

VANCOUVER, B.C / TheNewswire / October 26, 2015 - [Nicola Mining Inc.](#) (the "Company") announces that it plans to raise up to \$1,500,000 under the third tranche (the "Third Tranche") of its previously announced offering of secured convertible debentures (each, a "Debenture") and up to \$750,000 in units (each, a "Unit"), which proceeds will be used to exit creditor protection under the Companies' Creditors Arrangement Act (Canada) ("CCAA"), which it applied for on July 26, 2013.

The terms of the Debentures for the Third Tranche will be similar to the debentures previously issued by the Company and include:

- -the Debentures will bear interest ("Interest") at a rate of 10% per annum, which Interest shall be payable annually, as to 50% in cash and 50% by the issuance of common shares of the Company (each, a "Share") at a price per Share equal to the market price of the Shares at the time of issuance;
- -the Debentures will mature three years after issuance (the "Maturity Date"), and the principal amount of the Debentures, together with accrued and unpaid interest, shall be payable on the Maturity Date;
- -the principal amount of the Debentures will be convertible into Shares at a price of \$0.275 per Share at any time, and from time to time, until the Maturity Date; and
- -for every \$1,000 of principal of the Debentures, the Company will issue 5,000 non-transferrable common share purchase warrants (each, a "Debenture Warrant"), with each Debenture Warrant exercisable into one Share at an exercise price of \$0.375 per Share in the first 12 months after closing of the Third Tranche (the "Closing") and at \$0.50 per Share for 36 months thereafter, subject to adjustment.

The holders of the Debentures will be granted a security interest over all of the property and assets of the Company and its wholly-owned subsidiary, Huldra Properties Inc., and the enforcement of such security will be subject to the terms and conditions of the Debentures and any ancillary agreements. The Debentures and related security interests are subordinate to the Company's debts and obligations owing to Waterton Global Value, L.P. ("Waterton") until such time as all amounts owed to Waterton have been repaid by the Company. Upon repayment by the Company of all amounts owed to Waterton, the holders of the Debentures will share, on a pro-rata basis, in an approximate 2.0% net smelter returns royalty with certain holders of debentures issued in the First and Second Tranche.

In addition, the Company intends to undertake a private placement to raise up to \$750,000 by the issuance of Units at a price of \$0.08 per Unit (the "Unit Offering"). Each Unit consists of one common share (the "Unit Shares") and one common share purchase warrant (each, a "Unit Warrant"). Each Unit Warrant will be exercisable into one common share (each, a "Unit Warrant Share") at a price of \$0.15 per Unit Warrant Share for a period of three years following the closing of the Unit Offering.

Proceeds from the Third Tranche and the Unit Offering will be used to fulfill the Company's CCAA requirements, which include repayment of certain outstanding payment obligations, debt owed to Waterton and other secured creditors and provide the Company with working capital.

In accordance with a Settlement Agreement, dated November 20, 2014 (the "Settlement Agreement"), with Waterton, the Company currently owes Waterton \$2,500,000 in principal and approximately \$75,000 in accrued interest.

On October 23, 2015, the Company, Waterton and Concept Capital Management Ltd. agreed to amend the Letter Agreement dated June 3, 2014 (the "Letter Agreement") and the First Amendment to the Letter Agreement, dated June 24, 2014 (the "First Amendment") as follows:

- -the Company, on Closing, will repay Waterton \$1,250,000 in principal and approximately \$37,500 in accrued interest (representing 50% of the accrued interest on the \$2,500,000 amount outstanding to Waterton);
- -Waterton has agreed to convert the outstanding \$1,250,000 in principal and approximately \$37,500 in accrued interest (representing 50% of the accrued interest on the \$2,500,000 amount outstanding to Waterton) into a new three-year loan (the "Loan"), which Loan will bear interest at a rate of 3% per annum paid annually and will mature three years after the Closing; and
- -Waterton will receive a 2% net smelter returns royalty with respect to the Company's Treasure Mountain mine.

Peter Espig, Chief Executive Officer, commented, "This is yet another significant milestone in the turnaround of Nicola Mining and a great step forward in bringing the Company's focus away from the administrative efforts involved with CCAA to focusing on

operational execution. The Nicola Mining team has worked relentlessly in bringing the Company forward; kudos to all our employees. We are also excited about the prospects of our assets that include a centrally located state-of-the-art mill and lined tailings facility."

Closing of the Third Tranche and the Unit Offering remains subject to final acceptance of the TSX Venture Exchange. The Company may pay finder's fees in connection with the issuance of Debentures under the Third Tranche and the Units under the Unit Offering. The Debentures, Warrants and Shares issuable on conversion thereof and the Unit Shares, the Unit Warrants and the Unit Warrant Shares issuable on exercise thereof will be subject to a statutory hold period expiring on the date that is four months and one day after Closing.

On behalf of the Board of Directors

"Peter Espig"

Peter Espig

CEO & Director

For additional information

Contact: Peter Espig
(604) 647-0142 peter@nicolamining.com

Disclaimer for Forward-Looking Information

Certain statements in this press release related to the Third Tranche, the Offering and the securities issuable thereunder are forward-looking statements and are prospective in nature. Forward-looking statements are not based on historical facts, but rather on current expectations and projections about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. These statements generally can be identified by the use of forward-looking words such as "may", "should", "will", "could", "intend", "estimate", "plan", "anticipate", "expect", "believe" or "continue", or the negative thereof or similar variations. Forward-looking statements in this news release include statements regarding the proceeds to be raised pursuant to the Third Tranche, the Unit Offering, the terms of the securities issuable pursuant to the Third Tranche, the security interests of Waterton and the holders of the Debentures, resale restrictions relating to the securities to be issued, the use of proceeds of the Third Tranche and the Unit Offering and receipt of the approval of the TSX Venture Exchange. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding the Company's ability to complete the Third Tranche and the Unit Offering, including the risk that the Third Tranche and Unit Offering may not be completed as expected or at all, that the security interests may not be as set out in this news release, that the proceeds of the Third Tranche and Unit Offering may be used other than as set out in this news release, that the TSX Venture Exchange may not approve the Third Tranche and the Unit Offering and such other factors beyond the control of the Company. Such forward-looking statements should therefore be construed in light of such factors, and the Company is not under any obligation, and expressly disclaims any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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