

**KORE MINING LTD.**

**(An Exploration Stage Company)**

**Condensed Interim Consolidated Financial Statements**

**For the three and six months ended June 30, 2018 and 2017**  
**(Unaudited – Expressed in Canadian Dollars)**



**Notice of non-review of condensed interim financial statements**

In accordance with National Instrument 51-102 *Continuous Disclosure Obligations* of the Canadian Securities Administrators, notice is given that the attached condensed interim consolidated financial statements for the six-month period ended June 30, 2018 has not been reviewed by the Company's auditors.

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**KORE MINING LTD.**  
**Condensed Interim Consolidated Statements of Financial Position**  
(unaudited)  
*(Expressed in Canadian dollars)*

As at	Note	June 30, 2018	December 31, 2017
<b>Current assets</b>			
Cash and cash equivalents	\$	51,459	\$ 88,694
Amounts receivable		16,266	39,284
Advances and prepaid expenses	5	112,972	-
<b>Total current assets</b>		<b>180,697</b>	127,978
<b>Non-current assets</b>			
Mineral properties	9	717,774	690,038
<b>Total non-current assets</b>		<b>717,774</b>	690,038
<b>Total assets</b>	<b>\$</b>	<b>898,471</b>	<b>\$ 818,016</b>
<b>Current liabilities</b>			
Accounts payable	\$	926,554	\$ 342,263
<b>Total liabilities</b>		<b>926,554</b>	342,263
<b>Shareholders' equity</b>			
Share capital	7	2,894,564	2,546,807
Deficit		( 2,943,176)	( 2,029,880)
Accumulated other comprehensive income (loss)		20,529	( 41,174)
<b>Total shareholders' equity</b>		<b>( 28,083)</b>	475,753
<b>Total shareholders' equity and liabilities</b>	<b>\$</b>	<b>898,471</b>	<b>\$ 818,016</b>
Going concern	2		
Subsequent events	12		

Approved by the Board of Directors:

“James Hynes” \_\_\_\_\_

Director

“Adrian Rothwell” \_\_\_\_\_

Director

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

**KORE MINING LTD.****Condensed Interim Consolidated Statements of Loss and Comprehensive Loss**

(unaudited)

*(Expressed in Canadian dollars)*

	Note	For the six months ended June 30, 2018	For the six months ended June 30, 2017	For the three months ended June 30, 2018	For the three months ended June 30, 2017
<b>Expenses</b>					
Exploration and evaluation expenses	9	\$ 459,655	\$ 79,823	\$ 237,758	\$ 49,921
Management fees and salaries	8	271,000	250,000	135,500	125,000
General and administration		34,762	26,287	1,385	19,749
Marketing, advisory and investor relations		47,678	2,782	25,691	877
Professional fees		61,898	17,101	54,338	3,561
Depreciation		-	-	-	-
Share-based payments		-	-	-	-
		<b>874,993</b>	<b>375,993</b>	<b>454,672</b>	<b>199,108</b>
<b>Other income/expense</b>					
Interest and finance expense		545	92,410	351	92,410
Foreign exchange (gain) loss		37,731	( 195)	22,357	( 1,786)
Impairment of mineral assets		-	-	-	-
Amortization of mineral interests		-	-	-	-
Future tax expense		-	-	-	-
Income Tax expense		-	-	-	-
Other (income)/expenses		27	251	27	251
		<b>38,303</b>	<b>92,466</b>	<b>22,735</b>	<b>90,875</b>
Net loss for the period		\$ <b>913,296</b>	\$ 468,459	\$ <b>477,407</b>	\$ 289,983
<b>Item that may be subsequently reclassified to net income</b>					
Cumulative Translation Adjustment		8,987	18,067	38,502	21,141
Comprehensive loss for the period		\$ <b>922,283</b>	\$ 486,526	\$ <b>515,909</b>	\$ 311,124
Basic and fully diluted loss per common share		\$ <b>0.05</b>	\$ 0.04	\$ <b>0.03</b>	\$ 0.02
Weighted average number of common shares outstanding		<b>18,238,713</b>	13,499,590	<b>18,566,560</b>	13,590,340

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

**KORE MINING LTD.**  
**Condensed Interim Consolidated Statements of Cash Flows**  
(unaudited)  
*(Expressed in Canadian dollars)*

<b>For the three months ended</b>	<b>For the three months ended June 30, 2018</b>	<b>For the three months ended June 30, 2017</b>
<b>CASH USED IN OPERATING ACTIVITIES</b>		
Loss for the period	( 913,296)	( 468,459)
Items not involving cash:		
Unrealized foreign exchange losses	33,967	35
Changes in non-cash working capital items:		
Amounts receivable	23,018	4,561
Prepaid expenses	-	( 1,625)
Advances	( 112,972)	71,212
Accounts payable	584,291	399,931
	<b>( 384,992)</b>	<b>5,655</b>
<b>FINANCING ACTIVITIES</b>		
Shares issued in private placements	291,667	138,750
Share issued on exercise of options	66,012	-
Share issuance costs	( 9,922)	-
Change in subscriptions receivable	-	131,455
Proceeds from convertible debenture	-	333,563
	<b>347,757</b>	<b>603,768</b>
<b>INVESTING ACTIVITIES</b>		
Acquisition of mineral properties	-	( 705,408)
	-	( 705,408)
Impact of changes in foreign exchange	-	2,718
<b>Decrease in cash</b>	<b>( 37,235)</b>	<b>( 93,267)</b>
Cash at beginning of period	88,694	102,676
Cash at end of period	51,459	9,409

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

**KORE MINING LTD.****Condensed Interim Consolidated Statements of Changes in Equity**

(unaudited)

*(Expressed in Canadian dollars)*

	Common Shares			Accumulated Other Comprehensive Income (Loss)	Total Equity
	Number	Amount \$	Deficit \$		
<b>January 1, 2017</b>	13,390,056	701,857	( 733,636)	-	( 31,779)
Shares issued on private placement	166,666	112,429	-	-	112,429
Shares issued on settlement of interest	29,628	27,173	-	-	27,173
Shares issued as a finance cost of convertible debt	50,000	45,014	-	-	45,014
Net loss for the year	-	-	( 468,459)	-	( 468,459)
Other comprehensive loss	-	-	-	( 18,067)	( 18,067)
<b>June 30, 2017</b>	13,636,350	886,473	( 1,202,095)	( 18,067)	( 333,689)
<b>January 1, 2018</b>	17,907,220	2,546,807	( 2,029,880)	( 41,174)	475,753
Shares issued on private placement	650,000	291,667	-	-	291,667
Shares issued on exercise of options	150,000	66,012	-	-	66,012
Cost of share issuance	-	( 9,922)	-	-	( 9,922)
Net loss for the period	-	-	( 913,296)	-	( 913,296)
Other comprehensive loss	-	-	-	( 8,987)	( 8,987)
Cumulative Translation Adjustment	-	-	-	70,690	70,690
<b>June 30, 2018</b>	18,707,220	2,894,564	( 2,943,176)	20,529	( 28,083)

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

**KORE MINING LTD.**

**Notes to the Condensed Interim Consolidated Financial Statements**

**June 30, 2018**

(unaudited)

*(Expressed in Canadian dollars)*

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**1. NATURE OF OPERATIONS**

Kore Mining Ltd. (“Kore” or the “Company”) was incorporated in British Columbia on February 22, 2016. Kore Mining is the parent company of the consolidated group which holds a 100% interest in Imperial USA Corp. (Imperial), a Nevada corporation purchased on March 28, 2017 and a 100% interest in Kore USA Ltd. (Kore USA), also a Nevada corporation, incorporated on June 6, 2017. The Company’s head and registered office is located at Suite 2200, 885 West Georgia Street, Vancouver, British Columbia, 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 unaudited condensed interim 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.

As at June 30, 2018, the Company had a cash balance of \$51,459 and a working capital deficit of \$745,857. Current liabilities as at June 30, 2018 totaled \$926,554. The Company has incurred losses since inception and does not generate any cash inflows from operations. In the six month period ended June 30, 2018, cash used in operating activities totaled \$384,992.

The Company’s ability to continue to meet its obligations and carry out its planned exploration and development activities is uncertain and dependent upon the continued financial support of its shareholders and on securing additional financing. As outlined in Note 11, Amalgamation Agreement, the Company expects to complete an amalgamation with Eureka Resources Inc. that will provide the Company with access to public capital markets. There is, however, no assurance that any such initiatives will be sufficient and, as a result, there is significant doubt regarding the going concern assumption and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern. These unaudited condensed interim 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**

**June 30, 2018**

(unaudited)

*(Expressed in Canadian dollars)*

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**3. BASIS OF PRESENTATION**

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) 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, 2017, which have been prepared in accordance with IFRS. Except for the adoption of IFRS 9 on January 1, 2018, as detailed below, these condensed interim financial statements follow the same accounting policies and methods of their application as the most recent annual financial statements.

These unaudited condensed interim consolidated financial statements have been authorized for issue by the Board of Directors of the Company on October 29, 2018.

**4. ADOPTION OF NEW ACCOUNTING STANDARD**

On January 1, 2018, the Company adopted IFRS 9 – Financial Instruments, which replaces IAS 39 Financial Instruments – Recognition and Measurement. The new standard provides guidance that is based on the Company’s business model for managing its financial instruments, which includes the purpose for which the financial instruments were acquired as well as their contractual cash flow characteristics.

We completed our assessment of the adoption of IFRS 9 and determined that there were no quantitative impacts or any significant disclosure impacts.

**5. ADVANCES**

Advances of \$112,972 as at June 30, 2018 (2017 – nil) consist of deferred transaction costs incurred related to the pending transaction to amalgamate the Company and Eureka Resources Inc. as described in Note 11 and funds advanced to Eureka to settle exploration invoices.

**6. CONVERTIBLE DEBENTURE**

During 2017, the Company obtained financing in the form of a convertible debenture in the amount of US\$250,000 at an interest rate of 4% per month. The Company issued 50,000 shares to the lender upon obtaining the convertible debenture as a finance cost, with an estimated fair value of \$45,014. The debenture was fully repaid in September 2017 and interest of \$64,931 was paid in the form of 73,893 shares of the Company. A foreign exchange gain of \$24,245 was recorded on settlement.

**7. SHARE CAPITAL**

**7.1 Authorized**

Unlimited number of common shares with no par value. As at June 30, 2018 there were 18,707,220 shares issued and outstanding.

**7.2 Shares Issued**

During the six month period ended June 30, 2018, \$66,013 was raised through the issuance of 150,000 shares on the exercise of options and 650,000 shares were issued to settle debt of \$291,667.



**KORE MINING LTD.****Notes to the Condensed Interim Consolidated Financial Statements****June 30, 2018**

(unaudited)

*(Expressed in Canadian dollars)***8. RELATED PARTY TRANSACTIONS AND BALANCES**

<b>Relationships</b>	<b>Nature of the relationship</b>
1081646 BC Ltd. ("1081646 BC")	1081646 BC is a company controlled by a director and officer of the Company that has provided the services of James Hynes as Chief Operating Officer of the Company since July 14, 2016.
Hynes, James	Mr. Hynes has been Chairman since September 1, 2016 and a Director and Chief Operating Officer of the Company since July 14, 2016.
Lyftoff Business Solutions Inc. ("Lyftoff")	Lyftoff is a private corporation that provides marketing consulting services to the Company and is controlled by a spouse of a director and officer of the Company.
Rothwell, Adrian	Mr. Rothwell was appointed President and Chief Executive Officer of the Company on September 1, 2016 and has been a director of the Company since its inception.

**8.1 Related party transactions**

The following transactions relate to consulting fees and salaries incurred by the Company and are included in management fees and salaries. Marketing consulting costs are included in marketing, advisory and investor relations expenses in the consolidated statement of loss and comprehensive loss.

<b>For the three month period ended June 30, 2018</b>	<b>Management fees and salaries</b>	<b>Marketing consulting</b>
1081646 BC	\$ 62,500	\$ -
Rothwell, Adrian	62,500	-
Lyftoff	-	10,500
	\$ 125,000	\$ 10,500

  

<b>For the three month period ended June 30, 2017</b>	<b>Management fees and salaries</b>	<b>Marketing consulting</b>
1081646 BC	\$ 62,500	\$ -
Rothwell, Adrian	62,500	-
	\$ 125,000	\$ -

**KORE MINING LTD.****Notes to the Condensed Interim Consolidated Financial Statements****June 30, 2018**

(unaudited)

*(Expressed in Canadian dollars)***8. RELATED PARTY TRANSACTIONS AND BALANCES (cont'd...)**

<b>For the six month period ended June 30, 2018</b>	<b>Management fees and salaries</b>		<b>Marketing consulting</b>
1081646 BC	\$ 125,000	\$	-
Rothwell, Adrian	125,000		-
Lyftoff	-		21,000
	<u>\$ 250,000</u>	<u>\$</u>	<u>21,000</u>

  

<b>For the six month period ended June 30, 2017</b>	<b>Management fees and salaries</b>		<b>Marketing consulting</b>
1081646 BC	\$ 125,000	\$	-
Rothwell, Adrian	125,000		-
	<u>\$ 250,000</u>	<u>\$</u>	<u>-</u>

During the six month period ended June 30, 2018, a director advanced funds totaling \$200,000 to the Company for working capital purposes. It is anticipated that these amounts will be settled, in part or in whole, through the issuance of share capital concurrent with completion of the transaction described in Note 11. The advances are unsecured, do not bear interest and are repayable in shares or cash at the option of the directors upon completion of the amalgamation (see Note Amalgamation Agreement).

Amounts owing to related parties are non-interest bearing, unsecured and due on demand. The transactions occur in the normal course of operations. At June 30, 2018, the Company owed \$315,247 (December 31, 2017 - \$131,456) to related parties.

**8.2 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 and Directors. The remuneration of the directors and key management personnel during the three and six month periods ended June 30, 2018 and 2017 was as follows:

<b>For the three month period ended June 30</b>	<b>2018</b>	<b>2017</b>
Salaries and benefits	\$ 135,500	\$ 125,000
	<u>\$ 135,500</u>	<u>\$ 125,000</u>

  

<b>For the six month period ended June 30</b>	<b>2018</b>	<b>2017</b>
Salaries and benefits	\$ 271,000	\$ 250,000
	<u>\$ 271,000</u>	<u>\$ 250,000</u>

**KORE MINING LTD.**

**Notes to the Condensed Interim Consolidated Financial Statements**

**June 30, 2018**

(unaudited)

*(Expressed in Canadian dollars)*

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**9. MINERAL PROPERTIES**

**Acquisition of Imperial USA Corp.**

On March 28, 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\$50,000 which had been deposited previously with the vendor in November 2016 related to a Letter Agreement, and US\$100,000 on the date of closing the purchase. 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 the is mined from the related properties.

The vendor retains a 1% net smelter return royalty on the property. The vendor has the option to receive shares in the Company in settlement of the remaining payments up to achieving a 4.9% ownership interest in the Company, above which level further share consideration is at the option of the Company.

In addition, under the agreement, the Company has committed to incur US\$5 million in exploration and evaluation expenditures on the Imperial Project on or before the fifth anniversary of the date of the Imperial Purchase Agreement.

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.

**Acquisition of Long Valley Mining Claims**

On March 31, 2017 the Company purchased 95 mining claims in the Long Valley area of California. Upon closing, the Company paid 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 mining claims acquired were subsequently transferred to the Company's subsidiary, Kore USA Inc.

The vendor retained a net smelter return royalty on the claims ("the Seller NSR"). The Seller NSR provides for a perpetual 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 US\$4 million if repurchased prior to commencement of commercial production.

In addition, there is a 1% net smelter returns royalty pursuant to a royalty deed from 2002, that was assigned by the vendor in favour of Royal Gold, Inc.

**KORE MINING LTD.****Notes to the Condensed Interim Consolidated Financial Statements****June 30, 2018**

(unaudited)

*(Expressed in Canadian dollars)***9. MINERAL PROPERTIES (cont'd...)**

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

Exploration and evaluation expenses	For the six months ended June 30, 2018	For the six months ended June 30, 2017	For the three months ended June 30, 2018	For the three months ended June 30, 2017
Project support	-	-	-	-
Permitting	\$ 342,015	\$ 43,508	\$ 188,033	\$ 15,826
Claim maintenance	26,898	14,453	23,209	12,233
Surveying	2,646	-	2,646	-
Engineering, metallurgy and geotechnical	80,373	21,862	20,382	21,862
Geographic information system	7,723	-	3,488	-
	<b>\$ 459,655</b>	<b>\$ 79,823</b>	<b>\$ 237,758</b>	<b>\$ 49,921</b>

**10. FINANCIAL INSTRUMENTS**

The Company recognizes financial assets and liabilities on the statement of financial position when the Company becomes party to the contractual provisions of the instrument.

**Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are classified and measured at amortized cost.

**Amounts receivable, accounts payable and accrued liabilities**

Amounts receivable, accounts payable and accrued liabilities are non-interest bearing and are initially measured at fair value, subsequently recorded at amortized costs which approximates fair value due to the short term to maturity. Where necessary, amounts receivable are net of expected credit losses. Amounts receivable pertain to GST receivable and are not subject to expected credit loss rules as they are not contract assets. Amounts receivable are classified as financial assets measured at amortized cost and accounts payable and accrued liabilities are classified as financial liabilities measured at amortized cost.

**KORE MINING LTD.**

**Notes to the Condensed Interim Consolidated Financial Statements**

**June 30, 2018**

(unaudited)

*(Expressed in Canadian dollars)*

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**11. AMALGAMATION AGREEMENT**

On February 27, 2018, Eureka Resources Inc. (“Eureka”) announced that it had signed an amalgamation agreement dated February 24, 2018 (the “Amalgamation Agreement”) with Kore, pursuant to which Eureka agreed to acquire all of the outstanding common shares of Kore (each, a “Kore Share”) in exchange for common shares of Eureka (each a, “Eureka Share”) by way of a three-cornered amalgamation (the “Transaction”).

**Share Consolidation**

As a condition to the closing of the Transaction (the “Closing”), Eureka is required to complete a consolidation of the issued and outstanding Eureka Shares on the basis of one post-consolidation Eureka Share for each ten pre-consolidation Eureka Shares (the “Consolidation”).

**General Terms of the Transaction**

The Transaction will be effected by way of a three-cornered amalgamation, without court approval, under the Business Corporations Act (British Columbia), pursuant to which, through the amalgamation of a newly incorporated British Columbia company, Eureka will acquire all of the issued and outstanding Kore Shares in exchange for the issuance of Eureka Shares (on a post-Consolidation basis) and Kore will become a subsidiary of Eureka.

In the Amalgamation Agreement, dated February 24, 2018 there were 50,462,402 Eureka Shares outstanding, which will be reduced to 5,046,240 Eureka Shares on a post-Consolidation basis. Pursuant to the terms of the Agreement, Eureka has agreed to issue 3 post-Consolidation Eureka Shares in exchange for each Kore Share (the “Exchange Ratio”), resulting in the shareholders of Kore being issued a total of 56,121,606 Eureka Shares (on a post-Consolidation basis). The Exchange Ratio has been determined on the basis of there being 50,462,402 Eureka Shares outstanding at the Closing. However, prior to the Closing, Eureka intends to issue Eureka Shares in settlement of certain outstanding liabilities in accordance with the policies of the Exchange (the “Debt Settlement”). If the actual number of outstanding Eureka Shares and / or Kore Shares immediately prior to the Effective Time (including any Eureka Shares issued in connection with the Debt Settlement) is greater or less than such amount, then the Exchange Ratio shall be adjusted so as to ensure that, immediately following the Closing, the former Kore shareholders shall hold no less than 91.8% of the total number of issued and outstanding Eureka Shares (prior to giving effect to the private placement described below).

On October 29, 2018 there were 54,810,402 Eureka Shares outstanding, which will be reduced to 5,481,040 Eureka Shares on a post-consolidation basis. As a result, a total of 61,360,913 Eureka Shares will be issued to the shareholders of Kore (on a post-Consolidated basis). The Exchange Ratio was adjusted to 3.2801 post-Consolidation basis Eureka Shares for each Kore share held such that Kore shareholders will hold no less than 91.8% of the total number of issued and outstanding Eureka Shares (prior to giving effect to the private placement). The Transaction is subject to various closing conditions, including, among other things, receipt of approval of the Exchange and completion of a private placement for minimum proceeds of \$2,000,000. This required concurrent private placement was completed on October 22, 2018 (Note 12).

Following the Closing, Eureka will continue on with the business of Kore and remain a Tier 2 mining issuer, with Kore as its operating subsidiary. The Resulting Issuer is anticipated to hold all existing assets of Eureka and Kore as at the Closing. It is expected that, in connection with the Closing, Eureka will change its name to “Kore Mining Ltd.”, or such other name as agreed by the parties, with a corresponding change of the trading symbol for the Eureka Shares on the Exchange.

**KORE MINING LTD.**

**Notes to the Condensed Interim Consolidated Financial Statements**

**June 30, 2018**

(unaudited)

*(Expressed in Canadian dollars)*

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In connection with the Transaction, 46,938,213 Eureka Shares to be issued to Kore shareholders will be subject to escrow under the policies of the Exchange.

**12. SUBSEQUENT EVENTS**

(a) On August 29, 2018, the Company completed a Convertible Debenture offering for gross proceeds of \$250,000. The aggregate Principal was automatically converted into Eureka Units immediately prior to the completion of the Amalgamation described above on the basis of one Eureka Unit for each \$0.50 of the Principal. No interest was paid or payable on the conversion of these units. These debentures were converted to Eureka Units on the same basis as the Eureka Subscription Receipt offering that was completed concurrent with closing of the Amalgamation and disclosed by Eureka on October 22, 2018.

(b) A concurrent financing was completed as a subscription receipt offering in Eureka on October 22, 2018 for gross proceeds of \$1,950,000, which, when combined with the above Convertible Debenture offering above, resulted in total proceeds of \$2,200,000 to the Company and Eureka.