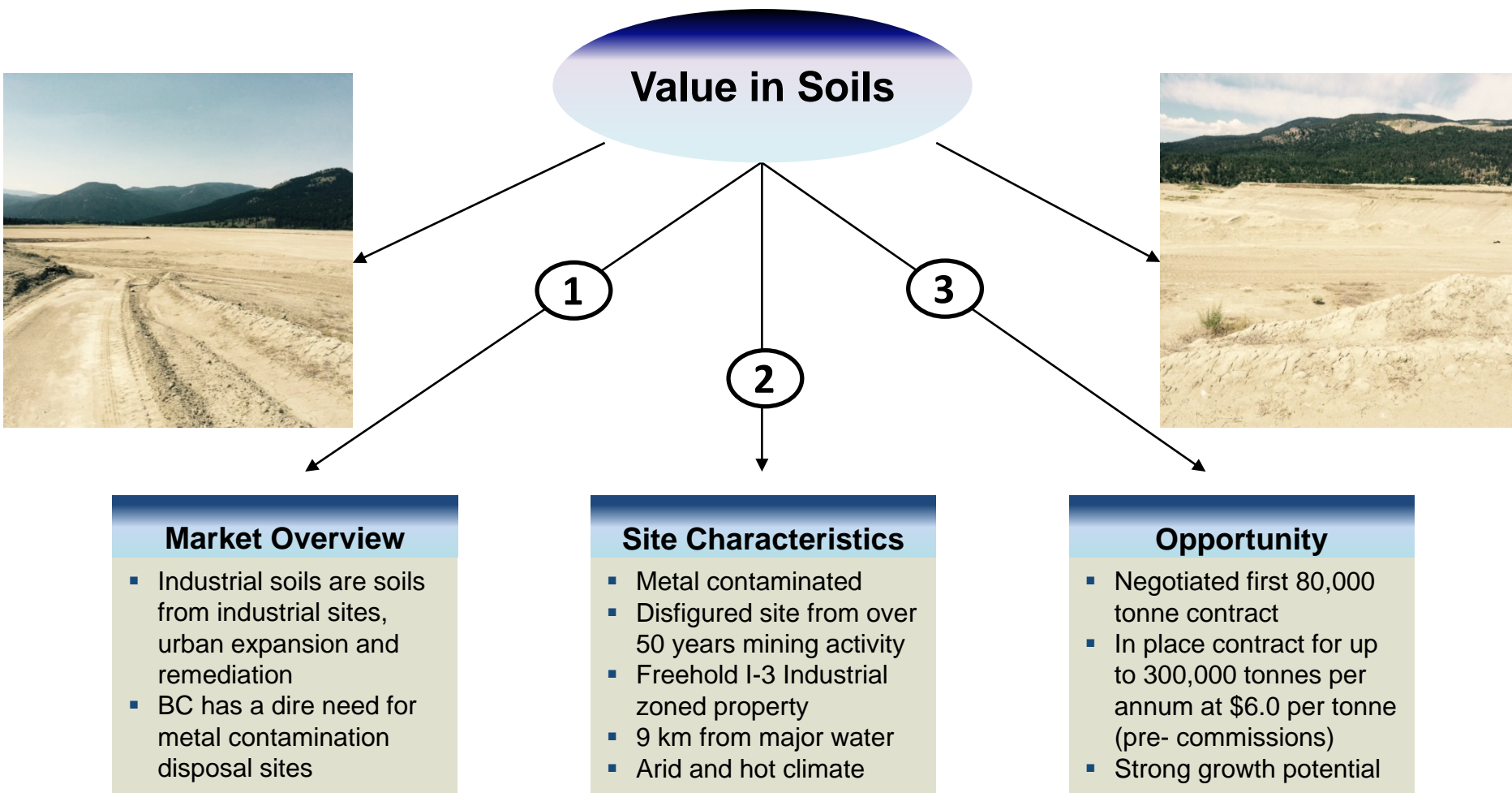
**“Nicola's lined-tailings facility is dug out versus blocked in.”**

## Nicola has a new mill that is throughput expandable and mineral type convertible



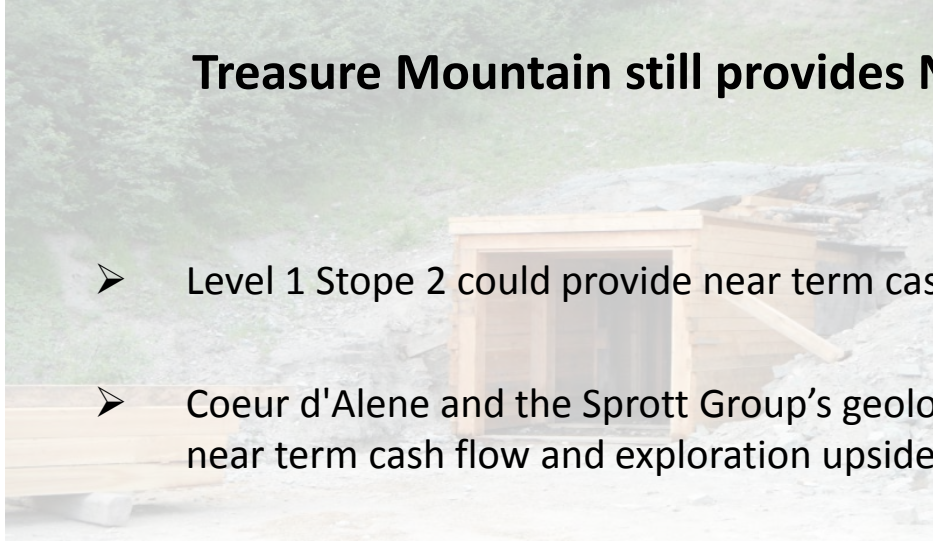
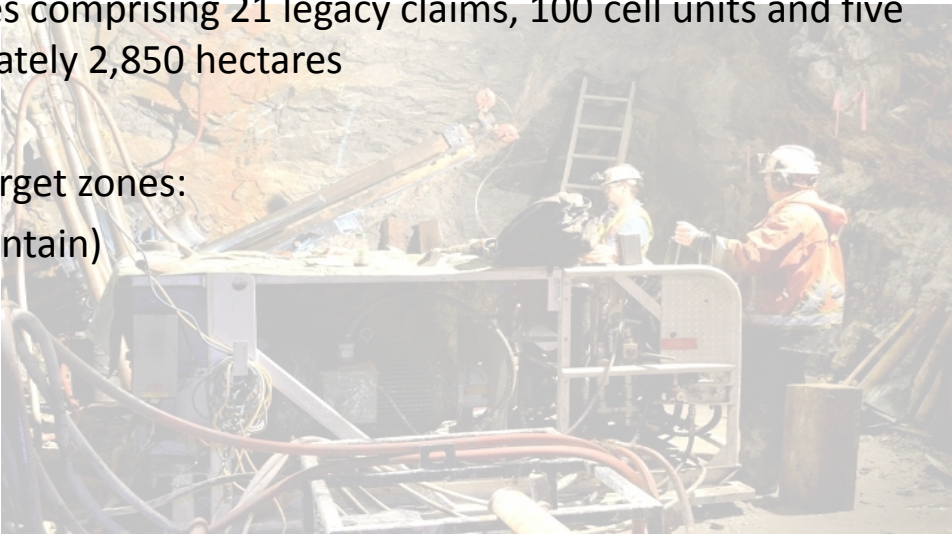
- Current mill is a 200 tpd silver/lead/zinc grinding, crushing, and floatation plant
- The fully lined tailings pond has been designed and built to mitigate environment impact
- The primary crushing circuit has 500 tpd capacity
- The mill has been constructed with the capability to expand to 500-1000+ tpd
- Approximate investment in mill site since 2010:
  - \$8.0 MM – Cost of land acquisition
  - \$21.6 MM – New mill and infrastructure costs
  - \$2.0 MM – Construction of fully lined tailings facility
- Large building size allows for low cost expansion or addition of:
  - Additional floatation tanks
  - Gold screening unit
  - Cyanide circulation unit

## Reclamation requirement(s) can move from a liability to an opportunity



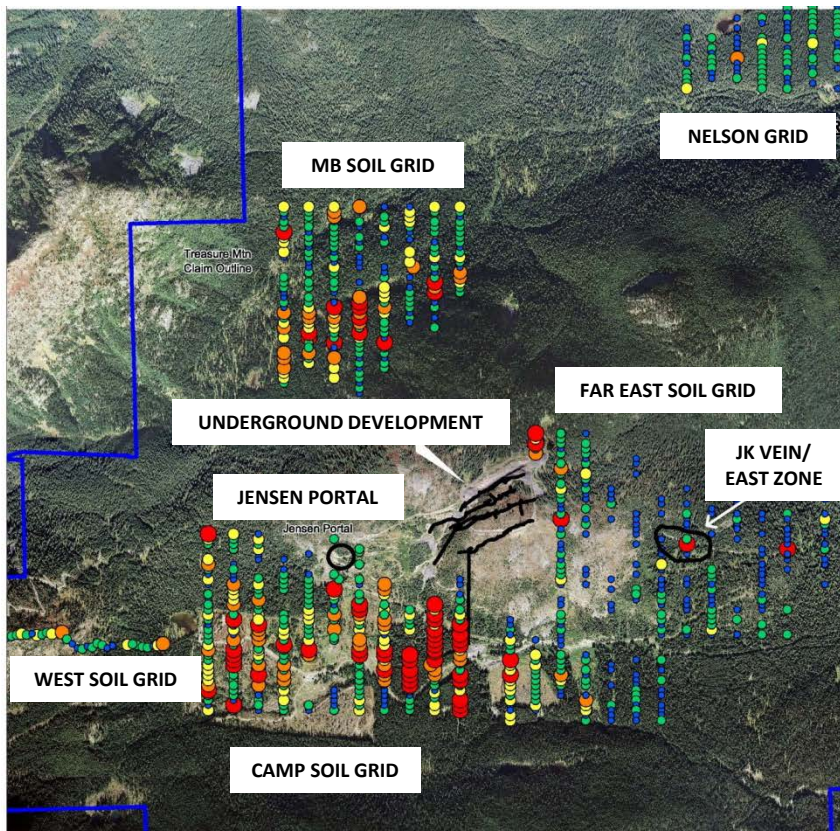


## Treasure Mountain still provides Nicola future production potential

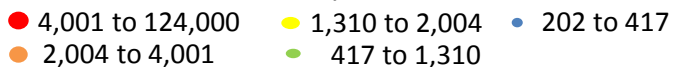
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- Level 1 Stope 2 could provide near term cash flow (see Appendix)
  - Coeur d'Alene and the Sprott Group's geologists concluded that the property maintained near term cash flow and exploration upside potential
  - Holdings consist of 51 mineral tenures comprising 21 legacy claims, 100 cell units and five Crown Grants for a total of approximately 2,850 hectares
  - Treasure Mountain has three clear target zones:
    - MB Zone (Northern Side of Mountain)
    - Eastern Zone / JK Vein
    - Jensen Portal
- 



## The true value of Treasure Mountain is its exploration upside



### Soil Geochemistry (Ag ppb)



For more information refer to Nicola's 2011 2002 Geochemistry reports

### Targets:

Exploration will focus on three prospective targets:

1. **MB Zone** located approximately 1.5 km from the current mine on the undrilled Northern backside of the mountain
2. **JK Vein / Eastern Zone** located approximately 1.0 km from the current mine
3. **Jensen Portal** located approximately 400 m west of the Level 3 Portal and previously mined in the 1920's

### Prior Results:

Results from prior soil sampling and drilling merit further exploration:

- **MB Zone Soil Sampling Programs:** Conducted in 2010 and in 2013. See Appendix: Exploration Results for a summary of the results.
- **JK Vein / Eastern Zone Drill Program:** Conducted in 2010. See Appendix: Exploration Results for a summary of the results.

**See Appendix for exploration results**

## **Thule Copper is located in the prolific copper-rich Guichon Batholith, home to the famous Craigmont Copper and Highland Valley Copper mines**

- Thule Copper Property is comprised of 20 mineral claims covering approximately 8,456.95 ha, 10 contiguous mining leases covering approximately 347.35 ha
- 50.1% of Thule Copper Property owned by the Company (ownership interest subject to dilution pursuant to contractual obligations for financing and development of copper mine), remaining interest owned by third party
- Thule Copper Property is known to host mineralization in the form of copper-iron skarn and copper porphyry, located in carbonate rich silicate and intrusive rocks found along the southern flanks of the Guichon Batholith, approximately 20km south of the Highland Valley Copper operation<sup>1</sup>
- An airborne survey was conducted over Thule Copper Property in 2012<sup>2</sup>
- See Thule Copper Property technical report for additional details<sup>1</sup>

<sup>1</sup> See the “Technical Report on Thule Copper – Iron Property Southern British Columbia, Canada” dated May 7, 2013 prepared by Jim Cuttle, B.Sc., P. Geo. which was filed under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com) on May 8, 2013.

<sup>2</sup> See the SJ Geophysics Ltd. Memorandum dated December 20, 2012: <http://www.huldrasilver.com/wp-content/uploads/2012/09/Geophysical-Interpretation-Treasure-Mountain.pdf>

## The Company has signed an NDA with a major nearby copper producer interested in Thule Copper

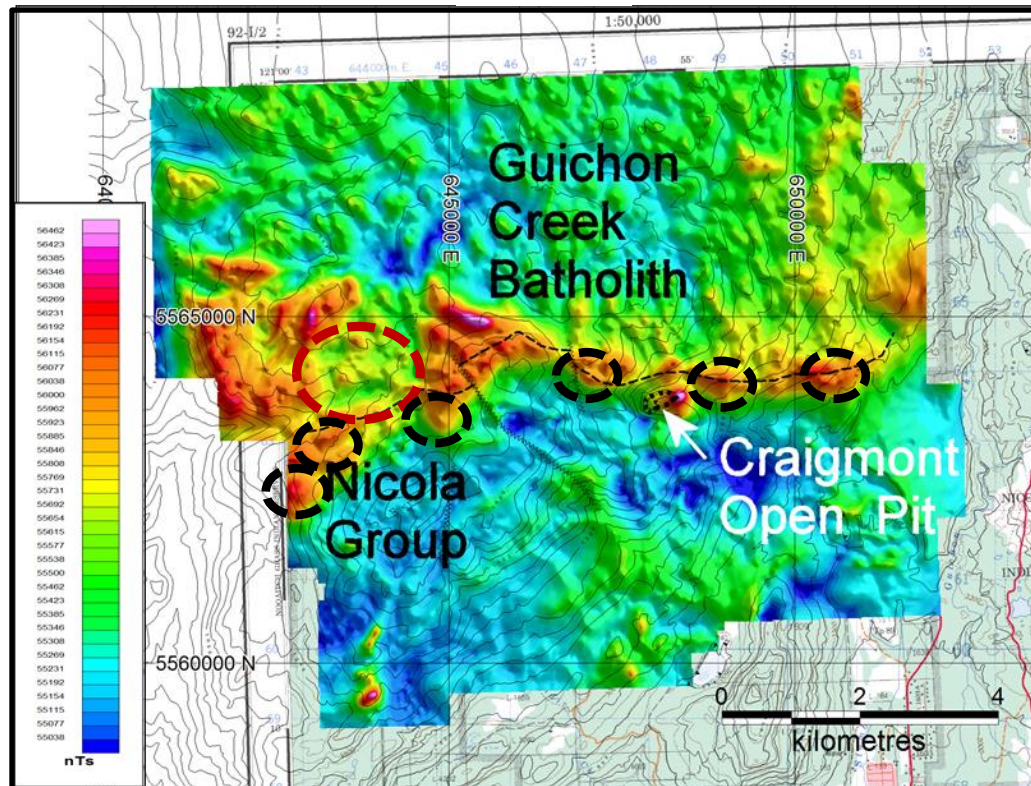
- The property hosts 6 anomalies that have the potential of a magnetic skarn formation similar to the old Craigmont Mine site
- Geophysical Interpretation of the airborne magnetic survey reveals a large area of interest, far greater in size than the prolific Craigmont Copper mine:
  - During its operations (1961 – 82) Craigmont Mines mined and milled 34 million tonnes of 1.28% copper
  - Cut-off grade was 0.7%, with ore below the threshold deposited into onsite waste piles
  - **Due to depressed copper prices (\$0.60 / pound) the mine closed leaving behind an estimated 500,000,000 pounds of 0.42% grade<sup>1</sup>**
  - **27,754,000 tonnes grading 1.79% Cu left in underground section<sup>2</sup>**
- In June 2012, Nicola conducted a helicopter aeromagnetic gradient and spectrometer survey over the entire Property claim block utilizing technologies that were non-existent during historical exploration or years of copper mining operations

<sup>1</sup> J. F. Bristow report dated July 22, 1985

<sup>2</sup> J. F. Bristow report dated July 22, 1985

**Thule Copper provides a very exciting large project opportunity**

## Potential Porphyry and Skarn Targets





## **Peter Espig - Chief Executive Officer**

- ✓ Mr. Espig was appointed interim CEO on July 7, 2013 and full-time President and CEO on November 7, 2013 during CCAA proceedings culminating in the restructuring of the Company on November 21, 2014.
- ✓ He is a global turnaround specialist that has spearheaded projects on a global scale. Over the past ten years, Mr. Espig has structured and raised funds for over US\$2.5 billion in private equity and pre-IPO investment transactions from the principal side.
- ✓ He is considered to be one of Wall Street's leading experts on SPACs (special acquisition company).
- ✓ Mr. Espig, began his mining career in the 1980s as a diamond driller and has come full circle, including successfully structuring stream sales, cost stream lining and asset disposition / acquisition in numerous mining projects.
- ✓ Mr. Espig served as Vice-President of the Principal Finance and Securitization Group and Asia Special Situations Group for Goldman Sachs Japan and was an executive at Olympus Capital, a leading private equity fund.
- ✓ As a senior global banker and advisor Mr. Espig structured over \$3.0 billion in tax efficient structures for Asian clientele.
- ✓ He holds an MBA from Columbia University, where he was a Chazen International Scholar, and a BA from UBC.

## **Warwick Bay – CFO**

- ✓ Mr. Bay has been a member of the Institute of Chartered Accountants of B.C. since 1979.
- ✓ Mr. Bay practiced for over 10 years with one of the big five public accounting firms and is specialized in the audit of public mining companies.
- ✓ He also owned and operated a group of companies in the hospitality industry for 15 years.
- ✓ Prior to joining Nicola Mining Inc., he spent 17 years in the financial services industry where he focused on raising capital for junior mining companies and exploration projects.

## **Len Haukeness – Mill Site Manager**

- ✓ Forty three years in the mining industry / milling industry , including thirty four of these years in management capacities, from front line supervisor to mill manager.
- ✓ Five years were spent in materials management, parts procurement and concentrate shipping.
- ✓ Milling expertise in the following areas: SAG milling, secondary grinding circuits and ore classification, primary and secondary crushing plants, including jaw crushers and cone crushers, flotation circuits for copper, gold, molybdenum, lead and zinc.
- ✓ Mr. Haukeness also has expertise in tailings operations, thickening and flow, on-stream analysers, dewatering plants, filter presses & disc filters, and DCS operated control rooms.

## **Frank Hogel – Director**

- ✓ Mr. Hogel is an Asset Manager actively involved in the financial evaluation of companies and convertible debenture restructuring, and sits on the advisory board of Concept Capital Management.
- ✓ His background includes more than 13 years of direct experience in the mining industry, expertise as an international financier/investor and successful track record stock consultant and stock broker in London, England.
- ✓ Mr. Hogel holds a degree in Economics and International Business and management from the University of Nürtingen Germany and Finance Degree (DTV).

## **Doug Robinson – Q.C., Director**

- ✓ Mr. Robinson has been a member of the B.C. Bar since 1973.
- ✓ He has served as a Director of the Law Institute of B.C., founding director of the B.C. Mediation Society, and founding Chair of the Canadian Forum for Civil Justice.
- ✓ Mr. Robinson has litigated and lectured on legal issues globally and in public practice is recognized by LEXPERT as one of the leaders in construction and product liability litigation.
- ✓ Since retiring as a senior partner with Lawson Lundell, his focus of expertise has been on mediating corporate disputes and advising high net worth families on a variety of issues.

# **APPENDIX**

## The Company has the option to reopen and mine Level 1 Stope 2



Viewing NW from Level 1

- \$460,000 estimated remaining costs to mine Level 1 Stope 2
- \$308,000 estimated cost to ship mill feed from Treasure Mountain Mine to Merritt Mill
- A portion of costs associated with Stope 2 drawdown have been incurred
- Proceeds from mining activities would be expected to be used to repay a portion of Waterton’s senior debt, fund exploration at Treasure Mountain and for working capital

Level 1 Stope 2 of the Treasure Mountain Mine is estimated to have the following characteristics:<sup>1</sup>

|                 | Cutoff    | Tonnes > Cutoff | Contained Metal |           |         |
|-----------------|-----------|-----------------|-----------------|-----------|---------|
| Heading         | (Ag oz/t) | (tonnes)        | Ozs Ag          | Lbs Pb    | Lbs Zn  |
| Level 1 Stope 2 | 10.0      | 14,000          | 430,000         | 1,590,000 | 940,000 |

<sup>1</sup> Grade numbers sourced from the technical report entitled “Technical Report, Project Update Treasure Mountain Property Tulameen River Area, BC, Canada” dated June 7, 2012 prepared by Erik A. Ostensoe, P. Geo., Gary H. Giroux, MASc., P. Eng. and Jim Cuttle, P. Geo. Please refer to Table 19: Total Vein Indicated Resource- Above 1,622m Elevation of the Technical Report. Grade numbers assume a 10 oz/t Ag cut-off.



# EXPLORATION RESULTS



**MB Zone (Northern Side of Mountain):** The MB Zone is located approximately 1.5 km from the Treasure Mountain mine. Though not yet drilled, the MB Zone has provided positive soil sample results, summarized below, which correspond to the geomagnetic survey and merit further exploration.

## **2010 Soil Sample Program Results<sup>1</sup>:**

- **Sample 63959:** 0.15 g/t Au, 2880 g/t Ag, 0.30% Cu, 0.67% Pb, 1.22% Zn from a 12.5 cm chip sample of reddish oxide on black argillite.
- **Sample 63961:** 0.34 g/t Au, 2250 g/t Ag, 0.43% Cu, 0.54% Pb, 0.96% Zn from a 12.5 cm chip sample of reddish altered argillite.
- **Sample 63974:** 0.81 g/t Au, 9221 g/t Ag, 1.02% Cu, 1.14% Pb, 1.03% Zn from a composite sample of reddish oxide material.

## **2013 Soil Sample Program Results<sup>2</sup>:**

- **Sample MB-01:** 0.79 g/t Au, 7270 g/t Ag, 0.81% Cu, 1.56% Pb, 1.23% Zn, 0.76% As, 0.60% Sb from a 0.06m chip sample of reddish oxide clay.
- **Sample MB-02 (field duplicate):** 0.59 g/t Au, 3730 g/t Ag, 0.57% Cu, 1.32% Pb, 1.11% Zn, 1.10% As, 0.39% Sb from a 0.06m chip sample of reddish oxide material.

**Eastern Zone / JK Vein:** The Eastern Zone is located approximately 1.0 km from the current mine development, and was first explored in 1988 when it was referred to as the “Ruby Zone.” As explained in the technical report<sup>3</sup>, the area had modest success reported from the area, with numerous rotary reverse circulation chip sample intervals assaying as much as 34.48 opt (1072.44 g/tonne) Ag, 15.2% Pb and 0.04% Zn over 20 feet (6.1 m).<sup>4</sup>

## **2010 HQ-diameter Diamond Drill Program Results<sup>5</sup>:**

- **Hole 8:** From 14.19m to 14.26m – 0.07m with 13736g/tonne Ag, 60.05% Pb, 2.49% Zn, 2.33% Mn.
- **Hole 9:** From 5.98m to 6.06m – 0.08m with 6393g/tonne Ag, 74.41% Pb, 1.22% Zn, 0.89% Mn.

In August of 2011 a small open pit was completed in the East Zone where approximately 500 tonnes of machine and hand sorted material was bagged and removed from site for crushing and shipped directly to the smelter.

**Jensen Portal:** The Jensen Portal is located approximately 400 m west of the Level 3 Portal that was previously mined in 1926. The Company has not conducted any exploration at the Jensen Portal.

<sup>1</sup> See the Company’s news release dated August 25, 2010 which is filed under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

<sup>2</sup> See the Company’s news release dated October 7, 2013 which is filed under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

<sup>3</sup> See “Technical Report, Project Update Treasure Mountain Property Tulameen River Area, BC, Canada” dated June 7, 2012 prepared by Erik A. Ostensoe, P. Geo., Gary H. Giroux, MASc., P. Eng. and Jim Cuttle, P. Geo. filed under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

<sup>4</sup> Samples were analyzed by ALS Chemex at their Vancouver laboratory. ALS Chemex Vancouver is an ISO 9001:2000 certified lab. Samples were prepared by crushing to 70% less than 2mm, riffle splitting off 250g and then pulverizing the split to better than 85% passing 75 microns. A 0.4g sample was then digested using a 4-acid digest and the solution was analysed by multi-element ICP-AES. Pb and Zn over limits were analyzed using the ME-OG62 method. Au and Ag assays were analysed by 30g fire assay with gravimetric finish.

<sup>5</sup> See the Company’s news release dated December 6, 2010 which is filed under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

# DRILL PROGRAM HIGHLIGHTS



Assays from 51 diamond drill holes on the existing mine have been received. Highlights of the results from three holes are presented below<sup>1</sup>:

- 7,013 grams per tonne Ag, 21.82% Pb, 19.63% Zn and 4.9% Mn over 1.2 metres true width in hole TM11-26 that intersected the vein structure approximately 10 metres above the Level 2 drift
- 592.92 grams per tonne Ag, 4.28% Pb, 2.47% Zn and 5.80% Mn over 2.2 metres true width in hole TM11-9 that intersected the vein structure below the Level 1 drift, approximately 80 metres east of the Level 2 drift<sup>1</sup>
- 1,565 grams per tonne Ag, 13.47% Pb, 9.92% Zn and 4.76% Mn over 0.8 metres true width in hole TM11-36 that intersected the vein structure approximately 15 metres below the Level 2 drift<sup>1</sup>

These reports were published in news releases dated: November 18, 2011, November 23, 2011 and on February 14, 2012.

*Technical information in the news release has been reviewed and approved by Jim Cuttle, P. Geo, a Qualified Person as defined by NI 43-101. Details of the Company's Treasure Mountain property can be found in its NI 43-101 technical report entitled "Technical Report, Project Update, Treasure Mountain Property, Tulameen River Area, B.C. Canada" dated effective June 15, 2011, which is available on SEDAR at [www.sedar.com](http://www.sedar.com).*

## <sup>1</sup> Laboratory Procedures and Quality Assurance

Drill core is logged by a geologist and cut at predetermined intervals using a diamond saw. One half of the sample is archived onsite and the other half is trucked to Acme Analytical Laboratories' facility in Vancouver, BC, where the sample is crushed, split and pulverized to -200 mesh. A 0.5 gram portion of the pulp is then digested in hot aqua regia and analyzed for 31 elements by ICP MS method. Over limits for silver are determined by fire assay with gravimetric finish, and for lead, zinc and manganese by multi-acid digestion and ICP ES finish.

Certified standard reference material ("**SRM**"), including core duplicates and blanks, have been inserted into each sample shipment at a frequency of approximately one SRM per ten samples.

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