Nicola Mining Inc. Receives Final ALS Metalurgy Report on Upgrading Material Tested from Its Recent NI 43-101 Technical Report

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Vancouver, June 15, 2020 - Nicola Mining Inc. (TSXV: NIM) (the "Company") is pleased to announce receipt of the final ALS Metallurgy[1] Laboratory Report ("Final Report") for its upgrading and copper recovery test work that was initially conducted at Tomra Sorting's Test Center in Hamburg, Germany and subsequently further tested at the ALS Metallurgy's Laboratory ("ALS") located in Kamloops BC. A summary of the metallurgical testing is included in Section 13 of the Company's recently released NI 43-101 Technical Report on the Preliminary Copper Resource for the Southern Dump and 3060 Portal Dumps ("NI 43-101 Report"), which was filed on June 1, 2020[2].

The NI 43-101 Report and the Final Report[3], which was filed on June 12, 2020, are complimentary as the first provides a preliminary resource for historic waste material located in the Southern Dump and adjacent to Portal 3060, while the latter focuses on the ability to upgrade this material at the site and the ability to produce a concentrate from this upgraded material. In addition, while neither attempted to provide a copper equivalent value ("CuEq") based on magnetite contribution, the Final Report does highlight the need to evaluate the economic potential of the magnetite given the high percentage seen in both samples and produced concentrate.

Figure 1: Sample locations of material submitted for mineral processing test work.

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Two samples were selected to test the material within the two areas outlined in the inferred copper resource: the Southern Dump ("TOWER") and the 3060 Portal Area ("PORTAL") (Figure 1). In addition to testing these two specific locations, the samples were screened into the following size fractions: >1 to <2 inches, >½ to <1 inch, <½ inch ("fines"). Any material greater than 2 inches was then coarse crushed and rescreened to a size under 2 inches in diameter. The >1 to <2 inch and >½ to <1 inch fractions were sent to TOMRA, where they were tested using the TOMRA x-ray transmission ("XRT") sensors at high and low selectivity settings. All sorted material was subsequently shipped to ALS for chemical analysis and metallurgical studies.

The Tower Sample and Portal Sample results shown in Figures 2 and 3 of the Final Report, highlight average copper grades within the fines of 0.25% Cu and 0.22% Cu, respectively. Fines account for approximately 50% of the overall mass of the two test samples and contain higher copper grades than non-fine material in both samples. The preliminary inferred copper resource grade, as reported in the June 2, 2020 news release is 0.13% Cu, which is below the average grade of the fines. As discussed in Section 13 of the NI 43-101 Report, the Company plans to conduct further testing on the grades of the fines in the historic waste rock terraces, which account for approximately 50% of the tested material and graded 0.25% and additional lab testing to further increase recovery and grades.

The ALS results confirm the ability to differentiate and separate mineralized material from non-mineralized waste with the TOMRA Tertiary XRT Sorter Conveyor ("XRT Sorter"). The results of the Final Report also highlight the need to better understand the potential monetization of copper contained within the 18,465 million tonne resource grading 0.13% Cu. Table 1 highlights the XRT Sorter's ability to upgrade from material sampled from the Southern Dump and Portal 3060.

Table 1: Upgrade Percent and Recovery Results

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The conclusion of the TOMRA XRT sorter test work in Final Report demonstrates that the XRT Sorter was successful in rejecting material with average copper grade of 0.07%. Since the coarse fractions of the two bulk samples had different feed grades, rejecting material at this low average copper grade resulted in different copper and mass recoveries. These separations resulted in a copper grade upgrading factor of about 5 times on average for the coarse fractions of both samples.

A Sorted Mill Feed Composite was constructed from weighted portions of the XRT Sorted products from both sample locations and all size fractions (including fines). The grade of this composite is 0.32% Cu, 6.4% Fe and 0.45% S.

Two flotation tests were conducted on this Sorted Mill Feed Composite, the first as a kinetic rougher and the second as an open circuit cleaner test. A primary grind sizing of 132µm K_{80} was used as well as typical floatation reagents for the sulphide mineral collector and frother for both tests. A natural pH (8.5-8.6) was used for the rougher test, whereas lime was added to elevate pH to 9.0-9.1 in the cleaner test. The results of this floatation testing are that 81% of the copper was recovered to the rougher concentrate. The cleaner testing included regrinding of the rougher concentrate such that feed size measured 21µm K_{80}, 3 stages of dilution cleaning and the addition of lime. A final copper concentrate grading about 30% Cu was produced that contained 73% of the copper from the Sorted Mill Feed Composite.

Magnetic separation was evaluated on the combined flotation rougher tails stream (Figure 2). A rougher magnetic concentrate was produced which recovered 32 percent of the iron from the rougher copper tails. A subsample of the rougher magnetic concentrate was reground to 21µm K_{80}. Approximately 94% of the Fe from magnetite rougher concentrate was recovered to the magnetic concentrate which graded 65% Fe. This concentrate contained about 28 percent of the iron in the Sorted Mill Feed Composite and around 3% of the feed mass.

Figure 2: Overall metallurgical test flowsheet

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Further testing is recommended to confirm the potential to produce a higher-grade magnetite concentrate. It may be of value to produce a larger mass of concentrate for marketing purposes and confirm the levels of potential penalty elements in the concentrate.

Section 26 of the NI 43-101 Report recommends both trench sampling to better determine the grade and volume of fine material within the waste piles and to conduct additional Tomra sorting testing on resource material. Combined, the two tests will augment understanding of contained copper, as well as provide indications of potential economic value of the preliminary copper resource.

Qualified Person

Kevin Wells, P.Geo, a consulting geologist to the Company is the independent qualified person as defined by National Instrument 43-101 - Standards of Disclosure for Mineral Projects for the technical disclosure contained in this news release.

About Nicola Mining

Nicola Mining Inc. is a junior mining company listed on the TSX Venture Exchange and is in the process of recommencing mill feed processing operations at its 100% owned state-of-the-art mill and tailings facility, located near Merritt, British Columbia. It has already signed four mill profit share agreements with high grade

gold producers. The fully permitted mill can process both gold and silver mill feed via gravity and floatation processes. The Company also owns 100% of Treasure Mountain, a high-grade silver property, and an active gravel pit that is located adjacent to its milling operations.

About New Craigmont

The New Craigmont Project (the "Property") is a wholly owned copper property with an active mine permit (M-68), located within the world-class Highland Valley porphyry district. It benefits from excellent infrastructure. In November of 2015, Nicola became the first group in decades to consolidate ownership of the Property and has been actively conducting mineral exploration since.

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[1] Metallurgy ALS is a global metallurgical testing and consulting services for mineral process flowsheet development and optimization.

[2] Effective Date: May 21, 2020

[3] In addition to the June 12, 2020 Sedar filing the report is available on the Company's homepage

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