

KORE MINING LTD.

Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2021

(Unaudited)



KORE MINING LTD.**Condensed Interim Consolidated Statements of Financial Position***(Unaudited)**(Expressed in Canadian dollars unless otherwise noted)*

As at		March 31, 2021	December 31, 2020
	Note		
Current assets			
Cash and cash equivalents		\$ 2,722,732	\$ 4,906,361
Amounts receivable		110,812	94,069
Prepaid expenses		112,715	272,096
Total current assets		2,946,259	5,272,526
Non-current assets			
Equipment		136,660	166,340
Deposits		95,534	110,534
Mineral properties	5	1,744,782	2,835,444
Total assets		\$ 4,923,235	\$ 8,384,844
Current liabilities			
Accounts payable	8	\$ 943,030	\$ 1,334,352
Lease liability	6	95,782	106,147
Total liabilities		1,038,812	1,440,499
Shareholders' equity			
Share capital	7	11,888,103	22,220,248
Warrants		1,053,620	1,053,620
Reserves		1,584,762	1,281,542
Deficit		(10,582,735)	(17,520,808)
Accumulated other comprehensive loss		(59,327)	(90,257)
Total shareholders' equity		3,884,423	6,944,345
Total shareholders' equity and liabilities		\$ 4,923,235	\$ 8,384,844
Going concern	2		
Spin out of Karus Gold	4		
Subsequent events	12		

The accompanying notes are an integral part of these consolidated financial statements

KORE MINING LTD.**Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)***(Unaudited)**(Expressed in Canadian dollars unless otherwise noted)*

		For the three months ended March 31, 2021	For the three months ended March 31, 2020
	Note		
Expenses			
Depreciation		\$ 11,962	\$ -
Exploration and evaluation expenses	6	1,020,014	819,978
General and administration		194,061	78,055
Management fees, wages and corporate advisory fees	4, 9	266,493	190,230
Marketing, advisory and investor relations		641,403	163,922
Professional fees	4	(66,258)	100,650
Share-based payments	7	340,825	66,030
		(2,408,500)	(1,418,865)
Other income (expense)			
Foreign exchange loss		(12,312)	5,210
Interest and finance income		7,576	3,435
Interest expense		(3,797)	-
Gain on distribution of Karus Gold	4	9,355,106	-
Net income (loss) for the period		\$ 6,938,073	\$ (1,410,220)
Item that may be subsequently reclassified to net income (loss)			
Cumulative translation adjustment		30,930	61,331
Comprehensive income (loss) for the period		\$ 6,969,003	\$ (1,348,889)
Basic income (loss) per common share		\$ 0.07	\$ (0.02)
Fully diluted income (loss) per common share		\$ 0.06	\$ (0.02)
Weighted average number of common shares outstanding - basic		106,098,319	88,841,914
Weighted average number of common shares outstanding - diluted		108,495,123	88,841,914

The accompanying notes are an integral part of these consolidated financial statements

KORE MINING LTD.**Condensed Interim Consolidated Statements of Cash Flows***(Unaudited)**(Expressed in Canadian dollars unless otherwise noted)*

	For the three months ended March 31, 2021	For the three months ended March 31, 2020
CASH USED IN OPERATING ACTIVITIES		
Income (loss) for the period	\$ 6,938,073	\$ (1,410,220)
Items not involving cash:		
Depreciation	11,962	-
Gain on distribution of Karus Gold	(9,355,106)	-
Interest expense	3,797	-
Share-based payments	340,825	66,030
Changes in non-cash working capital items:		
Amounts receivable	(16,743)	156,659
Prepaid expenses and advances	159,381	(12,258)
Deposits	-	(5,000)
Accounts payable	(391,322)	389,711
	(2,309,133)	(815,078)
FINANCING ACTIVITIES		
Payment of lease liabilities	(11,880)	-
Proceeds from the exercise of options	65,250	-
Repayment of Karus Gold loan	500,000	-
Loan to Karus Gold	(500,000)	-
	53,370	-
Impact of changes in foreign exchange	72,134	22,287
Change in cash	(2,183,629)	(792,791)
Cash at beginning of period	4,906,361	3,133,623
Cash at end of period	\$ 2,722,732	\$ 2,340,832
Supplemental cash flow information:		
Distribution of assets to Karus Gold	\$ 10,435,000	\$ -
Cash paid for interest	3,797	-
Cash paid for income taxes	-	-

The accompanying notes are an integral part of these consolidated financial statements

KORE MINING LTD.**Condensed Interim Consolidated Statements of Changes in Equity***(Unaudited)**(Expressed in Canadian dollars unless otherwise noted)*

	<u>Common Shares</u>		Warrants	Reserves	Deficit	Accumulated other comprehensive income (loss)	Total Equity
	Number	Amount \$					
December 31, 2019	88,841,914	11,085,678	573,516	878,946	(8,325,325)	(47,300)	4,165,515
Share-based payments	-	-	-	66,030	-	-	66,030
Net income (loss) for the period	-	-	-	-	(1,410,220)	-	(1,410,220)
Other comprehensive income (loss)	-	-	-	-	-	61,331	61,331
March 31, 2020	88,841,914	11,085,678	573,516	944,976	(9,735,545)	14,031	2,882,656
Shares issued on private placement	13,666,666	8,889,984	1,110,016	-	-	-	10,000,000
Share issuance costs	-	(459,657)	(67,632)	-	-	-	(527,289)
Exercise of options	1,133,332	370,450	-	(103,784)	-	-	266,666
Exercise of warrants	2,433,000	2,333,793	(562,280)	(32,079)	-	-	1,739,434
Share-based payments	-	-	-	472,429	-	-	472,429
Net income (loss) for the period	-	-	-	-	(7,785,263)	-	(7,785,263)
Other comprehensive income (loss)	-	-	-	-	-	(104,288)	(104,288)
December 31, 2020	106,074,912	22,220,248	1,053,620	1,281,542	(17,520,808)	(90,257)	6,944,345
Exercise of options	150,000	102,855	-	(37,605)	-	-	65,250
Distribution of Karus Gold Corp.	-	(10,435,000)	-	-	-	-	(10,435,000)
Share-based payments	-	-	-	340,825	-	-	340,825
Net income (loss) for the period	-	-	-	-	6,938,073	-	6,938,073
Other comprehensive income (loss)	-	-	-	-	-	30,930	30,930
March 31, 2021	106,224,912	11,888,103	1,053,620	1,584,762	(10,582,735)	(59,327)	3,884,423

The accompanying notes are an integral part of these consolidated financial statements

KORE MINING LTD.

Notes to the Condensed Interim Consolidated Financial Statements

March 31, 2021

(Unaudited)

(Expressed in Canadian dollars unless otherwise noted)

1. NATURE OF OPERATIONS

KORE Mining Ltd. (the “Company”) is an exploration and development stage company that trades on the Toronto Stock Exchange Venture (“TSXV”) under the symbol ‘KORE’. The Company is focused on the exploration and development of its California gold projects, Imperial and Long Valley. In January 2021, the Company transferred its Canadian exploration projects to Karus Gold Corp (“Karus Gold”) in exchange for shares of Karus Gold which were then distributed to shareholders to the Company (Note 4). The Company’s registered office is located at Suite 2500, 700 West Georgia Street, Vancouver BC V6C 3E8.

The Company is in the process of exploring and evaluating its mineral resource properties and has not yet determined whether these properties contain economically recoverable mineral reserves. The recoverability of the amounts capitalized to exploration and evaluation assets is ultimately dependent upon the existence of economically recoverable ore reserves and resources, securing and maintaining title and/or beneficial interest in the properties, obtaining necessary financing to continue to explore, evaluate and develop the properties, and upon future profitable production or proceeds from disposition of the exploration and evaluation assets. The amounts shown as exploration and evaluation assets represent costs incurred in acquiring the assets, and do not necessarily represent current or future fair values.

2. GOING CONCERN

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s future business or ability to raise funds, however the impact to date has been limited.

As at March 31, 2021, the Company had working capital of \$1,907,447 (current assets less current liabilities) and has incurred net losses since inception with a deficit of \$10,582,735. For the three months ended March 31, 2021, the Company used cash flows in operations of \$2,309,133 (March 31, 2020 cash used in operations - \$815,078). Subsequent to March 31, 2021, the Company announced a bought deal financing for \$8,000,900 (Note 12). The Company’s ability to continue to carry out its planned exploration and development activities for at least the next twelve months is uncertain and dependent upon the continued financial support of its shareholders and on securing additional financing. There is, however, no assurance that any such initiatives will be sufficient and, as a result, this material uncertainty gives rise to significant doubt regarding the going concern assumption and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations for the foreseeable future. These adjustments could be material.

KORE MINING LTD.**Notes to the Condensed Interim Consolidated Financial Statements****March 31, 2021***(Unaudited)**(Expressed in Canadian dollars unless otherwise noted)***3. BASIS OF PRESENTATION**

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”) as applicable to interim financial reports, including International Accounting Standard 34, “Interim Financial Reporting”. These financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2020, which have been prepared in accordance with IFRS.

These unaudited condensed interim consolidated financial statements have been authorized for issue by the Board of Directors of the Company on May 28, 2021.

Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries as listed below. Control is defined as the exposure, or rights, to variable returns from involvement with an investee and the ability to affect those returns through power over the investee. Power over an investee exists when we have existing rights that give us the ability to direct the activities that significantly affect the investee’s returns. The results and financial position of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

These consolidated financial statements incorporate the accounts of the Company and the following subsidiaries:

Name of Subsidiary	Incorporation Jurisdiction	Percentage Ownership	Principal Activity
Imperial USA Corp.	Nevada, USA	100%	Mineral Property Exploration & Development
Imperial Gold Corporation	Nevada, USA	100%	Holding Company
Kore USA Ltd.	Nevada, USA	100%	Mineral Property Exploration & Development
1184938 BC Ltd.	BC, Canada	100%	Holding Company

All intercompany balances and transactions have been eliminated on consolidation.

Basis of Measurement

These consolidated financial statements have been prepared on a historical cost basis. The statements are presented in Canadian dollars unless otherwise noted.

Significant Judgments, Estimates and Assumptions

The preparation of the Company’s consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the reporting period. Estimates and assumptions are regularly evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

KORE MINING LTD.

Notes to the Condensed Interim Consolidated Financial Statements

March 31, 2021

(Unaudited)

(Expressed in Canadian dollars unless otherwise noted)

3. BASIS OF PRESENTATION (cont'd...)

Critical Judgments

The preparation of these consolidated financial statements requires the Company to make judgments regarding the going concern of the Company as discussed in Note 2.

The Company is also required to make significant judgments on the ongoing feasibility of exploration and evaluation assets, and whether there are indicators that the right to explore the specific area has expired or will be allowed to expire, that further exploration and evaluation plans have changed, or whether development of a specific area is unlikely to recover existing exploration and evaluation costs. If any of these indicators are present, management would need to assess whether the exploration and evaluation property is impaired.

Significant Estimates

The determination of the Company's tax expense for the period and deferred tax assets and liabilities involves significant estimation and judgement by management. In determining these amounts, management interprets tax legislation in Canada and the US and makes estimates of the expected timing of the reversal of deferred tax assets and liabilities, the deferral and deductibility of certain items and the interpretation of the treatment for tax purposes for exploration and development activities. The Company is subject to assessment by Canadian and US tax authorities, which may interpret legislation differently which may affect the final amount or timing of the payment of taxes. The Company provides for such differences where known based on management's best estimate of the probable outcome of these matters.

The Company was required to make an estimate of the value of the shares of Karus Gold distributed to shareholders of the Company (Note 4). Karus Gold is not publicly listed and had no observable market price to derive a fair value. Management relied on a number of factors, including a third party valuation report, similar projects and recent transactions, comparable land packages and valuation of publicly traded entities, historical exploration work and expenditures made on the project, as well as external market conditions, including current and future commodity price expectations.

4. SPINOUT OF KARUS GOLD

In January 2021, the Company transferred its Canadian exploration properties, together with related assets, to Karus Gold in exchange for 53,112,455 shares of Karus Gold ("Spinout Shares"), which were immediately distributed to the shareholders of the Company pursuant to a statutory plan of arrangement (the "Spinout"). The Spinout Shares were distributed to shareholders of the Company as a return of capital on the basis of one Karus Gold share for every two KORE shares held.

In accordance with IFRIC 17, Distribution of Non-cash Assets to Owners, the Company recognized the distribution of the Karus shares to KORE shareholders at fair value with the difference between that value and the carrying amount of the net assets recorded in the statement of income. The fair value of the Karus shares was estimated to be \$10,435,000 which was recorded as a reduction of share capital.

KORE MINING LTD.**Notes to the Condensed Interim Consolidated Financial Statements****March 31, 2021***(Unaudited)**(Expressed in Canadian dollars unless otherwise noted)***4. SPINOUT OF KARUS GOLD (cont'd...)**

The assets transferred to Karus Gold and net gain on distribution of Spinout Shares consisted of the following:

Assets transferred:	
Exploration & evaluation assets	\$ 1,052,969
Equipment	11,925
Deposits	15,000
	<u>1,079,894</u>
Fair value of Karus Gold shares distributed	<u>10,435,000</u>
Gain on distribution of Karus Gold	<u>\$ 9,355,106</u>

In connection with the Spinout, the Company loaned Karus Gold \$500,000 bearing simple interest of 8% per annum, which was repaid with accrued interest of \$5,700 during the quarter ended March 31, 2021. Karus Gold also issued the Company a 1% NSR on all projects transferred, not otherwise subject to an NSR. In addition, Karus Gold reimbursed the Company for \$407,242 of transaction costs which have been recorded as a reduction to general and administration, management fees and professional fees in profit and loss for the three months ended March 31, 2021.

5. MINERAL PROPERTIES

The ending balance and summary of the changes to mineral properties (where applicable) for the three months ended March 31, 2021 is as follows:

	Long Valley USA	Imperial USA	FG Gold Canada	Gold Creek Canada	Total
Balance, December 31, 2019	\$ 504,271	\$ -	\$ 370,607	\$ 498,136	\$ 1,373,014
Additions	-	1,412,700	184,226	-	1,596,926
Foreign exchange adjustment	(5,931)	(128,565)	-	-	(134,496)
Balance, December 31, 2020	\$ 498,340	\$ 1,284,135	\$ 554,833	\$ 498,136	\$ 2,835,444
Transfer to Karus Gold	-	-	(554,833)	(498,136)	(1,052,969)
Foreign exchange adjustment	(10,050)	(27,644)	-	-	(37,694)
Balance, March 31, 2021	\$ 488,291	\$ 1,256,491	\$ -	\$ -	\$ 1,744,782

Imperial Project

In March 2017, the Company purchased Imperial USA Corp. which owns the Imperial project located in California. In settlement of the purchase price, the Company paid US\$150,000. The Company issued a 1% net smelter return royalty ("NSR") on the property in connection with this acquisition. The remaining payments under the agreement comprise US\$1,000,000 payable upon the announcement of a revised Preliminary Economic Assessment ("PEA") or similar report and US\$1,000,000 payable 30 days after the date that gold is poured from ore mined from the related properties. In April 2020, the Company announced the PEA results which triggered the obligation of US\$1,000,000 (\$1,412,700), which was paid in July 2020. The vendor has the option to receive shares in the Company in settlement of the remaining payment of \$1,000,000 up to achieving a maximum 4.9% ownership interest in the Company, above which level further share consideration is at the option of the Company.

KORE MINING LTD.

Notes to the Condensed Interim Consolidated Financial Statements

March 31, 2021

(Unaudited)

(Expressed in Canadian dollars unless otherwise noted)

5. MINERAL PROPERTIES (cont'd...)

In addition, under the agreement, the Company has committed to incur US\$5 million in exploration and development expenditures, as defined, on the Imperial Project on or before March 2022, the fifth anniversary of the date of the Imperial Purchase Agreement, of which approximately US\$4,000,000 has been incurred as of March 31, 2021. In the event that the Company does not incur these expenditures within this timeframe, the Company must then pay US\$1,000,000 to the vendor.

In May 2019, the Company received an investment by Macquarie Bank Ltd and its affiliates (collectively, "Macquarie") of \$4,000,000. As part of the investment by Macquarie, Macquarie subscribed for 6,000,000 common shares and acquired a 1% NSR royalty (the "Macquarie Royalty") on the Imperial Project for a total cost of \$4,000,000. The agreement provides for certain rights for Macquarie to provide project development financing, rights of refusal and offer on additional royalty issuances and sales, and prescribes the proceeds to be used primarily to advance permitting of the Imperial Project.

Long Valley Project

In March 2017, the Company purchased certain mining claims in the Long Valley area of California with an upfront payment of US\$350,000 to the vendor. The remaining payments under the agreement comprise US\$500,000 due 30 days after commencement of commercial production and US\$500,000 payable on the 12 month anniversary of the commencement of commercial production. A US\$25,000 deposit was paid to the vendor prior to execution of the purchase agreement, which will be applied to the final payment, unless forfeited in the event the agreement is terminated. The vendor has the option to receive shares in the Company in settlement of the remaining payments.

The vendor retained a net smelter return royalty on the claims ("the Seller NSR"). The Seller NSR provides for a royalty of 0.5% when the price of gold is under US\$1,400/oz, 1.0% when the price of gold is between US\$1,401 to US\$1,600/oz and 2.0% when the price of gold is above US\$1,600/oz. The Company has the option to purchase back 1% of the royalty when the price of gold is above US\$1,600/oz for US\$2 million if purchased prior to the announcement of a feasibility study or for US\$4 million if repurchased prior to commencement of commercial production. In addition, there is a further 1% NSR payable to another third party.

Canadian assets transferred to Karus

In January 2021, the Company transferred its Canadian exploration properties, including FG Gold, Gold Creek and White Gold, to Karus Gold, pursuant to the spinout of Karus Gold (Note 4). In connection with this disposition, the Company recorded a decrease in capitalized exploration and evaluation assets of \$1,052,969.

KORE MINING LTD.**Notes to the Condensed Interim Consolidated Financial Statements****March 31, 2021***(Unaudited)**(Expressed in Canadian dollars unless otherwise noted)***5. MINERAL PROPERTIES (cont'd...)**

Details of the exploration and evaluation expenses incurred are as follows:

Exploration and evaluation expenses	For the three months ended March 31, 2021	For the three months ended March 31, 2020
Claim, staking, holding and taxes	\$ 464,331	\$ 4,203
Community engagement	72,472	16,008
Drill program	-	307,867
Engineering and development	106,790	109,068
Geophysics and ground prospecting	89,670	196,727
Permitting and environment	191,775	68,367
Project general & admin	16,350	-
Project staff-contractors	62,513	83,644
Technical reports and studies	27,657	-
Travel, logistics & camp costs	21,108	42,072
Other recovery	-	(7,978)
Recovery of costs in connection with Spinout	(32,653)	-
	\$ 1,020,014	\$ 819,978

6. LEASE LIABILITY

Balance, December 31, 2020	\$ 106,147
Lease payments	(11,880)
Interest expense	3,797
Foreign exchange	(2,282)
Balance, March 31, 2021	\$ 95,782

Effective September 2020, the Company entered into an office lease in Imperial County, California with a monthly payment of US\$3,150 for a period of three years. The Company capitalized this lease in accordance with its accounting policy and recognized a corresponding right of use asset in capitalized assets.

7. SHARE CAPITAL**Authorized**

Unlimited number of common shares with no par value.

There were no shares issued during the three months ended March 31, 2020.

KORE MINING LTD.**Notes to the Condensed Interim Consolidated Financial Statements****March 31, 2021***(Unaudited)**(Expressed in Canadian dollars unless otherwise noted)***7. SHARE CAPITAL (cont'd...)**

During the three months ended March 31, 2021, the Company:

- Issued 150,000 common shares for gross proceeds of \$65,250 pursuant to the exercise of options with an exercise price of \$0.435; the Company reallocated \$37,605 of share based compensation reserve to share capital in connection with the exercise of these options.
- Distributed the Spinout Shares of Karus Gold to the shareholders of the Company with a value of \$10,435,000 (Note 4).

Stock Options

Pursuant to a rolling stock option plan (the "Plan") for directors, officers, employees and consultants, the Company may reserve a maximum of 10% of the issued and outstanding listed common shares, with the exercise price to be determined on the date of issuance of the options. The term of options granted under the plan may not exceed five years and such options vest at terms to be determined by the board of directors at the time of the grant, but the exercise price shall not be less than the price determined by the policies of the stock exchange on which the Company's common shares are then listed.

A summary of stock option activity for the three months ended March 31, 2021 is as follows:

	Number of options	Weighted average exercise price
Balance, December 31, 2020	8,300,002	\$ 0.38
Granted	250,000	1.00
Expired	(33,334)	1.50
Exercised	(150,000)	0.435
Balance, March 31, 2021	8,366,668	\$ 0.39

As at March 31, 2021, the following stock options were outstanding:

Expiry date	Number of options outstanding	Number of options exercisable	Exercise price \$
November 1, 2023	1,250,000	1,250,000	0.50
January 13, 2024	2,166,668	2,166,668	0.14
May 9, 2024	150,000	150,000	0.25
July 3, 2024	2,600,000	2,050,000	0.27
October 18, 2024	500,000	500,000	0.29
April 27, 2025	850,000	583,333	0.435
September 3, 2025	400,000	166,667	1.50
December 1, 2025	200,000	50,000	1.34
February 17, 2026	250,000	83,333	1.00
	8,366,668	7,000,001	

KORE MINING LTD.**Notes to the Condensed Interim Consolidated Financial Statements****March 31, 2021***(Unaudited)**(Expressed in Canadian dollars unless otherwise noted)***7. SHARE CAPITAL (cont'd...)****Warrants**

A summary of warrant activity for the three months ended March 31, 2021:

	Number of warrants	Weighted average exercise price
Balance, December 31, 2019	2,629,500	\$ 0.75
Issued	3,500,000	1.50
Exercised	(2,433,000)	0.72
Expired	(196,500)	1.06
Balance, December 31, 2020 and March 31, 2021	3,500,000	\$ 1.50

As at March 31, 2021, the following warrants were outstanding:

Expiry date	Number of warrants outstanding	Exercise price \$
July 22, 2022	3,000,000	1.50
July 28, 2022	500,000	1.50
	3,500,000	

Restricted Share Units

In October 2020, the Company's shareholders approved the Omnibus Plan ("Omnibus Plan"), which is a fixed plan that reserves for issuance a maximum of 10,605,828 common shares as equity-based compensation awards. Together with the 10% rolling stock option plan, only a maximum of 10% of instruments under the Omnibus Plan and Option Plan may be granted to insiders. Awards under the plan may be granted in a form as designated by the Board, including restricted share units, deferred share units and other performance based instruments.

A summary of restricted share unit activity for the three months ended March 31, 2021:

	Number of RSU
Balance, December 31, 2019	-
Granted	248,000
Balance, December 31, 2020 and March 31, 2021	248,000

As at March 31, 2021, the following restricted share units were outstanding:

Expiry date	Number of RSUs outstanding	Number of RSUs exercisable
December 30, 2023	248,000	-
	248,000	-

KORE MINING LTD.**Notes to the Condensed Interim Consolidated Financial Statements****March 31, 2021***(Unaudited)**(Expressed in Canadian dollars unless otherwise noted)***7. SHARE CAPITAL (cont'd...)****Share-Based Compensation**

During the three months ended March 31, 2021, the Company granted 250,000 (March 31, 2020 – nil) stock options to employees. The fair value of the stock options granted was \$137,375 (March 31, 2020 - \$nil) or \$0.55 (March 31, 2020 - \$nil) per option was determined using Black Scholes option valuation model and \$197,809 (2020 - \$66,303) was recognized as share-based payments expense in relation to the vesting of options for the period ending March 31, 2021.

Share-based payments expense was determined using the following weighted average assumptions:

	March 31, 2021	December 31, 2020
Risk free interest rate	0.73%	0.41%
Expected life	4.0	4.1
Annualized volatility	75%	75%
Dividend rate	0%	0%

During the three months ended March 31, 2021, the Company did not grant any RSUs, however recorded an expense of \$96,608 (2020 - \$nil) in connection with the vesting of RSUs granted prior to December 31, 2020, which is included in share-based payments.

8. RELATED PARTY TRANSACTIONS AND BALANCES**Related Party Transactions**

As at March 31, 2021, there was \$61,536 included in receivables as due from Karus Gold for reimbursement of general and administrative costs for the period from January 26, 2021 to March 31, 2021.

Amounts owing to related parties are unsecured, non-interest bearing and due on demand. As at March 31, 2021, \$344,236 (2020 - \$315,785) is due to related parties.

Key Management Compensation

Key management are those personnel having the authority and responsibility for planning, directing and controlling the Company and include the Chairman, President & Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and Directors. For the three months ended March 31, 2021, total key management compensation was \$319,059 (2020 - \$237,130), which includes management fees and salaries of \$206,678 (2020 - \$171,000), and share-based compensation of \$112,381 (2020 - \$66,303).

9. MANAGEMENT OF CAPITAL

The Company considers items within equity as capital.

The Company's objective when managing capital is to maintain corporate and administrative functions necessary to support the Company's operations; to perform mineral exploration activities on the Company's exploration projects; and to seek out and acquire new projects of merit.

The Company manages its capital structure in a manner that is intended to provide sufficient funding for operational and capital expenditure activities. When necessary, the Company may seek to secure funds, through debt funding or

KORE MINING LTD.

Notes to the Condensed Interim Consolidated Financial Statements

March 31, 2021

(Unaudited)

(Expressed in Canadian dollars unless otherwise noted)

equity capital raised. There can be no assurances that the Company will be able to obtain debt or equity capital in the future. (See Note 2).

The Company does not pay dividends and has no long-term debt or bank credit facility. The Company is not subject to any externally imposed capital requirements. There have not been any changes to the Company's capital management policy during the period.

10. RISK MANAGEMENT

Financial Risk Management

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

a. Credit Risk

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash.

The Company has assessed its exposure to credit risk on its cash and has determined that such risk is minimal. The majority of the Company's cash is held with reputable financial institutions in Canada.

b. Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. As at March 31, 2021, the Company had working capital of \$1,907,447 and it does not have any long term monetary liabilities. The Company will seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. The Company's approach to managing liquidity risk is to endeavor to ensure that it will have sufficient liquidity to meet liabilities when they fall due. As at March 31, 2021, the Company had cash of \$2,722,732 to settle current liabilities of \$1,038,812. The Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. See Note 2.

c. Interest Rate Risk

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments. The Company holds its cash and cash equivalents on which it earns variable rates of interest, and may therefore be subject to a certain amount of risk, though this risk is immaterial.

d. Foreign Currency Risk

Foreign currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company maintains its cash reserves in Canadian and United States dollars. The portion of the Company's funds held in US dollars are subject to fluctuations in foreign exchange rates.

At March 31, 2021, the Company has certain monetary items denominated in United States dollars. Based on these net exposures, a 10% appreciation or depreciation of the Canadian dollar against the United States dollar would result in an increase or decrease of \$101,076 in the Company's net loss.

KORE MINING LTD.**Notes to the Condensed Interim Consolidated Financial Statements****March 31, 2021***(Unaudited)**(Expressed in Canadian dollars unless otherwise noted)***Fair Values**

The carrying values of cash, deposits and other receivables and trade and other accounts payable approximate fair values due to their short-term to maturity nature.

11. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being the acquisition, exploration, and development of exploration and evaluation properties in the United States. The following table shows the geographic breakdown of the Company's non-current assets:

	March 31, 2021					
	Canada		USA	Total		
Mineral properties	\$	-	\$	1,744,782	\$	1,744,782
Equipment		-		136,660.3		136,660
Total	\$	-	\$	1,881,442	\$	1,881,442

	December 31, 2020					
	Canada		USA	Total		
Mineral properties	\$	1,052,969	\$	1,782,475	\$	2,835,444
Equipment		11,925		154,415		166,340
Total	\$	1,064,894	\$	1,936,890	\$	3,001,784

12. SUBSEQUENT EVENTS

In May 2021, the Company announced a bought deal financing for gross proceeds of \$8,000,900, offering 8,422,000 units at a price of \$0.95 per unit. Each unit consists of one share and one half warrant, where each whole warrant will entitle the holder to acquire an additional share of the Company for \$1.35 for a period of 24 months. In connection with the offering, the underwriter has an over-allotment option whereby they can acquire an additional 15% of the offering in units or warrants for up to 30 days after the close. The underwriter is entitled to a commission of 6% cash and 6% brokers warrants, where each brokers warrant will entitle the holder to acquire one additional share of the Company at a price of \$0.95 for a period of one year. The offering is subject to regulatory approval.