

**NOTICE OF SHAREHOLDER MEETINGS**  
  
**and**  
  
**JOINT MANAGEMENT INFORMATION CIRCULAR**  
  
**with respect to, among other things,**  
  
**A PROPOSED BUSINESS COMBINATION**  
  
**involving**  
  
**EUREKA RESOURCES, INC.**  
  
**and**  
  
**KORE MINING LTD.**  
  
**June 22, 2018**

The matters contemplated by this joint management information circular (this “**Circular**”) are important and require your immediate attention. They require the shareholders of Eureka Resources, Inc. (“**Eureka**”) and Kore Mining Ltd. (“**Kore**”) to make important decisions. Please carefully read this Circular, including the appendices hereto, as they contain detailed information relating to, among other things, the proposed amalgamation of Kore and 1153956 B.C. Ltd. (“**Newco**”), a wholly-owned subsidiary of Eureka, and the Reverse Takeover (as defined in the policies of the TSX Venture Exchange (the “**TSXV**”) of Eureka by Kore. If you are in doubt as to how to deal with these materials or the matters they describe, please consult your broker, lawyer or other professional advisor.

All information contained in this Circular with respect to Eureka and its Affiliates (as defined herein) was provided by Eureka for inclusion herein and, with respect to such information, Kore and its board of directors and officers have relied on Eureka. All information contained in this Circular with respect to Kore and its Affiliates was provided by Kore for inclusion herein and, with respect to such information, Eureka and its board of directors and officers have relied on Kore.

Neither the TSXV nor any securities regulatory authority has in any way passed upon the merits of the Reverse Takeover described in this Circular.

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## TABLE OF CONTENTS

	PAGE
LETTER TO THE SHAREHOLDERS OF EUREKA RESOURCES, INC. AND KORE MINING LTD.	
NOTICE OF SPECIAL MEETING OF SHAREHOLDERS OF EUREKA RESOURCES, INC. ....	IV
NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS OF KORE MINING LTD. ....	VI
GLOSSARY OF TERMS.....	VIII
JOINT MANAGEMENT INFORMATION CIRCULAR.....	1
Introduction .....	1
Currency .....	1
Forward-Looking Statements.....	2
National Instrument 43-101.....	3
Information for Beneficial Holders.....	3
SUMMARY .....	5
Eureka Meeting.....	5
Kore Meeting.....	5
About Eureka.....	6
About Kore .....	6
Background to the Transaction.....	6
The Amalgamation Agreement.....	6
Kore Dissent Rights.....	7
Reverse Takeover.....	7
Consolidation .....	7
Eureka Name Change .....	7
Directors and Officers of the Resulting Issuer .....	8
Break Fee.....	8
Concurrent Financing .....	8
Reasons for the Transaction .....	8
Recommendation of the Eureka Board.....	9
Recommendation of the Kore Board.....	9
Summary of Certain Canadian Federal Income Tax Considerations for Canadian Residents .....	9
Other Tax Considerations.....	10
Arm’s Length Transaction .....	10
Estimated Funds Available .....	10
Selected Pro-Forma Consolidated Financial Information .....	11
Stock Exchange Listings.....	11
Sponsorship.....	12
Interests of Experts.....	12
TSXV Approval.....	12
Conflicts of Interest .....	12
RISK FACTORS.....	13
GENERAL PROXY INFORMATION .....	19
Solicitation of Proxies.....	19
Appointment of Proxyholder.....	19
Revocation of Proxies .....	20
Voting of Shares and Proxies and Exercise of Discretion by Designated Persons.....	20
Interest of Certain Persons or Companies in Matters to be Acted Upon.....	20
Interest of Informed Persons in Material Transactions .....	21
DESCRIPTION OF THE TRANSACTION .....	21
Introduction .....	21
Reverse Takeover.....	22
Background to the Transaction.....	22
Reasons for the Transaction .....	22
Steps of the Transaction.....	23
The Amalgamation Agreement.....	24

Officers and Directors .....	25
Concurrent Financing .....	25
Name Change .....	26
Debt Settlement .....	27
Consolidation .....	27
Canadian Securities Law Considerations .....	27
Certain Canadian Federal Income Tax Considerations .....	27
RISK FACTORS RELATING TO THE TRANSACTION .....	31
PARTICULARS OF MATTERS TO BE ACTED UPON AT THE EUREKA MEETING .....	33
Eureka Voting Shares and Principal Holders Thereof .....	33
Approval of the Eureka 2018 Option Plan .....	33
Approval of the Eureka Pre-Existing Company Provisions Resolution .....	36
Approval of the Eureka Transaction Resolution .....	37
Other Business .....	37
PARTICULARS OF MATTERS TO BE ACTED UPON AT THE KORE MEETING .....	38
Kore Voting Shares and Principal Holders Thereof .....	38
Approval of the Amalgamation .....	38
Election of Kore Directors .....	39
Appointment of Kore Auditor .....	41
Other Business .....	41
CERTIFICATE OF EUREKA RESOURCES, INC. ....	42
CERTIFICATE OF KORE MINING LTD. ....	43
ACKNOWLEDGMENT – PERSONAL INFORMATION .....	44

#### **LIST OF APPENDICES**

Appendix A	EUREKA TRANSACTION RESOLUTION
Appendix B	KORE AMALGAMATION RESOLUTION
Appendix C	INFORMATION CONCERNING EUREKA RESOURCES, INC.
Appendix D	INFORMATION CONCERNING KORE MINING LTD.
Appendix E	INFORMATION CONCERNING THE RESULTING ISSUER
Appendix F	AUDIT COMMITTEE CHARTER OF EUREKA RESOURCES, INC.
Appendix G	2018 STOCK OPTION PLAN OF EUREKA RESOURCES, INC.
Appendix H	AUDITED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS OF EUREKA RESOURCES, INC. AS AT AND FOR THE FISCAL YEARS ENDED OCTOBER 31, 2017 AND OCTOBER 31, 2016, AND UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT AND FOR THE THREE MONTHS ENDED JANUARY 31, 2018 AND 2017, AND MANAGEMENT'S DISCUSSION AND ANALYSIS WITH RESPECT THERETO
Appendix I	AUDITED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS OF KORE MINING LTD. AS AT AND FOR THE FISCAL YEARS ENDED DECEMBER 31, 2017 AND 2016, AND UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT AND FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017, AND MANAGEMENT'S DISCUSSION AND ANALYSIS WITH RESPECT THERETO
Appendix J	PRO FORMA FINANCIAL STATEMENTS
Appendix K	SECTIONS 237 TO 247 OF THE BCBCA
Appendix L	AMALGAMATION APPLICATION

June 22, 2018

To the Shareholders of Eureka Resources, Inc. and Kore Mining Ltd.:

On February 26, 2018, Eureka Resources, Inc. ("**Eureka**"), a company listed on the TSX Venture Exchange (the "**TSXV**"), and Kore Mining Ltd. ("**Kore**"), a private British Columbia company, announced that the companies had entered into an amalgamation agreement dated February 24, 2018 with 1153956 B.C. Ltd. ("**Newco**"), a wholly-owned subsidiary of Eureka, pursuant to which, and subject to the terms and conditions of which, Eureka will acquire all of the issued and outstanding common shares of Kore pursuant to an amalgamation of Newco and Kore (the "**Amalgamation**"), to be effected under the *Business Corporations Act* (British Columbia). Assuming the Amalgamation is completed, each shareholder of Kore will be entitled to receive approximately 3.28 common shares of Eureka (each, a "**Eureka Share**") (after giving effect to a consolidation of the Eureka Shares on the basis of one post-consolidation Eureka Share for each ten pre-consolidation Eureka Shares) for each common share of Kore held. The Amalgamation will result in a reverse takeover of Eureka by Kore (the "**Reverse Takeover**") because, following completion of the Amalgamation, the shareholders of Kore are expected to hold approximately 86.1% of the outstanding Eureka Shares (on a post-consolidation basis).

The management and directors of Kore and Eureka are pursuing the Amalgamation because we believe that the combined company will benefit from an increase in scale that will result in increased access to capital, enhanced capital markets profile and increased liquidity for our shareholders. In connection with the Transaction, Eureka will be completing a private placement of subscription receipts to raise gross proceeds of \$2.2 million, which will be used to further the business of the combined company.

Accompanying this letter is a notice from Eureka calling a special meeting of Eureka shareholders to consider the approval of the Reverse Takeover, as well as a notice from Kore calling an annual general and special meeting of Kore shareholders, to consider, among other resolutions, the approval of the Amalgamation. Included with this letter and the notices of the meetings is a joint management information circular of Kore and Eureka, that sets out information about Kore and Eureka as well as the combined company that will result from completion of the Transaction. The circular includes particulars of the matters to be discussed at the shareholder meetings, as well as detailed instructions regarding your rights as shareholders, how to vote your shares and more information regarding our analysis of the proposed transaction and our recommendation that you support it.

We thank you for your support.

Sincerely,

*"Michael Sweatman"*

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President and CEO  
Eureka Resources, Inc.

*"Adrian Rothwell"*

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President and CEO  
Kore Mining Ltd.

**EUREKA RESOURCES, INC.**  
Suite 1100 – 1111 Melville Street  
Vancouver, British Columbia V6C 3V6

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS OF EUREKA RESOURCES, INC.**

**NOTICE IS HEREBY GIVEN** that a special meeting (the “**Meeting**”) of the holders (the “**Shareholders**”) of common shares of Eureka Resources, Inc. (“**Eureka**”) will be held on July 23, 2018 at the offices of Clark Wilson LLP, Suite 900 - 885 West Georgia Street, Vancouver, BC V6C 3H1, at 10:00 a.m. (Vancouver time) for the following purposes:

1. to consider and, if thought fit, to pass, with or without variation, an ordinary resolution (the “**Transaction Resolution**”), the full text of which is set forth in Appendix A to the accompanying joint management information circular (the “**Circular**”), to approve the three-cornered amalgamation of Eureka, Kore Mining Ltd. (“**Kore**”) and 1153956 B.C. Ltd. (“**Newco**”), a wholly-owned subsidiary of Eureka, pursuant to an amalgamation agreement dated February 24, 2018 among Eureka, Kore and Newco, which will result in a Reverse Takeover (as defined in the policies of the TSX Venture Exchange) of Eureka by Kore (the “**Transaction**”), as more particularly described in the Circular;
2. to consider and, if thought advisable, approve with or without variation, a special resolution to alter Eureka’s notice of articles to remove the application of certain provisions imposed under British Columbia corporate law, and to ratify and confirm Eureka’s existing articles (the “**Pre-Existing Company Provisions Resolution**”);
3. to consider and, if thought fit, to pass, with or without variation, an ordinary resolution to ratify the adoption of the Company’s 2018 Stock Option Plan, as more fully described in the Circular; and
4. to transact such further or other business as may properly come before the Meeting and any adjournment or postponement thereof.

The Circular provides additional information relating to all of the matters to be dealt with at the Meeting and is supplemental to, and expressly made a part of, this Notice of Meeting (this “**Notice**”).

**The board of directors of Eureka (the “Board”) unanimously recommends that Shareholders vote FOR all of the matters to be considered at the Meeting, and it is the intention of the management designees named in the enclosed form of proxy, if not expressly directed to the contrary in such form of proxy, to vote in favour of all resolutions. It is a condition to the closing of the Transaction that the Transaction Resolution be approved.**

The Board has fixed June 19, 2018 as the record date for the determination of Shareholders entitled to notice of and to vote at the Meeting and at any adjournment or postponement thereof. Each registered Shareholder at the close of business on that date is entitled to such notice and to vote at the Meeting in the circumstances set out in the Circular.

Registered Shareholders may attend the Meeting in person or may be represented by a proxy holder. If you are a registered Shareholder and are unable to attend the Meeting in person, please exercise your right to vote by completing, dating, signing and returning the accompanying form of proxy to Eureka’s transfer agent, Computershare Investor Services Inc., at 510 Burrard Street, 3rd Floor, Vancouver, BC V6C 3B9, by 10:00 a.m. (Vancouver time) on July 19, 2018 or, if the Meeting is adjourned or postponed, 48 hours (excluding Saturdays, Sundays and holidays recognized in the Province of British Columbia) before the beginning of any adjournment(s) or postponement(s) thereof. The chair of the Meeting shall have the sole discretion to waive or extend the proxy deadline without notice.

A proxyholder has discretion under the accompanying form of proxy in respect of amendments or variations to matters identified in this Notice and with respect to other matters that may properly come before the Meeting, or

any adjournment(s) or postponement(s) thereof. As of the date hereof, management of Eureka know of no amendments, variations or other matters to come before the Meeting other than the matters set forth in this Notice.

If you are a non-registered Shareholder and received this Notice and accompanying materials through a broker, a financial institution, a participant, a trustee or administrator of a self-administered retirement savings plan, retirement income fund, education savings plan or other similar self-administered savings or investment plan registered under the *Income Tax Act* (Canada), or a nominee of any of the foregoing that holds your securities on your behalf (in any case, an “**Intermediary**”), please complete and return the materials in accordance with the instructions provided to you by your Intermediary.

**DATED** at Vancouver, British Columbia, this 22<sup>nd</sup> day of June, 2018.

**BY ORDER OF THE BOARD OF DIRECTORS OF  
EUREKA RESOURCES, INC.**

*“Michael D. Sweatman”*

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Michael D. Sweatman  
President and Chief Executive Officer

**KORE MINING LTD.**  
Suite 2200 – 885 West Georgia Street  
Vancouver, British Columbia V6C 3E8

**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS OF KORE MINING LTD.**

**NOTICE IS HEREBY GIVEN** that an annual general and special meeting (the “**Meeting**”) of the holders (the “**Shareholders**”) of common shares (each, a “**Share**”) of Kore Mining Ltd. (“**Kore**”) will be held on July 23, 2018 at the offices of Cassels Brock & Blackwell LLP, Suite 2200 – 885 West Georgia Street, Vancouver, BC, at 10:00 a.m. (Vancouver time) for the following purposes:

1. to receive the audited annual consolidated financial statements of Kore for the fiscal year ended December 31, 2017, together with the report of the auditors thereon;
2. to elect the directors of Kore for the ensuing year, to hold office until the next annual general meeting of Kore, or until such time as their successors are duly elected or appointed in accordance with Kore’s constating documents;
3. to appoint PricewaterhouseCoopers LLP as the auditors of Kore for the ensuing year and to authorize the directors to fix the remuneration to be paid to the auditors;
4. to consider and, if thought fit, to pass a special resolution (the “**Amalgamation Resolution**”), the full text of which is set forth in Appendix B to the accompanying joint management information circular (the “**Circular**”), with or without variation, approving the amalgamation (the “**Amalgamation**”) of Kore and 1153956 B.C. Ltd. (“**Newco**”), a wholly-owned subsidiary of Eureka Resources, Inc. (“**Eureka**”), a company listed on the TSX Venture Exchange, under the provisions of the *Business Corporations Act* (British Columbia) (the “**BCBCA**”), pursuant to an amalgamation agreement dated February 24, 2018 among Eureka, Kore and Newco, as more particularly described in the Circular; and
5. to transact such further or other business as may properly come before the Meeting and any adjournment or postponement thereof.

The Circular provides additional information relating to the matters to be dealt with at the Meeting and is supplemental to, and expressly made a part of, this Notice of Meeting (this “**Notice**”).

**The board of directors of Kore (the “Board”) unanimously recommends that Shareholders vote FOR all matters to be considered at the Meeting. It is the intention of the management designees named in the enclosed form of proxy, if not expressly directed to the contrary in such form of proxy, to vote in favour of the Amalgamation Resolution and all other matters to be considered at the Meeting.**

The Board has fixed June 22, 2018 as the record date for the determination of Shareholders entitled to notice of and to vote at the Meeting and at any adjournment or postponement thereof. Each registered Shareholder at the close of business on that date is entitled to such notice and to vote at the Meeting in the circumstances set out in the Circular.

Registered Shareholders may attend the Meeting in person or may be represented by a proxy holder. If you are a registered Shareholder and unable to attend the Meeting in person, please exercise your right to vote by completing, dating, signing and returning the applicable accompanying form of proxy to Computershare Investor Services Inc., at 510 Burrard Street, 3rd Floor, Vancouver, BC V6C 3B9, by 10:00 a.m. (Vancouver time) on July 19, 2018, by 10:00 a.m. (Vancouver time) or, if the Meeting is adjourned or postponed, 48 hours (excluding Saturdays, Sundays and holidays recognized in the Province of British Columbia) before the beginning of any adjournment(s) or postponement(s) thereof. The chair of the Meeting shall have the sole discretion to waive or extend the proxy deadline without notice.

A proxyholder has discretion under the accompanying form of proxy in respect of amendments or variations to matters identified in this Notice and with respect to other matters that may properly come before the Meeting, or any



adjournment(s) or postponement(s) thereof. As of the date hereof, management of Kore know of no amendments, variations or other matters to come before the Meeting other than the matters set forth in this Notice.

In accordance with Section 309 of the BCBCA, registered Shareholders have the right to dissent to the Amalgamation, and if the Amalgamation becomes effective, to be paid the fair value of their Shares, in accordance with the provisions of Part 8, Division 2 of the BCBCA. A Shareholder's right to dissent to the Amalgamation is more particularly described in the Circular and in the text of Section 238 of the BCBCA, which is set forth in Appendix K to the Circular.

To exercise dissent rights, a Shareholder must send to Kore, c/o Cassels Brock & Blackwell LLP, Suite 2200 – 885 West Georgia Street, Vancouver, British Columbia, Attention: John Christian, a written objection to the Amalgamation Resolution by 10:00 a.m. (Vancouver time) on July 20, 2018 or the last business day immediately preceding the date of any adjournment(s) or postponement(s) of the Kore Meeting.

**Failure to strictly comply with the requirements set forth in Part 8, Division 2 of the BCBCA with respect to the Amalgamation Resolution may result in the loss of any right of dissent. Persons who are beneficial owners of Shares registered in the name of a broker, financial institution, participant, trustee or administrator of a self-administered retirement savings plan, retirement income fund, education savings plan or other similar self-administered savings or investment plan registered under the *Income Tax Act* (Canada), or a nominee of any of the foregoing, that holds their Shares on their behalf (in any case, an "Intermediary"), and who wish to dissent, should be aware that only registered Shareholders are entitled to dissent. Accordingly, a beneficial owner of Shares that wishes to exercise the right of dissent must make arrangements for the Shares beneficially owned by such holder to be registered in the holder's name prior to the time the written objection to the Amalgamation Resolution is required to be received by Kore or, alternatively, make arrangements for the registered holder of such Shares to dissent on behalf of the beneficial holder. It is strongly suggested that any Shareholders wishing to dissent seek independent legal advice, as the failure to comply strictly with the provisions of applicable provisions of the BCBCA may prejudice their right to dissent.**

If you are a non-registered Shareholder and received this Notice and accompanying materials through an Intermediary, please complete and return the materials in accordance with the instructions provided to you by your Intermediary.

DATED at Vancouver, British Columbia, this 22<sup>nd</sup> day of June, 2018.

**BY ORDER OF THE BOARD OF DIRECTORS OF  
KORE MINING LTD.**

*"Adrian Rothwell"*

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Adrian Rothwell  
President, Chief Executive Officer  
and Director

## GLOSSARY OF TERMS

In this Circular, the following words and terms shall have the following meanings:

**“Additional Subscription Receipts”** means Subscription Receipts issued on exercise of the Over-Allotment Option;

**“Affiliate”** means a company that is affiliated with another company. A company is an “Affiliate” of another company if: (a) one of them is the subsidiary of the other, or (b) each of them is controlled by the same Person. A company is “controlled” by a Person if: (a) voting securities of the company are held, other than by way of security only, by or for the benefit of that Person, and (b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the company. A Person beneficially owns securities that are beneficially owned by: (a) a company controlled by that Person, or (b) an Affiliate of that Person or an Affiliate of any company controlled by that Person;

**“Agency Agreement”** means the agency agreement to be entered into prior to the closing of the Concurrent Financing among the Agent, Eureka and Kore with respect to the Concurrent Financing;

**“Agent”** means PI Financial Corp.;

**“Agent’s Commission”** means a cash commission to be paid by Eureka to the Agent in an amount equal to 7.0% of the aggregate gross proceeds of the Concurrent Financing (including gross proceeds from the sale of any Additional Subscription Receipts);

**“Agent’s Expenses”** means the Agent’s reasonable expenses and fees, including the reasonable fees of legal counsel to the Agent (up to a maximum of \$50,000, or such other amount as may be approved in writing by Eureka and Kore), plus taxes and disbursements, in connection with the Concurrent Financing;

**“Agent’s Warrants”** means such number of Eureka Warrants as is equal to 7.0% of the number of Subscription Receipts issued under the Concurrent Financing (including any Additional Subscription Receipts), each of which will be exercisable into one Eureka Share at the Offering Price for a period of 24 months following the date of issuance;

**“Alternative Proposal”** means any inquiry or the making of any proposal from any Person or group of Persons “acting jointly or in concert” (within the meaning of National Instrument 62-104 *Take Over Bids and Issuer Bids*) which constitutes, or may reasonably be expected to lead to (in either case whether in one transaction or a series of transactions): (a) an acquisition or purchase of 20% or more of the voting securities of Eureka or Kore, as applicable, (b) any acquisition of a substantial amount of assets of Eureka or Kore, as applicable, taken as a whole, (c) an amalgamation, arrangement, merger, business combination or consolidation involving Eureka or Kore, as applicable, (d) any take-over bid, issuer bid, exchange offer, recapitalization, liquidation, dissolution, reorganization or similar transaction involving Eureka or Kore, as applicable, or (e) any other transaction, the consummation of which would reasonably be expected to impede, interfere with, prevent or delay the transactions contemplated by the Amalgamation Agreement or the Transaction;

**“Amalco”** means the combined business entity resulting from the amalgamation of Kore and Newco;

**“Amalco Shares”** means the common shares in the capital of Amalco;

**“Amalgamation”** means the amalgamation of Kore and Newco pursuant to Section 269 of the BCBCA and as set forth in the terms of the Amalgamation Agreement;

**“Amalgamation Agreement”** means the amalgamation agreement dated February 24, 2018 among Eureka, Kore and Newco, a copy of which is available under Eureka’s profile at [www.sedar.com](http://www.sedar.com);

**“Amalgamation Application”** means the amalgamation application giving effect to the Amalgamation to be filed with the Registrar;

**“Arm’s Length Transaction”** means a transaction which is not a Related Party Transaction, as defined in Policy 1.1 of the Manual;

**“Associate”** when used to indicate a relationship with a Person, means: (a) an issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling it to more than 10% of the voting rights attached to outstanding securities of the issuer, (b) any partner of the Person, (c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which a Person serves as trustee or in a similar capacity, or (d) in the case of a Person who is an individual: (i) that Person’s spouse or child, or (ii) any relative of the Person or of his spouse who has the same residence as that Person, but (e) where the TSXV determines that two Persons shall, or shall not, be deemed to be associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination will be determinative of their relationships in the application of Rule D.1.00 of the TSX Venture Exchange Rule Book and Policies with respect to that Member firm, Member corporation or holding company;

**“Authors”** means, together, Neil Prenn, P.E., and Steven I. Weiss, C.P.G., the Qualified Persons who prepared the Technical Report;

**“BCBCA”** means the *Business Corporations Act* (British Columbia) and the regulations thereunder, as amended from time to time;

**“Beneficial Holders”** means Shareholders who hold their Shares through an Intermediary rather than in their own name;

**“Broadridge”** means Broadridge Financial Solutions, Inc.;

**“Business Day”** means any day other than a Saturday, Sunday or a statutory holiday in Vancouver, British Columbia;

**“CEO”** means Chief Executive Officer;

**“CFO”** means Chief Financial Officer;

**“Circular”** means this joint management information circular, together with all appendices hereto, to be distributed to the Eureka Shareholders and the Kore Shareholders, respectively, in connection with the Eureka Meeting and the Kore Meeting, as the case may be;

**“Closing”** means the closing of the Transaction;

**“Closing Date”** means the date on which the Effective Time occurs;

**“company”** unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity, other than an individual;

**“Compensation Securities”** includes stock options, convertible securities, exchangeable securities and similar instruments, including stock appreciation rights, deferred share units and restricted share units, granted or issued by a company or one of its subsidiaries (if any) for services provided or to be provided, directly or indirectly to a company or any of its subsidiaries (if any);

**“Concurrent Financing”** means the concurrent financing of Subscription Receipts to be completed prior to the Effective Time to raise gross proceeds of \$2,200,000 (or \$2,530,000 in the event of the full exercise of the Over-Allotment Option);

**“Consolidation”** means the consolidation of the Eureka Shares on the basis of one post-Consolidation Eureka Share for every ten issued and outstanding pre-Consolidation Eureka Shares, which is to occur after the closing of the Concurrent Financing but prior to the Effective Time;

**“Control Person”** means any Person that holds, or is one of a combination of Persons that holds, a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer;

**“CRA”** means the Canada Revenue Agency;

**“Debt Settlement”** means the shares for debt transactions completed by Eureka on April 30, 2018 pursuant to which Eureka issued an aggregate of 2,548,000 Eureka Shares (on a pre-Consolidation basis) in settlement of outstanding debt in the amount of \$127,400;

**“Designated Persons”** means the management designees named as proxyholders in the enclosed form of proxy for Eureka or Kore, as applicable;

**“Effective Time”** means the time that the Amalgamation Application is filed with the Registrar on the Closing Date, or such other date as may be determined by the Parties;

**“Engagement Letter”** means the engagement letter dated April 12, 2018, as amended, among the Agent, Eureka and Kore with respect to the Concurrent Financing;

**“Eureka”** means Eureka Resources, Inc., a company incorporated under the laws of the Province of British Columbia, which is the “issuer” as defined in the policies of the TSXV;

**“Eureka 2008 Option Plan”** means the 10% rolling stock option plan which was initially adopted by the Eureka Board on March 11, 2008 and was last ratified by the Eureka Shareholders on March 22, 2018;

**“Eureka 2018 Option Plan”** means the 10% rolling stock option plan which was adopted by the Eureka Board on June 22, 2018 and will be presented to Eureka Shareholders for approval at the Eureka Meeting;

**“Eureka Board”** means the board of directors of Eureka, as constituted from time to time;

**“Eureka Consideration Shares”** means the post-Consolidation Eureka Shares to be issued to the Kore Shareholders in connection with the Transaction;

**“Eureka Convertible Securities”** means, collectively, the Eureka Options and the Eureka Warrants;

**“Eureka Meeting”** means the special meeting of the Eureka Shareholders, including any adjournment(s) or postponement(s) thereof;

**“Eureka Options”** means options to acquire Eureka Shares;

**“Eureka Pre-Existing Company Provisions Resolution”** means the special resolution of at least three-quarters of the Eureka Shareholders, to be considered by the Eureka Shareholders at the Eureka Meeting, as further described herein;

**“Eureka Shareholders”** means the holders of Eureka Shares from time to time;

**“Eureka Shares”** means common shares in the capital of Eureka;

**“Eureka Transaction Resolution”** means the Ordinary Resolution of the Eureka Shareholders to approve the RTO, to be considered by the Eureka Shareholders at the Eureka Meeting, in substantially the form set forth at Appendix A;

**“Eureka Warrants”** means warrants to acquire Eureka Shares;

**“Exchange Ratio”** means approximately 3.28 post-Consolidation Eureka Shares for each Kore Share;

**“Final Exchange Bulletin”** means the bulletin which is issued by the TSXV following the Closing and the submission of all documents required by TSXV Policy 5.2, which evidences the final TSXV acceptance of the RTO;

**“IFRS”** means International Financial Reporting Standards as issued by the International Accounting Standards Board;

**“Insider”** if used in relation to an issuer, means: (a) a director or senior officer of the issuer, (b) a director or senior officer of a company that is an insider or subsidiary of the issuer, (c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the issuer, or (d) the issuer itself if it holds any of its own securities;

**“Intermediary”** means a broker, financial institution, participant, trustee, or administrator of a self-administered retirement savings plan, retirement income fund, education savings plan or other similar self-administered savings or investment plan registered under the *Income Tax Act* (Canada), or a nominee of any of the foregoing that holds Shares on behalf of a Beneficial Holder;

**“Kore”** means Kore Mining Ltd., a corporation incorporated under the laws of the Province of British Columbia, which is the “target” as defined in the policies of the TSXV;

**“Kore Amalgamation Resolution”** means the Special Resolution of the Kore Shareholders to approve the Amalgamation, to be considered by the Kore Shareholders at the Kore Meeting, in substantially the form set forth at Appendix B;

**“Kore Board”** means the board of directors of Kore;

**“Kore Dissent Procedures”** means the procedures to be taken by a Registered Shareholder of Kore in exercising Kore Dissent Rights;

**“Kore Dissent Rights”** means the rights of dissent granted in favour of registered Kore Shareholders in accordance with Sections 237 to 247 of the BCBCA, the full text of which is set forth at Appendix K;

**“Kore Dissenting Shareholder”** means a Kore Shareholder who has duly exercised Kore Dissent Rights and who is ultimately entitled to be paid the fair value of the Kore Shares held by such Kore Shareholder;

**“Kore Meeting”** means the annual general and special meeting of the Kore Shareholders, including any adjournment(s) or postponement(s) thereof;

**“Kore Properties”** means, together, the Long Valley Project and the Imperial gold development project, each of which is located in the State of California, and in which Kore holds a 100% indirect ownership interest;

**“Kore Shareholders”** means the registered holders of outstanding Kore Shares from time to time;

**“Kore Shares”** means common shares in the capital of Kore;

**“Long Valley Project”** means Kore’s gold development project located in Mono County, California;

**“LOI”** means the non-binding letter of intent dated December 28, 2017 between Eureka and Kore;

**“Manual”** means the TSXV Corporate Finance Manual;

**“Meetings”** means, collectively, the Eureka Meeting and the Kore Meeting and any adjournment(s) or postponement(s) thereof, and **“Meeting”** means the Eureka Meeting or the Kore Meeting, as applicable;

**“Member”** has the meaning set out in the policies of the TSXV;

**“MD&A”** means Management’s Discussion and Analysis;

**“Named Executive Officers”** or **“NEO”** means, in relation to a company, each of the following individuals:

- (a) any individual who acted as CEO of the company, or acted in a similar capacity, for any part of the most recently completed financial year,
- (b) any individual who acted as CFO of the company, or acted in a similar capacity, for any part of the most recently completed financial year,
- (c) each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000, as determined in accordance with subsection 1.3(6) of Form 51-102F6 *Statement of Executive Compensation – Venture Issuers*, for that financial year, and
- (d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the company, nor acting in a similar capacity, at the end of that financial year;

**“Newco”** means 1153956 B.C. Ltd., a wholly-owned subsidiary of Eureka, incorporated under the laws of the Province of British Columbia solely for the purpose of carrying out the Amalgamation;

**“NI 43-101”** means National Instrument 43-101 *Standards of Disclosure for Mineral Projects*;

**“Non-Arm’s Length Party”** means: (a) in relation to a company: (i) a promoter, officer, director, other Insider or Control Person of that company and any Associates or Affiliates of any of such persons, or (ii) another entity or an Affiliate of that entity, if that entity or its Affiliate have the same promoter, officer, director, Insider or Control Person as the company, and (b) in relation to an individual, any Associate of the individual or any company of which the individual is a promoter, officer, director, Insider or Control Person;

**“Offering Price”** means the purchase price per Subscription Receipt, being \$0.05 per Subscription Receipt on a pre-Consolidation basis (adjusted to \$0.50 per Subscription Receipt on a post-Consolidation basis) or such other price as may be agreed to among Eureka, Kore and the Agent;

**“Ordinary Resolution”** means a resolution required to be approved by greater than one half of the votes cast by those Shareholders who (being entitled to do so) vote in person or by proxy at a Meeting;

**“Over-Allotment Option”** means an option to be granted to the Agent in connection with the Concurrent Financing, exercisable in whole or in part and at any time up until two days prior to the closing of the Concurrent Financing, to purchase up to such number of Additional Subscription Receipts as is equal to 15% of the Subscription Receipts sold under the Concurrent Financing at the Offering Price, on the same terms as the Subscription Receipts;

**“Parties”** means, together, Eureka and Kore, and **“Party”** means either one of them;

**“Person”** is to be construed broadly and includes any individual, company, partnership, joint venture, association, trust, trustee, executor, administrator, unincorporated association, governmental entity or other entity, whether or not having legal status;

**“Qualified Person”** means an individual who:

- (a) is an engineer or geoscientist with at least five years of experience in mineral exploration, mine development or operation, mineral project assessment, or any combination of these,

- (b) has experience relevant to the subject matter of a mineral project and the relevant technical report, and
- (c) is in good standing with a professional association and, in the case of a foreign association listed in Appendix A of NI 43-101, has the corresponding designation in Appendix A of NI 43-101;

**“Registered Shareholder”** means a Kore Shareholder or a Eureka Shareholder, as applicable, whose name appears on the register of Kore or Eureka, as applicable, as the owner of Kore Shares or Eureka Shares, as applicable;

**“Registrar”** means the Registrar of Companies appointed under Section 400 of the BCBCA;

**“Resulting Issuer”** means Eureka following the date of issuance of the Final Exchange Bulletin;

**“Resulting Issuer Board”** means the board of directors of the Resulting Issuer;

**“Resulting Issuer Convertible Securities”** means, collectively, the Resulting Issuer Options and the Resulting Issuer Warrants;

**“Resulting Issuer Options”** means Eureka Options following the date of issuance of the Final Exchange Bulletin;

**“Resulting Issuer Shares”** means Eureka Shares following the date of issuance of the Final Exchange Bulletin, including the Eureka Consideration Shares to be issued to Kore Shareholders and the Eureka Shares to be issued on exercise of the Subscription Receipts;

**“Resulting Issuer Warrants”** means Eureka Warrants upon Closing, including the Agent’s Warrants and the Eureka Warrants to be issued on exercise of the Subscription Receipts;

**“RTO”** or **“Reverse Takeover”** means a transaction or series of transactions involving an acquisition by an issuer or of an issuer, and a securities issuance by the issuer, that results in:

- (a) new shareholders holding more than 50% of the outstanding voting securities of the issuer, and
- (b) a change of control of the issuer. The TSXV may deem a transaction to have resulted in a change of control by aggregating the shares of a vendor group and/or incoming management group.

For the purposes hereof, the Transaction has been deemed to be a Reverse Takeover of Eureka under TSXV policies;

**“Securities Laws”** means securities legislation, securities regulations and securities rules, as amended, and the policies, notices, instruments and blanket orders in force from time to time that are applicable to an issuer;

**“SEDAR”** means the System for Electronic Document Analysis and Retrieval;

**“Shareholders”** means the Eureka Shareholders and/or the Kore Shareholders, as the context may require;

**“Shares”** means the Eureka Shares and/or the Kore Shares, as the context may require;

**“Special Resolution”** means a resolution required to be approved by greater than two-thirds of the votes cast by those Shareholders who (being entitled to do so) vote in person or by proxy at a Meeting;

**“Subscription Receipts”** means the subscription receipts to be issued by Eureka in connection with the Concurrent Financing, each of which will be exercisable, without the payment of additional consideration, into one Eureka

Share and one half of one Eureka Warrant, subject to satisfaction of applicable escrow release conditions by the escrow release deadline, as further described herein;

“**Tax Act**” means the *Income Tax Act* (Canada) and the regulations thereunder, as amended from time to time;

“**Technical Report**” means the technical report entitled “Technical Report and Resource Estimate for the Long Valley Project, Mono County, California, USA” dated April 25, 2018 and prepared by the Authors with respect to the Long Valley Project;

“**Transaction**” means, collectively, the Amalgamation, the Concurrent Financing, the Consolidation and all transactions related to the RTO, as contemplated by the Amalgamation Agreement or otherwise;

“**Transfer Agent**” means Computershare Investor Services Inc., the transfer agent of Eureka;

“**TSX**” means the Toronto Stock Exchange;

“**TSXV**” means the TSX Venture Exchange Inc.;

“**United States**” or “**U.S.**” means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;

“**Voluntary Lock-Up Agreement**” means the lock-up agreement to be entered into effective as of the Closing Date pursuant to which the Eureka Shares held by Warren Stanyer, Michael Sweatman, Brent Petterson, Gary Vivian, Kristian Whitehead and John Kerr following the Closing will be subject to an escrow period of six months following the Closing Date, during which each will not, directly or indirectly, offer, sell, agree to offer or sell, enter into an agreement to offer or sell, grant any option to purchase, make any short sale, or otherwise dispose of, or transfer, or announce any intention to do so, or enter into any transaction or arrangement that has the effect of transferring, in whole or in part, any of the economic consequences of ownership of any securities of the Resulting Issuer, other than pursuant to a take-over bid made generally to all of the shareholders of the Resulting Issuer, without prior written consent of the Resulting Issuer Board;

“**Voting Instruction Form**” or “**VIF**” means the voting instruction form provided by Broadridge to Beneficial Holders of Eureka; and

“**Voting Support Agreements**” means the voting support agreements dated effective as of the date of the Amalgamation Agreement between: (a) Eureka and each of the directors and officers of Eureka, and (b) Kore and each of the directors and officers of Kore, pursuant to which each of the directors and officers has agreed to vote all Eureka Shares and Kore Shares, as applicable, held by them in favour of all matters to be considered at the Eureka Meeting and the Kore Meeting, as applicable.

In this Circular, words importing the singular include the plural and vice versa and words importing any gender include all genders.



## JOINT MANAGEMENT INFORMATION CIRCULAR

### Introduction

This Circular is furnished in connection with the solicitation of proxies by the management of Eureka and Kore, respectively, for use at the Eureka Meeting and the Kore Meeting, respectively, and at any adjournment(s) or postponement(s) thereof. No Person has been authorized to give any information or make any representation in connection with the Transaction or other matters to be considered at the Eureka Meeting or the Kore Meeting, other than as contained in this Circular, and if given or made, any such information or representation must not be relied upon as having been authorized by Eureka or Kore.

Information contained in this Circular is given as of June 22, 2018, unless otherwise specifically stated. Neither the delivery of this Circular nor any distribution of the securities referred to in this Circular will, under any circumstance, create an implication that there has been no change in the information set forth herein since the date such information is given in this Circular.

This Circular does not constitute an offer to sell or a solicitation of an offer to purchase any securities or the solicitation of a proxy by any Person in any jurisdiction in which such an offer or solicitation is not authorized or in which the Person making such offer or solicitation is not qualified to do so or to any Person to whom it is unlawful to make such an offer or solicitation of an offer or a proxy solicitation.

The information contained or referred to in this Circular relating to Eureka and Newco has been furnished by Eureka. In preparing this Circular, Kore relied upon Eureka to ensure that the Circular contains full, true and plain disclosure of all material facts relating to Eureka and Newco. Although Kore has no knowledge that would indicate that any statements contained herein concerning Eureka or Newco are untrue or incomplete, neither Kore nor any of its directors or officers assumes any responsibility for the accuracy or completeness of such information or for any failure by Eureka to ensure disclosure of events or facts that may have occurred which may affect the significance or accuracy of any such information.

The information contained or referred to in this Circular relating to Kore has been furnished by Kore. In preparing this Circular, Eureka relied upon Kore to ensure that the Circular contains full, true and plain disclosure of all material facts relating to Kore. Although Eureka has no knowledge that would indicate that any statements contained herein concerning Kore are untrue or incomplete, neither Eureka nor any of its directors or officers assumes any responsibility for the accuracy or completeness of such information or for any failure by Kore to ensure disclosure of events or facts that may have occurred which may affect the significance or accuracy of any such information.

All summaries of, and references to, the Amalgamation Agreement in this Circular are qualified in their entirety by reference to the complete text of the Amalgamation Agreement, a copy of which is available for review under Eureka's company profile on SEDAR. You are urged to carefully read the full text of the Amalgamation Agreement.

All capitalized terms used in this Circular but not otherwise defined herein have the meanings set forth herein under "*Glossary of Terms*". Details of the Transaction are set forth under the heading "*Description of the Transaction*". For details of the matters to be considered by the Eureka Shareholders and the Kore Shareholders, see "*Particulars of Matters to be Acted Upon at the Eureka Meeting*" and "*Particulars of Matters to be Acted Upon at the Kore Meeting*", respectively.

### Currency

In this Circular, all references to "\$" or "dollars" are to Canadian dollars, unless otherwise indicated, and all references to "US\$" are to United States dollars.

## Forward-Looking Statements

Certain statements and information contained in this Circular constitute forward-looking statements or forward-looking information (collectively “**forward-looking statements**”) within the meaning of applicable Securities Laws. All statements other than statements of historical fact are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words or phrases such as “may”, “is expected to”, “anticipates”, “estimates”, “intends”, “plans”, “projection”, “could”, “vision”, “goals”, “objective”, “outlook” or similar words suggesting future outcomes or language suggesting an outlook.

In particular, this Circular contains forward-looking statements with respect to the following:

- the expected use of proceeds from the Concurrent Financing, the obtaining of all required approvals in connection with the Transaction, and the completion of the Transaction;
- mineral resource estimates for the Long Valley Project as further described in the Technical Report;
- the Resulting Issuer’s expectations, strategies and plans for the Properties, including Kore and the Resulting Issuer’s planned exploration and development activities;
- the ability to obtain any permits needed to carry out planned exploration and development activities;
- the anticipated tax treatment of the Transaction for Kore Shareholders;
- the Resulting Issuer’s future development and growth prospects;
- expected operating costs, general and administrative costs, costs of services and other costs and expenses;
- ability to meet current and future obligations;
- ability to obtain equipment, services and supplies in a timely manner;
- ability to obtain financing on acceptable terms or at all; and
- any other statement that may predict, forecast, indicate or imply future plans, intentions, levels of activity, results, performance or achievements.

Forward-looking statements in this Circular are based on Eureka’s and Kore’s current beliefs as well as assumptions made by, and information currently available to, Eureka and Kore, as applicable, regarding, among other things: the completion of the Transaction and related matters; that the Resulting Issuer will be able to obtain the permits necessary to carry out its planned exploration program at the Long Valley Project; the listing of the Resulting Issuer Shares on the TSXV; the expected success of the operations of the Resulting Issuer; the legislative and regulatory environments of the jurisdictions where the Resulting Issuer will carry on business or have operations; the impact of competition and the competitive response to the Resulting Issuer’s business strategy; timing and amount of capital and other expenditures; conditions in financial markets and the economy generally; and the Resulting Issuer’s ability to obtain additional financing on satisfactory terms or at all.

The actual results, performance or achievements of the Resulting Issuer could differ materially from those anticipated in the forward-looking statements contained in this Circular as a result of the risk factors set forth below and under the heading “Risk Factors”, including, but not limited to: failure to complete the Transaction in all material respects in accordance with the Amalgamation Agreement or at all; failure to realize the anticipated benefits of the Transaction; failure of the Resulting Issuer to operate and grow Kore’s business effectively; the availability of financial resources to fund the Resulting Issuer’s expenditures; competition for, among other things,

capital reserves and skilled personnel; mineral exploration, development and operating risks; estimation of mineralization, resources and reserves; environmental, health and safety regulations of the resource industry; competitive conditions; permitting and licensing risks; operational risks; negative cash flow; financing risks; exploration costs; uninsurable risks; commodity prices; stock market volatility and market valuations; uncertainty in global financial markets; and other factors discussed under “Risk Factors”.

Shareholders are cautioned that these factors and risks are difficult to predict and that the assumptions used in the preparation of such information, although considered reasonably accurate at the time of preparation, may prove to be incorrect. Accordingly, Shareholders are cautioned that the actual results achieved may vary from the information provided herein and the variations may be material. Shareholders are also cautioned that the foregoing list of factors is not exhaustive. Consequently, there is no representation by Eureka or Kore that actual results achieved will be the same in whole or in part as those set out in the forward-looking statements. Furthermore, the forward-looking statements contained in this Circular are made as of the date hereof, and neither Eureka nor Kore undertakes any obligation, except as required by applicable securities legislation, to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this Circular are expressly qualified by this cautionary statement.

### **National Instrument 43-101**

All information concerning the Kore Properties in this Circular has been provided by Kore. The Long Valley Project is expected to be the material property of the Resulting Issuer following the Closing. Unless otherwise stated, scientific and technical information concerning the Long Valley Project is summarized, derived or extracted from the Technical Report. The Technical Report has been filed with Canadian securities regulatory authorities and is available for review on Eureka’s profile on SEDAR at [www.sedar.com](http://www.sedar.com). For a complete description of assumptions, qualifications, and procedures associated with the information in the Technical Report, reference should be made to the full text of the Technical Report. Each of the Authors of the Technical Report is a Qualified Person.

Readers are reminded that the Long Valley Project is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. Readers are further cautioned that mineral resources that are not mineral reserves do not have demonstrated economic viability.

### **Information for Beneficial Holders**

The information set forth in this section is of significant importance to many Shareholders, as a substantial number of Shareholders do not hold Shares in their own name but instead are Beneficial Holders. Beneficial Holders should note that only proxies deposited by Registered Shareholders whose names appear on the shareholder records maintained by or on behalf Eureka or Kore, as applicable, as the registered holders of Shares can be recognized and acted upon at the Eureka Meeting or Kore Meeting, as applicable. If Shares are listed in an account statement provided to a Shareholder by an Intermediary, then, in almost all cases, those Shares will not be registered in a holder’s name on the records of Eureka or Kore. Such Shares will more likely be registered in the name of the holder’s Intermediary or an agent of the Intermediary. In Canada, the vast majority of such Shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., or CDS, which acts as nominee for many Canadian brokerage firms). Shares held by brokers or their nominees can only be voted for or against resolutions upon instructions of the Beneficial Holder. Without specific instructions, Intermediaries and other nominees are prohibited from voting Shares for their clients. Beneficial Holders should therefore ensure that instructions regarding the voting of their Shares are properly communicated to the appropriate Intermediary or other nominee, or that the Shares are duly registered in their name well in advance of the applicable Meeting.

Applicable regulatory policies require each Intermediary to seek voting instructions from Beneficial Holders in advance of shareholder meetings. Every Intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Holders in order to ensure that their Shares are voted

at the applicable Meeting. Often, the form of proxy supplied to a Beneficial Holder by its broker is identical to that provided to a Registered Shareholder. However, its purpose is limited to instructing the Registered Shareholder on how to vote on behalf of the Beneficial Holder. The majority of Intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge. Broadridge typically mails a scannable Voting Instruction Form in lieu of the applicable form of proxy. The Beneficial Holder is requested to complete and return the Voting Instruction Form by mail or facsimile. Alternatively, the Beneficial Holder can call a toll-free telephone number or access the internet to vote the Shares held by the Beneficial Holder. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Shares to be represented at the applicable Meeting. A Beneficial Holder receiving a form of proxy or Voting Instruction Form from their Intermediary (or an agent or nominee of such Intermediary) cannot use that form to vote Shares directly at the applicable Meeting. Voting instructions must be communicated to the Intermediary (in accordance with the instructions provided by it or on its behalf) well in advance of the applicable Meeting in order to have the Shares to which such instructions relate voted at the applicable Meeting.

If you are a Beneficial Holder and wish to vote in person at the applicable Meeting, please contact your Intermediary well in advance of the applicable Meeting to determine how you can do so. Although a Beneficial Holder may not be recognized directly at the applicable Meeting for the purpose of voting Shares registered in the name of its Intermediary, a Beneficial Holder may vote those Shares as a proxyholder for the Registered Shareholder. To do this, a Beneficial Holder should enter such Beneficial Holder's own name in the blank space on the applicable form of proxy provided to the Beneficial Holder and return the document to such Beneficial Holder's Intermediary (or the agent of such Intermediary), in accordance with the instructions provided by such Intermediary, well in advance of the applicable Meeting.

## SUMMARY

The following is a summary of information relating to Eureka, Kore and the Resulting Issuer (assuming completion of the Transaction) and should be read together with the more detailed information and financial data and statements contained elsewhere in this Circular. This summary is provided for convenience only and is qualified in its entirety by the more detailed information appearing or referred to elsewhere in this Circular, including the Appendices hereto. Terms with initial capital letters in this Summary are defined in the Glossary of Terms or elsewhere in this Circular.

### **Eureka Meeting**

The Eureka Meeting will be held at the offices of Clark Wilson LLP, Suite 900, 885 West Georgia Street, Vancouver, BC, on July 23, 2018 at 10:00 a.m. (Vancouver time). Only Registered Shareholders of Eureka as at the Eureka record date of June 19, 2018 will be entitled to receive notice of and to vote at the Eureka Meeting, except as otherwise set out in this Circular.

The Eureka Meeting will constitute a special meeting of the Eureka Shareholders. At the Eureka Meeting, the Eureka Shareholders will be asked to consider and approve the Eureka Transaction Resolution, the Eureka Pre-Existing Company Provisions Resolution, and such other matters as may properly be brought before the Eureka Meeting or any adjournment(s) or postponement(s) thereof.

The Eureka Transaction Resolution is an Ordinary Resolution, which must be approved by more than 50% of the votes cast by Eureka Shareholders present in person or represented by proxy at the Eureka Meeting. The Eureka Pre-Existing Company Provisions Resolution must be approved by at least 75% of the votes cast by Eureka Shareholders present in person or represented by proxy at the Eureka Meeting. See *“Particulars of Matters to be Acted Upon at the Eureka Meeting – Approval of the Eureka Transaction Resolution”* and *“Particulars of Matters to be Acted Upon at the Eureka Meeting – Approval of the Eureka Pre-Existing Company Provisions Resolution”*.

Each of the directors and officers of Eureka have entered into a Voting Support Agreement pursuant to which they have agreed to vote any Eureka Shares held by them in favour of all matters to be considered at the Eureka Meeting, including the Eureka Transaction Resolution.

### **Kore Meeting**

The Kore Meeting will be held at the offices of Cassels Brock & Blackwell LLP, Suite 2200 – 885 West Georgia Street, Vancouver, BC, on July 23, 2018 at 10:00 a.m. (Vancouver time). Only Registered Shareholders of Kore as at the Kore record date of June 22, 2018 will be entitled to receive notice of and to vote at the Kore Meeting, except as otherwise set out in this Circular.

The Kore Meeting will constitute an annual general and special meeting of the Kore Shareholders. At the Kore Meeting, the Kore Shareholders will be asked to consider and approve various matters as more particularly described in this Circular, including the Kore Amalgamation Resolution; the appointment of PricewaterhouseCoopers LLP as the auditor of Kore for the ensuing year at remuneration to be fixed by the Kore Board; the election of directors to the Kore Board for the ensuing year; and such other matters as may properly be brought before the Kore Meeting or any adjournment(s) or postponement(s) thereof. See *“Particulars of Matters to be Acted Upon at the Kore Meeting – Approval of the Kore Amalgamation Resolution”*.

Pursuant to the BCBCA, the Kore Amalgamation Resolution is a Special Resolution, which must be approved by not less than two-thirds of the votes cast by Kore Shareholders present in person or represented by proxy at the Kore Meeting. The remaining Kore resolutions, other than with respect to the election of directors, are Ordinary Resolutions, which require approval of more than 50% of the votes cast by Kore Shareholders present in person or represented by proxy at the Kore Meeting.

Each of the directors and officers of Kore have entered into a Voting Support Agreement pursuant to which they have agreed to vote any Kore Shares held by them in favour of all matters to be considered at the Kore Meeting.

### **About Eureka**

Eureka is a mineral exploration issuer incorporated under the BCBCA. It holds interests in certain mineral properties located in British Columbia, the Yukon and the State of Nevada. Eureka is a reporting issuer in the provinces of British Columbia and Alberta. The Eureka Shares are listed for trading on the TSXV under the symbol "EUK".

See Appendix C "*Information Concerning Eureka Resources, Inc.*" for more information about Eureka.

### **About Kore**

Kore is a development stage company incorporated under the BCBCA that offers exposure to precious metals exploration and development in North America, with a corporate strategy focused on the identification and acquisition of attractive development and advanced exploration stage projects.

Kore, indirectly through wholly-owned subsidiaries, owns 100% interests in the Imperial and Long Valley gold development projects, located in California, USA (together, the "**Kore Properties**"). The Technical Report discloses a current resource estimate for the Long Valley Project, which will be the Resulting Issuer's principal property, of a total of 1,211,200 measured and indicated and 571,500 inferred gold ounces.

Each of the Kore Properties has the potential to host near-surface, open pit, heap leachable gold deposits. The Kore Properties combine low technical risk, high advancement potential and a low initial cost. Other than the Kore Properties, Kore has no other material financial assets or liabilities.

See Appendix D "*Information Concerning Kore Mining Ltd.*" for more information about Kore and the Long Valley Project.

### **Background to the Transaction**

The terms of the Transaction are the result of arm's length negotiations between representatives of Eureka and Kore and their respective advisors. This Circular contains a summary of the events leading up to the negotiation of the Amalgamation Agreement and the meetings, negotiations, discussions and actions between the Parties that preceded the execution and public announcement of the Transaction. See "*Description of the Transaction – Background to the Transaction*".

### **The Amalgamation Agreement**

Pursuant to the terms of the Amalgamation Agreement, Eureka has agreed to acquire all of the issued and outstanding securities of Kore by way of a three-cornered amalgamation pursuant to which:

- (a) Eureka will complete the Consolidation;
- (b) Newco and Kore will jointly complete and file the Amalgamation Application with the Registrar in order to give effect to the Amalgamation; and
- (c) at the Effective Time:
  - (i) Newco and Kore will amalgamate and continue as Amalco,

- (ii) each issued and outstanding Kore Share held by a Kore Shareholder will be deemed to be irrevocably transferred by the holder thereof, free and clear of all liens, claims and encumbrances, to Eureka in exchange for Eureka Consideration Shares on the basis of the Exchange Ratio, being approximately 3.28 fully-paid and non-assessable Eureka Consideration Shares (on a post-Consolidation basis) for each Kore Share, and
- (iii) as consideration for the issuance of the Eureka Consideration Shares to the Kore Shareholders, Amalco will issue Eureka one Amalco Share for each Eureka Consideration Share issued.

No fractional Eureka Consideration Shares will be issued under the Amalgamation. Where the aggregate number of Eureka Consideration Shares to be issued to any former Kore Shareholder under the Amalgamation would result in a fraction of a Eureka Consideration Share being issuable, the number of Eureka Consideration Shares to be issued to such Kore Shareholder shall be rounded down to the next whole number, and no cash or other consideration shall be paid or payable in lieu of such fraction of a Eureka Consideration Share.

Completion of the Transaction is subject to the satisfaction of certain closing conditions as set out in the Amalgamation Agreement, including approval of the Eureka Transaction Resolution by the Eureka Shareholders, approval of the Kore Amalgamation Resolution by the Kore Shareholders, completion of the Concurrent Financing and approval of the TSXV. See *"Description of the Transaction – The Amalgamation Agreement"*.

#### **Kore Dissent Rights**

Registered Kore Shareholders are entitled to exercise Kore Dissent Rights with respect to the Kore Amalgamation Resolution by providing written notice to Kore no later than 4:00 p.m. (Vancouver time) on July 20, 2018, c/o Cassels Brock & Blackwell LLP, Suite 2200 – 885 West Georgia Street, Vancouver, BC, Attention: John Christian. Only Registered Kore Shareholders are entitled to exercise Kore Dissent Rights. It is recommended that any Kore Shareholder who wishes to exercise Kore Dissent Rights seek legal advice, as failure to comply strictly with the provisions of the BCBCA may prejudice their Kore Dissent Rights. See *"Particulars of Matters to be Acted Upon at the Kore Meeting – Approval of the Kore Amalgamation Resolution – Kore Dissent Rights"*.

#### **Reverse Takeover**

The Transaction will constitute a Reverse Takeover of Eureka by Kore because, following the Closing, the Kore Shareholders will own a majority of the outstanding Eureka Shares.

Upon completion of the Transaction (assuming completion of the Concurrent Financing and the Consolidation, and no exercise of the Over-Allotment Option), the current Kore Shareholders will own approximately 86.1% of the post-Consolidation Eureka Shares on an undiluted basis, and the Resulting Issuer will be engaged in the business of Kore and will be a Tier 2 resource issuer listed on the TSXV.

#### **Consolidation**

Prior to the Effective Time, Eureka will alter its share capital by consolidating all of the issued and outstanding Eureka Shares on the basis of one post-Consolidation Eureka Share for every ten pre-Consolidation Eureka Shares.

#### **Eureka Name Change**

In connection with the completion of the Transaction, Eureka intends to change its name to "Kore Mining Ltd.". Following the name change, it is expected that the trading symbol for the Eureka Shares will change from "EUK" to "KORE", or such other symbol as may be determined by Eureka and Kore.

### **Directors and Officers of the Resulting Issuer**

In connection with the Closing, the officers and directors of Eureka are expected to change such that, upon completion of the Transaction, the directors and officers of the Resulting Issuer are expected to be as follows:

<b>Name</b>	<b>Position</b>
Adrian Rothwell	President, CEO and Director
James Hynes	Chief Operating Officer and Director
Alan Ahlgren	CFO and Secretary
Harry Pokrandt	Director
Brendan Cahill	Director
Robert J. ("Don") MacDonald	Director

### **Break Fee**

The Amalgamation Agreement provides that, under certain circumstances, Eureka or Kore may be required to pay the other Party a break fee of \$50,000. See "*Description of the Transaction – Amalgamation Agreement – Break Fee*".

### **Concurrent Financing**

In accordance with the terms of the Amalgamation Agreement, Eureka will undertake the Concurrent Financing to raise gross proceeds of \$2,200,000 (or up to \$2,530,000 in the event the Over-Allotment Option is exercised in full), or such other amount as may be agreed to among Eureka, Kore and the Agent.

As the Concurrent Financing consists of the offering of Subscription Receipts, it is expected that it will be completed prior to the Closing, however the proceeds will be held in escrow and not released to Eureka unless the escrow release conditions with respect to the Subscription Receipts are satisfied by the deadline provided in the terms of the subscription receipt agreement that will govern the Subscription Receipts.

In connection with the Closing, the Parties will pay the Agent's Commission and issue the Agent's Warrants to the Agent.

See "*Description of the Transaction – The Amalgamation Agreement – Concurrent Financing*".

### **Reasons for the Transaction**

The Eureka Board and the Kore Board considered various potential reasons to agree to the Transaction, including:

- (a) the increased liquidity available to Eureka Shareholders and Kore Shareholders, as applicable, upon closing of the Transaction;
- (b) the increased diversification of the Resulting Issuer's asset base, after giving effect to the combination of the Kore Properties with Eureka's existing FG gold property;
- (c) an enhanced Shareholder based, after giving effect to the combination of the Eureka Shareholders and the Kore Shareholders;
- (d) a strengthened balance sheet as a result of the Debt Settlement and the Concurrent Financing;



- (e) the increased access to, and the reduced cost of, capital for the Resulting Issuer;
- (f) the ability of the Resulting Issuer to attract additional customers as a publicly traded entity with a public disclosure record accessible to those potential customers;
- (g) that more than 50% of the votes cast by Eureka Shareholders and more than  $66\frac{2}{3}\%$  of the votes cast by Kore Shareholders are required to approve the Eureka Transaction Resolution and the Kore Amalgamation Resolution, respectively;
- (h) that either Party can accept an Alternative Proposal, subject to payment of a break fee of \$50,000; and
- (i) that Kore Shareholders have the ability to exercise the Kore Dissent Rights in certain circumstances.

The Eureka Board and the Kore Board also considered the potential benefits of the Transaction, including that:

- (a) Kore Shareholders will generally not realize a capital gain (or a capital loss) on the exchange of Kore Shares for Eureka Consideration Shares, as described in more detail under "*Description of the Transaction – Certain Canadian Federal Income Tax Considerations*";
- (b) Shareholders are expected to benefit from the growth opportunities associated with the Resulting Issuer, which will be a larger company than either company as it currently exists; and
- (c) the Resulting Issuer is expected to be well capitalized, which will provide significant financial flexibility and improved cost of capital, and is expected to have the ability to grow its business organically.

The information and factors described above and considered by the Eureka Board and the Kore Board in reaching their determinations and making their approvals are not intended to be exhaustive. In view of the wide variety of factors considered in connection with their respective evaluations of the Transaction and the complexity of these matters, the Eureka Board and the Kore Board did not find it useful to, and did not attempt to, quantify, rank or otherwise assign relative weights to these factors. In addition, individual members of the Eureka Board and the Kore Board may have given different weight to different factors.

#### **Recommendation of the Eureka Board**

The Eureka Board, after careful consideration, has unanimously determined that the Transaction is fair to the Eureka Shareholders and is in the best interest of Eureka. **Accordingly, the Eureka Board unanimously recommends that Eureka Shareholders vote FOR the Eureka Transaction Resolution and any other matters to be considered at the Eureka Meeting.**

#### **Recommendation of the Kore Board**

The Kore Board, after careful consideration, has unanimously determined that the Transaction is fair to the Kore Shareholders and is in the best interest of Kore. **Accordingly, the Kore Board unanimously recommends that Kore Shareholders vote FOR the Kore Amalgamation Resolution and all other matters to be considered at the Kore Meeting.**

#### **Summary of Certain Canadian Federal Income Tax Considerations for Canadian Residents**

This Circular contains a summary of the principal Canadian federal income tax considerations under the Tax Act relating to the Amalgamation generally applicable to certain Kore Shareholders, and the following comments should be read in conjunction with, and are qualified in their entirety by, the limitations and assumptions contained in that summary. See "*Certain Canadian Federal Income Tax Considerations*".

Kore Shareholders who are residents of Canada, hold their Kore Shares as capital property, and participate in the Amalgamation, will generally not realize any capital gain or capital loss with respect to the exchange of their Kore Shares for Eureka Consideration Shares pursuant to the Amalgamation.

**The summary included in this Circular is of a general nature only and is not, and should not be construed as, legal or tax advice to any particular Kore Shareholder and no representations with respect to the tax consequences to any particular Kore Shareholder are made. Kore Shareholders should review the summary provided in “Certain Canadian Federal Income Tax Considerations”, and all Kore Shareholders should consult their own tax advisors with respect to the Canadian federal income tax consequences of the Amalgamation, having regard to their particular circumstances.**

#### **Other Tax Considerations**

This Circular does not address any tax considerations of the Amalgamation other than certain Canadian federal income tax considerations. Kore Shareholders who are resident in a jurisdiction other than Canada should consult their own tax advisors with respect to the tax implications of the Amalgamation, including any associated filing requirements, in such jurisdiction and with respect to the tax implications in such jurisdiction of owning Resulting Issuer Shares after the Transaction is completed. **All Kore Shareholders should consult their tax advisors regarding the federal, provincial, state, local and territorial tax consequences of the Amalgamation and of holding Resulting Issuer Shares.**

#### **Arm’s Length Transaction**

The Transaction is an Arm’s Length Transaction, as defined in the policies of the TSXV.

#### **Estimated Funds Available**

The following table sets out information respecting the Resulting Issuer’s expected sources of cash following the completion of the Transaction. The amounts shown in the table are estimates only and are based upon the information available to Eureka and Kore as of the date hereof:

<b>Sources</b>	<b>Amount (\$)</b>
Estimated Eureka working capital as at May 31, 2018	(33,200)
Estimated Kore working capital as at May 31, 2018	(99,708)
Gross proceeds of Concurrent Financing <sup>(2)</sup>	2,200,000
<b>Estimated funds available to the Resulting Issuer upon completion of the RTO</b>	<b>2,067,092</b>

<sup>(1)</sup> Assuming no exercise of the Over-Allotment Option and without deducting the Agent’s Commission. If the Over-Allotment Option is exercised in full, the gross proceeds of the Concurrent Financing will be \$2,530,000. See “Description of the Transaction – Amalgamation Agreement – Concurrent Financing”.

#### **Principal Purposes**

The following table sets out information respecting the Resulting Issuer’s intended principal uses of funds for the 12 months following the completion of the Transaction. The intended uses of funds may vary based upon a number of factors and variances may be material. The amounts shown in the table are estimates only and are based upon the information available to Eureka and Kore as of the date hereof:

<b>Use of Funds</b>	<b>Amount (\$)</b>
Estimated Transaction Costs	167,500 <sup>(1)</sup>
Agent's Commission and Agent's Expenses	204,000 <sup>(2)</sup>
General and administrative expenses	840,000
Mineral exploration and development expenses	530,000
Unallocated funds	325,592
<b>Total</b>	<b>2,067,092</b>

(1) Includes legal fees, auditor review fees, filing fees, transfer agent fees and Meeting fees incurred or expected to be incurred in connection with the Transaction.

(2) Includes Agent's Commission of \$154,000, assuming no exercise of the Over-Allotment Option, and Agent's Expenses of \$50,000. If the Over-Allotment Option is exercised in full, the Agent's Commission will be \$177,100. See "Description of the Transaction – The Amalgamation Agreement – Concurrent Financing".

There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. For additional information regarding the funds available to the Resulting Issuer and the proposed use of those funds, refer to the disclosure in Appendix E "Information Concerning the Resulting Issuer – Available Funds and Principal Purposes".

#### **Selected Pro-Forma Consolidated Financial Information**

The following table summarizes selected pro-forma consolidated financial information for the Resulting Issuer as at January 31, 2018. The information should be read in conjunction with the Resulting Issuer's pro forma consolidated statement of financial position and related notes and other financial information included in Appendix J. The figures below are based upon the unaudited condensed consolidated interim financial statements of Kore for the three months ended March 31, 2018, and the unaudited condensed consolidated interim financial statements of Eureka for the three months ended January 31, 2018.

	<b>Eureka as at January 31, 2018 (\$)</b>	<b>Kore as at March 31, 2018 (\$)</b>	<b>Pro Forma Adjustments (\$)</b>	<b>Resulting Issuer Pro Forma as at January 31, 2018 (\$)</b>
Current assets	87,925	123,619	2,102,900	2,314,444
Total assets	1,278,699	828,908	2,102,900	4,210,507
Current liabilities	186,568	769,451	(127,400)	828,619
Total liabilities	186,568	769,451	(127,400)	828,619
Shareholders' equity	1,092,131	59,457	2,230,300	3,381,888

#### **Stock Exchange Listings**

The Kore Shares are not listed on any Canadian or foreign stock exchange or traded on a Canadian or foreign market. The Eureka Shares are currently listed on the TSXV under the symbol "EUK". The Eureka Shares were halted from trading on the TSXV on February 26, 2018 in connection with the announcement of the Transaction, and are expected to remain halted until completion of the Transaction. The closing price of the Eureka Shares on the TSXV on February 23, 2018, being the last trading day prior to the imposition of the halt, was \$0.03 (\$0.30 on a post-Consolidation basis).

## **Sponsorship**

Pursuant to Policy 2.2 of the Manual, *Sponsorship and Sponsorship Requirements*, sponsorship is generally required in conjunction with an RTO. Eureka has obtained an exemption from the TSXV from the sponsorship requirement in connection with the Transaction on the basis of Section 3.4(a)(i) of Policy 2.2 because: (a) the Resulting Issuer will not be a Foreign Issuer (as defined in the policies of the TSXV); (b) the management of the Resulting Issuer will possess appropriate experience, qualification and history; and (c) the Resulting Issuer will satisfy Tier 2 Listing Requirements for Mining Issuers as set out in Policy 2.1 of the Manual and will have filed the Technical Report.

## **Interests of Experts**

To the knowledge of Eureka and Kore, no Person whose profession or business gives authority to a statement made by the Person and who is named as having prepared or certified a part of this Circular or prepared or certified a report or valuation described or included in this Circular has any direct or indirect material interest in any property of Eureka or Kore or in any Associate or Affiliate of Eureka or Kore.

## **TSXV Approval**

**Eureka has not yet received the conditional approval of the TSXV for the Transaction.** Completion of the Transaction is subject to receipt of the approval of the TSXV, among other conditions as provided in the Amalgamation Agreement.

## **Conflicts of Interest**

Directors or officers of the Resulting Issuer may, from time to time, serve as directors or officers of, or participate in ventures with, other companies involved in the mineral exploration and development sector. Accordingly, conflicts of interest may arise which could influence these individuals in evaluating possible business opportunities or generally when acting on behalf of the Resulting Issuer, notwithstanding that they will be bound by the provisions of the BCBCA to act at all times in good faith in the interests of the Resulting Issuer and to disclose such conflicts to the Resulting Issuer if and when they arise. Conflicts, if any, will be subject to the procedures and remedies prescribed by the BCBCA, the TSXV and applicable Securities Laws. As of the date of this Circular, to the best of their knowledge, neither Kore nor Eureka is aware of the existence of any conflicts of interest between it and any of its respective directors or officers.

## RISK FACTORS

In evaluating the Transaction, Shareholders should carefully consider the following risk factors relating to the Transaction and the Resulting Issuer. The following risk factors are not a definitive list of all risk factors associated with the Transaction and the Resulting Issuer. Additional risks and uncertainties, including those currently unknown or considered immaterial by Eureka and Kore, individually or collectively, may also adversely affect the trading price of the Eureka Shares (or the Resulting Issuer Shares following the Closing), or the business of Kore, Eureka or the Resulting Issuer. If any of the risk factors materialize, the expectations, and the predictions based on them, may need to be re-evaluated.

### *Integration Risks*

Although the Long Valley Project is expected to be the material property of the Resulting Issuer following the Closing, the Resulting Issuer will continue to hold an interest in the properties in which Eureka currently holds an interest and in Kore's Imperial property. The ability to realize the benefits of the Transaction, including those set forth in this Circular, will depend in part on Eureka and Kore successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as on the Resulting Issuer's ability to realize the anticipated growth opportunities and synergies, efficiencies and cost savings of the Transaction. This integration will require the dedication of substantial management effort, time and resources which may divert management's focus and resources from other strategic opportunities following the Closing, and from operational matters during this process.

### *Volatility of Resulting Issuer Shares*

The trading price of the Eureka Shares has been subject to material fluctuations. Following the Closing, the trading price of the Resulting Issuer Shares may be volatile and may increase or decrease in response to a number of events and factors. A significant number of Resulting Issuer Shares may be available for trading in the public market following the Closing. The number of Resulting Issuer Shares may lead to sales or the perception that such sales may occur, either of which may adversely affect the market for, and the market price of, the Resulting Issuer Shares. The potential that a Shareholder may sell their Resulting Issuer Shares in the public market (commonly referred to as "market overhang"), as well as any actual sales of such Resulting Issuer Shares in the public market, could adversely affect the market price of the Resulting Issuer Shares.

### *Limited Operating History*

Kore is a relatively new company with limited operating history and no history of business or mining operations, revenue generation or production history. Kore was incorporated on February 22, 2016 and has yet to generate a profit from its activities. The Resulting Issuer will be subject to all of the business risks and uncertainties associated with Kore's business, including the risk that it will not achieve its growth objective.

### *Exploration, Development and Operating Risks*

The exploration for minerals, and development of mineral properties, involve significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which are explored are ultimately developed into producing mines. There can be no guarantee that the estimates of quantities and qualities of minerals disclosed will be economically recoverable. With all mining operations there is uncertainty and, therefore, risk associated with operating parameters and costs resulting from the scaling up of extraction methods tested in pilot conditions. Mineral exploration is speculative in nature and there can be no assurance that any minerals discovered will result in an increase in the Resulting Issuer's resource base.

The Resulting Issuer's operations will be subject to all of the hazards and risks normally encountered in the exploration, development and production of minerals. These include unusual and unexpected geological

formations, rock falls, seismic activity, flooding and other conditions involved in the extraction of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although precautions to minimize risk will be taken, operations are subject to hazards that may result in environmental pollution, and consequent liability that could have a material adverse impact on the business, operations and financial performance of the Resulting Issuer.

#### *Regulatory Requirements and Permitting Risks*

The operations of the Resulting Issuer will require permits from various governmental authorities, and such operations will be governed by laws and regulations governing exploration, development, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, site safety and other matters. Companies engaged in the exploration and development of mineral properties generally experience increased costs and delays in development and other schedules as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that all permits which the Resulting Issuer may require for the conduct of exploration and development operations will be obtainable on reasonable terms or at all, or that applicable laws and regulations will not have an adverse effect on any exploration or development project which the Resulting Issuer might undertake.

Failure to comply with applicable laws, regulations and permitting requirements (when and if any necessary permits are obtained) may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in exploration and development operations may be required to compensate those suffering loss or damage by reason of the exploration and development activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations. Amendments to current laws and regulations governing operations and activities of mineral companies, or more stringent implementation thereof, could have a material adverse impact on the Resulting Issuer and cause increases in capital expenditures or exploration and development costs, or require abandonment or delays in the development of new properties.

#### *Environmental Regulations*

The Resulting Issuer's operations will be subject to environmental regulations promulgated by government agencies. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner that means standards are stricter, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The Resulting Issuer intends to comply fully with all environmental regulations.

#### *Substantial Capital Requirements and Liquidity*

Substantial additional funds for the establishment of the Resulting Issuer's current and planned mining operations will be required. No assurances can be given that the Resulting Issuer will be able to raise the additional funding that may be required for such activities. Mineral prices, environmental rehabilitation or restitution, taxes, transportation costs, capital expenditures, operating expenses and geological results are all factors which will have an impact on the amount of additional capital that may be required. To meet such funding requirements, the Resulting Issuer may be required to undertake additional equity financing, which would be dilutive to Shareholders. Debt financing, if available, may also involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Resulting Issuer or at all. If the Resulting Issuer is unable to obtain additional financing as needed, it may be required to reduce the scope of its

operations or anticipated expansion, and pursue only those development plans that can be funded through cash flows generated from its existing operations.

#### *Fluctuating Mineral Prices*

The mining industry is intensely competitive and there is no assurance that, even if commercial quantities of a mineral resource are discovered, a profitable market will exist for the sale of the same. There can be no assurance that metal prices will be such that the Resulting Issuer's properties can be mined at a profit. Factors beyond the control of the Resulting Issuer may affect the marketability of any minerals discovered. Metal prices are subject to volatile price changes from a variety of factors, including international economic and political trends, expectations of inflation, global and regional demand, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods.

#### *Resource Estimates*

The resource estimates included in the Technical Report are only estimates. No assurance can be given that the estimated resources will be recovered or that they will be recovered at the rates estimated. Mineral and metal resource estimates are based on limited sampling, and, consequently, are uncertain because the samples may not be representative. Mineral and metal resource estimates may require revision (either up or down) based on actual production experience. Any future resource figures will be estimates and there can be no assurance that the minerals are present or will be recovered, or that the Long Valley Project can be brought into profitable production.

#### *Financing Risks and Dilution to Shareholders*

The Resulting Issuer will have limited financial resources, no operations and no revenues. If the Phase 1 exploration program with respect to the Long Valley Project is successful, additional funds will be required for the purposes of further exploration and development. There can be no assurance that the Resulting Issuer will be able to obtain adequate financing in the future or that such financing will be available on favourable terms or at all. It is likely such additional capital will be raised through the issuance of additional equity, which will result in dilution to Shareholders.

#### *Title to Properties*

Transaction of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed and it is not uncommon in the United States for issues to arise with respect to surface rights. The Resulting Issuer may have to negotiate with third parties to secure its title or surface rights. The Resulting Issuer cannot give any assurance that title to the Long Valley Project or the surface rights will not be challenged or impugned. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify. A successful claim that Kore or the Resulting Issuer, as the case may be, does not have title to its properties, including the Long Valley Project, could cause the Resulting Issuer to lose any rights to explore, develop and mine any minerals on that property, without compensation for its prior expenditures.

#### *Lack of Availability of Resources*

Mining exploration requires ready access to mining equipment such as drills, and crews to operate that equipment. There can be no assurance that such resources will be available to the Resulting Issuer on a timely basis or at a reasonable cost. Failure to obtain these resources when needed may result in delays in the Resulting Issuer's exploration programs.

### *Competition*

There is competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Resulting Issuer will compete with other mining companies, many of which have greater financial, technical and other resources than the Resulting Issuer, for, among other things, the acquisition of mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel.

### *Reliance on Management and Key Personnel*

The success of the Resulting Issuer will be largely dependent upon on the performance of the directors and officers who will be appointed on the Closing, as well as the Resulting Issuer's ability to attract and retain key personnel. The loss of the services of any of these individuals may have a material adverse effect on the Resulting Issuer's business and prospects. The Resulting Issuer will compete with numerous other companies for the recruitment and retention of qualified employees and contractors. There is no assurance that the Resulting Issuer will retain the services of its directors, officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Resulting Issuer and its prospects.

### *Infrastructure*

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants which affect capital and operating costs. Unusual or infrequent weather phenomena, terrorism, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Resulting Issuer's financial condition and results of operations.

### *Uninsurable Risks*

Exploration, development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences. It is not always possible to obtain insurance against all such risks. Although the Resulting Issuer intends to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, any such insurance may not cover all the potential risks associated with its operations. The Resulting Issuer may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to companies in the mining industry on acceptable terms. The Resulting Issuer might also become subject to liability for pollution or other hazards which may not be insured against or which the Resulting Issuer may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Resulting Issuer to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

### *Litigation*

The Resulting Issuer may become party to litigation from time to time in the ordinary course of business, which could adversely affect its business. Should any litigation in which the Resulting Issuer becomes involved be determined against the Resulting Issuer, such decision could adversely affect the Resulting Issuer's ability to continue operating and the market price for the Resulting Issuer Shares, and could use significant financial and personnel resources of the Resulting Issuer. Even if the Resulting Issuer is involved in litigation and wins, litigation can redirect significant company resources.

In addition to being subject to litigation in the ordinary course of business, in the future, the Resulting Issuer may be subject to class actions, derivative actions and other securities litigation and investigations. This litigation may



be time consuming, expensive and may distract the Resulting Issuer from the conduct of its daily business. It is possible that the Resulting Issuer will be required to pay substantial judgments, settlements or other penalties and incur expenses that could have a material adverse effect on its operating results, liquidity or financial position. Expenses incurred in connection with these lawsuits, which would be expected to include substantial fees of lawyers and other professional advisors, and the Resulting Issuer's obligations to indemnify officers and directors who may be parties to such actions, could materially adversely affect the Resulting Issuer's reputation, operating results, liquidity or financial position. Further, it is not known with certainty if any of this type of litigation or any resulting expenses will be fully or even partially covered by the Resulting Issuer's insurance. In addition, these lawsuits may cause insurance premiums to increase in future periods.

#### *Unprofitable Operations*

Kore has incurred losses since incorporation. The Resulting Issuer may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, the Resulting Issuer expects to continue to increase operating expenses as it implements initiatives to grow its business. It is not expected that the Resulting Issuer will generate any revenues from its activities for the foreseeable future.

#### *Limited Market for Securities*

Upon completion of the Transaction, the Resulting Issuer Shares will be listed on the TSXV, however, there can be no assurance that an active and liquid market for the Resulting Issuer Shares will develop or be maintained and an investor may find it difficult to resell Resulting Issuer Shares.

#### *Additional Financing*

In order to execute its anticipated growth strategy, the Resulting Issuer may require additional equity and/or debt financing to support on-going operations, to undertake capital expenditures, or to undertake business combination transactions or other initiatives. There can be no assurance that additional financing will be available to the Resulting Issuer when needed or on terms which are acceptable. The Resulting Issuer's inability to raise additional financing could limit the Resulting Issuer's growth and may have a material adverse effect upon its business, operations, results, financial condition or prospects.

If additional funds are raised through further issuances of equity or securities convertible into equity, existing Shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of Resulting Issuer Shares. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Resulting Issuer to obtain additional capital and to pursue business opportunities.

#### *Management of Growth*

The Resulting Issuer may be subject to growth-related risks, including capacity constraints and pressure on its internal systems and controls. The ability of the Resulting Issuer to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Resulting Issuer to deal with this growth may have a material adverse effect on the Resulting Issuer's business, financial condition, results of operations and prospects.

#### *Conflicts of Interest*

Certain of the proposed directors and officers of the Resulting Issuer are also directors and officers of other companies, and conflicts of interest may arise between their duties as officers and directors of the Resulting Issuer and as officers and directors of such other companies.

### *Dividends*

Neither Kore nor Eureka has ever paid any dividends, and the Resulting Issuer does not anticipate paying any dividends in the foreseeable future. Dividends paid by the Resulting Issuer would be subject to tax and, potentially, withholdings.

For a further description of certain risk factors which should be carefully considered before making an investment decision or voting with respect to the Eureka Transaction Resolution or the Kore Amalgamation Resolution, see *“Risk Factors Relating to the Transaction”*.

## GENERAL PROXY INFORMATION

### Solicitation of Proxies

This Circular is furnished in connection with the solicitation of proxies by the management of Eureka and Kore for use at the Eureka Meeting and the Kore Meeting, respectively, and at any adjournment(s) or postponement(s) thereof. Solicitations will be made by mail and possibly supplemented by telephone or other personal contact to be made without special compensation by regular officers and employees of Eureka or Kore, as applicable. Neither Eureka nor Kore will reimburse nominees or agents (including Intermediaries holding Shares on behalf of clients) of any Shareholders for the cost incurred in obtaining authorization to execute the enclosed form of proxy from their principals. No solicitation will be made by specifically engaged employees or soliciting agents. The cost of solicitation will be borne by Eureka and Kore, as applicable. All of the directors and officers of Eureka and Kore have entered into Voting Support Agreements pursuant to which they have agreed to vote any Eureka Shares or Kore Shares, as applicable, held by them in favour of all matters to be considered at the Eureka Meeting or the Kore Meeting, as applicable.

### Appointment of Proxyholder

Registered Shareholders of Eureka are entitled to vote in person or by proxy at the Eureka Meeting and Registered Shareholders of Kore are entitled to vote in person or by proxy at the Kore Meeting. A Shareholder is entitled to one vote for each Eureka Share or Kore Share that such Shareholder holds on the applicable record date for each respective Meeting on the resolutions to be voted upon at such Meeting, and any other matter(s) to come before such Meeting.

The Designated Persons named in the enclosed form of proxy are directors and/or officers of Eureka or Kore, as applicable.

**A SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON OR COMPANY (WHO NEED NOT BE A SHAREHOLDER) OTHER THAN THE DESIGNATED PERSONS TO ATTEND AND ACT FOR OR ON BEHALF OF THAT SHAREHOLDER AT THE APPLICABLE MEETING.**

**A SHAREHOLDER MAY EXERCISE THIS RIGHT BY STRIKING OUT THE PRINTED NAMES OF THE DESIGNATED PERSONS AND INSERTING THE NAME OF SUCH OTHER PERSON AND, IF DESIRED, AN ALTERNATE TO SUCH PERSON, IN THE BLANK SPACE PROVIDED ON THE FORM OF PROXY. SUCH SHAREHOLDER SHOULD NOTIFY THE NOMINEE OF THE APPOINTMENT, OBTAIN THE NOMINEE'S CONSENT TO ACT AS PROXY AND SHOULD PROVIDE INSTRUCTION TO THE NOMINEE ON HOW THE REGISTERED SHAREHOLDER'S SHARES SHOULD BE VOTED. THE NOMINEE MUST BRING PERSONAL IDENTIFICATION TO THE MEETING.**

In order to be voted, Eureka Shareholders must send their completed form of proxy to the Transfer Agent at its offices located at 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1, by mail, fax or or by hand delivery to 2nd Floor, 510 Burrard Street, Vancouver, BC V6C 3B9, at least 48 hours (excluding Saturdays, Sundays and holidays recognized in the Province of British Columbia) prior to the scheduled time of the Eureka Meeting, or any adjournment or postponement thereof.

In order to be voted, Kore Shareholders must send their completed form of proxy to Computershare Investor Services Inc., at 510 Burrard Street, 3rd Floor, Vancouver, BC V6C 3B9, at least 48 hours (excluding Saturdays, Sundays and holidays recognized in the Province of British Columbia) prior to the scheduled time of the Kore Meeting, or any adjournment or postponement thereof.

The chair of each Meeting shall have the sole discretion, without notice, to waive or extend the proxy deadline for such Meeting.

A proxy may not be valid unless it is dated and signed by the Shareholder who is giving it or by that Shareholder's attorney-in-fact duly authorized by that Shareholder in writing or, in the case of a corporation, dated and executed by a duly authorized officer or attorney-in-fact for the corporation. If a form of proxy is executed by an attorney-in-fact for an individual Shareholder or joint Shareholders, or by an officer or attorney-in-fact for a corporate Shareholder, the instrument so empowering the officer or attorney-in-fact, as the case may be, or a notarially certified copy thereof, must accompany the form of proxy.

#### **Revocation of Proxies**

A Shareholder who has given a proxy may revoke it at any time before it is exercised by an instrument in writing: (a) executed by that Shareholder or by that Shareholder's attorney-in-fact, authorized in writing, or, where the Shareholder is a corporation, by a duly authorized officer of, or attorney-in-fact for, the corporation; and (b) delivered either: (i) to Eureka at its head office or to Kore at its head office, as applicable, at any time up to and including the last Business Day preceding the day of the applicable Meeting or, if adjourned or postponed, any reconvening thereof, or (ii) to the chair of the applicable Meeting prior to the vote on matters covered by the proxy on the day of the Meeting or, if adjourned or postponed, any reconvening thereof, or (iii) in any other manner provided by law.

A proxy will automatically be revoked by either: (i) attendance at the applicable Meeting and participation in a poll (ballot) by a Shareholder, or (ii) submission of a subsequent proxy in accordance with the foregoing procedures. A revocation of a proxy does not affect any matter on which a vote has been taken prior to any such revocation.

#### **Voting of Shares and Proxies and Exercise of Discretion by Designated Persons**

A Shareholder may indicate the manner in which the Designated Persons are to vote with respect to a matter to be voted upon at the applicable Meeting by marking the appropriate space. If the instructions as to voting indicated in the proxy are certain, the Shares represented by the proxy will be voted or withheld from voting in accordance with the instructions given in the proxy. **The Shares represented by a proxy will be voted or withheld from voting in accordance with the instructions of the Shareholder on any ballot that may be called for and if a Shareholder specifies a choice with respect to any matter to be acted upon, the Shares will be voted accordingly.**

**IF NO CHOICE IS SPECIFIED IN THE PROXY WITH RESPECT TO A MATTER TO BE ACTED UPON, THE PROXY CONFERS DISCRETIONARY AUTHORITY WITH RESPECT TO THAT MATTER UPON THE DESIGNATED PERSONS NAMED IN THE FORM OF PROXY. IT IS INTENDED THAT THE DESIGNATED PERSONS WILL VOTE THE SHARES REPRESENTED BY EACH PROXY IN FAVOUR OF EACH MATTER IDENTIFIED IN THE PROXY.**

The enclosed form of proxy confers discretionary authority upon the Designated Persons named therein with respect to other matters which may properly come before the applicable Meeting, including any amendments or variations to any matters identified in the Notices of Meeting. At the date of this Circular, management of Eureka and Kore are not aware of any such amendments, variations or other matters to come before the Meetings.

In the case of abstentions from, or withholding of, the voting of Shares on any matter, the Shares that are the subject of the abstention or withholding will be counted for determination of a quorum, but will not be counted as affirmative or negative on the matter to be voted upon.

#### **Interest of Certain Persons or Companies in Matters to be Acted Upon**

Other than as set forth above and elsewhere herein, neither Kore nor Eureka is aware of any material interests, other than as Shareholders, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or executive officer of Eureka, Kore or any Shareholder holding more than 10% of the voting rights attached to the Shares of Eureka or Kore, as applicable, or any Associate or Affiliate of any of the foregoing, in any transaction which has or will materially affect Eureka or Kore, or in any matters to be considered at the Meetings.

As at the date of this Circular, the directors and officers of Eureka, as a group, owned, directly or indirectly, 10,041,199 Eureka Shares (on a pre-Consolidation basis), or 18.9% of the issued and outstanding Eureka Shares, on an undiluted basis. To the knowledge of Eureka, as at the date hereof, no directors, officers or other Insiders of Eureka own, directly or indirectly, or exercise control of or direction over, any Kore Shares.

As at the date of this Circular, the directors, officers and other Insiders of Kore, and proposed directors and officers, as a group, owned, directly or indirectly, 13,876,057 Kore Shares, representing 74.1% of the Kore Shares issued and outstanding, on an undiluted basis. To the knowledge of Kore, as at the date hereof, no directors, officers or other Insiders of Kore own, directly or indirectly, or exercise control of or direction over, any Eureka Shares.

### **Interest of Informed Persons in Material Transactions**

Other than as disclosed in this Circular and transactions carried out in the ordinary course of business of Eureka or Kore, none of the directors or executive officers of Eureka or Kore, any Shareholder directly or indirectly beneficially owning, or exercising control or direction over, more than 10% of the outstanding Shares, nor any Associate or Affiliate of any of the foregoing, has had, during the most recently completed financial year of Eureka or Kore, as applicable, or during the current financial year, any material interest, direct or indirect, in any transactions that materially affected or would materially affect Eureka or Kore.

## **DESCRIPTION OF THE TRANSACTION**

### **Introduction**

Eureka, a mineral exploration company listed on the TSXV, has agreed to acquire Kore, such that the business of Kore becomes the business of Eureka. In connection with the foregoing: (a) Newco, which is a wholly-owned subsidiary of Eureka, and Kore will amalgamate under the BCBCA to form Amalco, resulting in Amalco being a wholly-owned subsidiary of Eureka, and (b) Eureka will indirectly acquire all of the issued and outstanding Kore Shares from the Kore Shareholders in exchange for the issuance of Eureka Consideration Shares. Although Eureka will be the legal acquirer of Kore, the Transaction will constitute a Reverse Takeover of Eureka by Kore because, following the Closing, the former Kore Shareholders are expected to own approximately 86.1% of the outstanding Eureka Shares, the Eureka Board will be comprised of four nominees of Kore and one nominee of Eureka, the existing executive officers of Eureka will resign and the current executive officers of Kore will be appointed as the executive officers of Eureka. See Appendix E – “*Information Concerning the Resulting Issuer*”.

In connection with the foregoing:

- (a) at the Eureka Meeting, Eureka will seek approval of the Eureka Transaction Resolution, pursuant to which approval will be sought for the RTO. Approval of the Eureka Transaction Resolution by the Eureka Shareholders is a condition to the Closing. See “*Particulars of Matters to be Acted Upon at the Eureka Meeting – Approval of the Eureka Transaction Resolution*”; and
- (b) at the Kore Meeting, Kore will seek approval of the Kore Amalgamation Resolution, pursuant to which approval will be sought for the Amalgamation. Approval of the Kore Amalgamation Resolution by the Kore Shareholders is a condition to the Closing. See “*Particulars of Matters to be Acted Upon at the Kore Meeting – Approval of the Kore Amalgamation Resolution*”.

Completion of the Transaction is subject to the satisfaction of certain closing conditions as set out in the Amalgamation Agreement, including receipt of the approval of the TSXV. Upon completion of the Transaction, the Resulting Issuer is expected to be a Tier 2 Resource Issuer listed on the TSXV.

The following is a description of the principal elements of the Transaction.

## Reverse Takeover

The Transaction, if completed, will result in the acquisition of all of the issued and outstanding Kore Shares by Eureka in exchange for the issuance of Eureka Consideration Shares on the basis of the Exchange Ratio, which is expected to be approximately 3.28 Eureka Consideration Shares (on a post-Consolidation basis) for each Kore Share. It is expected that an aggregate of 61,360,914 Eureka Consideration Shares will be issued to the Kore Shareholders in connection with the Closing, which are expected to represent approximately 86.1% of the issued and outstanding Resulting Issuer Shares (on an undiluted basis) after giving effect to the Consolidation and the completion of the Concurrent Financing.

## Background to the Transaction

In December 2017, Eureka and Kore entered into a non-binding letter of intent with respect to a proposed transaction and a non-disclosure agreement with respect to same. At that time, there was significant uncertainty as to whether or not the Parties would be able to come to mutually agreeable terms. Following extensive negotiations between the Parties and their respective legal and other advisors, the Parties and Newco entered into the Amalgamation Agreement on February 24, 2018.

On February 27, 2018, Eureka issued a news release announcing the execution of the Amalgamation Agreement, pursuant to which Eureka has agreed to acquire all of the outstanding Kore Shares in exchange for the issuance of Eureka Consideration Shares by way of a three-cornered amalgamation among Eureka, Kore and Newco, which is intended to constitute a Reverse Takeover of Eureka by Kore.

The Eureka Board and the Kore Board reviewed the terms of the Amalgamation Agreement and fully considered their respective duties and obligations to Eureka and Kore, as applicable, and their respective Shareholders, before unanimously determining that the Transaction was in the respective best interests of Eureka and Kore.

## Reasons for the Transaction

In the course of their evaluations of the Transaction, the Eureka Board and the Kore Board consulted with their respective management and legal counsel and reviewed an extensive amount of information. It is their opinion that the proposed Transaction is expected to enable Eureka Shareholders to participate in the potential upside associated with the Kore Properties while providing Kore Shareholders with increased liquidity.

The conclusions and recommendations of the Eureka Board with respect to the Transaction were based on various factors, including:

- (a) that the Transaction is expected to allow Eureka to move forward and pursue the exploration of mineral properties with significant potential upside;
- (b) the synergy and market interest that could be gained by combining Eureka's existing FG gold property (the "**FG Project**") with the Kore Properties;
- (c) the dilution to existing Eureka Shareholders that would result from Eureka raising the funds necessary to advance the FG Project independently;
- (d) the limited investor appetite for early stage exploration companies in the current market;
- (e) that the Transaction is expected to increase Eureka Shareholder value;
- (f) that, under the terms of the Amalgamation Agreement, the Eureka Board retains the ability to consider and respond to Alternative Proposals;

- (g) that the Resulting Issuer, assuming completion of the Transaction, is expected to be a stronger company than Eureka or Kore alone; and
- (h) that the Eureka Transaction Resolution, which is a condition to the Closing, must be approved by more than 50% of the votes cast by the Eureka Shareholders present in person or represented by proxy at the Eureka Meeting.

The conclusions and recommendations of the Kore Board with respect to the Transaction are based on various factors, including that:

- (a) the Transaction is expected to create increased liquidity and access to a public market for Kore Shareholders;
- (b) as Eureka is a public company, the Transaction is expected to increase Kore's access to additional financing sources available to listed public companies, to further advance Kore's business objectives;
- (c) the Kore Amalgamation Resolution must be approved by more than two-thirds of the votes cast at the Kore Meeting by the Kore Shareholders present in person or represented by proxy at the Kore Meeting;
- (d) under the terms of the Amalgamation Agreement, the Kore Board retains the ability to consider and respond to Alternative Proposals;
- (e) the Resulting Issuer, assuming completion of the Transaction, is expected to be a stronger company than Kore or Eureka alone; and
- (f) the Kore Shareholders will be granted the Kore Dissent Rights.

The foregoing summary of the respective factors considered by the Eureka Board and the Kore Board is not intended to be exhaustive of all of the factors that were considered in arriving at a conclusion and making the recommendations described herein. The Eureka Board and the Kore Board used their own knowledge of the business, financial condition and prospects of Eureka and Kore, as applicable, and the advice of management and their respective advisors, in their evaluation of the Transaction. Given the numerous factors that were considered in connection with evaluating the Transaction, it is not practical to quantify or assign a relevant weight to specific facts relied upon by the Eureka Board or the Kore Board in reaching their respective conclusions and recommendations. In addition, individual directors may have given different weight to different factors. The conclusions and recommendations were arrived at after giving consideration to the totality of the information and factors involved.

### **Steps of the Transaction**

Assuming that the Eureka Transaction Resolution and the Kore Amalgamation Resolution are approved at the Meetings, and all other conditions to the Closing are satisfied or waived, the following are the principal steps to the Transaction:

- (a) Eureka will complete the Consolidation;
- (b) Newco and Kore will jointly complete and file the Amalgamation Application with the Registrar in order to give effect to the Amalgamation; and
- (c) at the Effective Time:
  - (i) Newco and Kore will amalgamate and continue as one company, being Amalco, pursuant to the provisions of the BCBCA, and

- (ii) as consideration for the issuance of the Eureka Consideration Shares, Amalco will issue Eureka one Amalco Share for each Eureka Consideration Share issued.

Following the Closing, in accordance with provisions of the BCBCA, the property, rights and interests of each of Kore and Newco will continue to be the property, rights and interests of Amalco, Amalco will continue to be liable for the obligations of each of Kore and Newco, and Amalco will be a wholly-owned subsidiary of Eureka. After the Closing Date, Eureka, in its capacity as sole shareholder of Amalco, will cause Amalco to satisfy any obligations which Amalco may have to a Kore Shareholder who has duly exercised Kore Dissent Rights.

### **The Amalgamation Agreement**

The Amalgamation Agreement sets out the terms and conditions relating to the Transaction. The provisions of the Amalgamation Agreement are the result of arm's length negotiations conducted between representatives of Eureka and Kore. **Below are summaries of certain of the material terms and conditions of the Amalgamation Agreement, which summaries are subject to, and qualified in their entirety by reference to, the terms and conditions of the full text of the Amalgamation Agreement which is incorporated by reference into this Circular, and a copy of which is available on SEDAR under Eureka's company profile at [www.sedar.com](http://www.sedar.com).**

#### *Conditions Precedent to the Transaction*

Completion of the Transaction is subject to a number of conditions that must be satisfied or waived (in accordance with the terms of the Amalgamation Agreement) by the applicable Party prior to the consummation of the Transaction. There can be no assurance that the relevant conditions will be satisfied or waived prior to the Closing.

#### Mutual Conditions

The obligation of the Parties to complete the Transaction is subject to the satisfaction or waiver of certain mutual conditions prior to the Closing, including, among other things: (i) the Eureka Shareholders shall have approved the RTO; (ii) the Kore Shareholders shall have approved the Amalgamation; (iii) each of the Kore Board and the Eureka Board shall have adopted all necessary resolutions to permit the consummation of all transactions contemplated by the Amalgamation Agreement; (iv) the TSXV shall have conditionally approved the Transaction and the listing of the Eureka Consideration Shares to be issued to the Kore Shareholders and the Eureka Shares and Eureka Warrants to be issued on conversion of the Subscription Receipts; (v) Newco shall not have engaged in any business enterprise or other activity or had any other assets or liabilities; and (vi) the distribution of the Eureka Consideration Shares to the Kore Shareholders shall be exempt from prospectus and registration requirements under applicable Canadian securities laws.

#### Conditions in Favour of Eureka

The obligation of Eureka to complete the Transaction is also subject to the satisfaction or waiver of certain conditions for the sole benefit of Eureka prior to the Closing, including, among other things, that: (i) the representations and warranties of Kore included in the Amalgamation Agreement are true and correct (or in certain cases, true and correct in all material respects) on the Closing Date; (ii) the Concurrent Financing shall have been completed and all Subscription Receipts shall have been converted; (iii) there shall not have occurred a material adverse change in respect of Kore; (iv) the Eureka Shares to be issued to Kore Shareholders in the United States shall be exempt from registration requirements under the United States *Securities Act of 1933*, as amended; (v) Kore shall have materially complied with all covenants in the Amalgamation Agreement; and (vi) the Kore Board shall have adopted all necessary resolutions to permit the consummation of all transactions contemplated by the Amalgamation Agreement.



## Conditions in Favour of Kore

The obligation of Kore to complete the Transaction is also subject to the satisfaction or waiver of conditions for the sole benefit of Kore prior to the Closing, including, among other things that: (i) the Eureka Board will have procured duly executed resignations and mutual releases, effective at the Effective Time, from each director and officer of Eureka; (ii) the representations and warranties of Eureka included in the Amalgamation Agreement are true and correct (or in certain cases, true and correct in all material respects) on the Closing Date; (iii) there shall not have occurred a material adverse change in respect of Eureka; (iv) Eureka shall have materially complied with all covenants in the Amalgamation Agreement; and (vi) the Eureka Board shall have adopted all necessary resolutions to permit the consummation of all transactions contemplated by the Amalgamation Agreement.

## *Covenants*

Under the terms of the Amalgamation Agreement, each of Eureka and Kore make certain covenants, including with respect to: (i) the holding of the Kore Meeting and the Eureka Meeting; (ii) providing the other Party access to corporate documents and personnel and communications with any regulatory authorities; (iii) the taking or not taking of certain actions; (iv) communication; (v) the preparation of filings, including this Circular; (v) the issuance of Eureka Shares; (vi) the completion of the Name Change and the Concurrent Financing; (vii) the change of directors and officers of Eureka; and (viii) the termination of any discussions or other activities with respect to any Alternative Proposal.

## *Break Fee*

In the event that Eureka or Kore terminates the Amalgamation Agreement as a result of a decision to accept an Alternative Proposal, the breaching Party will be required to pay the non-breaching Party a break fee of \$50,000 as liquidated damages, within two business days of such termination.

## **Officers and Directors**

In connection with the Closing, the officers and directors of Eureka are expected to change such that, at Closing, all of the existing officers and directors of Eureka will resign, and the directors and officers of the Resulting Issuer will be as follows:

Adrian Rothwell – President, CEO and Director  
James W. Hynes – Chief Operating Officer and Director  
Alan Ahlgren – CFO and Secretary  
Brendan Cahill – Director  
Harry Pokrandt – Director  
Robert J. (“Don”) MacDonald – Director

## **Concurrent Financing**

In order to raise operating capital for the Resulting Issuer, the Parties have engaged the Agent to undertake the Concurrent Financing, on a brokered private placement basis, to raise gross proceeds of \$2,200,000, or such other amount as may be agreed to between the Parties and the Agent, from the issuance of Subscription Receipts at the Offering Price. In the event that the Over-Allotment Option is exercised, Eureka may issue Additional Subscription Receipts for additional gross proceeds of up to \$330,000.

Upon the closing of the Concurrent Financing, the gross proceeds of the Concurrent Financing are expected to be held by Computershare Trust Company of Canada (the “**Escrow Agent**”). The Subscription Receipts will be cancelled if the following conditions (the “**Escrow Release Conditions**”) are not satisfied or waived by November 1, 2018 (or such other date as agreed to by Eureka and the Agent):

- the completion, satisfaction or waiver of all conditions precedent to the closing of the Amalgamation Agreement (other than the filing of the amalgamation application);
- the receipt of all required shareholder and regulatory approvals for the Transaction, including, without limitation, the conditional approval of the TSXV;
- receipt by the Agent of an opinion of counsel to Eureka that, upon the exercise of the Subscription Receipts and completion of the Transaction, the Eureka Shares and Eureka Warrants issued will not be subject to any statutory or other hold period in Canada which extends beyond four months and one day after the closing of the Concurrent Financing;
- the representations and warranties of the Parties contained in the Agency Agreement being true and accurate in all material respects, as if made on and as of the escrow release date; and
- Eureka and the Agent having delivered a joint notice and direction to the Escrow Agent, confirming that the conditions set forth above have been satisfied or waived. As a condition precedent to the execution by the Agent of the joint notice and direction, the CEO of Eureka shall certify to the Agent that the Escrow Release Conditions (other than delivery of the joint notice) have been satisfied.

The Subscription Receipts will be governed by the terms of a subscription receipt agreement to be entered into among Eureka, the Agent and the Escrow Agent in connection with the closing of the Concurrent Financing.

If the Escrow Release Conditions are not satisfied by 5:00 p.m. (Vancouver time) on November 1, 2018 (or such other date as may be agreed by Eureka and the Agent), all of the Subscription Receipts will be cancelled and holders thereof will have no rights thereunder except to receive, and the Escrow Agent shall pay to such holders from the escrowed funds, an amount equal to the aggregate purchase price of the Subscription Receipts then held.

Upon satisfaction of the Escrow Release Conditions, each Subscription Receipt (including any Additional Subscription Receipts) will, for no additional consideration or further action on the part of the holder, automatically be exchanged into one Eureka Share and one half of one Eureka Warrant, with each whole Eureka Warrant entitling the holder thereof to acquire an additional Eureka Share at an exercise price of \$0.075 per Eureka Share (\$0.75 per Eureka Share on a post-Consolidation basis) for a period of two years from the date of issuance.

Eureka has granted the Agent the Over-Allotment Option, which is exercisable at the Agent's sole discretion, at any time up to two days prior to the closing of the Concurrent Financing, to offer such number of Additional Subscription Receipts as is equal to up to 15% of the Subscription Receipts sold under the Concurrent Financing, on the same terms as the Subscription Receipts.

Pursuant to the Engagement Letter, the Parties have agreed to pay the Agent the Agent's Commission, in an amount equal to 7.0% of the gross proceeds raised under the Concurrent Financing, and to issue the Agent such number of Agent's Warrants as is equal to 7.0% of the Subscription Receipts sold under the Concurrent Financing (including, in each case, pursuant to the Over-Allotment Option). Each Agent's Warrant will be exercisable into one Resulting Issuer Share at the Offering Price for a period of 24 months following the issuance of the Agent's Warrants. The Parties have also agreed to pay the Agent's Expenses. The Engagement Letter will be superseded by the Agency Agreement, which is expected to be entered into among the Parties and the Agent prior to the closing of the Concurrent Financing.

### **Name Change**

In connection with the completion of the Transaction, Eureka intends to change its name to "Kore Mining Ltd." and its trading symbol on the TSXV from "EUK" to "KORE".

## Debt Settlement

Effective April 30, 2018, Eureka completed the Debt Settlement, pursuant to which Eureka issued an aggregate of 2,548,000 Eureka Shares (on a pre-Consolidation basis) in settlement of outstanding debt in the amount of \$127,400.

## Consolidation

As a condition to the closing of the Transaction, Eureka is required to complete the Consolidation, pursuant to which it will issue one post-Consolidation Eureka Share for each ten pre-Consolidation Eureka Shares, such that Kore Shareholders receive post-Consolidation Eureka Shares in exchange for their Kore Shares at the Closing. The Consolidation will not affect any Eureka Shareholder's percentage ownership interest in Eureka, except to the extent that the Consolidation would otherwise result in a Eureka Shareholder owning a fractional Eureka Share, as no fractional Eureka Shares will be issued pursuant to the Consolidation and no cash will be paid in lieu of fractional Eureka Shares.

Eureka currently has an unlimited number of Eureka Shares available for issuance and the Consolidation will not have any effect on the number of Eureka Shares that remain available for future issuance. The exercise price and the number of Eureka Shares issuable on exercise of any Eureka Options and Eureka Warrants that are outstanding at the time of the Consolidation will be proportionately adjusted upon the Consolidation becoming effective (i.e. the number of Eureka Shares issuable on exercise will decrease while the exercise price will increase).

As at the date hereof, the total number of issued and outstanding Eureka Shares was 53,010,402. Accordingly, it is expected that there will be approximately 5,301,040 Eureka Shares issued and outstanding after completion of the Consolidation (but prior to conversion of the Subscription Receipts or issuance of the Eureka Consideration Shares), subject to adjustment for rounding.

## Canadian Securities Law Considerations

The distribution of the Eureka Consideration Shares pursuant to the Amalgamation Agreement will constitute a distribution of securities which is exempt from the prospectus requirements of Canadian Securities Laws. The Eureka Consideration Shares may be resold in each of the provinces of Canada provided the trade is not a "control distribution" as defined in National Instrument 45-102 — *Resale of Securities* of the Canadian Securities Administrators, no unusual effort is made to prepare the market or create a demand for those securities, no extraordinary commission or consideration is paid in respect of that sale and, if the selling security holder is an Insider of the Resulting Issuer, the Insider has no reasonable grounds to believe that the Resulting Issuer is in default of securities legislation.

## Certain Canadian Federal Income Tax Considerations

The following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations under the Tax Act relating to the Amalgamation generally applicable to a Kore Shareholder who, for the purposes of the Tax Act and at all relevant times: (i) deals at arm's length with Kore, Eureka and Amalco, (ii) is not affiliated with Kore, Eureka or the Amalco, and (iii) holds all Kore Shares, and will hold all Eureka Shares acquired pursuant to the Amalgamation, as capital property. A holder that meets all of the foregoing requirements is referred to in this summary as a "**Holder**", and this summary only addresses such Holders.

This summary is based on the current provisions of the Tax Act as of the date hereof and our understanding of the current published administrative policies and assessing practices of the CRA. This summary also takes into account all specific proposals to amend the Tax Act which have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**"), and assumes that all such Proposed Amendments will be enacted in their present form, although no assurances can be given in this regard. Except for the Proposed Amendments, this summary does not take into account or anticipate any changes in law, whether by

judicial, governmental or legislative action or decision, or changes in the administrative policies and assessing practices of the CRA, nor does it take into account provincial, territorial or foreign income tax legislation or considerations, which may differ significantly from the Canadian federal income tax considerations discussed herein.

This summary is not applicable to a Holder (i) that is a “financial institution” as defined in the Tax Act for purposes of the “mark-to-market property” rules; (ii) that is a “specified financial institution” or “restricted financial institution”, both as defined in the Tax Act; (iii) an interest in which is a “tax shelter investment” as defined in the Tax Act; (iv) to whom the “functional currency” reporting rules contained in section 261 of the Tax Act apply; (v) that has entered into or will enter into a “derivative forward agreement” or “synthetic disposition arrangement” as defined in the Tax Act with respect to Kore Shares or Eureka Shares, (vi) who acquired their Kore Shares on the exercise of an employee stock option; or (vii) that is otherwise a holder of special status or in special circumstances. All such Holders should consult their own tax advisors as to the tax consequences of the Amalgamation applicable to them. In addition, this summary does not address any tax consequences relevant to holders of Kore Preferred Shares, and such holders should also consult with their own tax advisors.

This summary does not address the possible application of the “foreign affiliate dumping” rules that may be applicable to a Holder that is a corporation resident in Canada (for the purposes of the Tax Act) that is, or that becomes as part of a transaction or event or series of transactions or events, controlled by a non-resident corporation for purposes of the rules in section 212.3 of the Tax Act. Any such Holder should consult its own tax adviser with respect to the applicable tax consequences.

**This summary is of a general nature only and is not exhaustive of all possible relevant Canadian federal income tax considerations. This summary is not, and should not be construed as, legal or tax advice to any particular Holder and no representation with respect to the tax consequences to any particular Holder are made. Accordingly, Holders should consult their own tax advisors with respect to the Canadian federal income tax consequences of the Amalgamation having regard to their particular circumstances.**

#### **Holders Resident in Canada**

This portion of the summary is generally applicable to a Holder who, at all relevant times, is or is deemed to be resident in Canada for the purposes of the Tax Act (herein, a “**Resident Holder**”).

#### *Exchange of Kore Shares for Eureka Shares Pursuant to the Amalgamation*

A Resident Holder (other than a Kore Dissenting Shareholder) who receives Eureka Shares in exchange for Kore Shares pursuant to the Amalgamation will be deemed to have disposed of such Kore Shares for proceeds of disposition equal to the Resident Holder’s adjusted cost base thereof immediately before the Amalgamation. As a consequence, such a Resident Holder will not realize a capital gain or capital loss as a result of the Amalgamation. The Resident Holder will also be deemed to have acquired the Eureka Shares received in exchange for such Kore Shares at a cost equal to the Resident Holder’s adjusted cost base of the Kore Shares immediately before the Amalgamation. The adjusted cost base of all Eureka Shares owned by the Resident Holder immediately after the exchange will be determined by averaging the cost of the shares acquired on the exchange with the adjusted cost base of any other Eureka Shares held by the Resident Holder as capital property.

#### *Receipt of Dividends on Eureka Shares*

Dividends received or deemed to be received on Eureka Shares in a taxation year by a Resident Holder who is an individual (other than certain trusts) will be included in the individual’s income for that year and will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit applicable to any dividends designated by Eureka to be “eligible dividends” in accordance with the provisions of the Tax Act, if any. There may be limitations

under the Tax Act on Eureka's ability to so designate dividends as "eligible dividends", and Eureka has made no commitments in this regard.

Dividends received or deemed to be received by a Resident Holder that is a corporation will normally be deductible in computing its taxable income. In certain circumstances, subsection 55(2) of the Tax Act may treat a dividend received by a Resident Holder that is a corporation as proceeds of disposition or a capital gain. Holders that are corporations should consult their own tax advisors having regard to their own particular circumstances.

A Resident Holder that is a "private corporation" (as defined in the Tax Act) or any other corporation controlled (whether because of a beneficial interest in one or more trusts or otherwise) by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts), may be liable to pay an additional tax (refundable under certain circumstances) under Part IV of the Tax Act on dividends received or deemed to be received on Eureka Shares in a year to the extent such dividends are deductible in computing taxable income for the year.

#### *Disposition of Eureka Shares*

A disposition or deemed disposition of Eureka Shares by a Resident Holder will generally give rise to a capital gain (or capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the Holder of the Eureka Share immediately before the disposition.

#### *Taxation of Capital Gains and Capital Losses*

Generally, one-half of any capital gain (a "**taxable capital gain**") realized by a Resident Holder in a taxation year must be included in the Resident Holder's income for the year, and one-half of any capital loss (an "**allowable capital loss**") realized by a Resident Holder in a taxation year may be deducted from taxable capital gains realized by the Resident Holder in that year (subject to and in accordance with rules contained in the Tax Act). Allowable capital losses for a taxation year in excess of taxable capital gains for that year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years, to the extent and under the circumstances described in the Tax Act.

A Resident Holder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax on its "aggregate investment income" (as defined in the Tax Act) for the year, which is defined to include an amount in respect of taxable capital gains.

If the Resident Holder is a corporation, the amount of any capital loss realized on a disposition or deemed disposition of a Eureka Share may be reduced by the amount of dividends received or deemed to have been received by it on such share (and in certain circumstances a share exchanged for such share) to the extent and under circumstances described in the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns such shares or where a trust or partnership of which a corporation is a beneficiary or a member is a member of a partnership or a beneficiary of a trust that owns any such shares. Resident Holders to whom these rules may be relevant should consult their own tax advisors.

#### *Alternative Minimum Tax*

Capital gains realized and dividends received by a Resident Holder that is an individual or a trust, other than certain specified trusts, may give rise to alternative minimum tax under the Tax Act. Resident Holders should consult their own tax advisors with respect to the application of alternative minimum tax.

### *Dissenting Resident Holders*

A Resident Holder who validly exercises Kore Dissent Rights and who, in accordance with the Kore Dissent Rights, disposes of Kore Shares on or after the Effective Time to Amalco and is paid by Amalco (herein, a “**Resident Dissenting Holder**”), will, in accordance with our understanding of the CRA’s administrative policy, be considered to have disposed of the Kore Shares for proceeds of disposition equal to the amount received by the Resident Dissenting Holder (less any interest awarded by a court). As a result, in accordance with our understanding of the CRA’s administrative policy, such Resident Dissenting Holder will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition, net of any reasonable cost of disposition, received exceed (or is less than) the adjusted cost base to the Resident Dissenting Holder of the Kore Shares. See “*Holdings Resident in Canada – Taxation of Capital Gains and Capital Losses*”.

Interest awarded to a Resident Dissenting Holder by a Court will be included in the Dissenting Resident Holder’s income for the purposes of the Tax Act. In addition, a Dissenting Resident Holder that, throughout the relevant taxation year, is a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay a special tax (refundable in certain circumstances) on its “aggregate investment income” (as defined in the Tax Act), which is defined to include such interest income.

### **Holdings Not Resident in Canada**

This portion of the summary applies to a Holder (as defined above) who, for the purposes of the Tax Act and any applicable tax treaty and at all relevant times (i) is not, and is not deemed to be, a resident of Canada and (ii) does not and will not use or hold, and is not and will not be deemed to use or hold, Kore Shares or Eureka Shares in connection with carrying on a business in Canada. A Holder who meets all of the foregoing requirements is referred to as a “**Non-Resident Holder**” in this part of the summary, and this part of the summary only addresses such Non-Resident Holders.

Special considerations, which are not discussed in this summary, may apply to a Non-Resident Holder that is an insurer that carries on an insurance business in Canada and elsewhere or an authorized foreign bank (as defined in the Tax Act). Such Non-Resident Holders should consult their own tax advisors.

### *Exchange of Kore Shares for Eureka Shares Pursuant to the Amalgamation*

The tax consequences discussed above under the heading “*Holdings Resident in Canada – Exchange of Kore Shares for Eureka Shares on the Amalgamation*” will generally be applicable to Non-Resident Holders (other than Non-Resident Dissenting Holders (as defined below)) who exchange Kore Shares for Eureka Shares pursuant to the Amalgamation.

### *Receipt of Dividends on Eureka Shares*

Where a Non-Resident Holder receives or is deemed to receive a dividend on Eureka Shares, the amount thereof will be subject to Canadian non-resident withholding tax at the rate of 25% of the gross amount of the dividend or such lower rate as may apply under the provisions of an applicable income tax treaty or convention.

### *Disposition of Eureka Shares*

A Non-Resident Holder who disposes of Eureka Shares received pursuant to the Amalgamation will not be subject to tax under the Tax Act on the disposition unless the Eureka Shares constitute “taxable Canadian property” (as defined in the Tax Act) of the Non-Resident Holder and the Non-Resident Holder is not entitled to relief under an applicable income tax treaty or convention.

Generally, Eureka Shares will not be “taxable Canadian property” of a Non-Resident Holder at a particular time provided that such shares are listed on a “designated stock exchange” (which currently includes the TSXV, tiers 1

and 2) at that time, unless, at any time during the 60-month period immediately preceding the disposition of the shares by the Non-Resident Holder, (i) the Non-Resident Holder, Persons not dealing at arm's length with such Non-Resident Holder, partnerships in which the Non-Resident Holder (or a Person with whom the Non-Resident Holder did not deal at arm's length) holds an interest directly or indirectly, or the Non-Resident Holder together with all such Persons or partnerships, owned or was considered to own 25% or more of the issued Eureka Shares of any class or series, and (ii) more than 50% of the fair market value of the Eureka Shares was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, "Canadian resource property" or "timber resource property" (as defined in the Tax Act), or options in respect of, or interests in (or for civil law, rights in) any such properties (whether or not such property exists). In addition, Eureka Shares may be deemed to be "taxable Canadian property" under the Tax Act in certain other circumstances, including where the Non-Resident Holder's Eureka Shares were acquired in certain types of tax-deferred exchanges in consideration for property that was itself taxable Canadian property. If a Non-Resident Holder held Kore Shares as "taxable Canadian property", the Eureka Shares received pursuant to the Amalgamation would in general terms be deemed to be taxable Canadian property for a period of 60 months in accordance with these deeming rules, and affected Non-Resident Holders should consult with their own tax advisors in this regard.

A Non-Resident Holder's capital gain (or capital loss) in respect of Eureka Shares that constitute or are deemed to constitute taxable Canadian property (and are not "treaty-protected property" as defined in the Tax Act) will generally be computed in the manner described above under "*Holders Resident in Canada – Disposition of Eureka Shares*". Non-Resident Holders should consult with their own tax advisors to determine whether their Eureka Shares may be "taxable Canadian property" having regard to their particular circumstances and to assess their corresponding Canadian tax reporting obligations.

#### *Dissenting Non-Resident Holders*

A Non-Resident Holder who validly exercises Kore Dissent Rights and who, in accordance with the Kore Dissent Rights, disposes of Kore Shares on or after the Effective Time to Amalco and is paid by Amalco (herein, a "**Dissenting Non-Resident Holder**"), will, in accordance with our understanding of CRA's administrative policy, be considered to have disposed of the Kore Shares for proceeds of disposition equal to the amount received by the Dissenting Non-Resident Holder (less any interest awarded by a court). A Dissenting Non-Resident Holder will not be subject to tax under the Tax Act on such disposition of Kore Shares unless the Kore Shares constitute "taxable Canadian property" for purposes of the Tax Act and the Dissenting Non-Resident Holder is not entitled to relief under an applicable income tax treaty or convention.

Generally, Kore Shares will be "taxable Canadian property" of a Dissenting Non-Resident Holder at the time of disposition only if, (i) at any particular time during the 60-month period immediately preceding the disposition of the Kore Shares by such Dissenting Non-Resident Holder, more than 50% of the fair market value of the Kore Shares was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, "Canadian resource properties" (as defined in the Tax Act), "timber resource properties" (as defined in the Tax Act), and options in respect of, interests in, or civil law rights in, any such properties; or (ii) if the Dissenting Non-Resident Holder's Kore Shares were acquired in certain types of tax-deferred exchanges in consideration for property that was itself taxable Canadian property. Dissenting Non-Resident Holders who may hold Kore Shares as "taxable Canadian property" should consult with their own tax advisors with respect to the tax considerations relevant to them.

Interest (if any) awarded by a court to a Non-Resident Dissenting Holder generally should not be subject to withholding tax under the Tax Act.

### **RISK FACTORS RELATING TO THE TRANSACTION**

The securities of Eureka (and correspondingly those of the Resulting Issuer) should be considered highly speculative due to the nature of the Resulting Issuer's proposed business and the current stage of Kore's development. The completion of the Transaction and the acquisition of Eureka Consideration Shares will be subject

to certain material risks. In evaluating Eureka, the Resulting Issuer and its prospective business, Shareholders and investors should carefully consider the following risks, in addition to the other information and risk factors contained in this Circular. Readers should note that this list is not a definitive list of all risk factors associated with Eureka, Kore or the Resulting Issuer, or with respect to the Resulting Issuer's proposed operations upon completion of the Transaction, and other events could arise that have a material adverse effect on the business of Eureka, Kore or the Resulting Issuer.

***Eureka and Kore expect to incur significant costs in connection with the Transaction.***

Eureka and Kore will collectively incur significant direct transaction costs in connection with the Transaction. Actual direct transaction costs incurred in connection with the Transaction may be higher than expected. Moreover, certain of Eureka's and Kore's costs related to the Transaction, including legal, financial advisory services, accounting, printing and mailing costs, must be paid even if the Transaction is not completed. There are also opportunity costs associated with the diversion of management attention away from the conduct of their respective businesses in the ordinary course.

***Trading in Eureka Shares may remain halted until completion of the Transaction.***

Upon public announcement of the Transaction, trading in Eureka Shares on the TSXV was halted for an indefinite period of time pending completion of review of the Transaction by the TSXV. Reinstatement of trading prior to completion of the Transaction, to the extent it occurs, provides no assurance with respect to the merits of the Transaction or the likelihood of Eureka completing the Transaction. It is not expected that trading in the Eureka Shares will resume until completion of the Transaction.

***Eureka has not verified the reliability of the information regarding Kore or its Affiliates included in, or which may have been omitted from, this Circular.***

All historical information regarding Kore and its Affiliates contained in this Information Circular, including all Kore financial information and all pro forma financial information reflecting the pro forma effects of the Transaction, has been provided by Kore. Although Eureka has no reason to doubt the accuracy or completeness of such information, any inaccuracy or material omission in the information about or relating to Kore or its Affiliates contained in this Circular could result in unanticipated liabilities or expenses, increase the cost of integrating the companies or adversely affect the operational plans of the Resulting Issuer and its results of operations and financial condition.

***Kore has not verified the reliability of the information regarding Eureka or Newco included in, or which may have been omitted from, this Circular.***

All historical information regarding Eureka contained in this Circular, including all Eureka financial information and all pro forma financial information reflecting the pro forma effects of the Transaction, has been provided by Eureka. Although Kore has no reason to doubt the accuracy or completeness of such information, any inaccuracy or material omission in the information about or relating to Eureka contained in this Circular could result in unanticipated liabilities or expenses, increase the cost of integrating the companies or adversely affect the operational plans of the Resulting Issuer and its results of operations and financial condition.

***The Amalgamation Agreement may be terminated in certain circumstances.***

Each of Eureka and Kore has the right to terminate the Amalgamation Agreement in certain circumstances. Accordingly, there is no certainty, nor can either of Eureka or Kore provide any assurance, that the Amalgamation Agreement will not be terminated by either Eureka or Kore before the completion of the Transaction. In the event that the Amalgamation Agreement is terminated in connection with an Alternative Transaction, Eureka or Kore may also be required to pay a break fee of \$50,000 to the other Party.



***There can be no assurance that all conditions precedent to the Transaction will be satisfied.***

The completion of the Transaction is subject to a number of conditions precedent, certain of which are outside the control of Eureka and Kore, including obtaining the requisite Shareholder and TSXV approvals, and completion of the Concurrent Financing. There is no certainty, nor can Eureka or Kore provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. The requirement to take certain actions or to agree to certain conditions to satisfy such requirements or obtain any such approvals may have a material adverse effect on the business and affairs of Eureka or Kore or the trading price of the Eureka Shares. If for any reason the Transaction is not completed, the market price of the Eureka Shares may be adversely affected. Moreover, if the Amalgamation Agreement is terminated, there is no assurance that either the Kore Board or the Eureka Board will be able to find another transaction to pursue.

***Certain Risks Associated with the Consolidation***

The effect of the Consolidation upon the market price of the Eureka Shares cannot be predicted with any certainty, and the history of similar share consolidations for corporations similar to Eureka is varied. There can be no assurance that the total market capitalization of the Eureka Shares immediately following the Consolidation will be equal to or greater than the total market capitalization immediately before the Consolidation. In addition, there can be no assurance that the market price of the Eureka Shares following the Consolidation will remain higher than the market price immediately before the Consolidation or equal or exceed the direct arithmetical result of the Consolidation. In addition, a decline in the market price of the Eureka Shares after the Consolidation may result in a greater percentage decline than would occur in the absence of the Consolidation. Furthermore, the Consolidation may lead to an increase in the number of Eureka Shareholders who hold “odd lots”; that is, a number of Eureka Shares not evenly divisible into board lots (a board lot is either 100, 500 or 1,000 shares, depending on the price of the Eureka Shares). As a general rule, the cost to Eureka Shareholders transferring an odd lot of Eureka Shares is somewhat higher than the cost of transferring a “board lot”.

**PARTICULARS OF MATTERS TO BE ACTED UPON AT THE EUREKA MEETING**

**Eureka Voting Shares and Principal Holders Thereof**

Eureka is authorized to issue an unlimited number of Eureka Shares without par value. As at the record date of June 19, 2018, 53,010,402 Eureka Shares (on a pre-Consolidation basis) were issued and outstanding. Holders of record of Eureka Shares at the close of business on the record date are entitled to receive notice of and to vote at the Meeting. Holders of Eureka Shares are entitled to one vote for each Eureka Share held.

To the knowledge of the directors and executive officers of Eureka, as at the record date, no Person beneficially owned, directly or indirectly, or controlled or directed, Eureka Shares carrying 10% or more of the voting rights attached to all of the issued and outstanding Eureka Shares.

**Approval of the Eureka 2018 Option Plan**

At the Eureka Meeting, Eureka Shareholders will be asked to consider and, if deemed advisable, ratify an ordinary resolution (the “**2018 Plan Resolution**”) approving the adoption of the Eureka 2018 Option Plan by the Board, the complete text of which is set out below. In order to become effective, the 2018 Plan Resolution must be approved by more than 50% of all votes cast with respect to the 2018 Plan Resolution by Eureka Shareholders present in person or represented by proxy at the Eureka Meeting. If the 2018 Plan Resolution is approved by the Eureka Shareholders, it is expected that no further Eureka Options will be granted under the Eureka 2008 Option Plan and any future option grants by the Resulting Issuer will be subject to the terms of the Eureka 2018 Option Plan until a new stock option plan is adopted by the Resulting Issuer Board.

### ***Description of the Eureka 2018 Option Plan***

The Eureka 2018 Option Plan is a “rolling” stock option plan, whereby the maximum number of Eureka Shares that may be reserved for issuance pursuant to the exercise of Eureka Options from time to time is 10% of the issued Eureka Shares at the time of a grant and, as such, will increase with the issue of additional Eureka Shares. The TSXV requires listed companies that have a “rolling” stock option plan in place to receive shareholder approval of such plan following initial adoption and on a yearly basis at the company’s annual meeting. Accordingly, Eureka Shareholders will be asked at the Eureka Meeting to ratify and approve the Eureka 2018 Option Plan. The Eureka 2018 Option Plan complies with the current policies of TSXV.

The purpose of the Eureka 2018 Option Plan is to advance the interests of Eureka and the Eureka Shareholders by attracting, retaining and motivating directors, officers, employees, consultants and management company employees of Eureka of high caliber and potential, and to encourage and enable such Persons to acquire an ownership interest in Eureka.

The following information is intended as a brief description of the Eureka 2018 Option Plan:

1. The Eureka Board shall establish the exercise price at the time each Eureka Option is granted, subject to the following conditions:
  - (a) subject to (b), if the Eureka Shares are listed on a stock exchange or dealing network, the exercise price will be the market price of the Eureka Shares, where “market price” shall mean the prior trading day closing price of the Eureka Shares on any stock exchange on which the Eureka Shares are listed or the last trading price on the prior trading day on any dealing network where the Eureka Shares trade, and where there is no such closing price or trade on the prior trading day, “market price” shall mean the average of the daily high and low board lot trading prices of the Eureka Shares on any stock exchange on which the Eureka Shares are listed or dealing network on which the Eureka Shares trade for the five immediately preceding trading days;
  - (b) if the Eureka Shares are listed on the TSXV, the exercise price will be the market price on the TSXV, less any discounts from the market price allowed by the TSXV, subject to a minimum price of \$0.10;
  - (c) if the Eureka Shares are not listed on any stock exchange and do not trade on any dealing network, then the exercise price will be determined by the Eureka Board at the time of grant; and
  - (d) in all other cases, the exercise price shall be determined in accordance with the rules and regulations of any applicable regulatory bodies.
2. Upon expiry of an Eureka Option, or in the event a Eureka Option is otherwise terminated for any reason, without having been exercised in full, the number of Eureka Shares in respect of the expired or terminated Eureka Option shall again be available for grant under the Eureka 2018 Option Plan.
3. No Eureka Option granted under the Eureka 2018 Option Plan may have an expiry date exceeding five years from the date of grant, unless automatically extended as a result of a blackout period as described below.
4. Subject to the applicable provisions in the Manual, if an option expires during a Blackout Period (as defined in the Eureka 2018 Option Plan) applicable to an Optionee, then the expiration date for that option shall be the date that is the tenth business day after the expiry date of such Blackout Period, unless, at the applicable time, the applicable Optionee or Eureka is subject to a cease trade order (or similar order under applicable securities laws) in respect of Eureka’s securities.

5. Eureka Options granted to any one individual in any 12 month period cannot exceed more than 5% of the issued Eureka Shares, unless Eureka has obtained disinterested Eureka Shareholder approval.
6. Without the prior consent of the TSXV, Eureka Options granted to any one consultant in any 12 month period cannot exceed more than 2% of the issued Eureka Shares.
7. Without the prior consent of the TSXV, Eureka Options granted to all persons, in aggregate, conducting investor relations activities in any 12 month period cannot exceed more than 2% of the issued Eureka Shares.
8. If an option holder ceases to be a service provider of Eureka (other than by reason of death), or if an option holder resigns, as the case may be, then any Eureka Option granted to the holder that had vested and was exercisable on the date of termination will expire on the earlier of the expiry date and the date that is 90 days following the date that the holder ceases to be a service provider of Eureka (or such other date as may be determined by the Eureka Board in its sole discretion).
9. If the engagement of an option holder engaged in investor relations activities as a consultant is terminated for any reason other than cause, disability or death, any Eureka Option granted to such holder that was exercisable and had vested on the date of termination will be exercisable until the earlier of: the expiry date; and the date that is 30 days after the effective date of the holder ceasing to be a consultant.
10. If an option holder dies, the holder's lawful personal representatives, heirs or executors may exercise any stock option granted to the holder that had vested and was exercisable on the date of death until the earlier of the expiry date and one year after the date of death of the holder.
11. Eureka Options will vest at the discretion of the Eureka Board on a case by case basis, other than Eureka Options granted to consultants performing investor relations activities, which if required by any stock exchange on which the Eureka Shares then trade, will vest in stages over not less than 12 months, with no more than one quarter of the Eureka Options vesting in any three month period.
12. Eureka Options granted under the Eureka 2018 Option Plan shall not be assignable or transferable by an option holder.
13. The Eureka Board, or any applicable committee thereof, may at any time amend or terminate the Eureka 2018 Option Plan, but any such amendment shall be subject to regulatory approval, if required.

The Eureka 2018 Option Plan provides that other terms and conditions may be attached to particular Eureka Options at the discretion of the Eureka Board. The foregoing is intended as a brief description of the Eureka 2018 Option Plan and is qualified in its entirety by the full text of the Eureka 2018 Option Plan, a copy of which is attached as Appendix G to this Circular.

At the Eureka Meeting, Eureka Shareholders will be asked to approve the following ordinary resolution (the "**2018 Plan Resolution**"), which must be approved by at least a majority of the votes cast by Eureka Shareholders present in person or represented by proxy at the Eureka Meeting who vote in respect of the 2018 Plan Resolution:

"RESOLVED, as an ordinary resolution of the shareholders of Eureka Resources, Inc. ("**Eureka**"), that:

1. Eureka's 2018 Stock Option Plan (the "**Plan**"), including the reservation for issuance under the Plan at any time of a maximum of 10% of the issued and outstanding common shares of Eureka, be and is hereby ratified, confirmed and approved, subject to the acceptance of the Plan by the TSX Venture Exchange (the "**TSXV**");

2. The board of directors of Eureka (the “**Board**”) be authorized in its absolute discretion to administer the Plan and amend or modify the Plan in accordance with its terms and conditions and with the policies of the TSXV; and
3. Any one director or officer of Eureka be and is hereby authorized and directed to do all such acts and things, and to execute and deliver, under the corporate seal of Eureka or otherwise, all such deeds, documents, instruments and assurances, as in his or her opinion may be necessary or desirable to give effect to the foregoing resolutions, including, without limitation, making any changes to the Plan required by the TSXV or applicable securities regulatory authorities and to complete all transactions in connection with the administration of the Plan.”

The form of the 2018 Plan Resolution set forth above is subject to such amendments as management may propose at the Eureka Meeting, but which do not materially affect the substance of the 2018 Plan Resolution.

### ***Eureka Board Recommendation***

The Eureka Board has reviewed and considered all material facts relating to the 2018 Plan Resolution which it has considered to be relevant to Eureka Shareholders. **It is the unanimous recommendation of the Eureka Board that Eureka Shareholders vote FOR the 2018 Plan Resolution.** Unless a Eureka Shareholder specifies in the enclosed form of proxy that the Eureka Shares represented by such proxy are to be voted against the 2018 Plan Resolution, the Designated Persons will vote in favour of the 2018 Plan Resolution.

### **Approval of the Eureka Pre-Existing Company Provisions Resolution**

The Eureka Pre-Existing Company Provisions Resolution proposes the alteration of Eureka’s notice of articles to remove the application of the “**Pre-Existing Company Provisions**” (as such term is defined in the BCBCA). The Pre-Existing Company Provisions have applied to Eureka since the date of its transition, in 2006, under Section 436(1)(a) of the BCBCA from its status as a company incorporated under the *Company Act* (British Columbia), the predecessor statute of the BCBCA. The only material effect of the removal of the Pre-Existing Company Provisions is that Eureka’s articles may permit a “special majority”, being the number of votes necessary to approve a “special resolution” (as such terms are defined in the BCBCA), to be a majority of at least two-thirds of the votes cast on the resolution. The Eureka Pre-Existing Company Provisions Resolution also ratifies and adopts Eureka’s articles in their current form, which provide for a “special majority” to be a majority of at least two-thirds of the votes cast on the resolution.

The Eureka Pre-Existing Company Provisions Resolution, if approved, will be made effective regardless of whether the Transaction is completed.

At the Eureka Meeting, Eureka Shareholders will be asked to approve the Eureka Pre-Existing Company Provisions Resolution, which must be approved by at least three quarters of the votes cast by Eureka Shareholders present in person or represented by proxy at the Eureka Meeting who vote in respect of the Eureka Pre-Existing Company Provisions Resolution:

“RESOLVED, as a special resolution of the shareholders of Eureka Resources, Inc. (“**Eureka**”), that:

1. The notice of articles of Eureka shall be altered to remove the application of the Pre-Existing Company Provisions (as such term is defined in the *Business Corporations Act* (British Columbia) (the “**BCBCA**”));
2. A “special majority” shall be a majority of at least two-thirds of the votes cast on a “special resolution” (as such terms are defined in the BCBCA);
3. The articles of Eureka in their present form are hereby ratified, confirmed and approved;

4. A notice of alteration reflecting the effect of this special resolution be filed by or on behalf of Eureka; and
5. Any one director or officer of Eureka be and is hereby authorized and directed to do all such acts and things, and to execute and deliver, under the corporate seal of Eureka or otherwise, all such deeds, documents, instruments and assurances, as in his or her opinion may be necessary or desirable to give effect to the foregoing resolutions.

#### ***Eureka Board Recommendation***

The Eureka Board has reviewed and considered all material facts relating to the Eureka Pre-Existing Company Provisions Resolution which it has considered to be relevant to Eureka Shareholders. **It is the unanimous recommendation of the Eureka Board that Eureka Shareholders vote FOR the Eureka Pre-Existing Company Provisions Resolution.** Unless a Eureka Shareholder specifies in the enclosed form of proxy that the Eureka Shares represented by such proxy are to be voted against the Eureka Pre-Existing Company Provisions Resolution, the Designated Persons will vote in favour of the Eureka Pre-Existing Company Provisions Resolution.

#### **Approval of the Eureka Transaction Resolution**

At the Eureka Meeting, Eureka Shareholders will be asked to consider and, if deemed advisable, pass the Eureka Transaction Resolution, the complete text of which is set out in Appendix A, authorizing the completion of the Transaction. In order to become effective, the Eureka Transaction Resolution must be approved by more than 50% of all votes cast with respect to the Eureka Transaction Resolution by Eureka Shareholders present in person or represented by proxy at the Eureka Meeting. If the Eureka Transaction Resolution is not approved at the Eureka Meeting, the Transaction may not proceed in its present form, or at all.

The form of the Eureka Transaction Resolution as set out in Appendix A is subject to such amendments as management may propose at the Eureka Meeting but which do not materially affect the substance of the proposed Eureka Transaction Resolution.

The Transaction will constitute a Reverse Takeover of Eureka because, following the Closing (assuming completion of the Concurrent Financing and the Consolidation), the current Kore Shareholders are expected to own approximately 86.1% of the post-Consolidation Eureka Shares on an undiluted basis. Pursuant to TSXV policies, the approval of a majority of Eureka Shareholders is required in connection with any Reverse Takeover.

For detailed information with respect to the Transaction, see *"Description of the Transaction"*.

#### ***Eureka Board Recommendation***

The Eureka Board has reviewed and considered all material facts relating to the Eureka Transaction Resolution which it has considered to be relevant to Eureka Shareholders. **It is the unanimous recommendation of the Eureka Board that Eureka Shareholders vote FOR the Eureka Transaction Resolution.** Unless a Eureka Shareholder specifies in the enclosed form of proxy that the Eureka Shares represented by such proxy are to be voted against the Eureka Transaction Resolution, the Designated Persons will vote in favour of the Eureka Transaction Resolution.

#### **Other Business**

Management of Eureka is not aware of any other matters to come before the Eureka Meeting other than those set out in the Eureka Notice of Meeting. If other matters come before the Eureka Meeting, it is the intention of the Designated Persons named in the enclosed form of proxy to vote the same in accordance with their best judgment.

## PARTICULARS OF MATTERS TO BE ACTED UPON AT THE KORE MEETING

### Kore Voting Shares and Principal Holders Thereof

Kore is authorized to issue an unlimited number of Kore Shares. As at the Kore record date of June 19, 2018, there were 18,707,220 Kore Shares issued and outstanding. Holders of record of Kore Shares at the close of business on the record date are entitled to receive notice of and to vote at the Kore Meeting. Holders of Kore Shares are entitled to one vote for each Kore Share held.

Other than as set forth below and elsewhere herein, to the knowledge of the directors and executive officers of Kore, as at the record date, no Person beneficially owned, directly or indirectly, or controlled or directed, Kore Shares carrying 10% or more of the voting rights attached to all of the issued and outstanding Kore Shares.

Name of Shareholder	Number of Kore Shares Owned	Percentage of Outstanding Shares <sup>(1)</sup>
Blaxland Pacific Management Corp. <sup>(2)</sup>	5,000,100	26.7%
1130447 B.C. Ltd. <sup>(3)</sup>	7,317,073	39.1%

<sup>(1)</sup> Based on 18,707,220 Kore Shares outstanding as at the date hereof, on an undiluted and fully diluted basis.

<sup>(2)</sup> The controlling shareholder of Blaxland Pacific Management Corp. is Michael D. Tomsett-Ell.

<sup>(3)</sup> The controlling shareholder of 1130447 B.C. Ltd. is Skye Marker, the spouse of James Hynes.

### Approval of the Amalgamation

At the Kore Meeting, the Kore Shareholders will be asked to consider and, if thought advisable, to pass, with or without variation, the Kore Amalgamation Resolution, the full text of which is set forth in Appendix B. For a description of the Amalgamation, see "*Description of the Transaction*".

The form of the Kore Amalgamation Resolution as set out in Appendix B is subject to such amendments as management may propose at the Kore Meeting but which do not materially affect the substance of the proposed Kore Amalgamation Resolution.

### Kore Board Recommendation

The Kore Board has reviewed and considered all material facts relating to the Amalgamation and has concluded that the Amalgamation is in the best interests of Kore and the Kore Shareholders. **Accordingly, it is the unanimous recommendation of the Kore Board that Kore Shareholders vote FOR the Kore Amalgamation Resolution.** Unless a Kore Shareholder specifies in the enclosed form of proxy that the Kore Shares represented by such proxy are to be voted against the Kore Amalgamation Resolution, the Designated Persons will vote in favour of the Kore Amalgamation Resolution.

### Kore Dissent Rights

The following description of the right to dissent and appraisal to which registered Kore Shareholders are entitled is not a comprehensive statement of the procedures to be followed by a Kore Dissenting Shareholder who seeks payment of the fair value of such Kore Dissenting Shareholder's Kore Shares and is qualified in its entirety by the reference to the full text of Part 8, Division 2 of the BCBCA, which is attached as Appendix K. **A Kore Dissenting Shareholder who intends to exercise the Kore Dissent Rights should carefully consider and comply with the provisions of the BCBCA in connection with the Kore Amalgamation Resolution. Failure to strictly adhere to the procedures established therein may result in the loss of all rights thereunder. Accordingly, each Kore Dissenting Shareholder who might desire to exercise Kore Dissent Rights should consult their own legal advisor.**

Pursuant to Section 309 of the BCBCA, any registered Kore Shareholder may send a notice of dissent to Kore in accordance with Division 2 of Part 8 (Sections 237 to 247) of the BCBCA. Pursuant to Section 245 of the BCBCA, any registered Kore Shareholder who dissents from the Kore Amalgamation Resolution in compliance with Sections 237 to 247 of the BCBCA will be entitled to be paid the fair value of the Kore Shares held by such Kore Dissenting Shareholder determined as at the point in time immediately before the passing of the Kore Amalgamation Resolution. A Kore Dissenting Shareholder must dissent with respect to all of the Kore Shares registered in the Kore Dissenting Shareholder's name of which the Kore Dissenting Shareholder is the beneficial owner. **Beneficial Holders of Kore Shares who wish to dissent should be aware that only the registered holder is entitled to dissent.** In addition, in accordance with the restrictions set out in Sections 237 to 247 of the BCBCA, no Kore Shareholder who has voted in favour of the Kore Amalgamation Resolution will be entitled to exercise Kore Dissent Rights.

**The filing of a notice of dissent deprives a Kore Dissenting Shareholder of the right to vote at the Kore Meeting, except if such Kore Dissenting Shareholder ceases to be a Kore Dissenting Shareholder in accordance with the Kore Dissent Rights. For greater certainty, a Kore Shareholder who wishes to exercise the Kore Dissent Rights may not vote in favour of the Kore Amalgamation Resolution. A Kore Shareholder who wishes to exercise Kore Dissent Rights must deliver written notice of dissent to Kore c/o Cassels Brock & Blackwell LLP, Suite 2200 – 885 West Georgia Street, Vancouver, BC, Attention: John Christian, by 10:00 a.m. on July 20, 2018, and such notice of dissent must strictly comply with the requirements of Section 242 of the BCBCA.**

#### Election of Kore Directors

The Kore Board presently consists of two directors. Approval will be sought at the Kore Meeting to fix the number of directors of Kore at five. The term of office of each of the current directors expires at the Kore Meeting and each of the current directors will stand for re-election at the Kore Meeting. Management does not contemplate that any of these nominees will be unable to serve as a director. Each director elected will hold office until the next annual general meeting of Kore or until his successor is elected or appointed, unless his office is earlier vacated in accordance with the articles of Kore, or with the provisions of the BCBCA. In the absence of instructions to the contrary, the enclosed proxy will be voted for the nominees listed below.

Name, Province, Country of Residence, and Position(s) with Kore	Principal Occupation, Business, or Employment for Last Five Years	Periods during which Nominee has Served as a Director	Number of Kore Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly <sup>(1)</sup>
Adrian Rothwell British Columbia, Canada <i>President, CEO and Director</i>	Businessman and former Director, Strategy at Goldcorp; and former CFO of Centurion Minerals Ltd.	February 22, 2016 to present	328,375 (1.8%)
James W. Hynes <sup>(2)</sup> British Columbia, Canada <i>COO and Director</i>	Formerly an engineer at Reperio Resources Corp., specializing in geological and geotechnical engineering.	July 14, 2016 to present	798,497 <sup>(3)</sup> (4.2%)
Harry Pokrandt British Columbia, Canada <i>Proposed Director</i>	CEO of Hive Blockchain Technologies Ltd. and director of Sandspring Resources Ltd. Previously Managing Director of Macquarie Capital Markets Canada Ltd. from 1985 to 2015. Formerly a director of Lithium X Energy Corp., Fiore Exploration Ltd., and BQ Metals Corp.	N/A	290,549 <sup>(4)</sup> (1.6%)

Name, Province, Country of Residence, and Position(s) with Kore	Principal Occupation, Business, or Employment for Last Five Years	Periods during which Nominee has Served as a Director	Number of Kore Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly <sup>(1)</sup>
Robert J. ("Don") MacDonald <sup>(2)</sup> British Columbia, Canada  <i>Proposed Director</i>	Former CFO and acting CEO at KGHM International (formerly Quadra FNX Mining), CFO for NovaGold, De Beers Canada Mining and Dayton Mining. Chartered Professional Accountant, CA holds Bachelor's and Master's degrees in Engineering from Oxford University.	N/A	76,220 (0.4%)
Brendan Cahill <sup>(2)</sup> Vancouver, BC  <i>Proposed Director</i>	President (since 2012) and CEO (since 2013) of Excellon Resources Inc. Previously Vice President, Corporate Development, of Pelangio Exploration Inc. from 2009 to 2012.	N/A	65,243 (0.4%)

(1) Presented on an undiluted basis based on 18,707,220 Kore Shares outstanding as at the date hereof. The information as to the number of Kore Shares (being the only voting securities of Kore) beneficially owned, or controlled or directed, directly or indirectly, is as of the Kore record date, and has been furnished to Kore by the respective nominees individually.

(2) Anticipated member of the Audit Committee of Kore.

(3) All of these Kore Shares are registered in the name of 1081646 B.C. Ltd., a company controlled by Mr. Hynes.

(4) All of these Kore Shares are registered in the name of 485374 B.C. Ltd., a company controlled by Mr. Pokrandt.

To the knowledge of Kore, none of the nominees for election as director:

- (a) is, as at the date of this Circular, or has been, within 10 years before the date of this Circular, a director, CEO or CFO of any company (including Kore) that:
  - (i) was the subject of a cease trade or similar order, or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days while the proposed director was acting in the capacity as director, CEO or CFO of such company, or
  - (ii) was subject to a cease trade or similar order, or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days that was issued after the proposed director ceased to be a director, CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO of such company;
- (b) is, as at the date of this Circular, or has been within 10 years before the date of this Circular, a director or executive officer of any company (including Kore) that, while the proposed director was acting in that capacity, or within a year of the proposed director ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;
- (c) has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings,



arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director;

- (d) has been subject to any penalties or sanctions imposed by a court relating to Securities Laws or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (e) has been subject to any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

#### ***Kore Board Recommendation***

**The Kore Board unanimously recommends that the Kore Shareholders vote FOR fixing the number of directors for the ensuing year at five and electing the foregoing individuals as the directors of Kore for the ensuing year.** It is the intention of the Designated Persons, if not expressly directed otherwise in a Kore Shareholder's form of proxy, to vote such proxy for the nominees set forth above.

#### **Appointment of Kore Auditor**

At the Kore Meeting, Kore Shareholders will be asked to vote in favour of the appointment of PricewaterhouseCoopers LLP as the auditors of Kore at remuneration to be determined by the Kore Board. If elected, PricewaterhouseCoopers LLP will hold office as auditor of Kore until the next annual meeting of Kore Shareholders or until their successor is duly elected or appointed pursuant to the articles of Kore, unless their position is earlier vacated in accordance with the provisions of the BCBCA or Kore's articles.

At the Kore Meeting, Kore Shareholders will be asked to approve the following ordinary resolution, which must be approved by at least a majority of the votes cast by Kore Shareholders present in person or represented by proxy at the Kore Meeting who vote in respect of such resolution:

"RESOLVED AS AN ORDINARY RESOLUTION THAT the appointment of PricewaterhouseCoopers LLP as the auditors of Kore, to hold office until the next annual meeting of Kore Shareholders or until their successor is duly elected or appointed pursuant to the constating documents of Kore and applicable securities laws, at remuneration to be fixed by the board of directors of Kore, be and is hereby authorized and approved."

The form of the resolution set forth above is subject to such amendments as management may propose at the Kore Meeting, but which do not materially affect the substance of such resolution.

#### ***Kore Board Recommendation***

**The Kore Board unanimously recommends that the Kore Shareholders vote FOR the reappointment of PricewaterhouseCoopers LLP as auditors of Kore at a remuneration to be fixed by the Kore Board.** The Designated Persons intend to vote the Kore Shares represented by the enclosed form of proxy in favour of the resolution set forth above, unless directed by a Kore Shareholder that their Kore Shares are to be withheld from voting on such resolution.

#### **Other Business**

Management of Kore is not aware of any other matters to come before the Kore Meeting other than those set out in the Kore Notice of Meeting. If other matters come before the Kore Meeting, it is the intention of the Designated Persons named in the applicable form of proxy to vote the same in accordance with their best judgment.

**CERTIFICATE OF EUREKA RESOURCES, INC.**

The foregoing document constitutes full, true and plain disclosure of all material facts relating to the securities of Eureka Resources, Inc. assuming completion of the Transaction.

DATED this 22<sup>nd</sup> day of June, 2018.

**EUREKA RESOURCES, INC.**

*“Michael D. Sweatman”*

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Michael D. Sweatman  
President, Chief Executive Officer  
and Director

*“Brent Petterson”*

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Brent Petterson  
Chief Financial Officer and Director

**ON BEHALF OF THE BOARD OF DIRECTORS OF EUREKA RESOURCES, INC.**

*“Warren Stanyer”*

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Warren Stanyer  
Director

*“John R. Kerr”*

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John R. Kerr  
Director

**CERTIFICATE OF KORE MINING LTD.**

The foregoing document as it relates to Kore Mining Ltd. constitutes full, true and plain disclosure of all material facts relating to the securities of Kore Mining Ltd.

DATED this 22<sup>nd</sup> day of June, 2018.

**KORE MINING LTD.**

*"Adrian Rothwell"*

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Adrian Rothwell  
President, Chief Executive Officer  
and Director

*"Alan Ahlgren"*

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Alan Ahlgren  
Chief Financial Officer

**ON BEHALF OF THE BOARD OF DIRECTORS OF KORE MINING LTD.**

*"James Hynes"*

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James Hynes  
Chief Operating Officer and Director

## **ACKNOWLEDGMENT – PERSONAL INFORMATION**

**“Personal Information”** means any information about an identifiable individual, and includes information contained in any items in the attached information circular that are analogous to Items 4.2, 11, 13.1, 16, 17.2, 18.2, 19.2, 24, 25, 27, 32.3, 33, 34, 35, 36, 37, 38, 39, 41 and 42 of TSXV Form 3D1/3D2, as applicable.

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

- (a) the disclosure of Personal Information by the undersigned to the TSXV (as defined in Appendix 6B) pursuant to TSXV Form 3D1/3D2; and
- (b) the collection, use and disclosure of Personal Information by the TSXV for the purposes described in Appendix 6B or as otherwise identified by the TSXV, from time to time.

DATED this 22<sup>nd</sup> day of June, 2018.

### **EUREKA RESOURCES, INC.**

*“Michael D. Sweatman”*

---

Michael D. Sweatman  
President, Chief Executive Officer and  
Director

June 22, 2018

**TSX Venture Exchange**

Dear Sirs/Mesdames:

**Re: Eureka Resources, Inc.**

We refer to the joint management information circular dated June 22, 2018 (the “**Information Circular**”) of Eureka Resources, Inc. (the “**Company**”) and Kore Mining Ltd. (“**Kore**”) relating to the proposed Reverse Takeover (as defined in the TSX Venture Exchange Corporate Finance Manual) of the Company by Kore.

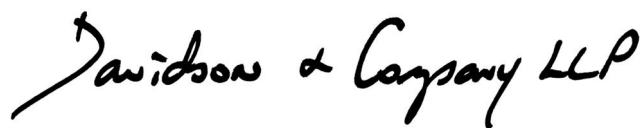
We consent to being named and to the use in the Information Circular of our report dated February 16, 2018 to the shareholders of the Company on the following financial statements of the Company:

- Consolidated statement of financial position as at October 31, 2018 and 2017;
- Consolidated statements of loss and comprehensive loss, changes in shareholders’ equity, and cash flows for the years ended October 31, 2018 and 2017.

We report that we have read the Information Circular and all information therein and have no reason to believe that there are any misrepresentations in the information contained therein that are derived from the consolidated financial statements upon which we have reported or that are within our knowledge as a result of our audit of such financial statements. We have complied with Canadian generally accepted standards for an auditor’s consent to the use of a report of the auditor included in an offering document, which does not constitute an audit or review of the Information Circular, as these terms are described in the CPA Canada Handbook – Assurance.

This letter is provided solely for the purpose of assisting the TSX Venture Exchange in discharging its responsibilities and should not be used for any other purpose.

Yours very truly,



**DAVIDSON & COMPANY LLP**  
Chartered Professional Accountants





June 25, 2018

**TSX Venture Exchange**

We refer to the Joint Management Information Circular of Eureka Resources Inc. and Kore Mining Ltd., dated June 22, 2018 relating to the reverse takeover of Eureka Resources Inc. by Kore Mining Ltd.

We consent to being named in and to the use, in the above-mentioned Joint Management Information Circular, of our report dated April 6, 2018 to the Shareholders of Kore Mining Ltd. on the following financial statements:

- consolidated statement of financial position as at December 31, 2017 and December 31, 2016;
- consolidated statement of loss and comprehensive loss, statement of cash flows, and statement of changes in equity for the year ended December 31, 2017 and the period ended December 31, 2016; and
- the related notes, which comprise a summary of significant accounting policies and other explanatory information.

We report that we have read the Joint Management Information Circular and all information therein and have no reason to believe that there are any material misrepresentations in the information contained therein that are derived from the consolidated financial statements on which we have reported or that are within our knowledge as a result of our audit of such financial statements. We have complied with Canadian generally accepted standards for an auditor's consent to the use of a report of the auditor included in a designated document, which does not constitute an audit or review of the Joint Management Information Circular as these terms are described in the CPA Canada Handbook – Assurance.

This letter is provided solely for the purpose of assisting the stock exchange to which it is addressed in discharging its responsibilities and should not be used for any other purpose.

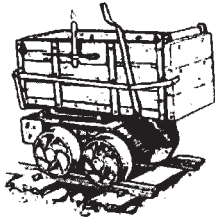
**(Signed) "PricewaterhouseCoopers LLP"**

**Chartered Professional Accountants**

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*PricewaterhouseCoopers LLP  
PricewaterhouseCoopers Place, 250 Howe Street, Suite 1400, Vancouver, British Columbia, Canada V6C 3S7  
T: +1 604 806 7000, F: +1 604 806 7806, [www.pwc.com/ca](http://www.pwc.com/ca)*

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



**MINE DEVELOPMENT ASSOCIATES**  
**MINE ENGINEERING SERVICES**

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June 25, 2018

British Columbia Securities Commission  
Alberta Securities Commission  
Toronto Stock Exchange

Re: Joint Management Information Circular, June 22, 2018

I, Neil Prenn of Mine Development Associates, 210 S. Rock Blvd., Reno, Nevada, do hereby consent to the filing with the regulatory authorities referred to above and the public filing of the technical report titled "Technical Report and Resource Estimate for the Long Valley Project, Mono County, California, USA" dated April 25, 2018 (the "Report") and the inclusion of extracts from and summaries of the Report in the Joint Management Information Circular dated June 22, 2018 of Eureka Resources, Inc. and Kore Mining Ltd. (the "Circular"). I confirm that I have read the Circular and that the disclosure in the Circular fairly and accurately represents the information in the Report that supports the disclosure in the Circular. I further confirm that I have no reason to believe that there are any misrepresentations in the information contained in the Circular that are derived from the Report or within my knowledge as a result of the services performed by me in connection with the Report.

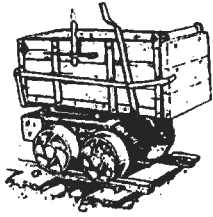
Neil Prenn

A handwritten signature in black ink, appearing to read "Neil Prenn". The signature is written in a cursive, flowing style.

Neil Prenn  
Principal Mine Engineer  
Mine Development Associates

775-856-5700

210 South Rock Blvd.  
Reno, Nevada 89502  
FAX: 775-856-6053



**MINE DEVELOPMENT ASSOCIATES**  
**MINE ENGINEERING SERVICES**

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June 25, 2018

British Columbia Securities Commission  
Alberta Securities Commission  
Toronto Stock Exchange

Re: Joint Management Information Circular, June 22, 2018

I, Steven I. Weiss of Mine Development Associates, 210 S. Rock Blvd., Reno, Nevada, do hereby consent to the filing with the regulatory authorities referred to above and the public filing of the technical report titled "Technical Report and Resource Estimate for the Long Valley Project, Mono County, California, USA" dated April 25, 2018 (the "Report") and the inclusion of extracts from and summaries of the Report in the Joint Management Information Circular dated June 22, 2018 of Eureka Resources, Inc. and Kore Mining Ltd. (the "Circular"). I confirm that I have read the Circular and that the disclosure in the Circular fairly and accurately represents the information in the Report that supports the disclosure in the Circular. I further confirm that I have no reason to believe that there are any misrepresentations in the information contained in the Circular that are derived from the Report or within my knowledge as a result of the services performed by me in connection with the Report.

Steven I. Weiss, Ph.D., C.P.G.

A handwritten signature in cursive script, appearing to read "Steven I. Weiss".

Steven I. Weiss  
Senior Associate Geologist  
Mine Development Associates

775-856-5700

210 South Rock Blvd.  
Reno, Nevada 89502  
FAX: 775-856-6053



## APPENDIX A

### EUREKA TRANSACTION RESOLUTION

**BE IT RESOLVED** as an ordinary resolution of the shareholders (the “**Shareholders**”) of Eureka Resources, Inc. (“**Eureka**”) that:

1. The execution and delivery by Eureka of the amalgamation agreement dated February 24, 2018 (the “**Agreement**”) among Eureka, Kore Mining Ltd. (“**Kore**”) and 1153956 B.C. Ltd., a wholly-owned subsidiary of Eureka, be and is hereby ratified, confirmed and approved;
2. The performance by Eureka of its obligations under the Agreement, including the acquisition of all of the outstanding securities of Kore in exchange for the issuance of common shares in the capital of Eureka to the shareholders of Kore, which will result in a Reverse Takeover (as defined in the policies of the TSX Venture Exchange (the “**TSXV**”)) of Eureka by Kore, be and is hereby authorized and approved;
3. Subject to the approval of the TSXV, the completion of the transactions contemplated by the Agreement, on such terms and conditions as the board of directors of Eureka (the “**Board**”) may determine, in its sole discretion, and all matters related and transactions ancillary thereto in accordance with the terms of the Agreement, be and are hereby authorized and approved;
4. Notwithstanding the approval of this resolution by the Shareholders, or the approval of the Reverse Takeover by the TSXV, the Board is hereby authorized and empowered, without further notice to, or approval of, the Shareholders to: (a) amend, modify or supplement the Agreement in accordance with its terms, and (b) proceed, or not proceed, with the transactions contemplated by the Agreement or any related transactions; and
5. Any one director or officer of Eureka (in any case, an “**Authorized Signatory**”) be and is hereby authorized and directed to:
  - (a) execute and deliver, for and on behalf of Eureka, under the seal of Eureka or otherwise, all agreements, directions, certificates, acknowledgements, instructions, receipts, instruments and other documents of any kind whatsoever, with such amendments or variations as he deems necessary, appropriate or expedient in the circumstances, and
  - (b) do or cause to be done all such other acts or things for or on behalf of Eureka as may be, in his sole discretion, necessary, appropriate or expedient in the circumstances,

for the purpose of giving effect to these resolutions and the completion of the transactions and matters contemplated herein, and the execution and delivery by any Authorized Signatory of any agreement, direction, certificate, acknowledgement, instruction, receipt, instrument or other document of any kind whatsoever in the name of or on behalf of Eureka in connection with any transaction or matter contemplated by these resolutions shall be binding on Eureka and shall be conclusively presumed to be the act of Eureka.

## APPENDIX B

### KORE AMALGAMATION RESOLUTION

**BE IT RESOLVED** as a special resolution of the shareholders (the “**Shareholders**”) of Kore Mining Ltd. (“**Kore**”) that:

1. The execution and delivery by Kore of the amalgamation agreement dated February 24, 2018 (the “**Agreement**”) among Kore, Eureka Resources, Inc. (“**Eureka**”) and 1153956 B.C. Ltd. (“**Newco**”), a wholly-owned subsidiary of Eureka, be and is hereby ratified, confirmed, approved and adopted;
2. The performance by Kore of its obligations under the Agreement be and is hereby authorized and approved;
3. The amalgamation (the “**Amalgamation**”) of Kore and Newco as contemplated by the Agreement be and is hereby authorized and approved;
4. Any director or officer of Kore be and is hereby authorized to send, or cause to be sent, to the Registrar appointed under the *Business Corporations Act* (British Columbia), the amalgamation application with respect to the Amalgamation, in the prescribed form;
5. Notwithstanding the approval of this resolution by the Shareholders, the board of directors of Kore be and is hereby authorized and empowered, without further notice to, or approval of, the Shareholders to:  
(a) amend, modify or supplement the Agreement in accordance with its terms, and (b) proceed, or not proceed, with the transactions contemplated by the Agreement or any related transactions; and
6. Any one director or officer of Kore (in any case, an “**Authorized Signatory**”) be and is hereby authorized and directed to:
  - (a) execute and deliver, for and on behalf of Kore, under the seal of Kore or otherwise, all agreements, directions, certificates, acknowledgements, instructions, receipts, instruments and other documents of any kind whatsoever, with such amendments or variations as he deems necessary, appropriate or expedient in the circumstances, and
  - (b) do or cause to be done all such other acts or things for or on behalf of Kore as may be, in his sole discretion, necessary, appropriate or expedient in the circumstances,

for the purpose of giving effect to these resolutions and the completion of the transactions and matters contemplated herein, and the execution and delivery by any Authorized Signatory of any agreement, direction, certificate, acknowledgement, instruction, receipt, instrument or other document of any kind whatsoever in the name of or on behalf of Kore in connection with any transaction or matter contemplated by these resolutions shall be binding on Kore and shall be conclusively presumed to be the act of Kore.

**APPENDIX C**  
**INFORMATION CONCERNING EUREKA RESOURCES, INC.**

*The following information should be read in conjunction with the information concerning Eureka appearing elsewhere in the Joint Management Information Circular (the “Circular”) to which this Appendix C is attached. All capitalized terms that are not otherwise defined in this Appendix C have the meanings ascribed thereto in the Circular.*

*The information contained in this Appendix C is presented on a pre-Transaction basis and is reflective of the current business, financial and share capital position of Eureka, without giving effect to the Consolidation or any other components of the Transaction. See Appendix E “Information Concerning the Resulting Issuer” for pro forma business, financial and share capital information relating to the Resulting Issuer following completion of the Transaction.*

**Name and Incorporation**

Eureka’s full corporate name is “Eureka Resources, Inc.”. Eureka is governed by the BCBCA. Eureka’s head office address is Suite 1100 – 1111 Melville Street, Vancouver, BC V6C 3V6 and its registered and records office is located at Suite 900 – 885 West Georgia Street, Vancouver, BC V6C 3H1. The Eureka Shares are listed for trading on the TSXV under the symbol “EUK”.

Eureka has two subsidiaries, one being Eureka Minerals (USA) Inc., which is incorporated under the laws of the State of Nevada, and the other being Newco, a company incorporated pursuant to the BCBCA that was formed solely for the purpose of effecting the Amalgamation.

**General Development of the Business**

***History***

Eureka was incorporated under the laws of the Province of British Columbia on June 16, 1981. Eureka Minerals (USA) Inc. was incorporated under the laws of the State of Nevada on June 23, 2016. Newco was incorporated under the laws of the Province of British Columbia on February 22, 2018.

The Company’s business is the acquisition, exploration and evaluation of mineral properties located in the Province of British Columbia, in the Yukon Territory and in the State of Nevada. For information with respect to Eureka’s current property interests, see Eureka’s MD&A for the three months ended January 31, 2018, which is attached as Appendix H to this Circular.

On November 27, 2017, Eureka announced that it was conducting a review of strategic alternatives with respect to its business, focused on maximizing shareholder value. This review included a review of Eureka’s capital structure and property portfolio and an analysis of potential business combinations or joint ventures.

On December 27, 2017, Eureka signed the LOI with Kore with respect to the Transaction. On February 24, 2018, Eureka entered into the Amalgamation Agreement with Kore with respect to the Transaction, a copy of which is available under Eureka’s profile at [www.sedar.com](http://www.sedar.com). The Eureka Shares were halted from trading on the TSXV on February 26, 2018, pending announcement of the Transaction. The closing price of the Eureka Shares on February 23, 2018, the last trading date immediately preceding the announcement of the Transaction, was \$0.03. Trading in the Eureka Shares remains halted on the TSXV as at the date hereof and is expected to remain halted until Closing.

For more information with respect to the Transaction, see the section of the Circular entitled, “*Description of the Transaction*”.

### **Concurrent Financing**

In accordance with the terms of the Amalgamation Agreement, Eureka proposes to undertake the Concurrent Financing to raise gross proceeds of \$2,200,000, or such other amount as may be agreed to among Eureka, Kore and the Agent, from the issuance of Subscription Receipts at the Offering Price. Upon confirmation of the Closing, each Subscription Receipt will, for no additional consideration, and without further action on the part of the holder, automatically convert into one Eureka Share and one half of one Eureka Warrant, with each whole Eureka Warrant entitling the holder thereof to acquire an additional Eureka Share at an exercise price of \$0.075 per Eureka Share (\$0.75 per Eureka Share on a post-Consolidation basis) for a period of two years from the date of issuance.

If the Closing has not occurred by November 1, 2018 (or such other date as may be agreed to by Eureka and the Agent), all of the Subscription Receipts will be cancelled by the escrow agent and holders thereof will have no rights thereunder except to receive, and the escrow agent shall pay to such holders from the escrowed funds, an amount equal to the aggregate purchase price of the Subscription Receipts then held, plus a pro rata share of interest actually earned thereon (less any withholding tax required to be withheld in respect thereof). For more information with respect to the Concurrent Financing, see the section of the Circular entitled, “*Description of the Transaction – The Amalgamation Agreement – Concurrent Financing*”.

### **Selected Consolidated Financial Information and MD&A**

#### ***Selected Information***

Appendix H to the Circular contains audited annual financial statements of Eureka for the fiscal years ended October 31, 2017 and October 31, 2016 and unaudited condensed consolidated interim financial statements of Eureka for the three months ended January 31, 2018 and January 31, 2017. The following table sets forth selected information regarding the expenses of Eureka for such periods. Such information is derived from Eureka’s financial statements and should be read in conjunction with such financial statements:

	<b>Year Ended October 31, 2017 (\$)</b>	<b>Year Ended October 31, 2016 (\$)</b>	<b>Three Months Ended January 31, 2018 (unaudited) (\$)</b>	<b>Three Months Ended January 31, 2017 (unaudited) (\$)</b>
Total assets	1,391,052	782,327	87,925	984,960
Total liabilities	357,803	31,137	1,278,699	43,483
Basic and diluted loss per Eureka Share	0.018	0.018	0.001	0.008
Total expenses	<b>737,920</b>	<b>467,430</b>	61,701	<b>263,901</b>
Amounts deferred in connection with the Transaction	-	-	-	-

#### **MD&A**

Eureka’s MD&A for the fiscal years ended October 31, 2017 and October 31, 2016, and for the three months ended January 31, 2018 and January 31, 2017, are incorporated by reference herein and attached as Appendix H to the Circular. The MD&A should be read in conjunction with Eureka’s audited annual financial statements for the years ended October 31, 2017 and October 31, 2016, and unaudited condensed consolidated interim financial statements for the three months ended January 31, 2018 and January 31, 2017, together with the notes thereto, which are also incorporated and attached as Appendix H to the Circular.

## **Description of Securities**

Eureka's authorized capital consists of an unlimited number of Eureka Shares without par value, of which 53,010,402 Eureka Shares (on a pre-Consolidation basis) are currently issued and outstanding.

### ***Eureka Shares***

The holders of Eureka Shares are entitled to dividends, if, as and when declared by the Eureka Board, entitled to one vote per Eureka Share at meetings of the Eureka Shareholders and, upon dissolution, entitled to share equally in such assets of Eureka as are distributable to the holders of Eureka Shares.

### **Stock Option Plan**

The Eureka 2008 Option Plan is a "rolling" stock option plan, whereby the aggregate number of Eureka Shares reserved for issuance, together with any other Eureka Shares reserved for issuance under any other plan or agreement of Eureka, shall not exceed 10% of the total number of issued Eureka Shares (calculated on an undiluted basis) at the time a Eureka Option is granted. The Eureka 2008 Option Plan provides that the Eureka Board may, from time to time, in its discretion, grant Eureka Options to directors, officers, employees, consultants and other personnel of Eureka and its Affiliates. As at the date hereof, there are 3,100,000 Eureka Options outstanding under the Eureka 2008 Option Plan (on a pre-Consolidation basis). The Eureka Shareholders most recently re-approved the Eureka 2008 Option Plan at Eureka's annual general meeting held on March 22, 2018.

Eureka intends to seek Eureka Shareholder approval of a new stock option plan, the Eureka 2018 Option Plan, at the Eureka Meeting. If the Eureka 2018 Option Plan is approved by the Eureka Shareholders, it is expected that no further Eureka Options will be granted under the Eureka 2008 Option Plan and any future option grants by the Resulting Issuer will be subject to the terms of the Eureka 2018 Option Plan until a new stock option plan is adopted by the Resulting Issuer Board. For additional details regarding the terms of the Eureka 2018 Option Plan, see the section of the Circular entitled "*Particulars of Matters to be Acted Upon at the Eureka Meeting – Approval of Eureka 2018 Option Plan*".

### **Prior Sales**

On April 30, 2018, Eureka completed the Debt Settlement, pursuant to which Eureka issued an aggregate of 2,548,000 Eureka Shares (on a pre-Consolidation basis) in settlement of outstanding debt in the amount of \$127,400.

On January 22, 2018, Eureka issued 750,000 Eureka Shares (on a pre-Consolidation basis) at a price of \$0.035 per Eureka Share by way of a non-brokered private placement for aggregate gross proceeds of \$26,250. In connection with the private placement, Eureka paid finder's fees of \$367.

On December 28, 2017, Eureka issued 4,000,000 Eureka Shares (on a pre-Consolidation basis) at a price of \$0.025 per Eureka Share by way of a non-brokered private placement for gross proceeds of \$100,000. In connection with the private placement, Eureka paid finder's fees of \$4,550.

On May 31, 2017, Eureka issued 6,340,430 units (3,261,055 flow-through units at \$0.09 per unit and 3,079,375 non-flow-through units at \$0.08 per unit, all on a pre-Consolidation basis) for total proceeds of \$539,845. In connection with the private placement, Eureka paid finder's fees of \$30,675.

### **Escrow Securities and Securities Subject to Contractual Restrictions on Transfer**

As at the date hereof, there are no Eureka Shares held in escrow.

## Stock Exchange Price

The Eureka Shares are listed for trading on the TSXV but were halted from trading on February 26, 2018 in connection with the announcement of the Transaction. The following table sets forth the high, low and closing prices and volumes of the Eureka Shares as traded on the TSXV for the periods indicated:

Period	High	Low	Close	Average Volume
June 1 to 22, 2018	No trades <sup>(1)</sup>			
May 2018	No trades <sup>(1)</sup>			
April 2018	No trades <sup>(1)</sup>			
March 2018	No trades <sup>(1)</sup>			
February 2018 <sup>(1)</sup>	\$0.035	\$0.025	\$0.03	1,058,200
Quarter ended January 31, 2018	\$0.04	\$0.02	\$0.03	15,370,540
Quarter ended October 31, 2017	\$0.06	\$0.02	\$0.035	5,960,785
Quarter ended July 31, 2017	\$0.095	\$0.045	\$0.045	2,494,740
Quarter ended April 30, 2017	\$0.125	\$0.75	\$0.08	1,115,820
Quarter ended January 31, 2017	\$0.13	\$0.09	\$0.10	3,008,395
Quarter ended October 31, 2016	\$0.165	\$0.08	\$0.12	15,156,735
Quarter ended July 31, 2016	\$0.145	\$0.07	\$0.145	2,699,306

<sup>(1)</sup> Trading of the Eureka Shares on the TSXV has been halted since February 26, 2018 following the announcement of the Transaction.

## Executive Compensation

### Director and Named Executive Officer Compensation

The following table sets out details of all payments, grants, awards, gifts and benefits paid or awarded to each director and NEO in the two most recently completed financial years:

Name and Position	Year	Salary, Consulting Fee, Retainer or Commission (\$)	Option-based awards <sup>(1)</sup> (\$)	Committee or Meeting Fees (\$)	Value of Perquisites <sup>(2)</sup> (\$)	Value of All Other Compensation (\$)	Total Compensation (\$)
Michael Sweatman <sup>(3)</sup> President, CEO and Director	2017	48,500 <sup>(4)</sup>	12,000	-	-	-	60,500
	2016	32,000 <sup>(4)</sup>	9,000	-	-	-	41,000
Brent Petterson <sup>(5)</sup> CFO and Director	2017	37,000 <sup>(6)</sup>	12,000	-	-	-	49,000
	2016	28,000 <sup>(6)</sup>	9,000	-	-	-	37,000
Kristian Whitehead <sup>(7)</sup> Vice President Exploration and Director	2017	7,000	12,000	-	-	160,904 <sup>(8)</sup>	179,904
	2016	-	9,000	-	-	20,503 <sup>(8)</sup>	29,503
Warren Stanyer <sup>(9)</sup> Director	2017	12,000	12,000	-	-	-	24,000
	2016	12,000	9,000	-	-	-	21,000
John R. Kerr <sup>(10)</sup> Director	2017	10,500	12,000	-	-	-	22,500
	2016	10,800	9,000	-	-	-	19,800
Gary Vivian <sup>(11)</sup> Director	2017	3,000	16,000	-	-	239,938 <sup>(12)</sup>	258,938
	2016	N/A	N/A	N/A	N/A	N/A	N/A

- (1) The value is based on the calculated fair value on the dates of grant of June 27, 2016, January 16, 2017 and April 28, 2017, respectively, using the Black-Scholes option valuation model to calculate stock-based compensation expense.
- (2) “Perquisites” include perquisites provided to a NEO or director that are not generally available to all employees and that, in aggregate, are: (a) \$15,000, if the NEO or director’s total salary for the financial year is \$150,000 or less, (b) 10% of the NEO or director’s salary for the financial year if the NEO or director’s total salary for the financial year is greater than \$150,000 but less than \$500,000, or (c) \$50,000 if the NEO or director’s total salary for the financial year is \$500,000 or greater.
- (3) Michael Sweatman was appointed President and CEO on June 11, 2015.
- (4) These funds were paid to MDS Management Ltd., a company controlled by Mr Sweatman.
- (5) Brent Petterson was appointed CFO on June 11, 2015.
- (6) These funds were paid to MBP Management Ltd., a company controlled by Mr. Petterson.
- (7) Kristian Whitehead was appointed Vice-President, Exploration, on July 4, 2011.
- (8) These funds were paid to Infiniti Drilling Corp., a company controlled by Mr. Whitehead.
- (9) Warren Stanyer was appointed director on June 11, 2015.
- (10) John R. Kerr was appointed director on May 11, 2015.
- (11) Gary Vivian was appointed director on April 28, 2017.
- (12) These funds were paid to Aurora Geoscience Ltd., a company controlled by Mr. Vivian.

### *Stock Options and Other Compensation Securities*

The following table sets out information with respect to Eureka Options outstanding as at October 31, 2017, being the last date of Eureka’s most recently completed financial year:

<b>Name and Position</b>	<b>Number of securities underlying unexercised options</b>	<b>Option exercise price (\$)</b>	<b>Option expiration date</b>	<b>Value of unexercised in-the-money options (\$)</b>
Michael Sweatman <i>President, CEO and Director</i>	200,000 <sup>(1)</sup>	\$0.10	June 23, 2020	Nil
	100,000 <sup>(2)</sup>	\$0.10	June 27, 2021	Nil
	100,000 <sup>(3)</sup>	\$0.13	January 16, 2022	Nil
Brent Petterson <i>CFO and Director</i>	200,000 <sup>(1)</sup>	\$0.10	June 23, 2020	Nil
	100,000 <sup>(2)</sup>	\$0.10	June 27, 2021	Nil
	100,000 <sup>(3)</sup>	\$0.13	January 16, 2022	Nil
Kristian Whitehead <i>Vice President Exploration and Director</i>	200,000 <sup>(1)</sup>	\$0.10	June 23, 2020	Nil
	100,000 <sup>(2)</sup>	\$0.10	June 27, 2021	Nil
	100,000 <sup>(3)</sup>	\$0.13	January 16, 2022	Nil
Warren Stanyer <i>Director</i>	200,000 <sup>(1)</sup>	\$0.10	June 23, 2020	Nil
	100,000 <sup>(2)</sup>	\$0.10	June 27, 2021	Nil
	100,000 <sup>(3)</sup>	\$0.13	January 16, 2022	Nil
John R. Kerr <i>Director</i>	200,000 <sup>(1)</sup>	\$0.10	June 23, 2020	Nil
	100,000 <sup>(2)</sup>	\$0.10	June 27, 2021	Nil
	100,000 <sup>(3)</sup>	\$0.13	January 16, 2022	Nil
Gary Vivian <i>Director</i>	200,000 <sup>(4)</sup>	\$0.10	April 28, 2022	Nil

- (1) These Eureka Options were granted on June 23, 2015.
- (2) These Eureka Options were granted on June 27, 2016.
- (3) These Eureka Options were granted on January 16, 2017.
- (4) These Eureka Options were granted on April 28, 2017.

### ***Employment, Consulting and Management Agreements***

Eureka is not party to any formal employment, consulting or management agreements with respect to any NEOs or directors.

### ***Oversight and Description of Director and NEO Compensation***

Executive compensation is based upon the need to provide a compensation package that will allow Eureka to attract and retain qualified and experienced executives, balanced with a pay-for performance philosophy. Compensation for the most recently completed financial year and prior financial years has historically been based upon a negotiated salary, with Eureka Options and bonuses potentially being issued and paid as an incentive for performance.

As Eureka does not have a compensation committee, the Eureka Board has the responsibility to administer compensation policies related to the executive management, being the CEO, the CFO and the Corporate Secretary, including the grant of Compensation Securities.

The Eureka 2008 Option Plan has been used to provide for the grant of Eureka Options, which are granted in consideration of the level of responsibility of the executive as well as his or her impact and/or contribution to the longer-term operating performance of Eureka. In determining the number of Eureka Options to be granted to the executive officers, the Eureka Board takes into account the number of Eureka Options, if any, previously granted to each executive officer and the exercise price of any outstanding Eureka Options to ensure that such grants are in accordance with the policies of the TSXV, and to align the interests of the executive officers with the interests of Eureka Shareholders.

The Eureka Board has not adopted any specific policies or practices to determine the compensation for Eureka's directors and officers, other than as disclosed above. Given Eureka's current stage of development, Eureka has not established a compensation committee.

### ***Pension Plan Benefits***

Eureka does not have any pension plans that provide for payments or benefits to the NEOs at, following, or in connection with retirement, including any defined benefits plan or any defined contribution plan. Eureka does not have a deferred compensation plan with respect to any NEO.

### ***Equity Compensation Plan Information***

The Eureka 2008 Option Plan was Eureka's only equity compensation plan as at its most recent year end of October 31, 2017. It is a "rolling" stock option plan, whereby the aggregate number of Eureka Shares reserved for issuance, together with any other Eureka Shares reserved for issuance under any other plan or agreement of Eureka (including the Eureka 2018 Option Plan), shall not exceed 10% of the total number of issued Eureka Shares (calculated on an undiluted basis) at the time a Eureka Option is granted. If the Eureka 2018 Option Plan is approved at the Eureka Meeting, any Eureka Options granted under the Eureka 2018 Option Plan will be aggregated together to determine the total number of Eureka Options that can be issued under the plans on a combined basis so as to be below the 10% threshold described above.



The following table sets out Eureka Options which were authorized for issuance as at October 31, 2017:

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding Options</b>	<b>Weighted-average exercise price of outstanding Options</b>	<b>Number of securities remaining available for future issuance under equity compensation plans</b>
Equity compensation plans approved by Shareholders	3,100,000	\$0.11	1,946,240 <sup>(1)</sup>
Equity compensation plans not approved by Shareholders	Nil	N/A	N/A
<b>Total</b>	<b>3,100,000</b>	<b>\$0.11</b>	<b>1,946,240<sup>(1)</sup></b>

<sup>(1)</sup> Based on 50,462,402 Eureka Shares outstanding as at October 31, 2017 (on a pre-Consolidation basis).

For a description of the terms of the Eureka 2018 Option Plan, see the section of the Circular entitled, “*Description of Matters to be Acted Upon at the Eureka Meeting – Approval of Eureka 2018 Option Plan*”.

#### **Indebtedness of Directors and Executive Officers**

None of the current or former directors, executive officers or employees of Eureka or its Affiliates, nor any Associates or Affiliates thereof, are or have been indebted to Eureka or any Affiliate thereof since the beginning of the last completed financial year of Eureka.

#### **Legal Proceedings**

There are no legal proceedings material to Eureka to which Eureka is a party or of which any of its property is the subject matter and Eureka does not know of any pending legal proceedings.

#### **Additional Information**

Additional information relating to Eureka may be found on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information about Eureka is provided in Eureka’s audited comparative annual financial statements for the fiscal years ended October 31, 2017 and 2016 and unaudited interim condensed consolidated financial statements for the three months ended January 31, 2018 and January 31, 2017, copies of which, together with MD&A with respect thereto, can be found at Appendix H to the Circular.

#### **Auditor**

Davidson & Company LLP is the auditor of Eureka. Davidson & Company LLP’s offices are located at Suite 1200 – 609 Granville Street, Vancouver, BC V7Y 1G6.

#### **Transfer Agent and Registrar**

Computershare Investor Services Inc. is the Transfer Agent of Eureka. Transfers of Eureka Shares may be recorded at registers maintained by the Transfer Agent in Vancouver.

#### **Material Contracts**

Eureka is party to the following material contracts, excluding contracts entered into in the ordinary course of business:

1. the Eureka 2008 Option Plan;

2. the Engagement Letter, as more particularly described in the Circular under the heading *“Description of the Transaction – The Amalgamation Agreement – Concurrent Financing”*;
3. the Amalgamation Agreement, as more particularly described in the Circular under the heading *“Description of the Transaction – The Amalgamation Agreement”*.
4. the Voting Support Agreements, as more particularly described in the Circular under the heading *“Description of the Transaction – The Amalgamation Agreement – Voting Support Agreements”*; and
5. the Eureka 2018 Option Plan dated June 22, 2018.

Copies of these agreements may be inspected without charge during regular business hours at the offices of Eureka.

**APPENDIX D**  
**INFORMATION CONCERNING KORE MINING LTD.**

*The following information should be read in conjunction with the information concerning Kore appearing elsewhere in the Joint Management Information Circular (the “Circular”) to which this Appendix D is attached. All capitalized terms that are not otherwise defined in this Appendix D have the meanings ascribed thereto in the Circular.*

*The information contained in this Appendix D is presented on a pre-Transaction basis and is reflective of the current business, financial and share capital position of Kore, without giving effect to any components of the Transaction. See Appendix E “Information Concerning the Resulting Issuer” for pro forma business, financial and share capital information relating to the Resulting Issuer following completion of the Transaction.*

**Corporate Structure**

Kore Mining Ltd. (“Kore” or the “Company”) was incorporated under the name “Kore Mining Ltd.” under the BCBCA on February 22, 2016. The Company’s head office is located and registered office is located at Suite 2200 – 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8.

**Intercorporate Relationships**

The Company has the following wholly owned subsidiaries:

Imperial USA Corp. (“Imperial”), incorporated under the laws of the State of Nevada; and

Kore USA Ltd. (“KUSA”), incorporated under the laws of the State of Nevada.

Pursuant to the Amalgamation, the Company will amalgamate with 1153956 B.C. Ltd. (“Newco”), a wholly-owned subsidiary of Eureka Resources, Inc. (“Eureka”) to form Amalco, which will be a wholly-owned subsidiary of Eureka and will continue to hold all of the issued and outstanding shares of Imperial and KUSA. Former shareholders of Kore will become shareholders of Eureka. See “General Development of the Business - Amalgamation Agreement” below, the section of the Circular entitled, *Description of the Transaction – The Amalgamation Agreement*, and Appendix E “Information Concerning the Resulting Issuer – Intercorporate Relationships”.

**General Development of the Business**

The Company acquired a 100% interest in the Imperial Project pursuant to an agreement dated March 28, 2017 with Goldcorp Inc. and acquired the Long Valley Project pursuant to an agreement dated March 29, 2017 with Vista Gold Corp.

**Long Valley Project**

Consideration paid for the properties comprising the Long Valley Project consisted of US\$350,000 cash paid at closing. The Company is obliged to pay the vendor an additional US\$500,000 cash on or prior to the 30th day after commencement of commercial production on the Long Valley Project, and an additional US\$500,000 on or prior to the 12 month anniversary of the commencement of commercial production. The Company also granted the vendor (and subsequently assigned to KUSA as assignee grantor and a related party of the vendor as payee) a net smelter returns royalty of between 0.5% and 2.0% (depending on prevailing gold prices) of net smelter returns from the Long Valley Project.

**Imperial Project**

Consideration paid for the shares of Imperial (which owns the properties comprising the Imperial Project) consisted of US\$50,000 paid by the Company to the vendor at the time of making of a letter agreement regarding

the acquisition and an additional US\$100,000 paid by the Company at closing. The Company is obliged to pay the vendor an additional US\$1,000,000 upon the announcement by the Company of a revised preliminary economic assessment, feasibility study or similar report regarding the Imperial Project, and an additional US\$1,000,000 on the day that is 30 days after gold is first poured from ore mined from the Imperial Project. Prior to completion of the acquisition, Imperial granted to the vendor a 1.0% net smelter returns royalty from the Imperial Project.

### ***Financings***

The Company completed several rounds of brokered and non-brokered private placement financings during 2017 pursuant to which an aggregate of 4,517,164 Kore Shares were issued at prices of between \$0.40 per Share and \$0.90 per Kore Share for total proceeds of \$1,982,592. Proceeds have been used primarily for the acquisition of the Long Valley Project and the Imperial Project and to fund the preparation of the Technical Report for the Long Valley Project (as further described below).

### ***Amalgamation Agreement***

On February 24, 2018, the Company entered into the Amalgamation Agreement with Eureka and Newco. Pursuant to the Amalgamation Agreement, each issued and outstanding Kore Share will be cancelled and replaced with Eureka Consideration Shares on the basis of the Exchange Ratio (which will represent approximately 3.28 Eureka Consideration Shares for each Kore Share) upon the amalgamation of the Company and Newco, with the effect that the former shareholders of the Company will hold Eureka Shares, and Amalco, which will be the successor to all the assets of the Company, will be a wholly owned subsidiary of Eureka.

### ***The Long Valley Project***

The Long Valley Project is expected to be the Resulting Issuer's principal and qualifying property. The scientific and technical information in this summary relating to the Long Valley Project is derived from, and in some instances is a direct extract from, and based on the assumptions, qualifications and procedures set out in, the technical report titled "*Technical Report and Resource Estimate for the Long Valley Project, Mono County, California*", with an effective date of April 25, 2018, prepared for the Company by Neil Prenn, P.E. and Steven I. Weiss, C.P.G. (together, the "**Authors**") of Mine Development Associates ("**MDA**") in accordance with NI 43-101 (the "**Technical Report**"). Such assumptions, qualifications and procedures are not fully described herein and the following summary does not purport to be a complete summary of the Technical Report. References to the "**property**" in this section refer to the Long Valley Project. Reference should be made to the full text of the Technical Report, which is available for review under Eureka's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Property Description, Location and Access**

#### ***Location and Means of Access***

The Long Valley Project is located about 7 miles to the east of the town of Mammoth Lakes and about 45 miles north of the town of Bishop in the State of California. Both towns are connected by U.S. Highway 395, which passes a few miles west of the property. Access to the property from the highway is via a series of graded gravel roads. The mining claim group is centered at 37 degrees 40 minutes North latitude and 118 degrees 51 minutes West longitude. The claims cover all or portions of Sections 13, 14, 15, 22, 23, 24, 25, and 26, T3S, R28E, Mount Diablo Base and Meridian.

#### ***Nature and Extent of Title***

The Long Valley Project consists of 95 contiguous, unpatented mining claims that cover an area of approximately 1,800 acres. The claims are administered by the U.S. Department of the Interior, Bureau of Land Management (the "**BLM**"), on federally owned lands administered by the Inyo National Forest, U.S. Department of Agriculture. All of the claims are located in Mono County in east-central California. The surface rights in the area of the claims are

owned by the U.S. government, with the area being subject to a surface grazing lease issued by the U.S. Forest Service.

The unpatented mining claims are all held by KUSA, and are in good standing, with all holding fees paid for the current year. The claims will remain in effect for as long as the claim holding fees are paid to both the U.S. government and the county. The claims must also be maintained by ensuring that the claim posts and location notices are properly upright and visible. The annual claim maintenance fees total US\$14,725 annually. This amount was paid to the BLM on August 25, 2017 for the 2018 assessment year and is due each year prior to September 1. In addition, Kore must file and record with the Mono County Recorder an Affidavit Notice of Intent to Hold and Payment of Annual Maintenance Fee in lieu of Assessment Work. That affidavit was last filed and recorded in Mono County on August 10, 2017.

About one-half mile north of the claim block is an area of former mining activity for the extraction of kaolinite clay. The clay was mined from a series of small open pits and trucked off-site for processing. Except for this activity, there is no mining activity in or around the claim block.

#### *Existing Royalties or Other Encumbrances*

Kore acquired the claims from Vista Gold California LLC, a subsidiary of Vista Gold Corp. (both companies are referenced as “**Vista**” in this section), through a purchase agreement dated March 29, 2017. In addition to a royalty to Vista described below, Kore agreed to pay Vista cash consideration of US\$1,350,000, payable as follows:

- (a) US\$350,000 at closing (paid on March 31, 2017);
- (b) US\$500,000 on or prior to the 30th day after commencement of commercial production; and
- (c) US\$500,000 on or prior to the 12-month anniversary of the commencement of commercial production.

Vista may elect to receive Kore Shares in place of cash for the payments identified as (b) and (c) above.

The property is not subject to any production royalties or encumbrances except for a 1.0% NSR owed to Royal Gold on any gold production from the property, pursuant to a royalty deed between Vista and Royal Gold dated August 23, 2002 and subsequently assigned to Kore by Vista on April 25, 2017. In addition, through an agreement between Kore and Vista dated April 25, 2017, Kore granted Vista a perpetual 0.5% to 2.0% NSR at the following rates to be determined quarterly based on the gold price:

<b><u>Gold Price (US\$/oz Au)</u></b>	<b><u>Royalty Rate</u></b>
Under \$1,400	0.5% NSR
\$1,401 to \$1,600	1.0% NSR
Above \$1,600	2.0% NSR

The royalty agreement between Kore and Vista allows Kore to repurchase a total of 1.0% of the royalty applicable to any royalty payable when the gold price is above US\$1,600 per oz Au for US\$2,000,000 if repurchased prior to announcement of a feasibility study or for US\$4,000,000 if repurchased prior to commencement of commercial production, subject to various terms and conditions. Kore’s option to repurchase a portion of the royalty will be extinguished following the commencement of commercial production. The royalty agreement between Kore and Vista also included a security interest in favor of Vista over the Long Valley claims in respect of any future obligations arising under the royalty only.

The purchase agreement between Kore and Vista included a grant of rights to Vista regarding placer claims pursuant to an agreement between Standard Industrial Minerals, Inc. (“**Standard**”) and Vista dated January 22,

2007. Standard granted Vista the right to “explore, develop, mine, remove and sell the gold, silver and other materials located on and under the ground” where Standard’s Little Antelope No. 3 and Little Antelope No. 4 unpatented placer mining claims overlap the Long Valley No. 31-38 and LV No. 98 unpatented lode mining claims. That right was transferred from Vista to Kore in 2017.

The 2007 mining deed that conveyed the unpatented lode mining claims from Standard to Vista included a provision that reserved to Standard all material mined from the property that contains kaolinite but does not contain economic values of gold and/or silver and was not needed by Vista for construction purposes related to the property, both as determined by Vista, and the right to have such mined kaolinite material transported and deposited at Standard’s facilities near the property at Standard’s sole cost and expense. This reservation did not obligate Vista to evaluate any mined material for its value or suitability as kaolinite ore nor handle the kaolinite-bearing material in any special way different from the normal material handling process for material deemed not economic as gold and/or silver ore. At the time Vista purchased the claims from Standard, Standard was mining kaolinite from an operation within a mile north of the unpatented lode mining claims purchased by Vista, but that operation is not currently active.

#### *Factors Affecting Access or Title*

The Company is not aware of any significant factors, risks or issues that may affect access, title, or the right or ability to perform work on the Long Valley Project. The Company is not aware of any environmental liabilities related to the Long Valley Project.

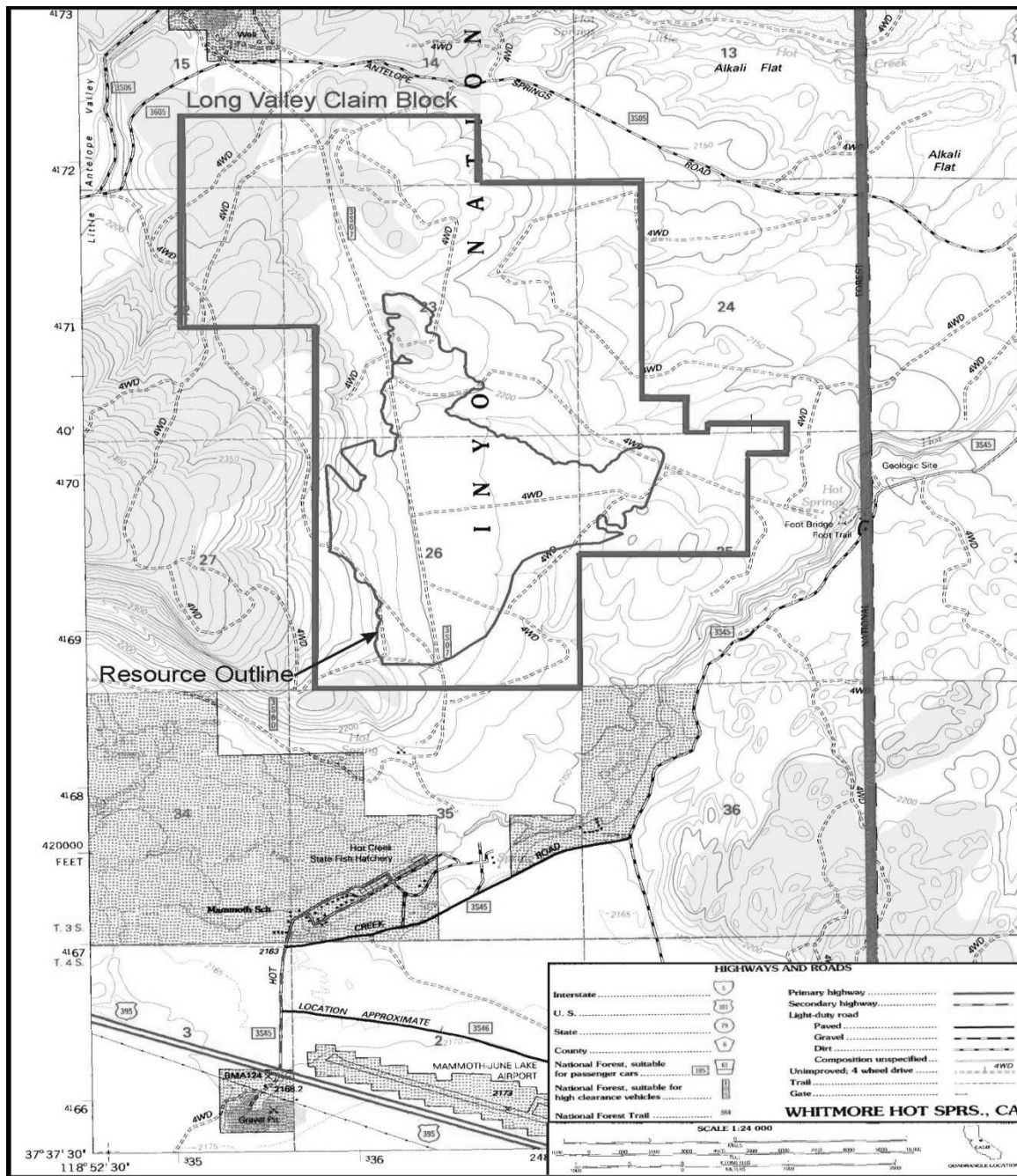
The U.S. Forest Service requires that an operator file a Notice of Intent to Conduct Prospecting Operations (“**Notice of Intent**”) for a proposed exploration or mining operation to provide the District Ranger with sufficient information to determine if the level of proposed disturbance will require a Plan of Operations and a detailed environmental analysis. A Plan of Operations is required to be filed with and approved by the U.S. Forest Service prior to any significant on-site activities, which would include any additional drilling.

Exploration of the Long Valley project is currently operating under a Notice of Intent. There are currently no permits required, and none have been obtained.

#### Accessibility, Climate, Local Resources, Infrastructure and Physiography

##### *Access*

The Long Valley Project is located about seven miles to the east of the town of Mammoth Lakes and about 45 miles by road northwest of the town of Bishop, California. Both towns are connected by U.S. Highway 395, which passes a few miles west of the property. Access to the property from the highway is via a series of graded gravel roads. The figure below shows the general area, as well as access to the property and location of the mineral resources within the claim block.



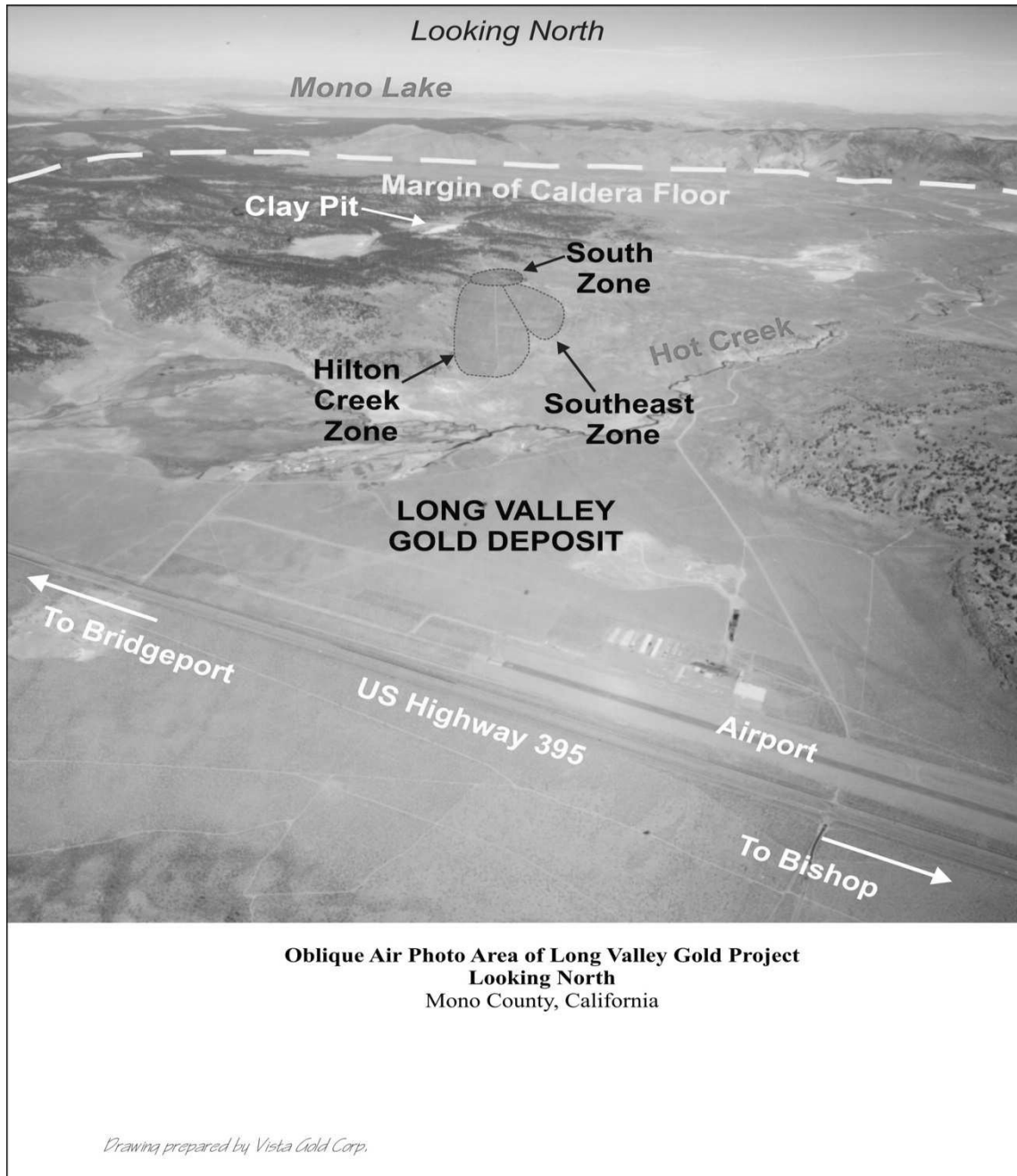
*Climate*

The climate is semi-arid and moderate, with high temperatures in the summer generally in the 80 °F range and winter highs generally in the 30-40 °F range. Winter temperatures can be below 0 °F. Precipitation at the property probably totals about 20 to 25 inches per year, divided between winter snows and summer thunderstorms. The evaporation potential greatly exceeds the precipitation on an average annual basis, so the area is one with a negative water balance. Snow depths in winter are generally less than two feet on the property, and the overall climate should permit operations year around.

*Physiography*

The Long Valley Project is located a few miles to the east of the Sierra Nevada Mountains, at an elevation of about 7,200 feet or 2,200 meters, in an area of gently rolling terrain. The vegetation consists mostly of sagebrush and

related shrubs and grasses with local areas of open pine forest. The topography in the area of the property will allow for the location of site facilities which may be required, including waste dumps, heap leach pads, plant sites, etc. The figure below shows a foreshortened view of the topography and vegetation characteristic of the area, along with the network of drill roads.



#### *Local Resources and Infrastructure*

Lodging, supplies, and labor are available in either Mammoth Lakes or Bishop, with the area population exceeding 20,000 people. Groundwater has been encountered in many exploration drill holes at depths of 200 to 300 feet and should be available in sufficient quantities for processing. It is believed that adequate power is available in the area, with no more than a few miles of additional powerline required to reach the property.



## *History*

Gold mineralization was first recognized on the property by Standard in the early 1980s as being present in small amounts in and around their kaolinite clay mining operations. Standard optioned the property to Freeport Minerals (“**Freeport**”) in 1983, who prospected the area and defined several distinct mineralized zones, referred to as the North, Middle and South. Freeport drilled about 80 shallow reverse circulation (RC) holes in mostly the North and South zones during 1983-1984. Freeport dropped the property, but additional drilling was performed by Standard in 1986, with 24 shallow rotary holes drilled mostly in the South zone.

Royal Gold acquired the property from Standard under a lease/purchase option agreement in 1988 and shortly thereafter drilled 52 air track holes in the South zone (Martin et al. (1997a) reported that Royal Gold drilled 53 holes in this program, but 52 are in the project database). Royal Gold also had performed various metallurgical and engineering studies and submitted permitting documents in support of constructing a small operation based on gold resources in the South zone. However, in 1990, Battle Mountain Gold (“**Battle Mountain**”) and Royal Gold formed a joint venture to further explore and perhaps develop the property. During 1990 and 1991 Battle Mountain, as the operator, completed geologic mapping, geochemical sampling, and geophysical surveying of the area and also drilled 59 RC holes. These holes were mostly in the South zone, but also resulted in the discovery of two new zones contiguous with the South zone, the Hilton Creek zone and the Southeast zone.

Battle Mountain dropped out of the joint venture in 1993, but work continued by Royal Gold. During the period 1994 through 1997, Royal Gold aggressively explored the property drilling some 625 holes mostly in the Hilton Creek and Southeast zones. Only 10 core holes were drilled, with the balance being RC holes. During this time, Royal Gold also undertook extensive studies related to metallurgical investigations, preliminary engineering studies, including resource estimations, and initiated baseline-type environmental studies of the biological, water, and archeological resources of the area.

In mid-1997, Amax Gold Inc. (“**Amax**”) performed extensive due diligence investigations in consideration of forming a joint venture with Royal Gold to place the property into production. Their work included drilling 46 RC holes and 10 core holes, as well as extensive re-assay and check-assay work and the re-logging of older holes. Many of the holes were intended as “twins” to earlier Royal Gold holes. Amax elected not to proceed with the formation of the joint venture because of the continued deterioration of the gold price and their pending merger with Kinross Gold Corporation.

Following Amax’s departure, Royal Gold did not perform any additional drilling, but did continue with some of the environmental studies, reclaimed the drill roads and sites, performed some additional geochemical sampling, re-estimated mineral resources, and initiated a community public relations campaign. Due to the continued decline in the gold price and the decision by Royal Gold to become a royalty holding company, Royal Gold turned the property back to Standard, effective August, 2000. Except for maintaining the claims in good standing, Standard performed no further work on the Long Valley Project. There has been no further drilling on the property since 1997.

In January 2003, Vista signed a purchase option agreement with Standard for the Long Valley project and completed the purchase of the claims in January 2007.

Since the technical report on the property in 2003, neither Standard nor Vista has performed any work on the property except for maintaining the claims in good standing. No exploration has been conducted on the property by Vista from 2003 until their sale of the property to Kore in 2017. The only exploration Kore has conducted on the property to date is a Spartan magnetotelluric survey in December 2017. There has been no historical gold production from the Long Valley Project, and the only mining activity in the area has been associated with the mining of kaolinite clay.

*Historical Mineral Inventory Estimates*

All estimates described below were prepared prior to 2000 and are presented herein merely as an item of historical interest with respect to the exploration targets at Long Valley. There were a number of mineral resource estimates and associated mineral reserve calculations prepared on behalf of Royal Gold by the outside consulting group, Mine Reserves Associates (“MRA”) of Lakewood, Colorado, during the period 1995 to 1998. It is believed that these estimates were not prepared in full compliance with the provisions included in National Instrument 43-101, as they do not clearly differentiate between Measured, Indicated, and Inferred categories of mineralization and as to whether these categories contribute to the estimates provided below in Table 6.2. Accordingly these estimates should not be relied upon. The Authors have not done sufficient work to classify these historical estimates as current mineral resources or mineral reserves, and Kore is not treating these historical estimates as current mineral resources or mineral reserves. These historical estimates are superseded by the current mineral resource estimate discussed under the heading “Mineral Resource Estimate”.

**Table 6.2 Historical Royal Gold Resource and Reserve Statements – MRA Estimates**

Category	Year	Tons 000,000s	Grade oz Au/t	Ounces Gold (000’s)
Resource	1996	49.6	0.018	893.5
Resource	1997	49.6	0.018	893.5
Reserve	1996	20.7	0.018	373.0
Reserve	1997	39.1	0.018	704.0

In December 1997, Behre Dolbear & Company Inc. (“Behre Dolbear”) calculated reserves based on several density factors, as testwork by Amax had indicated widely variable densities. The base case was from the 1997 MRA calculation. These are summarized in Table 6.3. The Authors have not done sufficient work to classify these historical estimates as current mineral resources or mineral reserves, and the issuer is not treating these historical estimates as current mineral resources or mineral reserves.

**Table 6.3 Historical Royal Gold Reserve Statements - Behre Dolbear Estimate**

Case	Tonnage Factor ft <sup>3</sup> /ton	Ore Tons 000,000’s	Ore Grade oz Au/t	Ounces Au 000’s
Base	14.0	39.1	0.018	703.8
1	18.0	30.4	0.018	547.2
2	20.0	27.4	0.018	492.7

The resource estimates noted above only include the material classified as oxide or non-sulfide in the geologic model. The minable reserves were calculated using oxidized resource material only, a cutoff grade of 0.010 oz Au/t, an assumed gold recovery of 70%, and a gold price of \$350.00 per ounce.

MDA prepared a mineral resource estimate of the Long Valley deposit for the previous operator in 2003 (Prenn and Muerhoff, 2003) that was the first estimate reported in accordance with NI 43-101 standards of disclosure at that time.

In January 2008, MDA prepared a Technical Report for Vista describing a preliminary economic assessment of the Long Valley project (Prenn and Dyer, 2008), but the resource estimate or model was not updated from the 2003 estimate. The 2003 estimate did not report resources constrained within a pit.

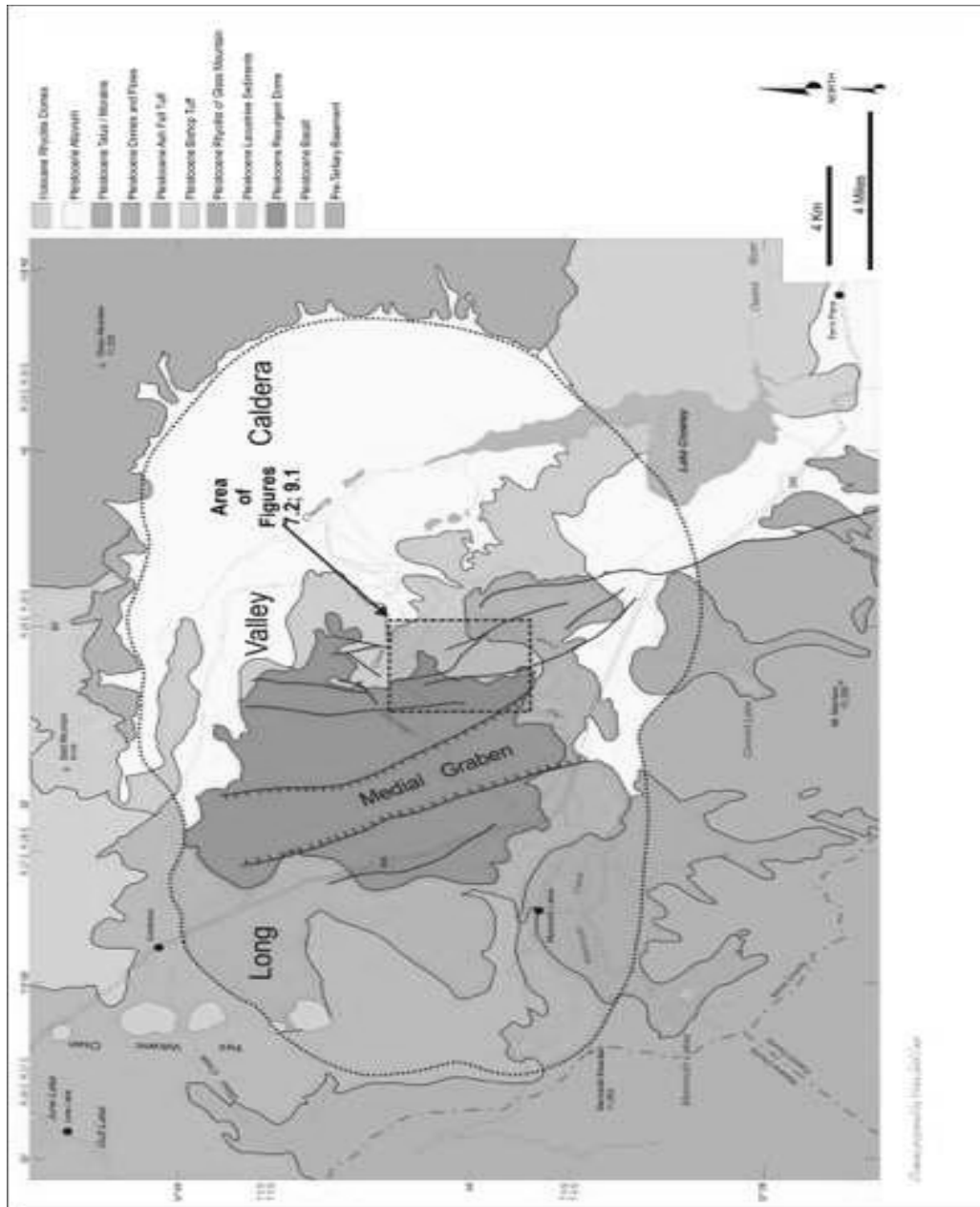
The 2003 mineral resource estimate reported in both the 2003 and 2008 Technical Reports (Prenn and Muerhoff, 2003; Prenn and Dyer, 2008) were prepared in accordance with the CIM Standards and NI 43-101 reporting requirements in effect at that time, but that mineral resource estimate does not meet current CIM Standards and NI 43-101 reporting requirements. It is reported here as a matter of historical interest. Therefore, Kore and Eureka are not treating the 2003 mineral resource estimate as current mineral resources, and the 2003 estimate and the 2008 preliminary economic assessment should not be relied upon. The Authors describe the current resource estimate in Section 14.6 of the Technical Report.

### Geology Setting

#### *Regional Geology*

The Long Valley Project is contained entirely within the early Pleistocene Long Valley caldera, which was formed about 760,000 years ago. The Long Valley caldera and related adjacent volcanic rocks comprise a late Pliocene to Quaternary volcanic complex developed along the western edge of the Basin and Range Province, at the base of the Sierra Nevada frontal fault escarpment. The caldera is an oval depression elongated east-west and measuring some 10 by 19 miles. It is related to the eruption of the Bishop Tuff, which has been dated at about 0.76 Ma. The pre-volcanic basement rocks in the area are mostly Mesozoic granitic rocks of the Sierra Nevada batholith and surrounding Paleozoic and Mesozoic metamorphic rocks. The pre-Cenozoic rocks are totally covered by younger volcanic rocks within the caldera. None of the pre-volcanic basement rocks are known to be mineralized at the Long Valley gold property.

The figure below shows the regional geology of the Long Valley Caldera.



### Local and Project Geology

The Long Valley gold property is located near the center of the caldera and is underlain by most of the lithologic units related to caldera formation and subsequent resurgence. Prior to the resurgent doming shortly after caldera formation, a sequence of interbedded volcanoclastic and sedimentary rocks were deposited in a lacustrine setting within the caldera. These rocks consist of siltstones through conglomerates and debris-flow deposits, with all variations between, along with more local deposits of intercalated silica sinter and rhyolite flows and dikes. Clast lithologies are primarily volcanic in origin with a large proportion of rhyolite pumice and ash. These lithologies have an aggregate preserved thickness of more than 1,500 ft based on drill holes. All of the aforementioned units have been mineralized in variable amounts.

Intruded and erupted through these generally flat-lying lake sediments and interbedded tuffs and debris-flow deposits is a large, composite rhyolite flow-dome exposed just west of the gold deposit, which has been referred

to as a resurgent phase of the caldera complex. It is composed of generally aphyric to sparsely sanidine-bearing rhyolite lava and breccia. Rhyolite breccia and blocks of this flow-dome make up much of the debris-flow units within the adjacent caldera sedimentary sequence and were likely shed from the erupting flow-dome.

A younger, distinctly quartz-bearing group of rhyolite domes were erupted near the margins of the caldera at about 200,000 to 300,000 years ago. Associated with and younger than all the rhyolite domes is rather clean, well-sorted sandstone. Both of these later units crop out to the southeast of the gold deposit. These units are interpreted to be post-mineralization in age, as is recent alluvium up to some 60 ft thick, which covers most of the Hilton Creek gold zone.

A north-south trending fault zone, inferred by previous operators to be the northern continuation of the regional Hilton Creek fault zone, appears to define the eastern limit of the resurgent rhyolite within the central part of the Long Valley caldera and extends outside the caldera to the south. This normal fault zone (down to the east) also seems to control the distribution of gold mineralization in the Long Valley deposit. Offset along this fault appears to be variable, which suggests that fault activity could have been episodic in nature. Active hot springs, earthquakes, and young volcanism suggest that the Long Valley volcanic center has not reached the end of its life cycle.

### *Mineralization*

Several areas or zones on the Long Valley Project are known to be mineralized with low grades of gold and silver. These areas are known as the North, Middle (also called Central), South, Southeast, and Hilton Creek areas (in the Technical Report the Middle, South, Southeast, and Hilton Creek areas are shown on Figure 10.1 in Section 10 on Drilling; the North Zone lies just north of the current property boundary). Based on drilling, mineralization appears to generally be contiguous between the South, Southeast, and Hilton Creek zones (Figure 7.3 of the Technical Report). These same zones appear to contain the vast majority of the estimated mineral resources described later in the Technical Report. Drilling is widely spaced in and between the North, Middle, and South zones, and it may be possible that with additional drilling, these zones may be shown to be contiguous with the better-defined zones to the south.

The principal host rocks for the gold mineralization are the caldera-fill interbedded siltstone, tuff, and volcanoclastic sedimentary rocks and, to a lesser extent, the adjacent resurgent rhyolite along the west margin of the Hilton Creek fault zone.

The base of the oxidized zone was generally defined by Royal Gold as the last occurrence of the oxide mineralization within the mineralized zone. As such, mixed oxide-sulfide and sulfide mineralization occurs above this boundary. This oxide/sulfide boundary modeled by Royal Gold is undulating to locally flat-lying, lies at depths of between 150 and 250 ft, and is often coincident with or slightly above the current water table. Grades of gold mineralization are typically the same both above and below the oxide/sulfide boundary.

Gold-silver mineralization is quite continuous throughout the zones and is well defined using a 0.010 oz Au/t cutoff grade. Numerous zones of higher-grade mineralization (0.050 oz Au/t) are present within the continuous zones of low-grade (0.010 oz Au/t) gold mineralization, particularly in the Hilton Creek zone. These higher grades may relate to zones of enhanced structural preparation. Silver grades are generally in the range of 0.1 to 0.5 oz Ag/t within the gold-mineralized zones, appear to be more erratic in nature, but generally have a positive correlation with higher gold values.

Mineralized zones contain fracture coatings, veinlets, and disseminated iron oxide minerals that were formerly grains of pyrite and marcasite. Opal and chalcedony veinlets with pyrite or marcasite, or iron oxides, are common, but generally less than a few tenths of an inch in width. Adularia is present in fractures and veinlets at depth and as patches of replacement of the rhyolite groundmass in the western margin of the deposit. In much of the deposit, mineralization is associated with zones of clay alteration and/or silicification. These alteration types are well developed in all of the volcanoclastic sediments and, as such, host-rock type does not appear to have a major

control over the distribution and grade of mineralization. The predominant clay mineral has been determined to be kaolinite, while the silicification types can be chalcedony, quartz, or opal. Multiple periods of brecciation and silicification are evidenced by cross-cutting silica veinlets and silicified breccia fragments in otherwise clay-altered rocks.

The distribution of the mineralization appears to be spatially related to faults associated with the north-south-trending Hilton Creek fault zone. Splays of this fault zone are projected to trend through the central part of the Hilton Creek mineralized zone, as well as the Southeast zone, with the assumption that the altering and mineralizing fluids ascended along these fault conduits and then spread laterally. Higher-grade zones may also be related to areas of cross-faults and fractures.

The Hilton Creek mineralized zone is known to be some 8,000 ft in length, while the Southeast zone is about 5,000 ft in length. The mineralized zones are generally flat-lying or have a slight dip (10-15 degrees) to the east and have a width in plan view (across the trend) in the range of 500 to 1,500 ft, but average about 1,000 ft in width. The mineralized zones are typically from 50 to 200 ft thick and average about 125 ft thick in the Hilton Creek zone, and 75 ft thick in the Southeast zone. Mineralization in the South and Southeast zones typically is exposed at or very near the surface, while the top of the Hilton Creek mineralization is usually covered by 20 to 50 ft of alluvium.

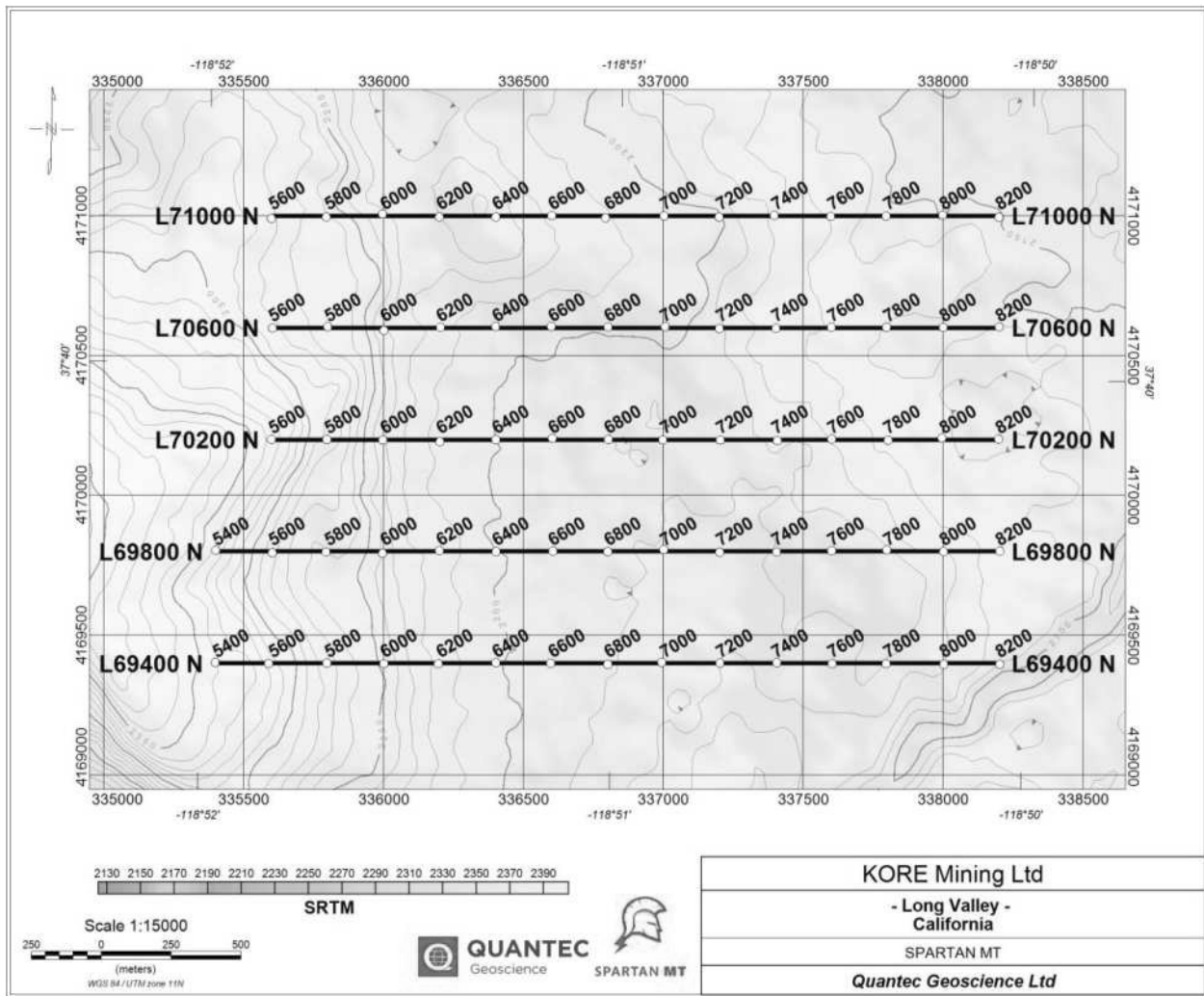
#### *Deposit Types*

The mineralization identified at the Long Valley Project is typical of the shallower portions of an epithermal, low-sulfidation type of gold-silver deposit. Other examples of this type of deposit, which share some similarities to Long Valley, include the McLaughlin deposit in California and the Hycroft (Sulfur) deposit in Nevada. In common with these deposits, gold and silver mineralization appears to have taken place at very shallow depths and is associated with a relatively recent volcanic-related hydrothermal system. In addition, the mineralized zones are typically associated with clay alteration (kaolinite) and silica replacement of volcanoclastic host rocks. This type of deposit typically contains very low amounts of base metals.

#### Exploration

Since acquiring the Long Valley project in March 2017, Kore commissioned a geophysical survey conducted from December 10 through December 20, 2017, by Quantec Geoscience Ltd. A Spartan magnetotelluric (MT) survey acquired data from 72 sites distributed along five survey lines that were oriented east-west on approximately 1,300 ft line spacing (Tournier, 2018). Figure 9.1 shows the coverage area of the five lines, which total approximately 8.3 line miles and cross the southern portion of the property.

**Figure 9.1:** Magnetotelluric Survey Coverage Map (Tournier, 2018)



The instrumentation used for the survey included:

- Receiver systems: RT160Q Quantec data logger
- Synchronization: GPS clock (10ns precision)
- Receiver electrodes: Ground contacts using Quantec steel plates
- Magnetic sensors (HF): Geometrics G100K magnetic field sensors
- Magnetic sensors (LF): Phoenix MTC50 magnetic field sensors.

Tensor magnetotelluric soundings were processed with remote reference. The site configuration consisted of a cross-shaped electrode field with HF and LF magnetic sensors located at each site; the E-field dipole lengths were  $E_x$ : 100m and  $E_y$ : 100m. The remote site configuration consisted of cross-shaped E-fields with HF and LF magnetic sensors located at the site and oriented in the same direction as the local sites. The final processed data were presented as MT sounding curves of apparent resistivity and phase and as pseudo-section plots of observed XY and YX apparent resistivity and phase. Tournier (2018) reported that *“the measured magnetotelluric data are of very good quality (smooth curves, and low errors) for the frequencies from 10kHz to 0.01Hz; more noise is observed for*

*the lowest frequencies. A few sites were presenting more noise near 1Hz, but the sites were repeated at the end of the survey. The data sites have been improved for these repeated measurements.”*

The MT survey is expected to highlight silicified zones near the surface and identify structure suitable for mineralization at depth. As of the date of this Technical Report, Kore has not yet received the final report on interpretation of the survey results from their geophysical consultant. Kore has not conducted any further exploration on the property to date.

There have been fairly extensive geochemical surveys conducted over the Long Valley Project but only one known geophysical survey prior to Kore’s acquisition of the property in 2017. The geochemical surveys have been performed by personnel working for either Battle Mountain or Royal Gold. Documentation of the results of both of the survey programs is sparse, but it appears that both surveys consisted of the collection of between 100 and 200 predominantly rock and fewer soil samples. These samples were analyzed for gold, silver, arsenic, antimony, and mercury and perhaps other elements as well. The surveys indicated that the entire area is mildly to highly anomalous in these elements and that potentially economic mineralization is known by drilling to underlie the area of many of the better anomalies. Other geochemical anomalies remain untested by drilling. MDA has not analyzed the sampling methods, quality, and representativity of surface sampling on the Long Valley Project because drilling results form the basis for the mineral resource estimate.

An IP/resistivity geophysical survey was performed for Battle Mountain by DMW Surveys of Reno, Nevada, in the southern part of the area. Four possible target areas were identified from this survey, and it is believed that these areas have subsequently been drilled with mineralization indicated in both the Hilton Creek and Southeast zones.

Several periods of geological mapping have been performed in the area by employees of, or consultants to, Battle Mountain and Royal Gold. The mapping identified areas of alteration, silicification, and brecciation within the predominantly volcanoclastic rocks in the area which have been demonstrated to be favorable for gold mineralization. Many of these areas have been drilled with positive results, but other areas remain untested. In addition, much of the area is covered with soil or post-mineralization rocks, which could conceal areas favorable for mineralization.

Outside of the presently defined resource area, there are numerous drill holes which have intercepted significant intervals of gold and silver mineralization. The area of these drill holes is generally defined as the North and Middle zones and, with further drilling and the discovery of additional mineralized intercepts, they might also be the location of significant gold mineralization. All of the holes are vertical, and all intercepts are thought to represent true thickness. Some of the intercepts include 145 ft of 0.035 oz Au/t (LV-83-02), 120 ft of 0.024 oz Au/t (LV-83-03), 120 ft of 0.017 oz Au/t (LV-83-05), 85 ft of 0.019 oz Au/t (LV-83-34), and 80 ft of 0.021 oz Au/t (LV-83-51).

### *Drilling*

Table 10.1 summarizes the drilling on the property. The database contains 896 drill holes totalling 268,275 ft of drilling. Seven drill holes are missing coordinate information. There has been no drilling on the property since 1997, and there has been none conducted by the issuer.

**Table 10.1 Long Valley Drilling Summary**

Company	Year	RC Holes	RC Footage	Rotary Holes	Rotary Footage	Air Track Holes	Air Track Footage	Core Holes	Core Footage	Total Drill Holes	Total Footage
Freeport	1983-1984	80	18,615							80	18,615
Standard	1985			24	2,055					24	2,055
Royal Gold	1988					52	4,770			52	4,770
Battle Mtn.	1991	59	18,685							59	18,685
Royal Gold	1994-1997	615	206,410					10	1,491	625	207,901



Amax	1997	46	13,835					10	2,414	56	16,249
Totals		800	257,545	24	2,055	52	4,770	20	3,905	896	268,275

Most of the drill hole samples obtained from the property were from generally dry RC drilling, although when drilling below the water table, significant flows were encountered. Water was added when drilling dry to improve recovery.

No down hole surveys of the drill holes were performed, as the depth of most of the drilling was 300 feet or less.

During 1988 Royal Gold completed 52 shallow air track holes, mostly in the North deposit. The 1988 Royal Gold air track drill holes were used to plot mineralized zones when modeling gold envelopes, but were not used to estimate block grades. Royal Gold geologists completed geologic logs.

Freeport, Standard, Battle Mountain, Royal Gold, and Amax completed 24 rotary and 800 RC drill holes on the property. Most of the drilling prior to 1994 was vertical, and most of the drilling after 1993 was angled. Royal Gold completed most of their RC drill holes by adding minimal amounts of water to normally dry drill holes drilled to about 300 ft. The water table was generally between 250 and 300 ft below the surface and, if intersected by drilling, added significant amounts of water. The deposit is in the area of nearby hot springs, and a few of the drill holes did intercept hot water. Drill holes were logged by geologists of the respective companies. Eklund Drilling of Elko, Nevada was the RC drilling contractor in 1996. TH60 and TH100 drills were used. Drill chips were logged in the field to paper log sheets using a hand-lense and binocular microscope.

Royal Gold and Amax each completed 10 core holes on the property. Royal Gold logged the first two holes prior to shipment for assay. The remaining Royal Gold core holes were six-inch-diameter holes drilled in 1996 with a truck-mounted Longyear 38 drill and wireline methods. The 1996 core was logged in the field to paper log sheets and transported in its entirety by Royal Gold personnel in a rented moving van for use in column leach tests. At the metallurgical laboratory the whole core was blended together into a single composite.

The Amax core holes were drilled close to prior RC drill holes to compare the values. The Amax core was logged by the company geologists, and the whole core was shipped for assay

Table 10.2 shows the comparison of 10 core holes that were drilled proximal to existing RC drill holes on the property. The individual holes generally do not compare very well, with core holes giving both higher and lower gold values over selected intervals, but overall, the comparison is very close.

**Table 10.2 Core vs Proximal RC Drill Holes**

Core				Reverse Circulation			
Core Hole	Number of Intervals	Average oz Au/t	Number > 0.007	RC Hole	Number of Intervals	Average oz Au/t	Number > 0.007
LV97-C11	44	0.018	30	LV96-323	44	0.020	34
LV97-C12	44	0.020	30	LV96-319	44	0.025	37
LV97-C12	45	0.019	30	LV96-399	45	0.011	29
LV97-C13	49	0.028	44	LV96-321	49	0.031	47
LV97-C14	59	0.009	23	LV97-561	59	0.003	1
LV97-C14	59	0.009	23	LV97-606	59	0.007	24
LV97-C15	47	0.015	17	LV96-474	47	0.016	21
LV97-C16	40	0.019	25	LV96-475	40	0.013	23
LV97-C17	29	0.008	16	LV91-033	29	0.027	25
LV97-C18	44	0.014	30	LV96-241	44	0.016	38
LV97-C19	40	0.026	36	LV96-378	40	0.021	38
LV97-C20	30	0.010	16	LV96-376	30	0.018	21
<b>Total</b>	<b>530</b>	<b>0.016</b>	<b>320</b>	<b>Total</b>	<b>530</b>	<b>0.016</b>	<b>338</b>

The Authors believe that the drilling sampling procedures provided samples that are representative and of sufficient quality for use in the resource estimations discussed below. The Authors are unaware of any sampling or recovery factors that materially impact the mineral resources discussed below.

### Sampling, Analysis and Data Verification

#### *Sampling*

Most of the drill hole samples obtained from the property were from generally dry reverse circulation drilling although, when drilling below the water table, significant flows were encountered. Water was added when drilling dry to improve recovery. A total of 896 drill holes were completed on the property, including 20 core holes.

Little is known about the sampling procedures prior to 1994. Freeport's samples were analyzed by Monitor Labs, who used atomic absorption as the assay method. Battle Mountain used Barringer Laboratories and Bondar Clegg Laboratories for sample preparation and fire assaying (AA finish) of one assay ton pulps. Sampling after 1994 was documented by Royal Gold. The Royal Gold samples were collected by taking a 5-10 pound split of each sample from the drill holes. Sample bags were sealed by the drill crew and not opened until they reached American Assay Labs in Reno, Nevada. The assay lab picked up the samples at the drill site, transported them to the lab, dried the samples, then crushed, split, pulverized, and blended them to obtain assay pulps. Most of the assays were completed by fire assay methods with an AA finish. No duplicate samples were taken routinely at the rig (Martin et al., 1997a).

A similar procedure was used by Amax, but their samples were analyzed by Chemex Labs. Amax collected samples that ranged in size from five to 20 lbs at the drill hole, then bagged and shipped the samples to Chemex for sample preparation. The samples were dried, weighed, crushed, blended, split, and pulverized to obtain a 600 g sample to make assay pulps. Chemex completed fire assays with AA finish from one assay ton pulps.

Royal Gold collected the samples from their first two core holes at the drill site, placed them in core boxes, and sent the whole core to American Assay's sample preparation facility to split by sawing, prepare, and assay the samples. Half of the core was assayed, and the remaining half in the highly mineralized intervals was used for bottle roll tests. Samples were either grouped by rock type within 5 ft intervals or prepared in 5 ft intervals. The remaining core holes drilled by Royal Gold were large-diameter holes used for metallurgical testing.

Amax prepared assay samples from core holes by crushing whole core and then following the RC sample preparation and assaying methods.

Samples were sealed in bags at the site and collected by commercial laboratory personnel.

#### *Laboratory and Analysis Methods*

The assay lab picked up the samples at the drill site, dried the samples, crushed, split, pulverized, and blended to obtain assay pulps. Most of the assays were completed by fire assay methods with an AA finish. Freeport completed aqua regia dissolution, followed by AA analysis of the samples.

American Assay Lab prepared and assayed the samples received from Royal Gold, most of which weighed from 5 to 10 pounds. Amax collected samples that ranged in size from 5 to 20 lbs at the drill hole, bagged and shipped the sample to Chemex Labs for sample preparation. The samples were dried, weighed, crushed, blended, split, and pulverized to obtain a 600 g sample to make assay pulps. Chemex completed fire assays with AA finish from one assay ton pulps. Royal Gold sent the whole core from the first two core holes to American Assay Lab to split by sawing, prepare, and assay the samples. The remaining core holes drilled by Royal Gold were large diameter and used for metallurgical testing. Amax prepared assay samples from crushing whole core and then following the reverse circulation sample preparation and assaying methods.

While documentation of sample preparation, analysis, and security for the various companies that operated at Long Valley prior to 1994 is incomplete, all of the companies were reputable, well-known mining or exploration companies that likely followed accepted industry practices.

All of the laboratories discussed above are, or were, well-known commercial analytical laboratories. The assaying described in this report was completed prior to the institution of formal certifications for analytical laboratories.

The Authors believe the sample preparation, security, and analytical procedures used by previous operators of the Long Valley project were acceptable procedures and the resulting analytical data are of sufficient quality for use in the resource estimation.

#### *Data Verification*

In 2003, Mr. Prenn supervised the verification of the Long Valley project database by Mr. Charles Muerhoff, an employee of MDA at that time and a Qualified Person as defined under NI 43-101. Mr. Muerhoff and Mr. Prenn also compiled and evaluated the available drilling assay quality assurance / quality control (“QA/QC”) data, namely the considerable check assay data summarized and evaluated in Section 11.3 of the Technical Report.

Data verification, as defined in NI 43-101, is the process of confirming that data has been generated with proper procedures, has been accurately transcribed from the original source and is suitable to be used. There were no limitations on, or failure to conduct, the data verification for this report. Additional confirmation on the drill data’s suitability for use are the analyses of the pulp and coarse reject check assays as described above. None of the operators in the 1980s and 1990s used certified reference materials or blank material as part of their QA/QC programs, which was not unusual at the time.

The drilling assay database verification in 2003 by Mr. Muerhoff, under Mr. Prenn’s supervision, involved detailed examination of data from 51 drill holes, or about 6% of the drill holes in the project area. Sample numbers, assays, interval depths in the project database were compared to copies of laboratory assay certificates. Where errors in database entries were found, the database was corrected using values from the assay certificates.

Also for verification, Mr. Prenn observed the reclaimed drill roads and pads and collected 10 surface samples for density verification during the initial site visit in 2002.

Mr. Prenn concludes, based on the site visit in 2002, the database verification with Mr. Muerhoff, and their evaluation of the QA/QC check assay results, that the project drilling data are of sufficient quality and are adequate for the purposes used in this report.

#### Mineral Processing and Metallurgical Testing

A moderate amount of metallurgical testing was completed on the Long Valley Project from about 1989 through 1997, including cyanide shake leach assays on pulps, bottle roll tests on drill cuttings from numerous RC holes, and long-term column tests on bulk samples from surface and core. The samples were generally classified as to whether they represented oxide material, mixed or transitional material, or sulfide material.

Although the Authors are not experts with respect to metallurgy, Mr. Prenn has reviewed the metallurgical test studies and believe the information to be sound and appropriate for the purposes for which it has been used in this report. The data from these studies are used by MDA in the Technical Report solely for the purposes of deriving reasonable and appropriate cutoffs for mineral resource reporting.

#### *Bottle Roll Testing*

The first bottle roll testing on samples from the property was performed by Battle Mountain in 1991 and consisted of 12 different bottle roll tests on samples from five different rotary drill holes.

Royal Gold had American Assay Lab perform 10 bottle roll tests on samples from eight different rotary drill holes, representing both oxide and sulfide type of mineralization. Seventeen additional bottle roll tests were performed by McClelland Labs for Royal Gold in 1996 on rotary drill cuttings from 15 different drill holes.

The bottle roll tests on the oxide samples have an average gold extraction of about 77% for the gold, and 21% for the silver over the 72 hour test duration. These results demonstrate the good leaching characteristics of the gold in this material and most of the samples give fairly consistent results through the 14 tests and three different labs.

The bottle roll tests on the mixed samples have an average gold extraction of about 48% for the gold and 19% for silver over the 72 hour test duration. These results are consistent with this type of material which is intermediate between oxide and sulfide. These seven test results also show more extreme variability than the oxide samples.

The bottle roll test results on the sulfide samples show a wide range in test results over the 15 samples tested in three different labs, with gold extractions from 0.0% to over 50%, which is likely a consequence of inconsistent sulfide classification criteria applied from sample to sample. The average extraction over the 72 hour test duration is about the same for both gold and silver at 24%, and would suggest that the sulfide material is not readily amenable to conventional heap leach processing.

Also in 1996, Hazen Research performed scoping type bottle roll tests to help establish testing parameters for subsequent column leach tests. Composites for testing were made from core hole 95-C1 in the Hilton Creek zone as well as core hole 95-C2 in the Southeast zone. Both of these composites were tested in five different bottle roll tests at particle sizes ranging from one inch to 400 mesh. In addition, Hazen performed a single bottle roll test on the bulk sample prepared from large diameter core which was used for several column tests. The results of these bottle roll tests are presented in Table 13.4 of the Technical Report.

All of the bottle roll test results represent material from reverse circulation drill cuttings, which have been crushed to a maximum particle size of 10 mesh, but likely have an average particle size of much smaller than this. Typically, most of this material would have a particle size of less than 24 mesh or finer.

The test results generally show that both gold and silver extractions increase at smaller particle sizes, ranging from 400 mesh to 2 inch particle size, for all types or classes of material. Also, the sulfide material responds to roasting to increase gold extraction. Lastly, the oxide material does respond quite well to alternative gold lixivants, such as ammonium thiosulfate (ATS), giving extractions comparable to cyanide.

Based mostly on the bottle roll test results for the oxide samples, there does appear to be a fairly consistent bias between the assay head grades (lower) than the calculated head grades (higher).

There is not sufficient data to fully document this trend, and hence no basis to correct or modify the overall assays, but it should be monitored during future work. In addition, screen tests indicate that a considerable portion of the gold values are found in the fines fraction.

#### *Column Leach Testing*

In 1989 Kappes, Cassidy and Associates performed three column leach tests on a single bulk sample collected from surface cuts in the South zone. A single column test was performed on material crushed to -3 inches, -1 ½ inches and - ½ inches, with column diameters measuring 11.5 inches, 10 inches and 8 inches, respectively, with column heights of about 10 ft. Cyanide consumption ranged between 0.25 and 0.51 lbs/t for the tests.

During 1996-1997, Hazen performed a total of five large diameter column leach tests on a single bulk sample prepared from seven large diameter (6 inch) core holes drilled in the Hilton Creek and Southeast zones. The sample intervals used from each of these core holes represent material classed as oxide with a grade exceeding 0.010 oz Au/t gold. The total sample weight of the core intervals listed below is approximately 5,000 kg, or 11,000 lbs:

Hole 96-C3 40 to 160 ft  
Hole 96-C4 30 to 150 ft  
Hole 96-C5 60 to 150 ft  
Hole 96-C6 52 to 94 ft  
Hole 96-C7 30 to 145 ft  
Hole 96-C8 30 to 150 ft  
Hole 96-C9 10 to 50 ft

The grade of the bulk sample is relatively close to the overall grade of the deposit, and assays 0.028 oz Au/t gold and 0.15 oz Ag/t. The particle size analysis of the bulk sample as prepared for testing indicated about 25% by weight of the sample was between 4 and 6 inches in size, 37% was between ½ and 4 inches in size, 14% was between 28 mesh and ½ inch, 7% was between 65 and 28 mesh, and 17% was less than 200 mesh in size. Assays were performed on each of the size fractions which showed a significant tendency for the gold to occur with the finer size fractions with about 48% of the gold in the entire sample in the minus 200 mesh fraction, with only about 9% of the gold in the coarsest fraction.

Three of the five columns tested at Hazen (columns CL-1,-2 and -3) were moderate diameter (10 to 12 inches) with column heights of about six ft. These columns evaluated the impact of the addition of lime and/ or agglomeration with cement on the overall gold extraction and the extraction rate.

Columns C1-4 and C1-5 were of large diameter (24 inches) and had column heights of about 20 ft. These two columns evaluated the impact of agglomeration with lime and cement versus no agglomeration. Taken as a whole, all of the tests show that the oxide type material at Long Valley is readily amenable to heap leaching at coarse particle sizes, exhibiting rapid leaching of gold with low consumption of the leaching reagents sodium cyanide and lime, generally in the range of 0.4 lbs/t and 4.0 lbs/t respectively. Most columns returned gold extractions between 80 and 90 % over leach times of between 30 and 70 days. In addition, the column gold extractions were generally some 5 to 10 % better than the bottle roll extractions on similar oxide type material.

Agglomeration of the columns appeared to help maintain solution permeability and limit slumping of the columns, but did not appear to enhance gold extraction. Silver extraction in all columns was quite low, at less than 10 %.

#### *Mineralogical Observations*

Samples of leached and unleached, predominantly sulfide rich material have been examined to discern the presence and nature of gold mineralization in the samples and to better understand their leaching behavior. Several different studies have shown that the predominant sulfide mineral present in the unoxidized samples is pyrite, with lesser amounts of arsenopyrite. The sulfides are commonly finegrained, ranging from 5 to 70 microns, and are typically locked in a gangue of silicate minerals including quartz, feldspar and kaolinite clay.

Sulfides in the samples are both widely disseminated as well as found in clusters. Pyrite in the samples is generally poorly crystalline and has framboidal textures, with lesser amounts of well crystallized, euhedral pyrite. Other investigations have shown the common occurrence of submicroscopic gold associated with the poorly crystallized, framboidal varieties of pyrite. This would explain the general lack of gold observed in these samples even using powerful electron microprobes. Where gold grains have been observed, the grains are very small, from 1 to 6 microns, and have low amounts of contained silver. The conclusion is that most of the gold is submicroscopically bound to the poorly crystalline varieties of pyrite and hence, is generally refractory and unavailable to direct cyanidation.

Fortunately, a significant portion of the gold resource at Long Valley is present in material which has been at least partly oxidized. In this material, the pyrite which may have originally contained most of the gold is preferentially oxidized to iron oxide minerals (goethite) wherein it releases the gold and renders it available for leaching.

## Mineral Resource Estimate

### *Introduction*

Mineral resource estimation described in this section for the Long Valley project follows the guidelines of Canadian Institute of Mining, Metallurgy and Petroleum (“**CIM**”). The gold grade model for this resource estimate was completed by Charles Muerhoff, MDA Senior Geologist in 2003, who was considered a Qualified Person by the definitions and criteria set forth in NI 43-101, supervised by Neil Prenn, Principal MDA Engineer. The gold resource estimate for this report was completed by Neil Prenn on April 25, 2018 using the 2003 MDA model and a March 2018 optimized pit. There is no affiliation between Mr. Muerhoff or Mr. Prenn and Eureka or Kore except that of an independent consultant/client relationship. Silver resources were not estimated and there are no mineral reserves estimated for the Long Valley project as part of this report.

Although the Authors are not experts with respect to any of the following aspects of the project, they are not aware of any unusual environmental, permitting, legal, title, taxation, socio-economic, marketing, or political factors that may materially affect the Long Valley mineral resources as of the date of this report.

The effective date of the mineral resource estimate is April 25, 2018. The drilling analyses, database verification, and resource modeling were completed according to the guidelines specified by Canadian National Instrument 43-101 (“**NI 43-101**”).

The Authors classified resources in order of increasing geological and quantitative confidence into Inferred, Indicated, and Measured categories to be in compliance with the “CIM Definition Standards - For Mineral Resources and Mineral Reserves” (2014) and therefore NI 43-101. CIM mineral resource definitions are given below, with CIM’s explanatory material shown in italics:

### **Mineral Resource**

*Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories. An Inferred Mineral Resource has a lower level of confidence than that applied to an Indicated Mineral Resource. An Indicated Mineral Resource has a higher level of confidence than an Inferred Mineral Resource but has a lower level of confidence than a Measured Mineral Resource.*

A Mineral Resource is a concentration or occurrence of solid material of economic interest in or on the Earth’s crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction.

The location, quantity, grade or quality, continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling.

*Material of economic interest refers to diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal, and industrial minerals.*

*The term Mineral Resource covers mineralization and natural material of intrinsic economic interest which has been identified and estimated through exploration and sampling and within which Mineral Reserves may subsequently be defined by the consideration and application of Modifying Factors. The phrase ‘reasonable prospects for eventual economic extraction’ implies a judgment by the Qualified Person in respect of the technical and economic factors likely to influence the prospect of economic extraction. The Qualified Person should consider and clearly state the basis for determining that the material has reasonable prospects for eventual economic extraction. Assumptions should include estimates of cutoff*

*grade and geological continuity at the selected cut-off, metallurgical recovery, smelter payments, commodity price or product value, mining and processing method and mining, processing and general and administrative costs. The Qualified Person should state if the assessment is based on any direct evidence and testing.*

*Interpretation of the word 'eventual' in this context may vary depending on the commodity or mineral involved. For example, for some coal, iron, potash deposits and other bulk minerals or commodities, it may be reasonable to envisage 'eventual economic extraction' as covering time periods in excess of 50 years. However, for many gold deposits, application of the concept would normally be restricted to perhaps 10 to 15 years, and frequently to much shorter periods of time.*

### **Inferred Mineral Resource**

An Inferred Mineral Resource is that part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity.

An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.

*An Inferred Mineral Resource is based on limited information and sampling gathered through appropriate sampling techniques from locations such as outcrops, trenches, pits, workings and drill holes. Inferred Mineral Resources must not be included in the economic analysis, production schedules, or estimated mine life in publicly disclosed Pre-Feasibility or Feasibility Studies, or in the Life of Mine plans and cash flow models of developed mines. Inferred Mineral Resources can only be used in economic studies as provided under NI 43-101.*

*There may be circumstances, where appropriate sampling, testing, and other measurements are sufficient to demonstrate data integrity, geological and grade/quality continuity of a Measured or Indicated Mineral Resource, however, quality assurance and quality control, or other information may not meet all industry norms for the disclosure of an Indicated or Measured Mineral Resource. Under these circumstances, it may be reasonable for the Qualified Person to report an Inferred Mineral Resource if the Qualified Person has taken steps to verify the information meets the requirements of an Inferred Mineral Resource.*

### **Indicated Mineral Resource**

*An Indicated Mineral Resource is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit.*

*Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation.*

*An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Mineral Reserve.*

*Mineralization may be classified as an Indicated Mineral Resource by the Qualified Person when the nature, quality, quantity and distribution of data are such as to allow confident interpretation of the geological framework and to reasonably assume the continuity of mineralization. The Qualified Person must recognize the importance of the Indicated Mineral Resource category to the advancement of the feasibility of the project. An Indicated Mineral Resource estimate is of sufficient quality to support a Pre-Feasibility Study which can serve as the basis for major development decisions.*

### **Measured Mineral Resource**

*A Measured Mineral Resource is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit.*

*Geological evidence is derived from detailed and reliable exploration, sampling, and testing and is sufficient to confirm geological and grade or quality continuity between points of observation.*

*A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proven Mineral Reserve or to a Probable Mineral Reserve.*

*Mineralization or other natural material of economic interest may be classified as a Measured Mineral Resource by the Qualified Person when the nature, quality, quantity and distribution of data are such that the tonnage and grade or quality of the mineralization can be estimated to within close limits and that variation from the estimate would not significantly affect potential economic viability of the deposit. This category requires a high level of confidence in, and understanding of, the geology and controls of the mineral deposit.*

### **Modifying Factors**

*Modifying Factors are considerations used to convert Mineral Resources to Mineral Reserves. These include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors.*

The technical report reports resources at cutoffs that are reasonable for deposits of this nature given anticipated mining methods and plant processing costs, while also considering economic conditions, because of the regulatory requirements that a resource exists “in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction .”

### *Data*

The Authors created a model for estimating the gold resource for the Long Valley project from data provided to the Authors by Vista for the 2003 report (Prenn and Muerhoff, 2003). Hardcopy and digital data received from Vista included: drill hole database with collar locations, down hole survey data, analytical data; topographic data, drill hole location maps, drill hole cross sections, geologic drill logs, and numerous in-house reports.

The drill hole data were checked prior to loading the data into a database; a few minor errors were discovered and corrected prior to importing the data into a Surpac® mining software database. Analytical results that were less than the detection limit were set to zero. All subsequent modeling of the Long Valley resource was performed using Surpac®.

### *Density*

The densities of the rocks present in the Long Valley deposit are highly variable, with density test results ranging from 0.93 to 2.83 g/cm<sup>3</sup>. Comparing density to depth indicates there is a trend of increasing density with increasing depth; however, the correlation is very poor, using both the Amax and Royal Gold test results. The Authors took 10 samples during the 2002 site visit for density verification. Refer to Section 14.3 of the Technical Report for results.

In 2003, one author discussed the density variability with Royal Gold’s consulting geologist, Roger Steininger. Mr. Steininger believed that Amax may have over-weighted the core drilling in areas with low density values. After these discussions, the author determined that a density of 15.5 cubic ft/t was reasonable to use for the resource estimate.



### *Long Valley Resource Model*

Resources modeled and estimated for the Long Valley project are contained within the Hilton Creek, South, and Southeast zones. MDA plotted the gold grade distribution of all drill sample data (excluding air track samples) from these three zones to help identify grade populations to aid in the resource modeling. The overall distribution of gold grades is somewhat linear, with subtle breaks around 0.01, 0.02, 0.05, 0.10, and 0.15 oz Au/ton and a distinct break at about 0.25 oz Au/ton. Nine samples above this break were capped to 0.25 oz Au/ton prior to compositing and grade estimation.

Since the South zone appears to be the northern extension, or continuation, of the Hilton Creek zone, it was decided to model these two zones together.

East-west cross sections were plotted on 100 ft intervals through the Hilton Creek, South, and Southeast areas. The topographic profile and drill hole traces were plotted on each cross section, with gold sample assays, overburden-bedrock contact, and oxide-sulfide contact plotted along the drill hole traces. The cross sections were reviewed to determine if the gold grade populations identified in the grade distribution plot represented continuous zones of mineralization. MDA found that grade zones of ~0.009 to 0.02, 0.02 to ~0.10, and greater than 0.10 oz Au/ton showed the best continuity between drill holes and from section to section, and constructed mineral envelopes using these three grade ranges.

The cross sectional grade model was digitized and transferred to 10 ft spaced level maps for the final interpretation and refinement. A three-dimensional block model was made of the deposit area with blocks 20 ft x 20 ft x 10 ft vertical in size. The model blocks were coded to the appropriate gold zone, as listed in Table 14.6 in the Technical Report. Background mineralization is that mineralization outside of the defined grade zones, but within the model extents.

Bedrock drill samples were composited down hole into 10 ft composites. Down hole composites were used, rather than compositing strictly within each grade envelope, in order to better model the apparent gradational contacts between grade populations, as suggested by the distribution plot of the sample data and supported by review of the data on cross section. Refer to Table 14.6 of the Company's technical report for summary statistics of the composite data. Due to the few composites > 0.10 oz Au/ton in the Southeast zone, zones 22 and 23 were combined and modeled together.

Variography was initially performed separately on composites from each gold zone, using various lag distances and numerous directions, but none showed sufficient structure that could be modeled. MDA then constructed variograms using the combined composites from zones 1 to 3 (Hilton Creek / South zone) and combined composites from zones 21 to 23 (Southeast zone) and were able to construct variograms that showed good continuity.

Three kriging passes were used to estimate the gold resources within the Hilton Creek / South zone and Southeast zone; gold zones 1 to 3 and 21 to 23, respectively. The first pass was done to estimate blocks within the variogram range; the second pass was done to avoid over-smoothing and better honor the local data; and the third pass was done to fill in the portions of the zones left unestimated by passes one and two with inferred material. All blocks that received estimated grades during the third pass are considered Inferred. The background mineralization (zone 99) was estimated in two passes to restrict the over-extrapolation of higher grade values that would be unrestrained by their exclusion from the grade envelopes.

### *Long Valley Resource Classification*

Gold resources for the Long Valley Project were classified based on the average distance of the composites used to estimate the model blocks, as shown in Table 14.9. For any given model block to be classified as Measured or Indicated, the grade of the block had to be estimated from at least two composites. Silver was not estimated. The Long Valley gold resources are tabulated below.

**Table 14.9 Long Valley Resource Classification Parameters**

**Average Composite Distance**

Area	Au Zone	Measured (ft)	Indicated (ft)	Inferred (ft)
<b>Hilton Creek / South Zone</b>	1	0 - 100	100 - 200	> 200
	2	0 - 75	75 - 150	> 150
	3	0 - 50	50 - 100	> 100
	99	0 - 50	50 - 100	> 100
<b>Southeast Zone</b>	21	0 - 50	50 - 100	> 100
	22 - 23	0 - 25	25 - 50	> 50
	99	0 - 50	50 - 100	> 100

MDA completed a nearest neighbor model of the deposit as a check of the kriged model. The results of the nearest neighbor model compared favorably.

*Long Valley Resource Estimate*

A pit was optimized so that resources could be reported based on calculated cutoff grades of the material contained within the optimized pit. The parameters used to generate the optimized pit are shown in Table 14.11.

**Table 14.11 Pit Optimization Parameters**

Item	Units	Parameter
Pit Slope	degrees	45°
Gold Price	US\$ per ounce gold	1,500
Mining	US\$/ton mined	1.70
Crushing	US\$/ton processed	1.40
Heap Leach	US\$/ton processed	1.80
Sulfide Plan	US\$/ton processed	8.60
G&A per Ton	US\$/ton processed	0.63
Refining Cost	US\$/oz Au Produced	5.00
Recovery (Oxide – Less that 150’ below surface)	% Heap Recovery	80%
Recovery (Transition – 150’-200’ below surface)	% Mill Recovery	90%
Recovery – Plant (Sulfide – Below sulfide surface)	% Mill Recovery	90%

The Long Valley gold resources are tabulated in Table 14.2 of the Technical Report. The estimated resources are reported at cutoffs that are reasonable given anticipated mining methods, processing costs, and economic conditions, which fulfills regulatory requirements that a resource exists “in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction.”

The material contained in the optimized pit at a \$1500 gold price above the cutoff grades based on the parameters in the Table above is reported as the current resource effective April 25, 2018, summarized below.

Ore Type	Cutoff oz Au/ton	Measured Resources			Indicated Resources			Measured & Indicated Resource			Inferred Resources		
		K Tons	oz Au/t	K ozs Au	K Tons	oz Au/t	K ozs Au	K Tons	oz Au/t	K ozs Au	K Tons	oz Au/t	K ozs Au
Oxide	0.005	15,923	0.016	258	20,022	0.019	378	35,945	0.018	636	9,192	0.020	185
Transition	0.00639	2,007	0.014	27	2,256	0.014	32	4,263	0.014	59	1,314	0.016	21
Sulfide	0.00639	12,349	0.016	196	21,079	0.017	356	33,428	0.017	552	15,464	0.018	280
Total	Variable	30,279	0.016	481	43,356	0.018	766	73,635	0.017	1,247	25,970	0.019	486

Of note are three items that the Authors believe needs improved definition, in regards to resource modeling, and need further work – the metallurgical, density, and geologic models.

#### *Metallurgical Model*

Resources reported as oxide in this report is that material situated above an oxide-sulfide boundary that was provided to MDA by Vista for the 2003 report (Prenn and Muerhoff 2003). The surface was created by R. Steininger, consultant to Royal Gold and Mono County Mining Company, who generally determined the boundary location by recording the last occurrence of oxide minerals observed in the drill cuttings or core (Steininger, pers. comm.). This boundary represents the deepest limits of oxidation.

To test the validity of this boundary, MDA reviewed the cyanide bottle roll leach assays results from samples coded as oxide in the database. The cyanide bottle roll assays show that a portion of the samples do not exhibit gold recovery indicative of oxide mineralization. The oxide-sulfide boundary provided by Vista to MDA for use in the resource model was not based on analytical data and, as a result, resources reported as oxide include some portion of mixed oxide-sulfide, and sulfide material. Further work is needed to better define and model the oxide, mixed, and sulfide zones, in a metallurgical context.

#### *Density Model*

The density of the ore and waste materials vary considerably. Additional testing is required to develop a higher-confidence density model for the deposit.

#### *Geologic Model*

While there has been a significant amount of geologic study and geologic data collected, as far as MDA can ascertain, very little interpretive geologic modeling has been done for the Long Valley deposit in regards to resource modeling and the understanding of geologic controls on the mineralization. Much of the impact of this on the resource is offset by the close, systematic drill spacing and generally flat-lying, tabular nature of the mineralization. However, a considerable amount of the Indicated and Inferred resources would likely be placed into higher-confidence resource categories if the controls on mineralization were better understood.

Also, there is general agreement among geologists who have been involved with the Long Valley project that there is likely a high-angle structural control on higher grade (+ 0.1 oz Au/t) mineralization. In lieu of hard data to support this, MDA modeled the high grade zones with the same geometry as the lower grade mineralization. As a result, the inclusion of this higher grade material in the Measured and Indicated resource categories was more restrictive than if there were better geologic support.

#### Interpretation and Conclusion

The Long Valley Project is a property of merit with a large, potentially bulk-mineable, open-pit gold resource which is well defined by a large drill hole database. The drill sample collection and assaying were performed to industry standards at the time, and provide a good basis for any future work to be performed on the property.

The deposit is open to depth and also in several areas along strike for resource expansion.

Mr. Prenn believes that three models need to be developed to better characterize the deposit and that these should be developed prior to a more extensive economic evaluation of the deposit. First, a geologic model needs to be prepared for the deposit. This will likely entail additional core drilling and relogging of drill hole cuttings. Within the geologic model, rock type boundaries need to be developed, the angles of the mineralization to the core axis need definition, and the structural features of the deposit need to be developed.

Second, a metallurgical model needs to be developed. The present oxide/sulfide boundary includes material as oxide that has low cyanide soluble gold. The present boundary is based on the last occurrence of oxide. Two boundaries need to be developed that divide the deposit into areas of high, medium, and low cyanide soluble areas.

Third, the density of the deposit needs to be modeled. The tests have shown densities that vary between 58 and 175 lbs/ft<sup>3</sup>. The density needs to be related to the rock types developed for the geologic model. The tests performed so far suggest an increase of density with depth.

In addition to these needs, additional work to develop pit hydrology, the geotechnical character of the pit and heap area, water supply alternatives, and waste rock characterization is required.

The Authors reviewed the project data, including the Long Valley drill hole database, and visited the project site. The Authors believe that the data provided by Kore and Kore's predecessor, Vista, are generally an accurate and reasonable representation of the Long Valley project.

#### Recommendation

MDA recommends a two-phase approach to advance the Long Valley Project. Additional data need to be obtained to better define the geologic, metallurgical, and density models for the deposits. The first step is relogging of the existing drill chips to create a uniform geologic database and to delineate oxide, mixed, and sulfide boundaries that will more accurately represent the various metallurgical domains of the deposits. The second step is drilling additional core holes to obtain data to supplement, complete, and verify the models. This is expected to involve 10,000-20,000 ft of core drilling. The deposit is open in several areas, but modeling is more critical at this point than developing additional resources. Both phases are recommended and the work in phase 2 is not dependent on the outcome of phase 1

The area of the current resource is open to expand at depth and to the south, north, and east, but refining the geologic, metallurgical and density models is more critical at this time than developing additional resources.

Table 26.1 shows the estimated cost of a program (in US\$) that will develop the geologic, metallurgical, and density models as well as update the resources for the deposit.

**Table 26.1 Estimated Cost of Recommended Program in US\$**

Item	Number	Units	Rate	Total
<b>Phase 1</b>				
Relog Drill Holes and Develop Geological Map	125	Days	\$800	\$100,000
Drilling Permit	1	1	\$30,000	\$30,000
Drill Hole Targeting and Drill Program Design	62.5	Days	\$800	\$50,000
Geophysics and Interpretation	1	Lot	\$120,000	\$120,000
Geochemical Sampling	1	Program	\$50,000	\$50,000
Testing Pulps for Ag using 4-acid Digestion	1	Lot	\$50,000	\$50,000
<b>Subtotal Phase 1</b>				<b>\$400,000</b>

<b>Phase 2</b>				
Environmental Studies	2	1	\$40,000	\$80,000
Core Drill Holes	15,000	Feet	\$100	\$1,500,000
Density Testing	3,000	Samples	\$50	\$150,000
Shaker Cyanide Extraction	2,000	Samples	\$20	\$40,000
Sulfide Metallurgical Testing	1	Lot	\$30,000	\$30,000
Grade and Other Models	1	Lot	\$80,000	\$80,000
<b>Subtotal Phase 2</b>				<b>\$1,880,000</b>
<b>Total Program</b>				<b>\$2,280,000</b>

After this work has been completed, the results of the program should be assessed to determine if a preliminary economic assessment should be completed for the Long Valley Project.

### **Selected Financial Information**

The following tables set out certain selected financial information of the Company in summary form for the financial years ended December 31, 2017 and 2016 and the three months ended March 31, 2018 and 2017. This selected financial information has been derived from, and should be read in conjunction with, the Company's audited annual consolidated financial statements for the financial years ended December 31, 2017 and 2016, and unaudited interim condensed consolidated financial statements for the three months ended March 31, 2018 and 2017, which are attached to this Circular as Appendix I.

#### *Selected Annual Financial Information*

A summary of selected financial information for the years ended December 31, 2017 and 2016 is set out below:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Total revenue	-	-
Investment income	-	-
Net loss	(1,296,244)	(733,636)
Total comprehensive loss	(1,337,418)	(733,636)
- per share	(0.09)	(0.07)
Total assets	818,016	315,174
Total current liabilities	342,263	346,953
Long term financial liabilities	-	-

The Company declared no cash dividends during these fiscal periods.

#### *Summary of Quarterly Results*

A summary of selected financial information during the last eight quarters for the Company is as follows:

	<b>Q1 2018 Mar. 31 2018</b>	<b>Q4 2017 Dec. 31 2017</b>	<b>Q3 2017 Sep. 30 2017</b>	<b>Q2 2017 June 30 2017</b>	<b>Q1 2017 Mar. 31 2017</b>	<b>Q4 2016 Dec. 31 2016</b>	<b>Q3 2017 Sep. 30 2016</b>	<b>Q2 2016 June 30 2016</b>
Total revenue	-	-	-	-	-	-	-	-
Net loss	(419,268)	(456,530)	(371,255)	(289,983)	(178,476)	(493,910)	(44,960)	(126,163)

<sup>(1)</sup> The information presented is derived from Kore's interim financial statements which have been prepared by Kore's management using accounting policies consistent with IFRS and in accordance with *IAS 34-Interim Financial Reporting*.

<sup>(2)</sup> Kore was incorporated on February 22, 2016.

## Management's Discussion and Analysis

Financial information relating to the Company, including its audited consolidated financial statements as at and for the year ended December 31, 2017 and 2016 and its unaudited interim condensed consolidated financial statements for the three months ended March 31, 2018 and 2017, and the related management's discussion and analysis, are attached hereto as Appendix I.

## Description of Securities

The authorized share capital of the Company consists of an unlimited number of Kore Shares. As of the date of this Circular, there are 18,707,220 Kore Shares issued and outstanding.

### *Kore Shares*

Each Kore Share carries the right to one vote at all meetings of shareholders of the Company. There are no special rights or restrictions of any nature attaching to the Kore Shares. All Kore Shares rank equally as to dividends, voting powers and participation in assets upon liquidation of the Company.

## Consolidated Capitalization

The following table summarizes the Company's consolidated capitalization as at March 31, 2018 and as at the date of this Circular. The table should be read in conjunction with the financial statements of Kore including the notes thereto, attached hereto as Appendix I.

Description	Amount Authorized	Amount outstanding as at March 31, 2018	Amount outstanding as at June ●, 2018
Common Shares	Unlimited	17,907,220	18,707,220
Options	10% rolling limit	800,000	Nil
Long Term Debt	Unlimited	Nil	Nil

## Prior Sales

There is no public market for the Kore Shares. In the twelve months preceding the date hereof, the following Kore Shares have been issued:

Date	Number of Securities	Issue/Exercise Price Per Security	Aggregate Issue Price
June 1, 2017	14,814 <sup>(3)</sup>	US\$0.675	US\$10,000
July 1, 2017	14,814 <sup>(3)</sup>	US\$0.675	US\$10,000
August 1, 2017	14,241 <sup>(3)</sup>	US\$0.675	US\$9,613
August 8, 2017	66,668	US\$0.75	US\$50,000
August 8, 2017	150,723 <sup>(1)</sup>	\$0.30	US\$45,217
August 25, 2017	42,000 <sup>(1)</sup>	\$0.30	US\$12,600
August 25, 2017	700,000	US\$0.30	US\$210,000
September 1, 2017	11,852 <sup>(3)</sup>	US\$0.675	US\$8,000
September 21, 2017	2,400,000	US\$0.35	US\$840,000

Date	Number of Securities	Issue/Exercise Price Per Security	Aggregate Issue Price
September 21, 2017	144,000 <sup>(1)</sup>	\$0.30	US\$43,200
September 23, 2017	723,214 <sup>(2)</sup>	US\$0.35	US\$253,125
September 23, 2017	3,358 <sup>(3)</sup>	US\$0.675	US\$2,267
April 6, 2018	800,000 <sup>(4)</sup>	US\$0.35	US\$280,000

<sup>(1)</sup> Finders shares.

<sup>(2)</sup> Shares for debt.

<sup>(3)</sup> Convertible debenture facility fee and interest shares.

<sup>(4)</sup> Option exercise.

### Stock Exchange

None of the securities of the Company are listed on any stock exchange.

### Executive Compensation

The following information is presented in accordance with Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers*, and provides details of all compensation for each of the directors and Named Executive Officers of the Company for the 12 months ended December 31, 2017 and 2016.

As of December 31, 2017, the Company had three NEOs: (i) Adrian Rothwell, President and Chief Executive Officer, (ii) James Hynes, Chief Operating Officer and Chairman of the Board, and (iii) Alan Ahlgren, Chief Financial Officer. There were no other executive officers of the Company.

### Director and Named Executive Officer Compensation – Excluding Compensation Securities

The following table sets out all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Company to each current and former NEO and director, in any capacity, for the financial years ended December 31, 2017 and 2016.

Name and position	Year Ended December 31	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Adrian Rothwell <i>President, CEO and Director</i>	2017	250,000	Nil	Nil	Nil	Nil	250,000
	2016	125,000	Nil	Nil	Nil	Nil	125,000
James Hynes <i>Chairman of the Board and Director</i>	2017	250,000	Nil	Nil	Nil	Nil	250,000
	2016	125,000	Nil	Nil	Nil	Nil	125,000
Alan Ahlgren <i>CFO</i>	2017	7,000 <sup>(1)</sup>	Nil	Nil	Nil	Nil	7,000 <sup>(1)</sup>
	2016	Nil	Nil	Nil	Nil	Nil	Nil

<sup>(1)</sup> Mr. Alan Ahlgren was engaged as CFO on November 1, 2017 through a consulting company, Seatrend Strategy Group.

### Stock Options and Other Compensation Securities

There were no Compensation Securities granted or issued to any NEO or director by the Company for services provided or to be provided, directly or indirectly, to the Company during the financial years ended December 31, 2017 or 2016.

There were no Compensation Securities exercised by any NEO or director during the financial years ended December 31, 2017 or 2016.

### ***Stock Option Plans and Other Incentive Plans***

Kore's Stock Option Plan (the "**Kore Stock Option Plan**") was adopted by the Kore Board on November 6, 2017. The Kore Stock Option Plan is compliant with the provisions of the TSXV, notwithstanding that Kore is not listed on the TSXV, and provides that, subject to the requirements of the TSXV, if applicable, the aggregate number of securities reserved for issuance, set aside and made available for issuance under the Kore Stock Option Plan may not exceed 10% of the issued and outstanding Kore Shares at the time of granting of options. Furthermore, the aggregate number of Kore Shares that may be issued pursuant to the exercise of the options awarded under the Kore Stock Option Plan and all other security based compensation arrangements of the Company shall not exceed 10% of the issued and outstanding Kore Shares at any given time. As of the date of this Circular, there are no Kore Shares reserved for options granted under the Kore Option Plan. It is anticipated that the Kore Stock Option Plan will be terminated in connection with the completion of the Amalgamation and any future options will be granted under the Eureka 2018 Option Plan.

### ***Employment, Consulting and Management Agreements***

The material terms of each agreement under which compensation was provided during the years ended December 31, 2017 and 2016, or is payable in respect of services provided to the Company by each NEO or director during such periods, is set out below.

Presently, Mr. Rothwell receives a consulting fee of \$250,000 per annum for his services as CEO, Seatrend Strategy Group receives a consulting fee of \$42,000 per annum for the provision of Mr. Ahlgren's services as CFO, and Mr. Hynes (through a corporation controlled by him and which is the party to the consulting agreement with the Company) receives a consulting fee of \$250,000 per annum for his services as Chairman of the Kore Board.

Each consulting agreement contains provisions relating to a "change of control" of the Company. A "change of control" means:

- (a) the purchase or acquisition of such number of Kore Shares or securities convertible into Kore Shares, or carrying rights to acquire Kore Shares as a result of which a person, group of persons or persons acting jointly or in concert (collectively, the "**Holder**s") beneficially own or exercise control or direction over Kore Shares and/or other Kore convertible securities as, assuming the conversion of the Kore convertible securities beneficially owned by the Holders, entitle them to cast more than 30% of the votes attaching to all of the Kore Shares which may be cast at a meeting of Kore Shareholders to elect directors;
- (b) a change in the composition of the Kore Board such that individuals who were members of the Kore Board cease to constitute a majority of the Kore Board;
- (c) an acquisition, amalgamation, arrangement, merger or other combination of the Company with another company pursuant to which the Kore Shareholders will not immediately thereafter own shares of the successor or continuing company entitling them to cast more than 50% of the votes attaching to all of the shares in the capital of the successor or continuing company which may be cast at a meeting of shareholders to elect directors of that company; or
- (d) the liquidation and/or sale of all or substantially all of the assets of the Company.

If the relevant consulting agreement is terminated in the twelve month period following a Change in Control by either (a) the consultant due to a material change to his or its agreement, or (b) the Company for any reason other than a material breach of the agreement by the consultant, the Company (or any successor entity) will provide the Consultant with a lump sum payment equal to 24 months' fees, and all unexercised and unvested stock options



granted to the Consultant shall immediately vest and be exercisable by the earlier of (a) the expiry date of the options; or (b) 12 months after the date on which the relevant consulting agreement is terminated.

The NEOs will be eligible to receive discretionary bonuses as determined by the Kore Board based on each officer's responsibilities, his achievement of corporate objectives, and the Company's financial performance. There is no formal timing for when such an analysis would be performed or when NEOs would be eligible to receive a salary or discretionary bonus. Any salary or bonus would be determined at the absolute discretion of the Kore Board, and there are presently no performance criteria, goals, or peer groups which have been set or identified in relation to NEO compensation.

Director compensation is determined by the Kore Board. The only arrangements the Company has pursuant to which directors are compensated by the Company for their services in their capacity as directors, or for committee participation, involvement in special assignments or for services as consultant or expert during the most recently completed financial year or subsequently, are as set out in such individual's consulting arrangements with the Company, if any.

The Kore Board, through discussions without any formal objectives, criteria or analysis, is responsible for determining all forms of compensation to be granted to the directors of the Company. The level of compensation for directors is determined after consideration of various relevant factors, including the expected nature and quantity of duties and responsibilities, past performance, comparison with compensation paid by other mining exploration issuers of comparable size and stage of development, and the availability of financial and other resources of the Company.

#### *Compensation of NEOs*

The Kore Board is responsible for determining all forms of compensation to be paid to the CEO, and for reviewing the CEO's recommendations regarding compensation of the other NEOs of the Company, to ensure such arrangements reflect the responsibilities and risks associated with each position.

The key objectives of the Company's executive compensation program are: (i) recruiting and retaining executives critical to the success of the Company and the enhancement of shareholder value; (ii) providing fair and competitive compensation; (iii) balancing the interests of management and the Company shareholders; and (iv) rewarding performance, both on an individual basis and with respect to operations in general. In order to achieve these objectives, the compensation paid to NEOs of the Company consists of base salary and/or long-term incentives in the form of stock options, as set out below.

The Company's executive compensation program is designed to retain, encourage, compensate and reward executives on the basis of individual and corporate performance, both in the short- and the long-term. Base salaries will be based on a number of factors enabling the Company to compete for and retain executives critical to the Company's long-term success. Share ownership opportunities through stock options will be provided to align the interests of executive officers with the longer term interests of shareholders.

In determining specific compensation amounts for executive officers, the Board of Directors considers factors such as experience, individual performance, length of service, contribution towards the achievement of corporate objectives and positive exploration and development results, stock price, and compensation compared to other employment opportunities for executives.

#### *Elements of NEO Compensation*

##### Base Salary or Consulting Fees

The NEO's receive consulting fees in accordance with the terms of their respective agreements with the Company. The Kore Board reviews these fees annually to ensure that they reflect each respective NEO's responsibilities,

performance and experience in fulfilling his role. The Kore Board takes into consideration available market data for other companies of a similar size and nature, although a specific benchmark is not targeted and a formal peer group has not been established.

#### Long-Term Incentives

Long term incentives consist of performance-based grants of stock options. The Kore Board will recommend the number of stock options, if any, to be granted to the Company's executive officers.

In establishing the number of stock options to be granted to the NEOs, if any, reference is made to the number of stock options granted to officers of other companies that, similar to the Company, are involved in the exploration and development of mineral assets. The Kore Board also considers previous grants of options and the overall number of options that are outstanding relative to the number of outstanding Kore Shares in determining whether to make any new grants of stock options and the size and terms of any such grants, as well as the level of effort, time, responsibility, ability, experience and level of commitment of the NEO in determining the level of incentive stock option compensation.

#### ***Pension Disclosure***

No pension, retirement or deferred compensation plans, including defined contribution plans, have been instituted by the Company and none are proposed at this time.

#### ***Management Contracts***

The Company has not entered into any management contracts.

#### ***Non-Arm's Length Party Transactions***

The Company has not entered into any Non-Arm's Length Party transactions.

#### ***Legal Proceedings***

Neither the Company, nor any of its subsidiaries (nor any of their respective properties) are party to or the subject matter of any material legal proceedings and to the best knowledge of the Company, no such legal proceedings are contemplated.

#### ***Material Contracts***

Other than as disclosed below, the Company did not enter into any material agreements other than in the ordinary course of business, since incorporation:

1. The purchase agreement regarding the acquisition of the Long Valley Project between the Company and Vista Gold Corp. dated the March 29, 2017 and related net smelter return royalty. See "*General Development of the Business – Long Valley Project*" above.
2. The share purchase agreement regarding the acquisition of all of the outstanding shares of Imperial USA Corp. between the Company and Goldcorp USA, Inc. dated as of March 28, 2017 and related net smelter return royalty. See "*General Development of the Business – Imperial Project*" above.
3. The Amalgamation Agreement dated February 24, 2018 among the Company, Eureka and Eureka Subco.

Copies of the above agreements may be inspected without charge at the Company's head office during normal business hours prior to the completion of the Business Combination and for a period of 30 days thereafter.

**APPENDIX E**  
**INFORMATION CONCERNING THE RESULTING ISSUER**

*The following information is presented on a post-Transaction basis and is reflective of the projected pro forma business, financial and share capital position of the Resulting Issuer assuming completion of the Transaction. It should be read in conjunction with the information confirming the Transaction appearing elsewhere in the Joint Management Information Circular (the “Circular”) to which this Appendix E is attached. All capitalized terms that are not otherwise defined in this Appendix E shall have the meanings ascribed thereto in the Circular.*

*As the Resulting Issuer will be the same corporate entity as Eureka, this section only includes information respecting Eureka (and Kore, as applicable) after the Transaction that is materially different from information provided elsewhere in the Circular, including Appendices thereto, regarding Eureka and Kore pre-Closing. See Appendix C “Information Concerning Eureka Resources, Inc.” and Appendix D “Information Concerning Kore Mining Ltd.” for additional information regarding Eureka and Kore, respectively. See also the pro forma financial statements of the Resulting Issuer attached hereto as Appendix J.*

*Unless otherwise noted, all Eureka Share amounts and exercise prices for Eureka Convertible Securities set out in this Appendix E have been adjusted to reflect the Consolidation, as completion of the Consolidation is a condition to the closing of the Transaction.*

**Name and Incorporation**

The Resulting Issuer intends to change its name to “Kore Mining Ltd.”, or such other name as the Resulting Issuer Board may determine, immediately following the Closing in accordance with its Articles. The Resulting Issuer will continue to be a corporation governed by the provisions of the BCBCA. It is expected that the head office of the Resulting Issuer will be located at 2515 East Bidwell Street, Suite 100, Folsom, California, USA, and the registered and records office of the Resulting Issuer will be located at Suite 2200 – 885 West Georgia Street, Vancouver, British Columbia, Canada.

Upon completion of the Transaction, Eureka will own all of the issued and outstanding Kore Shares and all of the Amalco Shares, and Kore’s Long Valley Project will constitute the principal property of the Resulting Issuer.

**Intercorporate Relationships**

The following table describes the subsidiaries of the Resulting Issuer following completion of the Transaction, their place of incorporation, continuance or formation, and the percentage of voting securities thereof that will be beneficially owned, controlled or directed by the Resulting Issuer.

<b>Name of Subsidiary</b>	<b>Percentage of Voting Securities Owned</b>	<b>Jurisdiction of Incorporation or Continuance</b>
Amalco	100% (direct)	British Columbia
Eureka Minerals (USA) Inc.	100% (direct)	Nevada
Imperial USA Corp.	100% (indirect)	Nevada
Kore USA Ltd.	100% (indirect)	Nevada

**Risks Related to the Business of Kore and the Resulting Issuer**

The securities of the Resulting Issuer should be considered highly speculative due to the nature of the Resulting Issuer’s proposed business and the current stage of Kore’s development. An investment in Eureka or the Resulting Issuer is highly speculative. Such investment will be subject to certain material risks and investors should not invest in securities of Eureka or the Resulting Issuer unless they can afford to lose their entire investment. **For a**

**description of certain risks and uncertainties that may affect the business of the Resulting Issuer, see the section of the Circular entitled, “Risk Factors Relating to the Transaction”.** Readers should note that such list is not a definitive list of all risk factors associated with an investment in Eureka or the Resulting Issuer or in connection with the Resulting Issuer’s proposed operations upon completion of the Transaction, and other events could arise that have a material adverse effect on the business of Eureka or the Resulting Issuer.

## **Narrative Description of the Business**

### ***Principal Business and Objectives***

Upon completion of the Transaction, the Resulting Issuer’s business will be that of Kore. See Appendix D “*Information Concerning Kore Mining Ltd. – Narrative Description of the Business*”.

The Resulting Issuer will be a natural resource company engaged in the acquisition and development of mineral properties, with its primary focus on the Long Valley Project. The Resulting Issuer will seek to put the Long Valley Project and its other mineral projects into production but, until then, unless it acquires additional properties, it will have no producing properties and consequently no current operating income cash flow or revenues, nor will it provide any products or services to third parties. There is no assurance that a commercially-viable mineral deposit exists on any of the Resulting Issuer’s properties.

Upon the issuance of the Final Exchange Bulletin, the Resulting Issuer will commence the recommended work program for the Long Valley Project as set out in the Technical Report. The Resulting Issuer may also complete additional property acquisitions. The Resulting Issuer intends to commence work on Phase 1 of the work program as recommended in the Technical Report on or about June 30, 2018 and to complete Phase 1 on or about August 31, 2018. For additional information with respect to the recommended work program, see “*Information Concerning Kore Mining Ltd. – The Technical Report – Conclusions*” and “*Information Concerning Kore Mining Ltd. – The Technical Report – Recommendations*”.

### **Description of the Securities**

The authorized capital of the Resulting Issuer will consist of an unlimited number of Resulting Issuer Shares without par value. Following completion of the Transaction, and after giving effect to the Consolidation and the conversion of the Subscription Receipts, it is expected that there will be approximately 71,241,954 Resulting Issuer Shares issued and outstanding (assuming no exercise of the Over-Allotment Option). The rights and restrictions attached to the Resulting Issuer Shares are expected to be identical to those of the Eureka Shares, as described in Appendix C “*Information Concerning Eureka Resources, Inc. – Description of Securities*”.

### ***Resulting Issuer Shares***

Following completion of the Transaction, the following Resulting Issuer Shares are expected to be outstanding:

<b>Resulting Issuer Shares</b>	<b>Number</b>
Resulting Issuer Shares issued as at the date of this Circular	5,301,040 <sup>(1)</sup>
Eureka Consideration Shares to be issued to Kore Shareholders	61,360,914
Resulting Issuer Shares issuable on exercise of Subscription Receipts	4,400,000 <sup>(2)</sup>
Success Fee Shares	180,000
<b>Total</b>	<b>71,241,954</b>

<sup>(1)</sup> Assuming completion of the Consolidation and subject to adjustment to account for rounding in connection with the Consolidation.

<sup>(2)</sup> Assuming completion of the Consolidation and no exercise of the Over-Allotment Option. If the Over-Allotment Option was exercised in full, a total of 5,060,000 Resulting Issuer Shares will be issued on exercise of the Subscription Receipts.

### Resulting Issuer Warrants

Following completion of the Transaction, the following Resulting Issuer Warrants are expected to be outstanding:

Resulting Issuer Warrants	Number	Exercise Price	Expiry Date
Currently outstanding Eureka Warrants <sup>(1)</sup>	121,500	\$1.25	June 10, 2020
	52,500	\$2.00	September 9, 2018
	66,250	\$1.50	October 20, 2018
	108,750	\$1.50	October 26, 2018
	35,350	\$1.50	December 29, 2018
	335,771	\$1.50	May 31, 2019
	900	\$1.40	September 9, 2018
	4,200	\$1.00	October 20, 2018
	6,432	\$1.00	October 26, 2018
	1,992	\$1.00	December 29, 2018
	1,333	\$0.90	May 31, 2019
Resulting Issuer Warrants issuable on exercise of Subscription Receipts <sup>(2)</sup>	2,200,000	\$0.75	24 months from the Closing
Agent's Warrants issued in connection with the Concurrent Financing <sup>(3)</sup>	308,000	\$0.75	24 months from the Closing
<b>Total</b>	<b>3,242,978</b>		

<sup>(1)</sup> Assuming completion of the Consolidation and subject to adjustment to account for rounding in connection with the Consolidation.

<sup>(2)</sup> Assuming completion of the Consolidation and no exercise of the Over-Allotment Option. If the Over-Allotment Option was exercised in full, a total of 2,530,000 Resulting Issuer Warrants will be issued on exercise of the Subscription Receipts.

<sup>(3)</sup> Assuming completion of the Consolidation and no exercise of the Over-Allotment Option. If the Over-Allotment Option was exercised in full, a total of 354,200 Agent's Warrants will be issued in connection with the Concurrent Financing.

### Resulting Issuer Options

Following completion of the Transaction, the following Resulting Issuer Options are expected to be outstanding:

Resulting Issuer Options	Number	Exercise Price	Expiry Date
Resulting Issuer Shares issuable on exercise of Eureka Options <sup>(1)</sup>	120,000	\$1.00	June 23, 2020
	80,000	\$1.00	June 27, 2021
	90,000	\$1.30	January 16, 2022
	20,000	\$1.00	April 28, 2022

Resulting Issuer Options	Number	Exercise Price	Expiry Date
Resulting Issuer Shares issuable on exercise of Resulting Issuer Options to be granted in connection with the Closing	1,375,000	\$0.50	5 years from the date of the Final Exchange Bulletin
<b>Total</b>	<b>1,685,000</b>		

(1) After giving effect to the Consolidation. Because all of the current directors and officers of Eureka are expected to resign in connection with the Closing, it is expected that all of these Eureka Options will, if unexercised, terminate 90 days following the Closing in accordance with the terms of the Eureka Stock Option Plan.

### Pro Forma Consolidated Capitalization

The following table sets out the pro forma share and loan capitalization of the Resulting Issuer, on a consolidated basis, after giving effect to the Transaction, including the completion of the Consolidation and the conversion of the Subscription Receipts. The information is based on, and should be read in conjunction with, the pro forma consolidated financial statements of the Resulting Issuer attached as Appendix J:

Description	Amount Authorized or to be Authorized	Amount Outstanding as at October 31, 2017 after giving effect to the Transaction	Amount Outstanding as at the Closing after giving effect to the Transaction and the Concurrent Financing
Resulting Issuer Shares	Unlimited	66,841,954 <sup>(1)</sup>	71,241,954 <sup>(2)(3)</sup>

(1) On an undiluted basis, assuming the Consolidation has been completed, the Success Fee Shares have been issued and 61,360,914 Eureka Consideration Shares are issued to Kore Shareholders, but excluding the Resulting Issuer Shares issuable on conversion of the Subscription Receipts.

(2) On an undiluted basis, assuming the Consolidation has been completed, the Success Fee Shares have been issued, 61,360,914 Eureka Consideration Shares are issued to Kore Shareholders, and 4,400,000 Resulting Issuer Shares are issued on exercise of the Subscription Receipts (assuming no exercise of the Over-Allotment Option). If the Over-Allotment Option is exercised in full, it is expected that there will be 71,901,954 Resulting Issuer Shares outstanding.

(3) For a full description of all Eureka Convertible Securities to be outstanding at the Closing, see below under the heading "Fully Diluted Share Capital".

As at January 31, 2018, the Resulting Issuer had a deficit of \$4,597,537 on a consolidated basis, based on the pro-forma consolidated balance sheets of the Resulting Issuer attached hereto as Appendix J. Other than as disclosed herein, there were no material changes in the loan capital of the Resulting Issuer, on a consolidated basis, since October 31, 2017, being the date of Eureka's most recent audited annual financial statements.

### Fully Diluted Share Capital

The following table sets out the fully diluted share capital of the Resulting Issuer after giving effect to the Transaction:

	Number of Shares	Percentage <sup>(1)</sup>
Held by existing Eureka Shareholders <sup>(2)</sup>	5,301,040	7.0%
Eureka Consideration Shares	61,360,914	80.6%
Resulting Issuer Shares to be issued on conversion of Subscription Receipts <sup>(3)</sup>	4,400,000	5.8%
Success Fee Shares	180,000	0.2%
Resulting Issuer Warrants to be issued on conversion of Subscription Receipts <sup>(4)</sup>	2,200,000	2.9%
Agent's Warrants issued in connection with Concurrent Financing <sup>(5)</sup>	308,000	0.4%

	Number of Shares	Percentage <sup>(1)</sup>
Resulting Issuer Shares issuable on exercise of Resulting Issuer Options to be granted in connection with the Closing	1,375,000	1.8%
Resulting Issuer Shares issuable on exercise of existing Eureka Options <sup>(2)</sup>	310,000	0.4%
Resulting Issuer Shares issuable on exercise of existing Eureka Warrants <sup>(2)</sup>	734,978	0.9%
<b>Fully-Diluted Total</b>	<b>76,169,932</b>	<b>100.0%</b>

<sup>(1)</sup> Calculated on a fully diluted basis based on 76,169,932 Resulting Issuer Shares expected to be issued and outstanding upon completion of the Transaction, on a fully diluted basis, assuming completion of the Consolidation, issuance of the Success Fee Shares and the Eureka Consideration Shares, and the conversion of the Subscription Receipts but no exercise of the Over-Allotment Option. The actual number of Subscription Receipts issued in connection with the Concurrent Financing could cause the percentages and the total fully-diluted capital of the Resulting Issuer to be materially different from the numbers set forth above.

<sup>(2)</sup> After giving effect to the Consolidation.

<sup>(3)</sup> Assuming no exercise of the Over-Allotment Option. If the Over-Allotment Option is exercised in full, it is expected that there will be 5,060,000 Resulting Issuer Shares issued on conversion of the Subscription Receipts.

<sup>(4)</sup> Assuming no exercise of the Over-Allotment Option. If the Over-Allotment Option is exercised in full, it is expected that there will be 2,530,000 Resulting Issuer Warrants issued on conversion of the Subscription Receipts.

<sup>(5)</sup> Assuming no exercise of the Over-Allotment Option. If the Over-Allotment Option is exercised in full, it is expected that there will be 354,200 Resulting Issuer Shares issued on exercise of the Agent's Warrants.

## Available Funds and Principal Purposes

### Funds Available

The following table sets out information respecting the Resulting Issuer's expected sources of cash following the completion of the Transaction. The amounts shown in the table are estimates only and are based upon the information available to Eureka and Kore as of the date hereof:

Sources	Amount (\$)
Estimated Eureka working capital as at May 31, 2018	(33,200)
Estimated Kore working capital as at May 31, 2018	(99,708)
Gross proceeds of Concurrent Financing <sup>(2)</sup>	2,200,000
<b>Estimated funds available to the Resulting Issuer upon completion of the RTO</b>	<b>2,067,092</b>

<sup>(1)</sup> Assuming no exercise of the Over-Allotment Option and without deducting the Agent's Commission. If the Over-Allotment Option is exercised in full, the gross proceeds of the Concurrent Financing will be \$2,530,000. See "Description of the Transaction – Amalgamation Agreement – Concurrent Financing".

### Principal Purposes

The following table sets out information respecting the Resulting Issuer's intended principal uses of funds for the 12 months following the completion of the Transaction. The intended uses of funds may vary based upon a number of factors and variances may be material. The amounts shown in the table are estimates only and are based upon the information available to Eureka and Kore as of the date hereof:

Use of Funds	Amount (\$)
Estimated Transaction Costs	167,500 <sup>(1)</sup>
Agent's Commission and Agent's Expenses	204,000 <sup>(2)</sup>

<b>Use of Funds</b>	<b>Amount (\$)</b>
General and administrative expenses	840,000
Mineral exploration and development expenses	530,000
Unallocated funds	325,592
<b>Total</b>	<b>2,067,092</b>

(1) Includes legal fees, auditor review fees, filing fees, transfer agent fees and Meeting fees incurred or expected to be incurred in connection with the Transaction.

(2) Includes Agent's Commission of \$154,000, assuming no exercise of the Over-Allotment Option, and Agent's Expenses of \$50,000. If the Over-Allotment Option is exercised in full, the Agent's Commission will be \$177,100. See "Description of the Transaction – The Amalgamation Agreement – Concurrent Financing".

There may be circumstances where, for sound business reasons, the Resulting Issuer reallocates the funds. The Resulting Issuer may require additional funds in order to fulfill all of the Resulting Issuer's expenditure requirements and to meet its objectives, in which case the Resulting Issuer expects to either issue additional securities or incur indebtedness. There is no assurance that additional funding required by the Resulting Issuer will be available if required.

### **Dividends or Distributions**

The Resulting Issuer does not currently intend to declare any dividends payable to the holders of the Resulting Issuer Shares. The Resulting Issuer has no restrictions on paying dividends, but if the Resulting Issuer generates earnings in the foreseeable future, it expects that they will be retained to finance growth, if any. The Resulting Issuer Board will determine if and when dividends should be declared and paid in the future based upon the Resulting Issuer's financial position at the relevant time. All of the Resulting Issuer Shares will be entitled to an equal share in any dividends declared and paid.

### **Principal Securityholders**

Other than as set forth below or elsewhere herein, no Person is anticipated to own, of record or beneficially, directly or indirectly, or to exercise control or direction over, more than 10% of any class of voting securities of the Resulting Issuer after giving effect to the Transaction.

<b>Name of Shareholder</b>	<b>Number of Resulting Issuer Shares Owned</b>	<b>Percentage of Outstanding Shares<sup>(1)</sup></b>
1130447 B.C. Ltd. <sup>(2)</sup>	24,000,481	33.7
Blaxland Pacific Management Corp. <sup>(3)</sup>	16,400,657	23.0

(1) Based on 71,241,954 Resulting Issuer Shares expected to be issued and outstanding upon completion of the Transaction, on an undiluted basis, assuming completion of the Consolidation and the conversion of the Subscription Receipts, but no exercise of the Over-Allotment Option.

(2) The controlling shareholder of 1130447 B.C. Ltd. is Skye Marker. Ms. Marker is the spouse of James Hynes.

(3) The controlling shareholder of Blaxland Pacific Management Corp. is Michael D. Tomsett-Ell.

### **Directors, Officers and Promoters**

In connection with the Closing, Adrian Rothwell, James Hynes, Alan Ahlgren, Brendan Cahill, Robert MacDonald and Harry Pokrandt are expected to be appointed as directors and officers of the Resulting Issuer.

The table below sets out the name, municipality and province of residence, position with the Resulting Issuer, current principal occupation, and the number and percentage of Eureka Shares which will be beneficially owned,



directly or indirectly, or over which control or direction is proposed to be exercised, by each of the Resulting Issuer's proposed directors and officers following the completion of the Transaction. Additional biographical information about each of these individuals is set out below under the heading "Management".

Name, Municipality and Province of Residence and Position(s) to be Held at Closing	Principal Occupation During the Past 5 Years	Resulting Issuer Shares Outstanding upon Closing <sup>(1)</sup>	
		Number of Shares	Percentage (%) <sup>(2)</sup>
Adrian Rothwell Vancouver, BC <i>President, CEO, Director and Promoter</i>	Businessman and former Director, Strategy at Goldcorp from December 2012 to December 2015; and CFO of Centurion Minerals Ltd. from June 2008 to July 2013.	1,327,092 <sup>(5)</sup>	1.9
James W. Hynes Vancouver, BC <i>COO and Director</i>	Businessman and former Director, Vice President, Operations at Reperio Resources Corp. from December 2006 to September 2016.	2,869,123 <sup>(6)</sup>	4.0
Alan Ahlgren <sup>(3)</sup> Vancouver, BC <i>CFO and Corporate Secretary</i>	CFO and Corporate Secretary of Kore since November 2017; CFO of Graphite One Resources Inc. since December 2014; CFO of Montem Resources Corp. since April 2018; CFO of Atrum Coal NL from December 2016 to May 2017; principal of Ahlgren Consulting Inc. from January 2014 to December 2014; and CFO of AQM Copper Inc. from March 2012 to November 2013.	125,000 <sup>(7)</sup>	*
Brendan Cahill <sup>(3)</sup> Vancouver, BC <i>Director</i>	President (since 2012) and Chief Executive Officer (since 2013) of Excellon Resources Inc.	464,001 <sup>(8)</sup>	*
Robert J. (Don) MacDonald <sup>(3)(4)</sup> Vancouver, BC <i>Director</i>	Businessman; and CFO (from August 2010 to March 2017) and acting CEO (from October 2016 to March 2017) at KGHM International (formerly Quadra FNX Mining).	500,007 <sup>(9)</sup>	*
Harry Pokrandt <sup>(3)(4)</sup> Vancouver, BC <i>Director</i>	CEO of Hive Blockchain Technologies Ltd. since June 2017; director of Sandspring Resources Ltd. since September 2015; Managing Director of Macquarie Capital Markets Canada Ltd. from 1985 to 2015. Formerly a director of Lithium X Energy Corp., Fiore Exploration Ltd., and BQ Metals Corp.	1,203,020 <sup>(10)</sup>	1.7
<b>Total:</b>		<b>6,488,243</b>	<b>9.1</b>

\* Less than 1%.

(1) The information as to the number of Resulting Issuer Shares expected to beneficially owned, or controlled or directed, directly or indirectly, by the proposed directors and officers immediately following the Closing has been furnished by the respective directors and officers individually.

(2) Calculated on a partially diluted basis based on 71,241,954 Resulting Issuer Shares expected to be issued and outstanding upon completion of the Transaction, on an undiluted basis, assuming completion of the Consolidation and the conversion of the Subscription Receipts, but no exercise of the Over-Allotment Option. Resulting Issuer Convertible Securities expected to be held by a director or officer are counted as outstanding for computing the percentage ownership of the director or officer holding such Resulting Issuer Convertible Securities, but are not counted as outstanding for computing the percentage ownership of any other director or officer.

(3) Proposed member of the Audit Committee of the Resulting Issuer.

(4) Proposed member of the Compensation Committee of the Resulting Issuer.

- (5) Comprised of: (i) 1,077,092 Resulting Issuer Shares to be registered in the name of Mr. Rothwell; and (ii) 250,000 Resulting Issuer Shares that may be issued on exercise of Resulting Issuer Options to be granted in connection with the Closing.
- (6) Comprised of: (i) 2,619,123 Resulting Issuer Shares to be registered in the name of 1081646 B.C. Ltd, a company controlled by Mr. Hynes; and (ii) 250,000 Resulting Issuer Shares that may be issued on exercise of Resulting Issuer Options to be granted in connection with the Closing.
- (7) Comprised of 125,000 Resulting Issuer Shares that may be issued on exercise of Resulting Issuer Options to be granted in connection with the Closing.
- (8) Comprised of: (i) 164,003 Resulting Issuer Shares to be registered in the name of Mr. Cahill; and (ii) 250,000 Resulting Issuer Shares that may be issued on exercise of Resulting Issuer Options to be granted in connection with the Closing.
- (9) Comprised of: (i) 250,007 Resulting Issuer Shares to be registered in the name of Mr. MacDonald; and (ii) 250,000 Resulting Issuer Shares that may be issued on exercise of Resulting Issuer Options to be granted in connection with the Closing.
- (10) Comprised of: (i) 953,020 Resulting Issuer Shares to be registered in the name of 485374 B.C. Ltd., a company controlled by Mr. Pokrandt; and (ii) 250,000 Resulting Issuer Shares that may be issued on exercise of Resulting Issuer Options to be granted in connection with the Closing.

At the Closing, it is anticipated that the directors and officers of the Resulting Issuer, as a group, will beneficially own, directly or indirectly, or exercise control or direction over, an aggregate of 5,063,245 Resulting Issuer Shares (on an undiluted basis), representing 7.1% of the issued and outstanding Resulting Issuer Shares on an undiluted basis. Each director's term of office shall expire at the next annual meeting of the Resulting Issuer shareholders unless re-elected at such meeting.

## **Management**

The following is a brief description of the proposed key members of management of the Resulting Issuer.

### *Adrian Rothwell – President, CEO, Director and Promoter*

Mr. Rothwell, age 47, has over 20 years of experience in the mining and metals sector. He is currently a director of Fireweed Zinc Ltd. Previously, he served as an executive of Goldcorp Inc., and CFO of NuLegacy Gold Corp, Kiska Metals Corp. and MBMI Resources Inc. He is a British Columbia Chartered Professional Accountant and a member of the Chartered Accountants of Australia and New Zealand. He previously worked for ten years at PricewaterhouseCoopers LLP. Mr. Rothwell holds a BA in Economics from Macquarie University.

Mr. Rothwell expects to devote 100% of his time to performing the work required in connection with acting as a director and officer of the Resulting Issuer. Management anticipates that Mr. Rothwell's consulting agreement with the Resulting Issuer will include non-competition and non-disclosure agreement provisions.

### *James W. Hynes – Chief Operating Officer and Director*

Formerly with Lafarge Canada Inc. and Reperio Resources Corp., Mr. Hynes, age 41, has over 15 years of experience in the mining and metals sector, and a Bachelor of Science in Engineering (1999), specializing in geological and geotechnical engineering, from the University of New Brunswick.

Mr. Hynes expects to devote 100% of his time to performing the work required in connection with acting as a director and officer of the Resulting Issuer. Management anticipates that Mr. Hynes's consulting agreement with the Resulting Issuer will include non-competition and non-disclosure agreement provisions.

### *Alan Ahlgren – CFO and Corporate Secretary*

Mr. Ahlgren, age 64, has over 30 years of experience across various industry sectors, including mining. He is currently CFO of Graphite One Resources Inc., and formerly the Vice President Finance at Kinross Gold Corp. and

CFO at AQM Copper Inc. and First Coal Corp. As a graduate of the University of Manitoba with a Bachelor of Commerce in Accounting and Finance, he is a British Columbia Chartered Professional Accountant.

Mr. Ahlgren expects to devote approximately 50% of his time to performing the work required in connection with acting as an officer of the Resulting Issuer. Management anticipates that Mr. Ahlgren's consulting agreement with the Resulting Issuer will include non-disclosure agreement provisions.

*Brendan Cahill – Director*

Mr. Cahill has over 15 years of experience in the mining and metals sector and in corporate finance, and is currently CEO of Excellon Resources Inc., and a director of Group Eleven Resources Corp. He was formerly the Vice President of Corporate Development for Pelangio Exploration Inc. and a lawyer at Davies Ward Phillips & Vineberg LLP.

*Robert J. ("Don") MacDonald – Director*

Mr. MacDonald served as CFO and then acting CEO at KGHM International (formerly Quadra FNX Mining) from 2010 until March 2017. Quadra FNX was purchased in 2012 for \$3 billion by Polish mining company, KGHM. Mr. MacDonald has over 30 years' experience in mine development, operation and financing and has been involved in the operation or development of over twenty mines in North and South America, the completion of mine financings totaling \$5 billion, and multiple M&A transactions. He previously served as Chief Financial Officer for NovaGold, De Beers Canada Mining (formerly Winspear Diamonds) and Dayton Mining. Mr. MacDonald is a Chartered Professional Accountant, CA and holds Bachelor's and Master's degrees in Engineering from Oxford University. From 2013 to 2017, he was a director of the Mining Association of Canada.

*Harry Pokrandt – Director*

Mr. Pokrandt is currently the CEO and a director of Hive Blockchain Technologies Ltd. (formerly Leeta Gold Corp.) and a director of Sandspring Resources Ltd. Mr. Pokrandt previously served as Managing Director of Macquarie Capital Markets Canada Ltd. (formerly, Orion Securities Inc.) from 1985 to 2015, leading its Vancouver Metals & Mining Group where he worked on numerous financing and advisory assignments. He was formerly a director of Lithium X Energy Corp. prior to its sale and was also formerly a director of Fiore Exploration Ltd., and BQ Metals Corp.

**Corporate Cease Trade Orders or Bankruptcies**

No proposed director, officer or promoter of the Resulting Issuer, or a securityholder anticipated to hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, has been, within 10 years before the date of this Circular, a director, officer or promoter of any person or company that, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order, or an order that denied the issuer access to any exemptions under applicable Securities Laws, for a period of more than 30 consecutive days; or
- (b) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

**Penalties or Sanctions**

No proposed director, officer or promoter of the Resulting Issuer, or a securityholder anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, has

- (a) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) been subject to any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body, that would be likely to be considered important to a reasonable securityholder making a decision about the Transaction.

### Personal Bankruptcies

No proposed director, officer or promoter of the Resulting Issuer, or a securityholder anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, or a personal holding company of any such persons, has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or promoter.

### Conflicts of Interest

Directors and officers of the Resulting Issuer may also serve as directors and/or officers of other companies and may be presented from time to time with situations or opportunities which give rise to apparent conflicts of interest which cannot be resolved by arm's length negotiations but only through exercise by the officers and directors of such judgment as is consistent with their fiduciary duties to the Resulting Issuer which arise under applicable corporate law, especially insofar as taking advantage, directly or indirectly, of information or opportunities acquired in their capacities as directors or officers of the Resulting Issuer. It is expected that all conflicts of interest will be resolved in accordance with the BCBCA. It is expected that any transactions with officers and directors will be on terms consistent with industry standards and sound business practice in accordance with the fiduciary duties of those persons to the Resulting Issuer, and, depending upon the magnitude of the transactions and the absence of any disinterested board members, may be submitted to the shareholders for their approval.

### Other Reporting Issuer Experience

The following table sets out the proposed directors, officers and promoters of the Resulting Issuer that are, or have been within the last five years, directors, officers or promoters of other reporting issuers:

Name	Name and Jurisdiction of Reporting Issuer	Position	From	To
Adrian Rothwell	Fireweed Zinc Ltd. <sup>(1)</sup> (Yukon)	Director	May 2017	Present
	Centurion Minerals Ltd. <sup>(1)</sup> (British Columbia)	CFO	June 2008	July 2013
Alan Ahlgren	AQM Copper Inc. <sup>(1)(3)</sup> (British Columbia)	CFO	March 2012	November 2013
	Graphite One Resources Inc. <sup>(1)</sup> (Alberta)	CFO	December 2014	Present
Brendan Cahill	Group Eleven Resources Corp. <sup>(1)</sup> (British Columbia)	Director	December 2017	Present
	Excellon Resources Inc. <sup>(2)</sup> (Ontario)	CEO and President	July 2012	Present

Name	Name and Jurisdiction of Reporting Issuer	Position	From	To
Robert J. MacDonald	Romarco Minerals Inc. <sup>(1)(3)</sup> (British Columbia)	Director	December 2005	October 2015
	Geovic Mining Corp. <sup>(1)(3)</sup> (Delaware)	Director	December 2006	June 2013
Harry Pokrandt	Hive Blockchain Technologies Ltd. <sup>(1)</sup> (British Columbia)	CEO	June 2017	Present
	Sandspring Resources Ltd. <sup>(1)</sup> (Ontario)	Director	September 2015	Present
	Lithium X Energy Corp. <sup>(1)(3)</sup> (British Columbia)	Director	November 2015	March 2018
	Fiore Exploration Ltd. <sup>(1)(3)</sup> (British Columbia)	Director	July 2016	September 2017
	BeMetals Corp. <sup>(1)</sup> (British Columbia)	Director and Interim CEO	December 2016	February 2018

<sup>(1)</sup> TSXV

<sup>(2)</sup> TSX

<sup>(3)</sup> Ceased reporting

## Executive Compensation

### Summary Compensation Table

The Resulting Issuer is expected to have three executive officers following the Closing. The following table outlines the anticipated compensation to be paid by the Resulting Issuer to each of such executive officers, which include the proposed CEO and CFO.

Name and position	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Adrian Rothwell <i>President, CEO and Director</i>	250,000	-	-	-	-	250,000
James Hynes <i>Chief Operating Officer and Director</i>	250,000	-	-	-	-	250,000
Alan Ahlgren <i>CFO and Corporate Secretary</i>	72,000	-	-	-	-	72,000

In addition to the above, it is expected that all directors and officers of the Resulting Issuer will be entitled to participate in the Eureka 2018 Option Plan at the discretion of the Resulting Issuer Board. The Resulting Issuer may also pay directors' fees to its directors in amounts to be determined.

### Indebtedness of Directors and Officers

No director or officer of Eureka, nor any proposed director or officer of the Resulting Issuer, is or has been indebted to Eureka at any time.

## Investor Relations Arrangements

Other than as provided herein, no written or oral agreement or understanding has yet been reached with any Person to provide any promotional or IR services for the Resulting Issuer.

## Options to Purchase Securities

The table below sets out the number of Resulting Issuer Options expected to be held by directors and officers of the Resulting Issuer following the Closing.

Persons who will hold Resulting Issuer Options upon completion of the Transaction	Number of Resulting Issuer Shares under Option	Exercise Price per Resulting Issuer Share under Option	Expiry Date	Market Value of Resulting Shares under Option <sup>(1)</sup>
All proposed officers of the Resulting Issuer, as a group (3 persons) <sup>(2)</sup>	625,000	\$0.50	5 years from the date of the Final Exchange Bulletin	\$187,500
All proposed directors of the Resulting Issuer who are not also proposed officers, as a group (3 persons) <sup>(3)</sup>	750,000	\$0.50	5 years from the date of the Final Exchange Bulletin	\$225,000
All other persons <sup>(4)</sup>	310,000 <sup>(4)</sup>	Between \$1.00 and \$1.30	<sup>(4)</sup>	\$93,000
<b>Total</b>	1,685,000			

<sup>(1)</sup> Calculated by multiplying the number of Resulting Issuer Options by the market price of \$0.30 per Eureka Share (adjusted from \$0.03 per Eureka Share to reflect the Consolidation) on the TSXV on February 23, 2018, being the last trading day prior to the halting of trading in the Eureka Shares in connection with the announcement of the Transaction.

<sup>(2)</sup> Consists of Adrian Rothwell, James Hynes and Alan Ahlgren. For additional information with respect to the number of Resulting Issuer Options to be held by each of them, see the table under the heading “*Directors, Officers and Promoters*”.

<sup>(3)</sup> Consists of Brendan Cahill, Harry Pokrandt and Don MacDonald. For additional information with respect to the number of Resulting Issuer Options to be held by each of them, see the table under the heading “*Directors, Officers and Promoters*”.

<sup>(4)</sup> Consists of Resulting Issuer Options to be held by certain current directors, officers and consultants of Eureka, all of whom are expected to resign in connection with Closing. In accordance with their terms, all of such Resulting Issuer Options will expire within 30 to 90 days of the Closing. For details regarding the terms of these Resulting Issuer Options and the holders thereof see “*Information Concerning Eureka Resources, Inc. – Executive Compensation – Stock Options and Other Compensation Securities*”.

## Stock Option Plan

The Resulting Issuer expects to maintain the Eureka 2018 Option Plan, as described in the Circular under the heading “*Description of Matters to Be Acted Upon – Approval of Eureka 2018 Option Plan*”, following the Closing.

## Legal Proceedings

To the best of management’s knowledge, there are no material pending legal proceedings to which Eureka, Kore or the Resulting Issuer is or is likely to be a party, or of which any of its property is the subject matter.

## Escrowed Securities

As of the date of this Circular, there are no Kore Shares held in escrow and there are no Eureka Shares held in escrow.

### Value Escrow Shares

Unless acquired pursuant to the Concurrent Financing, all of the Resulting Issuer Shares held by Principals following the issuance of the Final Exchange Bulletin are expected to be Value Escrow Shares, and to be held in escrow subject to the Value Security Escrow Agreement based on TSXV Form 5D. The Value Security Escrow Agreement is expected to be entered into by the Resulting Issuer, the Transfer Agent or an alternate transfer agent as approved by the Resulting Issuer and the TSXV, and each of the Principals of the Resulting Issuer. None of the proposed directors or officers of the Resulting Issuer currently hold any Eureka Shares.

The following table sets out details of the number of Resulting Issuer Shares expected to be held in escrow following the Closing, after giving effect to the first escrow release of 10% of the Value Escrow Shares upon issuance of the Final Exchange Bulletin:

Name and Municipality of Residence of Securityholder	Designation of Class	Number of Resulting Issuer Shares to be Held in Escrow (#)	Percentage (%) <sup>(1)</sup>
Adrian Rothwell North Vancouver, BC	Resulting Issuer Shares	969,383	1.4
1081646 B.C. Ltd. Vancouver, BC	Resulting Issuer Shares	2,357,211 <sup>(2)</sup>	3.3
Alan Ahlgren North Vancouver, BC	Resulting Issuer Shares	-	*
485374 B.C. Ltd. North Vancouver, BC	Resulting Issuer Shares	857,718 <sup>(3)</sup>	1.2
Brendan Cahill Toronto, ON	Resulting Issuer Shares	192,601	*
Robert J. ("Don") MacDonald Vancouver, BC	Resulting Issuer Shares	225,006	*
1130447 B.C. Ltd. Vancouver, BC	Resulting Issuer Shares	21,600,433 <sup>(4)</sup>	30.3
Blaxland Pacific Management Corp. Langley, BC	Resulting Issuer Shares	14,760,591 <sup>(5)</sup>	20.7
1125974 B.C. Ltd. North Vancouver, BC	Resulting Issuer Shares	1,372,309 <sup>(6)</sup>	1.9
2338949 Ontario Ltd. Vancouver, BC	Resulting Issuer Shares	43,298 <sup>(7)</sup>	*
Monika McIsaac Vancouver, BC	Resulting Issuer Shares	3,000	*
<b>TOTAL:</b>		<b>42,381,549</b>	<b>59.5</b>

\* Less than 1%.

(1) On an undiluted basis based on 71,241,954 Resulting Issuer Shares expected to be outstanding following issuance of the Final Exchange Bulletin, assuming the Consolidation has been effected, 4,400,000 Resulting Issuer Shares are issued on conversion of the Subscription Receipts, 61,360,914 Eureka Consideration Shares are issued to the Kore Shareholders and the Success Fee Shares are issued. See "Description of the Transaction – Amalgamation Agreement – Concurrent Financing".

(2) 1081646 B.C. Ltd. is a company controlled by James Hynes.

- (3) All of these Resulting Issuer Shares will be registered in the name of 485374 B.C. Ltd., a company controlled by Harry Pokrandt.
- (4) All of these Resulting Issuer Shares will be registered in the name of 1130447 B.C. Ltd., a company controlled by Skye Marker.
- (5) All of these Resulting Issuer Shares will be registered in the name of Blaxland Pacific Management Corp., a company controlled by Michael D. Tomsett-Ell.
- (6) All of these Resulting Issuer Shares will be registered in the name of 1125974 B.C. Ltd., a company controlled by Robert Cullen.
- (7) All of these Resulting Issuer Shares will be registered in the name of 2338949 Ontario Ltd., a company controlled by Jon Fredericks.

Should the Resulting Issuer be accepted by the TSXV as a Tier 2 Issuer, the Value Escrow Shares will be subject to the release schedule set out in Schedule B(2) to the Value Security Escrow Agreement. Pursuant to Schedule B(2) of the Value Security Escrow Agreement, 10% of the Value Escrow Shares are to be released upon the date of issuance of the Final Exchange Bulletin and an additional 15% of the Value Escrow Shares are to be released every 6 months thereafter, until all Value Escrow Shares have been released (36 months following the date of issuance of the Final Exchange Bulletin). Should the Resulting Issuer be accepted by the TSXV as a Tier 1 Issuer, the Value Escrow Shares shall be released on an accelerated schedule, as set out in Schedule B(1) of the Value Security Escrow Agreement. Pursuant to Schedule B(1) of the Value Security Escrow Agreement, 25% of the Value Escrow Shares would be released upon the date of issuance of the Final Exchange Bulletin and an additional 25% of the Value Escrow Shares would be released every 6 months thereafter, until all Value Escrow Shares have been released (18 months following the date of issuance of the Final Exchange Bulletin).

The Value Escrow Shares may not be transferred without the approval of the TSXV, other than in specified circumstances set out in the Value Security Escrow Agreement.

Where the Value Escrow Shares are held by a non-individual (a “holding company”), each holding company pursuant to the applicable escrow agreement has agreed, or will agree, not to carry out any transactions during the currency of the escrow agreement which would result in a change of control of the holding company, without the consent of the TSXV. Any holding company must sign an undertaking to the TSXV that, to the extent reasonably possible, it will not permit or authorize any issuance of securities or transfer of securities that could reasonably result in a change of control of the holding company. In addition, the TSXV may require an undertaking from any Control Person of the holding company not to transfer the shares of that company.

#### *Seed Share Resale Restrictions*

In addition to the foregoing, certain of the Resulting Issuer Shares to be issued to the Kore Shareholders are expected to be subject to seed share resale restrictions in accordance with Section 10 of Policy 5.4 of the Manual – *Escrow, Vendor Consideration and Resale Restrictions*, pursuant to which:

- an aggregate of 8,586,856 Resulting Issuer Shares to be issued to an aggregate of 52 Kore Shareholders will be subject to a four month hold period, with 20% released each month following the date of the Final Exchange Bulletin and with the first release occurring on the date of the Final Exchange Bulletin; and
- an aggregate of 2,808,820 Resulting Issuer Shares to be issued to an aggregate of 7 Kore Shareholders will be subject to a one year hold period, with 20% released every three months following the date of the Final Exchange Bulletin and with the first release occurring on the date of the Final Exchange Bulletin.

#### **Auditors**

It is expected that PricewaterhouseCoopers LLP, currently the auditors of Kore, will serve as the Resulting Issuer’s auditors, given that Kore is the accounting acquirer in connection with the RTO. The address of PricewaterhouseCoopers LLP is 250 Howe Street, Suite 1400, Vancouver, BC V6C 3S7.



## **Transfer Agent and Registrar**

It is expected that Computershare Investor Services Inc., who is currently Eureka's registrar and transfer agent, will continue to serve as the Resulting Issuer's registrar and transfer agent. It is expected that transfers of the securities of the Resulting Issuer may be recorded at registers maintained by Computershare Investor Services Inc. at its Vancouver office, located at 510 Burrard Street, 3rd Floor, Vancouver, BC, V6C 3B9.

## **Material Contracts**

The only material contracts to which the Resulting Issuer will be a party are described under Appendix C, "*Information concerning Eureka Resources, Inc. – Material Contracts*" and Appendix D "*Information concerning Kore Mining Ltd. – Material Contracts*".

## **Sponsorship**

Pursuant to Policy 2.2 of the Manual, *Sponsorship and Sponsorship Requirements*, sponsorship is generally required in conjunction with an RTO. Eureka has obtained an exemption from the TSXV from the sponsorship requirement in connection with the Transaction on the basis of Section 3.4(a)(i) of Policy 2.2 because: (a) the Resulting Issuer will not be a Foreign Issuer (as defined in the policies of the TSXV); (b) the management of the Resulting Issuer will possess appropriate experience, qualification and history; and (c) the Resulting Issuer will satisfy Tier 2 Listing Requirements for Mining Issuers as set out in Policy 2.1 of the Manual and will have filed the Technical Report.

Eureka has engaged PI Financial Corp., having an address at 1900 – 666 Burrard Street, Vancouver, BC V6C 3N1, to act as agent in connection with the Concurrent Financing. PI Financial Corp. currently holds 886,000 Kore Shares, which are expected to be exchanged for approximately 2,906,138 Consideration Shares in connection with the Closing (after giving effect to the Exchange Ratio). For additional information about the Concurrent Financing, see the section of the Circular entitled "*Description of the Transaction – Concurrent Financing*".

## **Interests of Experts**

The following is a list of persons or companies whose profession or business gives authority to a statement made by such person or company named in this Circular as having prepared or certified a part of that document or report described in the Circular:

- (a) Davidson & Company LLP, auditors of Eureka, which prepared the auditor's report for the audited annual financial statements of Eureka as at and for the fiscal years ended October 31, 2017 and October 31, 2016. They are independent within the meaning of the Chartered Professional Accountants of British Columbia Code of Professional Conduct.
- (b) PricewaterhouseCoopers LLP, auditors of Kore, which prepared the auditor's report for the audited annual financial statements of Kore as at and for the fiscal years ended December 31, 2017 and December 31, 2016. They are independent within the meaning of the Chartered Professional Accountants of British Columbia Code of Professional Conduct.
- (c) Neil Prenn, P.E., and Steven Weiss, C.P.G., the Qualified Persons who prepared the Technical Report for the Long Valley Project.

None of the foregoing experts hold any direct or indirect interests in the property or securities of Eureka or Kore, nor any Associate or Affiliate thereof, nor do they expect to hold any such interest in the property or securities of the Resulting Issuer.

**Other Material Facts**

There are no other material facts about Eureka, Kore or the Resulting Issuer that are not disclosed elsewhere in this Circular.

**APPENDIX F**  
**AUDIT COMMITTEE CHARTER OF EUREKA RESOURCES, INC.**

*[see attached]*

**EUREKA RESOURCES, INC.**  
**AUDIT COMMITTEE CHARTER**

**A. OVERVIEW AND PURPOSE**

The Audit Committee of Eureka Resources, Inc. (“**Eureka**”) has been formed to enable the Board of Directors of Eureka to perform its obligations with respect to compliance with applicable securities laws and the rules of the Exchange.

The Audit Committee is responsible to the Board of Directors of Eureka. The primary objective of the Audit Committee is to assist the Board of Directors in fulfilling its responsibilities with respect to:

- (a) disclosure of financial and related information;
- (b) the relationship with and expectations of the external auditors of Eureka, including the establishment of the independence of the external auditors;
- (c) the oversight of Eureka’s internal controls; and
- (d) any other matters that the Audit Committee feels are important to its mandate or that the Board of Directors of Eureka chooses to delegate to it.

The Audit Committee will approve, monitor, evaluate, advise or make recommendations in accordance with this Charter, with respect to the matters set out above.

**B. ORGANIZATION**

**1. Size and Membership Criteria**

The Audit Committee will consist of three or more Directors of Eureka.

A majority of the members of the Audit Committee must be independent of management and free from any interest, business or other relationship, other than interests and relationships arising from holding Shares of Eureka or other securities which are exchangeable into Shares of Eureka, which could, or could reasonably be perceived to, materially interfere with the director’s ability to act in the best interests of Eureka.

All members of the Audit Committee should be financially literate and be able to read and understand basic financial statements, or should strive to become financially literate within a reasonable period of time after being appointed as a member of the Audit Committee. At least one member of the Audit Committee must have accounting or related financial expertise and should be able to analyze and interpret a full set of financial statements, including notes, in accordance with generally accepted accounting principles.

## **2. Appointment and Vacancies**

The members of the Audit Committee are appointed or reappointed by the Board of Directors following each annual meeting of the shareholders of Eureka. Each member of the Audit Committee will continue to be a member of the Audit Committee until his or her successor is appointed unless he or she resigns or is removed by the Board of Directors of Eureka or ceases to be a Director of Eureka. Where a vacancy occurs at any time in the membership of the Audit Committee the Board of Directors of Eureka may appoint a qualified individual to fill such vacancy and must appoint a qualified individual if the membership of the Audit Committee is less than three Directors as a result of any such vacancy.

## **C. MEETINGS**

### **1. Frequency**

The Audit Committee will meet at least four times per year on a quarterly basis, or more frequently as circumstances require. In addition, the Audit Committee may also meet at least once per year with management and the external auditors of Eureka in separate executive sessions to discuss any matters that the Audit Committee or each of these groups believes should be discussed privately.

### **2. Chair**

The Board of Directors of Eureka or, in the event of its failure to do so, the members of the Audit Committee, will appoint a Chair from amongst their number. If the Chair of the Audit Committee is not present at any meeting of the Audit Committee, the Chair of the meeting will be chosen by the Audit Committee from among the members present.

The Audit Committee will also appoint a secretary who need not be a Director of Eureka.

### **3. Time and Place of Meetings**

The time and place of meetings of the Audit Committee and the procedure at such meeting will be determined from time to time by the members of the Audit Committee, provided that:

- (a) a quorum for meetings of the Audit Committee will be two members present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and hear each other, and
- (b) notice of the time and place of every meeting will be given in writing or facsimile to each member of the Audit Committee, the internal auditors, the external auditors and the corporate secretary of Eureka at least 24 hours prior to the time fixed for such meeting.

Any person entitled to notice of a meeting of the Audit Committee may waive such notice (an attendance at a meeting is a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called).

A meeting of the Audit Committee may be called by the corporate secretary of Eureka on the direction of the President of Eureka, by any member of the Audit Committee or the external auditors. Notwithstanding the foregoing, the Audit Committee will at all times have the right to determine who will and will not be present at any part of the meeting of the Audit Committee.

#### **4. Agenda**

The Chairman will ensure that the agenda for each upcoming meeting of the Audit Committee is circulated to each member of the Audit Committee as well as each of the external auditors and corporate secretary of Eureka in advance of the meeting of the Audit Committee not later than three business days prior to each meeting.

#### **5. Resources**

The Audit Committee will have the authority to retain independent legal, accounting and other consultants to advise the Audit Committee, and to set the pay and compensation for such consultants. The Audit Committee may request any officer or employee of Eureka or its subsidiaries or the legal counsel to Eureka or the external auditors of Eureka to attend any meeting of the Audit Committee or to meet with any members of, or consultants to, the Audit Committee.

#### **D. DUTIES AND RESPONSIBILITIES**

The Board of Directors of Eureka has delegated the following duties and responsibilities to the Audit Committee and the Audit Committee shall have the sole authority and responsibility to carry out these duties and responsibilities.

##### **1. Review and Reporting Procedures**

The Audit Committee will make regular reports to the Board of Directors of Eureka. The Audit Committee will review and re-assess the Audit Committee Charter on an annual basis and make recommendations for changes to this Charter. The Audit Committee will also periodically perform a self- assessment of its performance against its mandate.

##### **2. Financial Reporting**

The Audit Committee will review and discuss with management, the internal auditors (as applicable) and the external auditors of Eureka the following financial statements and related information prior to filing or public dissemination:

- (a) annual audited financial statements of Eureka, including notes;
- (b) interim financial statements of Eureka;
- (c) management discussion and analysis (“**MD&A**”) relating to each of the annual audited financial statements and the interim financial statements of Eureka;
- (d) news releases and material change reports announcing annual or interim financial results or otherwise disclosing the financial performance of Eureka, including the use of non-GAAP earnings measures;
- (e) the annual report of Eureka;
- (f) all financial-related disclosure to be included in management proxy circulars of Eureka in connection with meetings of shareholders; and
- (g) all financial-related disclosure to be included in or incorporated by reference into any prospectus or other offering documents that may be prepared by Eureka.

As part of this review process, the Audit Committee will meet with the external auditors without

management present to receive input from the external auditors with respect to the acceptability and quality of the relevant financial information.

The Audit Committee will also review the following items in relation to the above listed documents:

- (a) significant accounting and reporting issues or plans to change accounting practices or policies and the financial impact thereof;
- (b) any significant or unusual transactions;
- (c) significant management estimates and judgments; and
- (d) monthly financial statements.

Following the review by the Audit Committee of the documents set out above, the Audit Committee will recommend to the Board of Directors that such documents be approved by the Board of Directors and filed with all applicable securities regulatory bodies and/or be sent to shareholders.

### **3. External Auditors**

The Audit Committee is directly responsible for the appointment, compensation and oversight of the work of the external auditors of Eureka (including resolution of disagreements between management and the external auditors regarding financial reporting) for the purpose of preparing or issuing its audit report or performing other audit, review or attest services. As a result, the Audit Committee will review and recommend the appointment of the external auditors and the remuneration of the external auditors.

The Audit Committee will review on an annual basis the performance of the external auditors of Eureka. The Audit Committee will discuss with the external auditors any disclosed relationships or non- audit services that the external auditors propose to provide to Eureka or any of its subsidiaries that may impact the objectivity and independence of the external auditors in order to satisfy itself of the independence of the external auditors.

In addition, the Audit Committee will review on an annual basis the scope and plan of the work to be done by the external auditors of Eureka for the coming financial year.

Prior to the release of the annual financial statements of Eureka, the Audit Committee will discuss certain matters required to be communicated to the Audit Committee by the external auditors in accordance with the standards established by the Canadian Institute of Chartered Accountants. The Committee will also consider the external auditors' judgment about the quality and appropriateness of Eureka's accounting principles as applied in the Eureka's financial reporting.

### **4. Legal and Compliance**

The Audit Committee is responsible for reviewing with management of Eureka the following:

- (a) any off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of Eureka and its subsidiaries which would have a material current or future effect on the financial condition of Eureka;
- (b) major risk exposures facing Eureka and the steps that management has taken to monitor, control and manage such exposures, including Eureka's risk assessment and risk management guidelines and policies;

- (c) any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of Eureka and its subsidiaries and the manner in which these matters have been disclosed in the financial statements; and  
the quarterly and annual certificates of the Chief Executive Officer and the Chief Financial Officer of Eureka certifying Eureka's quarterly and annual financial filings in compliance with Multilateral Instrument 52-109 of the Canadian Securities Administrators.

**5. Internal Controls**

The Audit Committee is responsible for reviewing the adequacy of Eureka's internal control structures and procedures designed to ensure compliance with applicable laws and regulations.

The Audit Committee is responsible for establishing procedures for the following:

- (a) the receipt, retention and treatment of complaints received by Eureka regarding accounting, internal accounting controls, or auditing matters; and
- (b) the confidential, anonymous submission by employees or consultants of Eureka of concerns regarding questionable accounting or auditing matters.

The Audit Committee will review and approve Eureka's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors. The Audit Committee will also review the letters from the external auditors of Eureka outlining the material weaknesses in internal controls noted from their audit, including relevant drafts of such letters.



**APPENDIX G**  
**2018 STOCK OPTION PLAN OF EUREKA RESOURCES, INC.**

*[see attached]*

## **EUREKA RESOURCES, INC.**

### **STOCK OPTION PLAN**

#### **1. PURPOSE**

The purpose of this stock option plan (the “**Plan**”) is to authorize the grant to Eligible Persons (as defined herein) of Eureka Resources, Inc. (the “**Corporation**”) of options to purchase common shares (“**Shares**”) of the Corporation’s capital and thus benefit the Corporation by enabling it to attract, retain and motivate Eligible Persons by providing them with the opportunity, through share options, to acquire an increased proprietary interest in the Corporation.

#### **2. ADMINISTRATION**

The Plan shall be administered by the board of directors of the Corporation (the “**Board**”) or a committee established by the Board for that purpose (the “**Committee**”). Subject to approval of the granting of options by the Board or Committee, as applicable, the Corporation shall grant options under the Plan.

#### **3. SHARES SUBJECT TO PLAN**

Subject to adjustment under the provisions of paragraph 12 hereof, the aggregate number of Shares which may be issued and sold under the Plan will not exceed such number of Shares as is equal to 10% of the aggregate number of Shares issued and outstanding at the time of any stock option grant. The total number of Shares which may be issued or reserved for issuance to any one individual under the Plan within any one year period shall not exceed 5% of the outstanding Shares, unless the approval of disinterested shareholders of the Corporation has been obtained. The Corporation shall not, upon the exercise of any option, be required to issue or deliver any Shares prior to: (a) the admission of such Shares to listing on any stock exchange on which the Shares may then be listed, and (b) the completion of such registration or other qualification of such Shares under any law, rules or regulation as the Corporation shall determine to be necessary or advisable. If any Shares cannot be issued to any option holder (each, an “**Optionee**”) for whatever reason, the obligation of the Corporation to issue such Shares shall terminate and any option exercise price paid to the Corporation shall be returned to the Optionee.

#### **4. LIMITS WITH RESPECT TO INSIDERS**

- (a) The maximum number of Shares which may be reserved for issuance to insiders under the Plan, any other stock option plans of the Corporation, or other options for services granted by the Corporation, shall be 10% of the shares issued and outstanding at the time of any stock option grant (on a non-diluted basis).
- (b) The maximum number of options which may be granted to insiders under the Plan, together with any other previously established or proposed share compensation arrangements, within any one year period shall be 10% of the outstanding Shares at the time of any stock option grant.

## 5. ELIGIBILITY

Options shall be granted only to Eligible Persons, any registered savings plan established by an Eligible Person or any corporation wholly-owned by an Eligible Person. The term “**Eligible Person**” means:

- (a) a senior officer or director of the Corporation or any of its subsidiaries;
- (b) either:
  - (i) an individual who is considered an employee under the *Income Tax Act*,
  - (ii) an individual who works full-time for the Corporation providing services normally provided by an employee and who is subject to the same control and direction by the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source, or
  - (iii) an individual who works for the Corporation on a continuing and regular basis for a minimum amount of time per week (the number of hours should be disclosed in the submission) providing services normally provided by an employee and who is subject to the same control and direction by the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source(in any case, an “**Employee**”);
- (c) an individual employed by a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual (a “**Company**”), which individual is providing management services to the Corporation through such Company, or an individual (together with a Company, a “**Person**”) providing management services directly to the Corporation, which management services are required for the ongoing successful operation of the business enterprise of the Corporation, but excluding a Person engaged in Investor Relations Activities (as hereafter defined) (a “**Management Company Employee**”);
- (d) an individual (or a company or partnership of which the individual is an employee, shareholder or partner), other than an Employee, Management Company Employee, director or senior officer, who:
  - (i) provides ongoing consulting services to the Corporation or an Affiliate of the Corporation under a written contract other than services provided in relation to a Distribution (as defined in the policies of the TSX Venture Exchange (the “**TSX-V**”));
  - (ii) possesses technical, business or management expertise of value to the Corporation or an Affiliate of the Corporation;

- (iii) spends a significant amount of time and attention on the business and affairs of the Corporation or an Affiliate of the Corporation;
- (iv) has a relationship with the Corporation or an Affiliate of the Corporation that enables the individual to be knowledgeable about the business and affairs of the Corporation; and
- (v) does not engage in Investor Relations Activities (as hereafter defined)

any such individual, a **“Consultant”**;

- (e) an individual (or a company or partnership of which the individual is an employee, shareholder or partner), other than an Employee, Management Company Employee, director or senior officer, that falls within the definition of Consultant contained in subsections 5(d)(i) through (iv) which provides Investor Relations Activities (an **“Investor Relations Consultant”**); or
- (f) a person that falls within the definition of Eligible Person contained in any of subsections 5(a), (b) or (d) which provides Investor Relations Activities (an **“Investor Relations Person”**).

For purposes of the foregoing, a Company is an **“Affiliate”** of another Company if: (a) one of them is the subsidiary of the other; or (b) each of them is controlled by the same person.

The term **“Investor Relations Activities”** means any activities or oral or written communications, by or on behalf of the Corporation or a shareholder of the Corporation, that promote or reasonably could be expected to promote the purchase or sale of securities of the Corporation, but does not include:

- (a) the dissemination of information provided, or records prepared, in the ordinary course of business of the Corporation:
  - (i) to promote the sale of products or services of the Corporation,
  - (ii) to raise public awareness of the Corporation, or
  - (iii) that cannot reasonably be considered to promote the purchase or sale of securities of the Corporation;
- (b) activities or communications necessary to comply with the requirements of
  - (i) applicable securities laws, policies or regulations,
  - (ii) the rules, and regulations of the TSX-V or the by-laws, rules or other regulatory instruments of any other self-regulatory body or exchange having jurisdiction over the Corporation; or
- (c) communications by a publisher of, or writer for, a newspaper, magazine or business or financial publication, that is of general and regular paid circulation, distributed only to subscribers to it for value or to purchasers of it, if:

- (i) the communication is only through the newspaper, magazine or publication, and
  - (ii) the publisher or writer received no commission or other consideration other than for acting in the capacity of publisher or writer; or
- (d) activities or communications that may be otherwise specified by the TSX-V.

For stock options to be granted to Employees, Consultants, Management Company Employees or Investor Relations Persons, the Corporation and the Optionee must each represent that the Optionee is a *bona fide* Employee, Consultant, Management Company Employee or Investor Relations Person as the case may be. The terms “**insider**”, “**controlled**” and “**subsidiary**” shall have the meanings ascribed thereto in the *Securities Act* (British Columbia) from time to time. Subject to the foregoing, the Board or Committee, as applicable, shall have full and final authority to determine the persons who are to be granted options under the Plan and the number of Shares subject to each option.

## **6. LIMITS WITH RESPECT TO CONSULTANTS AND INVESTOR RELATIONS PERSONS**

- (a) The maximum number of stock options which may be granted to any one Consultant under the Plan, any other stock option plans of the Corporation or other options for services granted by the Corporation, within any 12 month period, must not exceed 2% of the Shares issued and outstanding at the time of the grant (on a non-diluted basis), without the prior consent of the TSX-V.
- (b) The maximum number of stock options which may be granted to Investor Relations Persons under the Plan, any other stock option plans of the Corporation or other options granted for services by the Corporation, within any 12 month period must not exceed, in the aggregate, 2% of the Shares issued and outstanding at the time of the grant (on a non-diluted basis), without the prior consent of the TSX-V.

## **7. PRICE**

The purchase price (the “**Price**”) for the Shares under each option shall be determined by the Board or Committee, as applicable, on the basis of the market price of the Shares, where “**market price**” shall mean the prior trading day closing price of the Shares on any stock exchange on which the Shares are listed or the last trading price on the prior trading day on any dealing network where the Shares trade, and where there is no such closing price or trade on the prior trading day, “**market price**” shall mean the average of the daily high and low board lot trading prices of the Shares on any stock exchange on which the Shares are listed or dealing network on which the Shares trade for the five (5) immediately preceding trading days. In the event the Shares are listed on the TSX-V, the price may be the market price less any discounts from the market price allowed by the TSX-V, subject to a minimum price of \$0.10. In the event the Shares are not listed on any exchange and do not trade on any dealing network, the market price will be determined by the Board. The approval of disinterested shareholders will be required for any reduction in the Price of a previously granted option to an insider of the Corporation.

## **8. PERIOD OF OPTION AND RIGHTS TO EXERCISE**

Subject to the provisions of this paragraph 8 and paragraphs 9, 10 and 17 below, options will be exercisable in whole or in part, and from time to time, during the currency thereof. Options shall not be

granted for a term exceeding five years. The Shares to be purchased upon each exercise of any option (the “**Optioned Shares**”) shall be paid for in full at the time of such exercise. Except as provided in paragraphs 9, 10 and 17 below, no option which is held by a service provider may be exercised unless the Optionee is then a service provider for the Corporation.

#### **9. CESSATION OF PROVISION OF SERVICES**

Subject to paragraph 10 below, if any Optionee who is a service provider shall cease to be an Eligible Person of the Corporation for any reason (whether or not for cause), the Optionee may, but only within the period of ninety days (unless such period is extended by the Board or the Committee, as applicable, to a maximum of one year next succeeding such cessation, and approval is obtained from the stock exchange on which the Shares trade where required), or thirty days if the Eligible Person is an Investor Relations Person (unless such period is extended by the Board or the Committee, as applicable, to a maximum of one year next succeeding such cessation, and approval is obtained from the stock exchange on which the Shares trade where required), next succeeding such cessation and in no event after the expiry date of the Optionee’s options, exercise the Optionee’s options unless such period is extended as provided in paragraph 10 below.

#### **10. DEATH OF OPTIONEE**

In the event of the death of an Optionee during the currency of the Optionee’s option, the options theretofore granted to the Optionee shall be exercisable within, but only within, the period of one year next succeeding the Optionee’s death. Before expiry of any options under this paragraph 10, the Board or Committee, as applicable, shall notify the Optionee’s representative in writing of such expiry.

#### **11. NON-ASSIGNABILITY AND NON-TRANSFERABILITY OF OPTION**

Any option granted under the Plan shall be non-assignable and non-transferable by an Optionee otherwise than by will or by the laws of descent and distribution, and options shall be exercisable, during an Optionee’s lifetime, only by the Optionee.

#### **12. ADJUSTMENTS IN SHARES SUBJECT TO PLAN**

The aggregate number and kind of shares available under the Plan shall be appropriately adjusted in the event of a reorganization, recapitalization, stock split, stock dividend, combination of shares, merger, consolidation, rights offering or any other change in the corporate structure or shares of the Corporation. The options granted under the Plan may contain such provisions as the Board or Committee, as applicable, may determine with respect to adjustments to be made in the number and kind of shares covered by such options and in the option price in the event of any such change. If there is a reduction in the exercise price of the options of an insider of the Corporation, the Corporation will be required to obtain approval from disinterested shareholders.

#### **13. AMENDMENT AND TERMINATION OF THE PLAN**

The Board or Committee, as applicable, may at any time amend or terminate the Plan, but any such amendment shall be subject to regulatory approval, if required.

**14. EFFECTIVE DATE OF THE PLAN**

The Plan becomes effective on the date of its approval by the Board.

**15. EVIDENCE OF OPTIONS**

Each option granted under the Plan shall be embodied in a written option agreement between the Corporation and the applicable Optionee which shall give effect to the provisions of the Plan.

**16. EXERCISE OF OPTION**

Subject to the provisions of the Plan and the particular option, an option may be exercised from time to time by an Optionee delivering to the Corporation, at its registered office, a written notice of exercise specifying the number of Shares with respect to which the option is being exercised and accompanied by payment in cash or certified cheque for the full amount of the purchase price of the Shares then being purchased.

Upon receipt of a certificate of an authorized officer directing the issue of Shares purchased under the Plan, the transfer agent is authorized and directed to issue and countersign share certificates for the Optioned Shares in the name of such Optionee or the Optionee's legal personal representative or as may be directed in writing by the Optionee's legal personal representative.

**17. VESTING RESTRICTIONS**

Options issued under the Plan may vest at the discretion of the Board or Committee, as applicable, provided that if required by any stock exchange on which the Shares then trade, options issued to Investor Relations Consultants must vest in stages over not less than 12 months with no more than one-quarter (1/4) of the options vesting in any three month period.

**18. NOTICE OF SALE OF ALL OR SUBSTANTIALLY ALL SHARES OR ASSETS**

If at any time when an option granted under this Plan remains unexercised with respect to any Optioned Shares:

- (a) the Corporation seeks approval from its shareholders for a transaction which, if completed, would constitute an Acceleration Event; or
- (b) a third party makes a bona fide formal offer or proposal to the Corporation or its shareholders which, if accepted, would constitute an Acceleration Event,

the Corporation shall notify the Optionees in writing of such transaction, offer or proposal as soon as practicable and, provided that the Board or Committee, as applicable, has determined that no adjustment shall be made pursuant to section 12 hereof, (i) the Board or Committee, as applicable, may permit any Optionee to exercise their options granted under this Plan, as to all or any of the Optioned Shares in respect of which such option has not previously been exercised (regardless of any vesting restrictions), during the period specified in the notice (but in no event later than the expiry date of the option), so that the Optionee may participate in such transaction, offer or proposal; and (ii) the Board or Committee, as applicable, may require the acceleration of the time for the exercise of the said option and of the time for the fulfilment of any conditions or restrictions on such exercise.

For these purposes, an “**Acceleration Event**” means:

- (a) the acquisition by any “offeror” (as defined National Instrument 62-104 - *Take -Over Bids and Issuer Bids* of the Canadian Securities Administrators) of beneficial ownership of more than 50% of the outstanding voting securities of the Corporation, by means of a take-over bid or otherwise;
- (b) any consolidation or merger of the Corporation in which the Corporation is not the continuing or surviving corporation or pursuant to which shares of the Corporation would be converted into cash, securities or other property, other than a merger of the Corporation in which shareholders immediately prior to the merger have the same proportionate ownership of stock of the surviving corporation immediately after the merger;
- (c) any sale, lease exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Corporation; or
- (d) the approval by the shareholders of the Corporation of any plan of liquidation or dissolution of the Corporation.

#### **19. RIGHTS PRIOR TO EXERCISE**

An Optionee shall have no rights whatsoever as a shareholder in respect of any of the Optioned Shares (including any right to receive dividends or other distributions therefrom or thereon) other than in respect of Optioned Shares in respect of which the Optionee shall have exercised the option to purchase hereunder and which the Optionee shall have actually taken up and paid for.

#### **20. EXPIRY OF OPTION**

- (a) On the expiry date of any option granted under the Plan, and subject to any extension of such expiry date permitted in accordance with the Plan, such option shall forthwith expire and terminate and be of no further force or effect whatsoever as to such of the Optioned shares in respect of which the option has not been exercised.
- (b) Notwithstanding anything else contained in this Plan, and subject to the applicable provisions in the TSX-V Corporate Finance Manual, if an option expires during a Blackout Period (as defined herein) applicable to an applicable Optionee, then the expiration date for that option shall be the date that is the tenth business day after the expiry date of such Blackout Period, unless, at the applicable time, the applicable Optionee or the Corporation is subject to a cease trade order (or similar order under applicable securities laws) in respect of the Corporation’s securities. This section applies to all options outstanding under this Plan. For the purposes of this Plan, “**Blackout Period**” means a period of time during which an Optionee cannot exercise an option or sell Optioned Shares due to the Corporation’s insider trading policy or any other applicable policy of the Corporation.



## **21. TAX MATTERS**

The Corporation shall have the power and the right to deduct or withhold, or require an Optionee to remit to the Corporation, the required amount to satisfy federal, provincial and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of the Plan, including the grant or exercise of any stock option granted under the Plan. With respect to any required withholding, the Corporation shall have the irrevocable right to, and the Optionee consents to, the Corporation setting off any amounts required to be withheld, in whole or in part, against amounts otherwise owing by the Corporation to the Optionee (whether arising pursuant to the Optionee's relationship as a director, officer, employee or consultant of the Corporation or otherwise), or may make such other arrangements that are satisfactory to the Optionee and the Corporation. In addition, the Corporation may elect, in its sole discretion, to satisfy the withholding requirement, in whole or in part, by withholding such number of Shares issuable upon exercise of the stock options as it determines are required to be sold by the Corporation, as trustee, to satisfy any withholding obligations net of selling costs. The Optionee consents to such sale and grants to the Corporation an irrevocable power of attorney to effect the sale of such Shares issuable upon exercise of the stock options and acknowledges and agrees that the Corporation does not accept responsibility for the price obtained on the sale of such Shares issuable upon exercise of the stock options.

## **22. GOVERNING LAW**

This Plan, and all matters related hereto or arising hereunder, shall be construed in accordance with and be governed by the laws of the Province of British Columbia and shall be deemed to have been made in said Province, and shall be in accordance with all applicable securities laws.

**APPENDIX H**

**AUDITED ANNUAL CONSOLIDATED FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS  
OF EUREKA RESOURCES, INC. AS AT AND FOR THE FISCAL YEARS ENDED OCTOBER 31, 2017 AND OCTOBER 31,  
2016 AND FOR THE THREE MONTHS ENDED JANUARY 31, 2018 AND 2017**

*[see attached]*



**EUREKA RESOURCES INC.**

Condensed Interim Consolidated Financial Statements

January 31, 2018

(Expressed in Canadian Dollars)

(Unaudited)

**EUREKA RESOURCES INC.****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

As at January 31, 2018 and October 31, 2017

(Expressed in Canadian Dollars)

(Unaudited)

	January 31, 2018	October 31, 2017
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 68,781	\$ 2,686
Restricted cash – Note 8	-	72,011
GST receivable	2,407	20,333
BC Mining Exploration tax credit receivable – Note 6	11,112	11,112
Yukon Mining Exploration grant receivable – Note 6	-	80,000
Prepaid expenses	5,625	15,028
<b>Total current assets</b>	<u>87,925</u>	<u>201,170</u>
<b>Non-current assets</b>		
Reclamation bonds – Note 7	21,204	21,718
Exploration and evaluation assets – Notes 6 and 9	1,169,570	1,168,164
<b>Total non-current assets</b>	<u>1,190,774</u>	<u>1,189,882</u>
<b>Total assets</b>	<u>\$ 1,278,699</u>	<u>\$ 1,391,052</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 45,986	\$ 67,406
Due to related parties – Note 9	140,582	290,397
<b>Total current liabilities</b>	<u>186,568</u>	<u>357,803</u>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital – Note 8	7,390,156	7,269,573
Reserves – Note 8	938,536	938,536
Deficit	(7,236,561)	(7,174,860)
<b>Total shareholders' equity</b>	<u>1,092,131</u>	<u>1,033,249</u>
<b>Total liabilities and shareholders' equity</b>	<u>\$ 1,278,699</u>	<u>\$ 1,391,052</u>

Corporate Information – Note 1

Basis of Preparation – Note 2

Commitments – Notes 6 and 8

Subsequent Events – Note 12

Approved by the Directors:

“Brent Petterson”

Director

“Michael Sweatman”

Director

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

**EUREKA RESOURCES INC.****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

For the three months ended January 31, 2018 and 2017

(Expressed in Canadian Dollars)

(Unaudited)

	2018	2017
<b>EXPENSES</b>		
Accounting and audit – Note 9	\$ 9,000	\$ 15,130
Consulting fees – Note 9	6,424	28,500
Filing and listing fees	1,400	4,633
Foreign exchange loss (gain)	(403)	902
Insurance	3,536	2,500
Legal	7,586	10,702
Management fees – Note 9	18,000	18,000
Marketing	5,000	54,753
Office	3,525	3,486
Rent	3,275	2,075
Shareholder communications	1,500	3,843
Share-based compensation – Notes 8 and 9	-	114,000
Storage	429	411
Transfer agent	2,042	1,823
Travel and entertainment	207	3,395
Website	180	530
	<u>(61,701)</u>	<u>(264,683)</u>
<b>OTHER</b>		
Unrealized loss on marketable securities – Note 5	<u>-</u>	<u>(6,250)</u>
<b>Loss and comprehensive loss for the period</b>	<u>\$ (61,701)</u>	<u>\$ (270,933)</u>
<b>Basic and diluted loss per share</b>	<u>\$ (0.001)</u>	<u>\$ (0.008)</u>
<b>Weighted average number of shares outstanding – basic and diluted</b>	<u>47,307,511</u>	<u>36,008,140</u>

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

**EUREKA RESOURCES INC.**

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three months ended January 31, 2018 and 2017

(Expressed in Canadian Dollars)

(Unaudited)

	2018	2017
Cash Provided By (Used In):		
<b>Operating Activities</b>		
Loss for the period	\$ (61,701)	\$ (270,933)
Adjustments for items not involving cash:		
Share-based compensation	-	114,000
Unrealized loss on marketable securities	-	6,250
Unrealized foreign exchange loss	514	782
Net changes in non-cash working capital components:		
GST receivable	17,926	1,180
Prepaid expenses	9,403	18,958
Accounts payable and accrued liabilities	(18,743)	12,241
Due to related parties	32,784	105
	<u>(19,817)</u>	<u>(117,417)</u>
<b>Investing Activities</b>		
Yukon Mining Exploration grant received	80,000	-
Exploration and evaluation assets	(186,682)	(56,871)
	<u>(106,682)</u>	<u>(56,871)</u>
<b>Financing Activities</b>		
Proceeds from the issuance of shares	126,250	73,587
Share issuance costs	(5,667)	(1,992)
	<u>120,583</u>	<u>71,595</u>
Change in cash during period	(5,916)	(102,693)
Cash and restricted cash, beginning of period	<u>74,697</u>	<u>392,664</u>
Cash and restricted cash, end of period	<u>\$ 68,781</u>	<u>\$ 289,971</u>
<u>Supplementary cash flow information:</u>		
Interest paid in cash	\$ -	\$ -
Income taxes paid in cash	\$ -	\$ -

Non-cash Transactions – Note 11

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

**EUREKA RESOURCES INC.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
For the three months ended January 31, 2018 and 2017  
(Expressed in Canadian Dollars)  
(Unaudited)

Share Capital						
	Number of Shares	Amount	Reserves	Deficit	Total	
<b>Balance as at October 31, 2016</b>	<b>34,913,972</b>	<b>\$ 6,439,649</b>	<b>\$ 741,431</b>	<b>\$ (6,429,890)</b>	<b>\$ 751,190</b>	
Exercise of finder's warrants – Note 8	38,500	2,887	-	-	2,887	
Reclassification on exercise of finder's warrants	-	3,851	(3,851)	-	-	
Private placements – Note 8	707,000	70,700	-	-	70,700	
Less: share issue costs – Note 8	-	(3,386)	1,394	-	(1,992)	
Property acquisition costs – Notes 6 and 8	2,625,000	275,625	-	-	275,625	
Share-based compensation – Notes 8 and 9	-	-	114,000	-	114,000	
Loss for the period	-	-	-	(270,933)	(270,933)	
<b>Balance as at January 31, 2017</b>	<b>38,284,472</b>	<b>\$ 6,789,326</b>	<b>\$ 852,974</b>	<b>\$ (6,700,823)</b>	<b>\$ 941,477</b>	
<b>Balance as at October 31, 2017</b>	<b>45,712,402</b>	<b>\$ 7,269,573</b>	<b>\$ 938,536</b>	<b>\$ (7,174,860)</b>	<b>\$ 1,033,249</b>	
Private placements – Note 8	4,750,000	126,250	-	-	126,250	
Less: share issue costs – Note 8	-	(5,667)	-	-	(5,667)	
Loss for the period	-	-	-	(61,701)	(61,701)	
<b>Balance as at January 31, 2018</b>	<b>50,462,402</b>	<b>\$ 7,390,156</b>	<b>\$ 938,536</b>	<b>\$ (7,236,561)</b>	<b>\$ 1,092,131</b>	

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

**EUREKA RESOURCES INC.**

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF EXPLORATION AND EVALUATION ASSETS**

For the three months ended January 31, 2018 and for the year ended October 31, 2017

(Expressed in Canadian Dollars)  
(Unaudited)

	FG	Gold Creek	CKN	Luxor/Etta	Tak	Gemini	Total
<b>Balance, October 31, 2016</b>	<b>\$ 122,882</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 161,039</b>	<b>\$ 283,921</b>
Acquisition costs – cash	-	-	15,000	-	-	-	15,000
Acquisition costs – shares – Note 6 and 9	-	7,500	4,750	275,625	50,000	11,000	348,875
Assays	-	36,524	-	16,643	16,643	-	69,810
Claim maintenance	-	-	-	-	-	14,343	14,343
Drilling	-	62,244	-	-	-	-	62,244
Geological – Note 9	4,738	56,768	15,969	44,542	49,690	7,793	179,500
Staking	-	-	859	1,550	-	-	2,409
Surveying – geophysical – Note 9	-	-	-	174,011	58,004	-	232,015
Travel and field operations	30,236	26,671	323	29,329	36,501	-	123,060
Less: settlement on cancellation of option	(35,000)	-	-	-	-	-	(35,000)
Less: BC Mining Exploration Tax Credit	-	(11,112)	-	-	-	-	(11,112)
Less: Yukon Mining Exploration Grant	-	-	-	(40,000)	(40,000)	-	(80,000)
Write-off of exploration and evaluation assets	-	-	(36,901)	-	-	-	(36,901)
<b>Balance, October 31, 2017</b>	<b>\$ 122,856</b>	<b>\$ 178,595</b>	<b>\$ -</b>	<b>\$ 501,700</b>	<b>\$ 170,838</b>	<b>\$ 194,175</b>	<b>\$ 1,168,164</b>
Geological – Note 9	735	182	-	-	-	489	1,406
<b>Balance, January 31, 2018</b>	<b>\$ 123,591</b>	<b>\$ 178,777</b>	<b>\$ -</b>	<b>\$ 501,700</b>	<b>\$ 170,838</b>	<b>\$ 194,664</b>	<b>\$ 1,169,570</b>

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



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**Eureka Resources Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**January 31, 2018**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

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**1. CORPORATE INFORMATION**

Eureka Resources Inc. (the “Company”) was incorporated under the laws of the Province of British Columbia, Canada on June 16, 1981. Eureka Minerals (USA) Inc. was incorporated under the laws of the State of Nevada, USA on June 23, 2016.

The Company’s business is the acquisition, exploration and evaluation of mineral properties located in the Province of British Columbia, Canada, in the Yukon Territory, Canada and in the State of Nevada, USA. The Company’s common shares are listed for trading on the TSX Venture Exchange (“TSX-V”) under the symbol “EUK”. The Company’s head office is Suite 1100 - 1111 Melville Street, Vancouver, British Columbia, Canada V6E 3V6.

**2. BASIS OF PREPARATION**

*Statement of Compliance*

These 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”) and in accordance with International Accounting Standard (“IAS”) IAS 34 “Interim Financial Reporting”.

These condensed interim consolidated financial statements do not include all of the information and disclosures required to be included in annual financial statements prepared in accordance with IFRS. These condensed interim consolidated financial statements should be read in conjunction with the Company’s audited annual financial statements for the years ended October 31, 2017 and 2016.

These condensed interim consolidated financial statements were authorized for issue on May 24, 2018 by the directors of the Company.

*Going Concern*

These condensed interim consolidated financial statements are prepared using IFRS applicable to a going concern, which contemplates the Company will continue in operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. Future operations are dependent on the Company’s ability to raise additional equity financing and the attainment of profitable operations.

The Company has a history of operating losses and at January 31, 2018, has an accumulated deficit of \$7,236,561. At January 31, 2018, the Company had a working capital deficiency of \$98,643. The Company will require additional equity financings in order to continue exploration of its exploration and evaluation assets and fund its administrative operations but believes that it can maintain operations for the next twelve months.

These condensed interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. These conditions may cast significant doubt about the Company’s ability to continue as a going concern.

*Principles of Consolidation*

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

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Name of subsidiary	Country of Incorporation	Percentage ownership	Principal Activity
Eureka Minerals (USA) Inc.	USA	100%	Exploration of Mineral Properties

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The Company consolidates the subsidiary on the basis that it controls the subsidiary through its ability to govern its financial and operating policies. All intercompany balances and transactions have been eliminated on consolidation.

**2. BASIS OF PREPARATION (cont'd...)**

*Basis of Measurement*

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments as fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. All dollar amounts are expressed in Canadian dollars unless otherwise specified.

*Critical Accounting Judgments, Estimates and Assumptions*

*Critical Judgments*

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

*Estimations and assumptions*

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

*i) Exploration and Evaluation Assets*

The carrying amount of the Company's exploration and evaluation assets properties does not necessarily represent present or future values, and the Company's exploration and evaluation assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and upon future profitable production or proceeds from the disposition of the mineral properties themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets.

*ii) Share-based Payments*

The estimation of share-based payments includes estimating the inputs used in calculating the fair value for share-based payments expense included in profit or loss and share-based share issuance costs included in equity. Share-based payments expense and share-based share issuance costs are estimated using the Black-Scholes options-pricing model as measured on the grant date to estimate the fair value of stock options. This model involves the input of highly subjective assumptions, including the expected price volatility of the Company's common shares, the expected life of the options, and the estimated forfeiture rate.

*iii) Income Taxes*

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### *Exploration and Evaluation Assets*

All expenditures related to the cost of exploration and evaluation of mineral resources including acquisition costs for interests in mineral claims are capitalized as exploration and evaluation assets and are classified as intangible assets. General exploration costs not related to specific mineral properties or incurred prior to acquisition are expensed as incurred. If economically recoverable reserves are developed, capitalized costs of the related property are reclassified as mining assets and upon commencement of commercial production, are amortized using the units of production method over estimated recoverable reserves. Impairment is assessed at the level of cash-generating units.

Exploration and evaluation assets are regularly reviewed for impairment or whenever events or changes in circumstances indicate that the carrying amount may exceed its recoverable amount. When an impairment review is undertaken, the recoverable amount is assessed by reference to the higher of a value in use (being the present value of expected future cash flows of the relevant cash generating unit) and fair value less costs to sell. If the carrying amount of an asset exceeds the recoverable amount an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Impairment of a property is generally considered to have occurred if one of the following factors are present; the rights to explore have expired or are near to expiry with no expectation of renewal, no further substantive expenditures are planned or budgeted, exploration and evaluation work is discontinued in an area for which commercially viable quantities have not been discovered, and indications exist that development in a specific area is likely to proceed, but the carrying amount is unlikely to be recovered in full by development or sale.

The Company has not yet determined whether or not any of its exploration and evaluation assets contain economically recoverable reserves. Amounts capitalized to exploration and evaluation assets do not necessarily reflect present or future values.

#### *Decommissioning and Restoration Provisions*

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of exploration and evaluation assets and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision. The increase in the provision due to the passage of time is recognized as interest expense.

The Company had no decommissioning liabilities as at January 31, 2018 and October 31, 2017.

#### *Government assistance*

When the Company is entitled to receive mineral exploration tax credits or other government grants, these amounts are recognized as a recovery of exploration and evaluation assets when there is reasonable assurance of their receipt.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

*Foreign Currency Translation*

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency of the Company is the Canadian dollar and the functional currency of Eureka Minerals (USA) Inc. is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21.

*i) Transactions and Balances*

Foreign currency transactions are translated into the relevant functional currency using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are determined in foreign amounts are translated at the rate of exchange at the date of the statement of financial position. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of loss.

*Comparative Figures*

Certain comparative figures have been reclassified to conform to the current year's presentation. These reclassifications did not affect prior years' comprehensive losses.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

***Share-based Payments***

The stock option plan allows Company employees, directors and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based payments expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. Consideration paid on the exercise of stock options is credited to share capital and the fair value of the options is reclassified from contributed reserves to share capital.

The fair value is measured at grant date and each tranche is recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes Option Pricing Model which takes into consideration the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the number of stock options that are expected to vest.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

***Income Taxes***

Current tax is the expected tax payable or receivable on the local taxable income or loss for the year, using local tax rates enacted or substantively enacted at the financial position reporting date, and includes any adjustments to tax payable or receivable in respect of previous periods.

Deferred income taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the financial position reporting date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

***Flow-through shares***

Canadian income tax legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. The Company accounts for flow-through shares whereby the premium paid for the flow-through shares in excess of the market value of the shares without flow-through features at the time of issue is credited to other liabilities and included in income tax recovery at the same time the qualifying expenditures are made.

***Loss Per Share***

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

*Financial Instruments*

Financial Assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit or loss. The Company's cash, restricted cash and marketable securities are classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. The Company's GST receivable, BC Mining Exploration tax credit receivable and Yukon Mining Exploration grant receivable are classified as loans and receivables. Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in profit or loss. As at January 31, 2018 and October 31, 2017, the Company has not classified any financial assets as available for sale. The Company classifies its reclamation bonds as held to maturity.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss as follows:

- a) Financial assets carried at amortized cost: The loss is the difference between the amortized cost of the asset and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.
- b) Available-for-sale financial assets: The impairment loss is the difference between the original cost of the asset and its fair value at the measurement date, less any impairment losses previously recognized in the statement of loss and comprehensive loss. This amount represents the cumulative loss in accumulated other comprehensive income that is reclassified to the statement of loss and comprehensive loss.

Financial Liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and accrued liabilities and due to related parties are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in profit or loss unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in profit or loss.

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**Eureka Resources Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**January 31, 2018**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

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**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

*Impairment of non-financial assets*

At the end of each reporting period the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Following the recognition of an impairment loss, the depreciation charge applicable to the asset is adjusted prospectively in order to systematically allocate the revised carrying amount, net of any residual value, over the remaining useful life.

Where an impairment subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate and its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

*Share Capital*

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity. Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued.

The Company has adopted a residual value method with respect to the measurement of warrants attached to private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in the private placements to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing market price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as contributed reserves.

*New Standards Adopted for the Year Ended October 31, 2017*

There were no changes to the Company's significant accounting policies during the year ended October 31, 2017 that had a material impact on its consolidated financial statements.

*New Standards Adopted for the Year Ended October 31, 2018*

IFRS 15 - New standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The adoption of this new standard had no effect on the Company's consolidated financial statements.



**Eureka Resources Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**January 31, 2018**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

*New Standards and Interpretations Not Yet Adopted*

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for future accounting periods. The following have not yet been adopted by the Company and are being evaluated to determine their impact.

- a) IFRS 9 – New standard that replaced IAS 39 for classification and measurement, effective for annual periods beginning on or after January 1, 2018.
- b) IFRS 16 – Leases: New standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019.

**4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

Financial instruments measured at fair value are classified into three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair values of the Company's receivables, accounts payable and accrued liabilities and due to related parties approximate their carrying values because of the short-term nature of these instruments. The fair value of the Company's reclamation bonds also approximates its carrying value. The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at January 31, 2018 and October 31, 2017:

	Level 1	Level 2	Level 3
October 31, 2017:			
Cash	\$ 2,686	\$ -	\$ -
Restricted cash	\$ 72,011	\$ -	\$ -
January 31, 2018:			
Cash	\$ 68,781	\$ -	\$ -

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

*Credit risk*

The Company's cash is held with large financial institutions. The Company's receivables consist of sales taxes and exploration grants and tax credits receivable from the Government of Canada and the Governments of British Columbia and the Yukon Territory. Management believes that credit risk concentration with respect to cash and receivables is remote.

*Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at January 31, 2018, the Company had cash of \$68,781 to settle current liabilities of \$186,568. Management intends to raise additional funds through equity financings or alternative forms of financing to meet its current liabilities when they become due. See going concern discussion in Note 2.

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**Eureka Resources Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**January 31, 2018**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

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**4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)**

*Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, and commodity and equity prices.

a) Interest rate risk

The Company has cash which is not subject to significant risks in fluctuating interest rates. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. An increase to interest rates by 1% would have an insignificant effect on the Company's operations.

b) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company's marketable securities are subject to price risk. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

c) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash denominated in US dollars. As at January 31, 2018 and October 31, 2017 a 10% fluctuation in the US Dollar against the Canadian Dollar would not have a significant impact on profit and loss.

**5. MARKETABLE SECURITIES**

During the three months ended January 31, 2018 and 2017, the Company had the following marketable securities transactions:

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	2018	2017
Fair value, beginning	\$ -	\$ 28,750
Unrealized loss	-	(6,250)
Fair value, ending	\$ -	22,500

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The fair value of the Company's marketable securities is measured at each reporting date by reference to the closing price of the shares.

6. EXPLORATION AND EVALUATION ASSETS

*FG Gold Project:*

The Company holds a 100% interest in 33 contiguous claims comprising the FG Gold Project area. The claims are located in the Cariboo Mining Division, British Columbia.

- i. Under the terms of a Settlement Agreement in which a dispute between the Company and a former optionee of the property was settled, the Company must issue 200,000 common shares to the former optionee owners upon completion of a positive feasibility study;
- ii. In addition, the Company must issue 210,000 common shares to a former director in consideration for exploration work done on the property, as follows:

Upon completion of feasibility study recommending production	70,000
Upon commencement of production	70,000
Upon repayment of pre-production capital costs	70,000

- iii. The property is subject to a 3% net smelter return royalty (“NSR”) which becomes payable after the capital required to bring the property into commercial production is recovered from production. The NSR is limited to a maximum of \$2,600,000 with an allowance for the change in the Consumer Price Index from September 22, 1989 to the date the royalty becomes payable.

*Canarc Resource Corp (“Canarc”) Option Agreement*

On August 24, 2016, the Company entered into an option agreement with Canarc which provided Canarc the option to earn up to a 75% interest in the FG Property.

In July, 2017, Canarc informed the Company that it would not be proceeding with the option agreement on the FG property, and the agreement terminated on August 4, 2017. Canarc paid the Company \$35,000 in lieu of exploration work that it was required to perform on certain of the FG claims.

**6. EXPLORATION AND EVALUATION ASSETS (cont'd...)**

***Gemini Lithium Project:***

On January 20, 2016, the Company entered into an interim agreement with Nevada Sunrise Gold Corporation ("Nevada Sunrise"), a public company with directors and officers in common with the Company, to acquire a 50% participating interest in the Gemini Lithium Project ("Gemini") located in the Lida Valley, Esmeralda County, Nevada, USA.

Pursuant to the terms of the interim agreement, the Company had the right to acquire a 50% participating interest in Gemini by reimbursing Nevada Sunrise for 50% of the Gemini acquisition and evaluation costs. In addition, the Company would issue Nevada Sunrise 500,000 common shares as a prospect fee, with 300,000 shares to be issued on receipt of regulatory acceptance of the agreement and 200,000 to be issued on the first anniversary of such acceptance. The Company and Nevada Sunrise would enter into a joint venture on Gemini with Nevada Sunrise acting as operator of exploration. The interim agreement was subject to the satisfaction of certain conditions and approvals all of which were met. The agreement was a non-arm's length transaction under TSXV policies. The non-independent directors abstained from voting on the agreement.

On May 4, 2016, the companies signed an addendum to the interim agreement in which they agreed that the companies had completed their due diligence review on Gemini, that a definitive joint venture agreement would be entered into (signed on September 21, 2016) and that in the event that one of the companies divests of its 50% interest in Gemini, the remaining company would become the operator at Gemini by default. The Company paid Nevada Sunrise 50% of the acquisition and evaluation costs.

On June 6, 2016, the companies received TSXV acceptance of the interim agreement and the addendum and the Company issued 300,000 common shares with a fair value of \$28,500 to Nevada Sunrise.

On May 2, 2017, Nevada Sunrise divested its 50% interest in Gemini, and consequently the Company became the operator of the Gemini project. In late 2017, Nevada Sunrise re-acquired its 50% interest in Gemini as a result of the termination of an option agreement.

On June 6, 2017, the Company issued 200,000 common shares with a fair value of \$11,000 to Nevada Sunrise.

**6. EXPLORATION AND EVALUATION ASSETS (cont'd...)**

***Gold Creek Project:***

On November 14, 2016, the Company entered into an option agreement under which the Company was granted the option to earn up to a 100% interest in the Gold Creek Project, located in the Cariboo Mining Division, British Columbia.

Under the terms of the agreement, the Company could earn up to a 100% interest in Gold Creek in three stages:

- 49% by incurring a minimum of \$30,000 in exploration expenditures by November 14, 2016 (incurred);
- an additional 26%, by issuing 50,000 common shares (issued with a fair value of \$2,500) and incurring an additional \$50,000 in exploration expenditures by August 31, 2017 (incurred);
- an additional 25% by issuing an additional 100,000 common shares (issued with a fair value of \$5,000) and incurring an additional \$50,000 in exploration expenditures by August 31, 2018 (incurred).

At January 31, 2018, the Company has exercised its option on the Gold Creek property and owns a 100% interest in the property. The vendor retained a 1% net smelter royalty of which the Company may purchase 0.5% for \$1,000,000.

**BC Mining Exploration Tax Credit**

During the year ended October 31, 2017, the Company recorded a BC Mining Exploration tax credit receivable of \$11,112 (2016 - \$Nil) as a reduction to the capitalized balance of the Gold Creek property.

***Luxor Gold Project:***

On December 12, 2016, the Company entered into a purchase agreement in which the Company purchased a 100% interest in three non-contiguous claim blocks covering 360 claims and known as the Luxor Project located in the Dawson Range Gold Belt, Yukon Territory.

On January 3, 2017, the Company issued 2,500,000 common shares with a fair value of \$262,500 to the vendors. The vendors agreed to an arrangement under which the shares become free trading on the following dates:

- June 28, 2017                833,334 shares (released);
- December 28, 2017:       833,334 shares (released);
- June 28, 2018:             833,332 shares.

In addition, the Company issued 125,000 common shares with a fair value of \$13,125 as a finder's fee.

The Company has committed to use the vendors to perform exploration work on the properties totaling \$750,000 over four years as follows:

- \$187,500 on or before December 28, 2017 (incurred);
- \$187,500 on or before December 28, 2018;
- \$187,500 on or before December 28, 2019;
- \$187,500 on or before December 28, 2020;

The vendors retained a 2% net smelter return royalty. The Company may purchase the royalty for \$1,000,000.

**Yukon Mineral Exploration Program ("YMEP")**

**Eureka Resources Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**January 31, 2018**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

During the year ended October 31, 2017, the Company recorded a Yukon Mineral Exploration grant receivable of \$40,000 (2016 - \$Nil), received under YMEP, as a reduction to the capitalized balance of the Luxor property.

**6. EXPLORATION AND EVALUATION ASSETS (cont'd...)**

***Tak Gold Project:***

On January 9, 2017, the Company entered into a purchase agreement in which the Company purchased a 100% interest in 82 claims known as the Tak Project located in the Dawson Range Gold Belt, Yukon Territory.

On February 6, 2017, the Company issued 500,000 common shares with a fair value of \$50,000 to the vendors. The vendors agreed to an arrangement under which the shares become free trading on the following dates:

- On closing 125,000 shares (released)
- Six months from closing 125,000 shares (released)
- Twelve months from closing 125,000 shares (released)
- Eighteen months from closing 125,000 shares

The vendors retained a 2% net smelter return royalty. The Company may purchase 1% for \$1,000,000.

***Yukon Mineral Exploration Program ("YMEP")***

During the year ended October 31, 2017, the Company recorded a Yukon Mineral Exploration grant receivable of \$40,000 (2016 - \$Nil), received under YMEP, as a reduction to the capitalized balance of the Tak property.

***CKN Project:***

On April 5, 2017, the Company entered into an option agreement to earn a 100% interest in 2 claims covering 1,356 hectares known as the CKN Project, located in the Cariboo Mining Division, British Columbia. To earn the 100% interest, the Company must make the following cash and share payments to the vendor, and incur the following minimum exploration expenditures:

Due Date	Cash	Common Shares	Exploration Expenditures
Closing Date	\$15,000 (paid)	50,000 (issued)	\$Nil
On or before July 1, 2018	\$20,000	100,000	\$40,000
On or before July 1, 2019	\$30,000	100,000	\$80,000
On or before July 1, 2020	\$50,000	200,000	\$100,000
On or before July 1, 2021	\$100,000	250,000	\$Nil

On April 21, 2017, the Company received TSXV acceptance of the option agreement issued 50,000 common shares with a fair value of \$4,750. In May 2017, the Company staked two additional contiguous claims at a cost of \$859 which covered an additional 491 hectares and brought the total claim block to 1,847 hectares.

On December 23, 2017, the Company informed the vendor that it would not be proceeding with the option agreement on the CKN Project. The Company recorded a write-off of exploration and evaluation assets of \$36,901 at October 31, 2017.

**7. RECLAMATION BONDS**

The Company has placed a reclamation bond of \$10,000 with the Province of British Columbia as security for reclamation obligations under the mining regulations in the Province of British Columbia. The Company has placed

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**Eureka Resources Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**January 31, 2018**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

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a reclamation bond of US\$9,108 with the Bureau of Land Management in the State of Nevada as security for reclamation obligations under mining regulations in the State of Nevada.

**8. SHARE CAPITAL**

a) Authorized:

Unlimited number of common shares without par value

b) Issued:

On January 31, 2018, there were 50,462,402 (October 31, 2017 – 45,712,402) common shares issued and outstanding.

***Three Months Ended January 31, 2018:***

On December 28, 2017, the Company issued 4,000,000 common shares pursuant to the private placement of 4,000,000 common shares at \$0.025 per share for gross proceeds of \$100,000. In connection with the private placement, the Company paid finder's fees of \$4,550.

On January 22, 2018, the Company issued 750,000 common shares pursuant to the private placement of 750,000 common shares at \$0.035 per share for gross proceeds of \$26,250. In connection with the private placement, the Company paid finder's fees of \$367 and filing fees of \$750.

***Year Ended October 31, 2017:***

***Private Placement***

On December 29, 2016, the Company issued 707,000 common shares pursuant to the private placement of 707,000 flow-through units at \$0.10 per unit for proceeds of \$70,700. As the unit price received for the flow-through units was equivalent to the market price of the Company's common shares on the date of issuance, no premium was recorded on the flow-through units. Each unit contained one flow-through common share and one-half of one share purchase warrant. Each full warrant entitled the holder to purchase an additional common share at \$0.15 per share until December 29, 2018. In connection with the private placement, the Company paid finder's fees of \$1,992 and issued 19,920 finder's warrants. Each finder's warrant entitled the holder to purchase one non-flow-through unit with the same terms as the private placement units at \$0.10 per unit until December 29, 2018.

The fair value of the finders' warrants issued was calculated as \$1,394 using the Black-Scholes Option Pricing Model using the weighted average assumptions below. Fair value is particularly impacted by stock price volatility, determined using historical price data for a term equivalent to the expected life of the warrant.

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Risk-free interest rate	0.94%
Expected life of warrants	2 years
Annualized volatility	145%
Dividend rate	0%

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**Eureka Resources Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**January 31, 2018**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

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All share purchase warrants issued, including those issued as finders' fees, are subject to an acceleration clause, which will cause the warrants, if unexercised, to expire on the date which is 30 days after the date that the volume-weighted average trading price of the Company's common shares on the TSXV exceeds \$0.25 per share over a period of ten consecutive trading days.

**8. SHARE CAPITAL (cont'd)**

b) Issued: (cont'd)

*Year Ended October 31, 2017: (cont'd)*

Private Placement

On May 31, 2017, the Company issued 6,340,430 units (3,261,055 flow-through units at \$0.09 per unit and 3,079,375 non-flow-through units at \$0.08 per unit) for total proceeds of \$539,845. The Company allocated proceeds of \$32,611 to other income for the flow-through premium on the flow-through portion of the private placement. In addition, the Company allocated proceeds of \$63,404 to contributed surplus for the fair value of the warrants issued on the private placement using the residual method.

A portion of the proceeds from the flow-through units were held in trust and released as eligible expenditures were incurred. At October 31, 2017, there were funds held in trust of \$72,011 (2016 - \$Nil). These funds were classified as restricted cash on the consolidated statement of financial position. They were released during the three months ended January 31, 2018.

Each flow-through unit consisted of one flow-through common share and one-half of one share purchase warrant. Each whole warrant entitled the holder to purchase an additional common share at \$0.15 per share until May 31, 2019. The proceeds from the issuance of the flow-through units were used for exploration of the Company's mineral properties in British Columbia and the Yukon Territory.

Each non-flow-through unit consisted of one common share and one-half of one share purchase warrant. Each whole warrant entitled the holder to purchase an additional common share at \$0.15 per share until May 31, 2019.

The Company paid finder's fees of \$30,675, 187,500 common shares with a fair value of \$13,125, 187,500 share purchase warrants and 13,332 finder's warrants.

Each share purchase warrant entitled the holder to purchase an additional common share at \$0.15 per share until May 31, 2019. Each finder's warrant entitled the holder to purchase a non-flow-through unit at \$0.09 per unit until May 31, 2019.

The fair value of the share purchase warrants issued was calculated as \$5,625 using the Black-Scholes Option Pricing Model using the weighted average assumptions below. Fair value is particularly impacted by stock price volatility, determined using historical price data for a term equivalent to the expected life of the warrant.

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Risk-free interest rate	0.88%
Expected life of warrants	2 years
Annualized volatility	126%



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**Eureka Resources Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**January 31, 2018**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

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Dividend rate	0%
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The fair value of the finders' warrants issued was calculated as \$533 using the Black-Scholes Option Pricing Model using the weighted average assumptions below. Fair value is particularly impacted by stock price volatility, determined using historical price data for a term equivalent to the expected life of the warrant.

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Risk-free interest rate	0.88%
Expected life of warrants	2 years
Annualized volatility	126%
Dividend rate	0%

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**8. SHARE CAPITAL (cont'd)**

b) Issued: (cont'd)

*Year Ended October 31, 2017: (cont'd)*

Luxor Acquisition

On January 3, 2017, the Company issued 2,625,000 common shares with a fair value of \$275,625 to acquire a 100% interest in the Luxor Project.

Finder's Warrants Exercised

On January 20, 2017, the Company issued 38,500 common shares and 38,500 warrants exercisable at \$0.125 per share until April 29, 2018 pursuant to the exercise of 38,500 finder's warrants at \$0.075 for proceeds of \$2,887.

Tak Acquisition

On February 6, 2017, the Company issued 500,000 common shares with a fair value of \$50,000 to acquire a 100% interest in the Tak Project.

CKN Option Payment

On April 21, 2017, the Company issued 50,000 common shares with a fair value of \$4,750 as an option payment on the CKN Project.

Gemini Prospect Fee

On June 6, 2017, the Company issued 200,000 common shares with a fair value of \$11,000 as a prospecting fee on the Gemini Project.

Gold Creek Option Payment

On July 5, 2017, the Company issued 150,000 common shares with a fair value of \$7,500 as an option payment on the Gold Creek Project.

**8. SHARE CAPITAL (cont'd)**

c) Stock Options:

The Company has a Stock Option Plan (“the Plan”) under which it is authorized to grant options to directors, officers, consultants or employees of the Company. The number of options that may be granted under the Plan is limited to 10% of the number of issued and outstanding common shares of the Company at the date of grant. The exercise price of options granted under the Plan may not be less than the market value of the Company’s common shares on the date of grant. Options granted under the Plan have a maximum life of five years and vest on the date of grant, over a period determined by management, or over a period mandated by TSX-V policy.

A summary of stock option activity for the three months ended January 31, 2018 and for the year ended October 31, 2017 is as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding options, October 31, 2016	2,300,000	\$0.10
Granted	1,150,000	\$0.12
Cancelled	(350,000)	\$0.11
Outstanding options, October 31, 2017 and January 31, 2018	3,100,000	\$0.11

**Eureka Resources Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**January 31, 2018**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

**8. SHARE CAPITAL (cont'd)**

c) Stock Options: (cont'd)

On January 16, 2017, the Company granted 950,000 stock options to directors, officers and consultants of the Company. The options entitle the holders to purchase one common share for each option held at \$0.13 until January 16, 2022. The fair value of the stock options of \$114,000 or \$0.12 per option was determined using the Black Scholes option valuation model.

On April 28, 2017, the Company granted 200,000 stock options to a director of the Company. The options entitle the holder to purchase one common share for each option held at \$0.10 until April 28, 2022. The fair value of the stock options of \$16,000 or \$0.08 per option was determined using the Black Scholes option valuation model.

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

	Year ended October 31, 2017
Risk-free interest rate	1.39%
Expected life of options	5 years
Annualized volatility	169%
Dividend rate	0%
Forfeiture rate	0%
Share price on grant date	\$ 0.12

At January 31, 2018, there were 3,100,000 stock options outstanding entitling the holders thereof the right to purchase one common share for each option held as follows:

Number of options outstanding and exercisable	Exercise Price	Expiry Date
1,200,000	\$0.10	June 23, 2020
800,000	\$0.10	June 27, 2021
900,000	\$0.13	January 16, 2022
200,000	\$0.10	April 28, 2022
<u>3,100,000</u>		

At January 31, 2018, the stock options had a weighted average remaining life of 3.23 years.

**Eureka Resources Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**January 31, 2018**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

**8. SHARE CAPITAL (cont'd)**

d) Share Purchase Warrants:

A summary of share purchase warrant activity for the three months ended January 31, 2018 and for the year ended October 31, 2017 is as follows:

	Three Months Ended January 31, 2018		Year Ended October 31, 2017	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Warrants outstanding, beginning of period	11,975,115	\$ 0.14	9,900,400	\$ 0.12
Warrants issued	-		3,749,715	\$ 0.15
Warrants expired	-		(1,675,000)	\$ 0.11
Warrants outstanding, end of period	11,975,115	\$ 0.14	11,975,115	\$ 0.14

At January 31, 2018, there were 11,975,115 share purchase warrants outstanding entitling the holders thereof the right to purchase one common share for each warrant held as follows:

Number of warrants outstanding	Exercise Price	Expiry Date
1,215,000	\$0.125	June 10, 2020
2,740,566	\$0.125	April 29, 2018
2,033,334	\$0.125	May 6, 2018
525,000	\$0.20	September 9, 2018
662,500	\$0.15	October 20, 2018
1,087,500	\$0.15	October 26, 2018
353,500	\$0.15	December 29, 2018
3,357,715	\$0.15	May 31, 2019
<u>11,975,115</u>		

At January 31, 2018, the weighted average remaining life of the outstanding warrants is 0.87 years.

Subsequent to January 31, 2018, 4,773,900 warrants exercisable at \$0.125 expired unexercised.

**Eureka Resources Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**January 31, 2018**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

**8. SHARE CAPITAL (cont'd)**

e) Finder's Warrants:

A summary of finders warrant activity for the three months ended January 31, 2018 and for the year ended October 31, 2017 is as follows:

	Three Months Ended January 31, 2018		Year Ended October 31, 2017	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Finders warrants outstanding, beginning of period	351,805	\$ 0.09	357,053	\$ 0.08
Finders warrants exercised	-	\$ 0.075	(38,500)	\$ 0.075
Finders warrants issued	-	\$ 0.10	33,252	\$ 0.10
<b>Finders warrants outstanding, end of period</b>	<b>351,805</b>	<b>\$ 0.09</b>	<b>351,805</b>	<b>\$ 0.09</b>

At January 31, 2018, there were 351,805 finder's warrants outstanding entitling the holders thereof the right to purchase one unit with the same terms as the private placement to which they relate as follows:

Number of finder's warrants outstanding	Exercise Price	Expiry Date
116,900	\$0.075	April 29, 2018
86,333	\$0.075	May 6, 2018
9,000	\$0.14	September 9, 2018
42,000	\$0.10	October 20, 2018
64,320	\$0.10	October 26, 2018
19,920	\$0.10	December 29, 2018
13,332	\$0.09	May 31, 2019
<b>351,805</b>		

At January 31, 2018, the finder's warrants had a weighted average remaining life of 0.48 years.

Subsequent to January 31, 2018, 203,233 finder's warrants exercisable at \$0.075 expired unexercised.

**Eureka Resources Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**January 31, 2018**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

**9. RELATED PARTY TRANSACTIONS**

During the three months ended January 31, 2018 and 2017, the Company incurred the following charges by directors of the Company and by companies with directors and officers in common with the Company.

	2018	2017
Accounting fees	\$ 9,000	\$ 10,000
Consulting fees	5,712	8,000
Exploration and evaluation assets	445	21,350
Management fees	18,000	18,000
Share-based compensation	-	72,000
	<b>\$ 33,157</b>	<b>\$ 129,350</b>

*Key Management Compensation:*

During the three months ended January 31, 2018 and 2017, the Company incurred the following key management compensation charges. Key management includes the Company's directors and executive officers.

	2018	2017
Accounting fees	\$ 9,000	\$ 10,000
Consulting fees	5,712	8,000
Exploration and evaluation assets	445	21,350
Management fees	18,000	18,000
Share-based compensation	-	72,000
	<b>\$ 33,157</b>	<b>\$ 129,350</b>

At January 31, 2018, due to related parties includes \$140,582 (October 31, 2017 - \$290,397) payable to directors of the Company and to companies with directors and officers in common with the Company for fees and expenses.

Amounts due to related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

**Eureka Resources Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**January 31, 2018**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

**10. SEGMENTED INFORMATION**

*Operating Segment*

The Company operates in one industry, being the acquisition, exploration and evaluation of mineral properties.

*Geographic Segments*

The Company's non-current assets are located in the following countries:

	October 31, 2017		
	Canada	USA	Total
Reclamation bonds	\$ 10,000	\$ 11,718	\$ 21,718
Exploration and evaluation assets	973,990	194,174	1,168,164
	\$ 983,990	\$ 205,892	\$ 1,189,882

	January 31, 2018		
	Canada	USA	Total
Reclamation bonds	\$ 10,000	\$ 11,204	\$ 21,204
Exploration and evaluation assets	974,906	194,664	1,169,570
	\$ 984,906	\$ 205,868	\$ 1,190,774

**11. NON-CASH TRANSACTIONS**

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows. The following transactions were excluded from the statements of cash flows:

***During the Three Months Ended January 31, 2018:***

- As at January 31, 2018 there was \$335 included in exploration and evaluation assets which relates to accounts payable and accrued liabilities (October 31, 2017 - \$3,012)
- As at January 31, 2018 there was \$Nil included in exploration and evaluation assets which relates to due to related parties (October 31, 2017 - \$182,599)

***During the Three Months Ended January 31, 2017:***

- the Company issued 19,920 finder's warrants with a fair value of \$1,394 pursuant to a finder's fee agreements on a private placement.
- the Company reclassified \$3,851 from reserves to share capital on the exercise of 38,500 finder's warrants.
- the Company issued 2,625,000 common shares with a fair value of \$275,625 to acquire the exploration and evaluation assets.

## **12. SUBSEQUENT EVENTS**

### *Acquisition of Kore Mining Ltd.*

On February 24, 2018, the Company signed an amalgamation agreement with Kore Mining Ltd. (“Kore”), a private British Columbia corporation, under which the Company agreed to acquire all of the issued and outstanding common shares of Kore in exchange for common shares of the Company by way of a three-cornered amalgamation. Kore, through its wholly-owned U.S. subsidiaries, owns 100% interests in the Imperial and Long Valley gold development projects, located in California, USA. The transaction will constitute a reverse takeover of the Company by Kore under the policies of the TSX Venture Exchange.

### *Share Consolidation*

As a condition of closing of the transaction, the Company will complete a consolidation of its issued and outstanding common shares on the basis of one post-consolidation common share for each ten pre-consolidation common shares.

At the Company’s annual general and special meeting held on March 22, 2018, the shareholders of the Company authorized the board of directors to proceed with the share consolidation.

### *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 subsidiary of the Company and Kore, the Company will acquire all of the issued and outstanding Kore common shares in exchange for the issuance of shares of the Company (on a post-consolidation basis) and Kore will become a subsidiary of the Company.

On April 30, 2018, the Company issued 2,548,000 common shares at \$0.05 per share to settle total indebtedness of \$127,400. As of the date of these financial statements, the Company has 53,010,402 common shares issued and outstanding which will be reduced to 5,301,040 common shares on a post-consolidation basis.

Pursuant to the terms of the agreement, the Company has agreed to issue three post-consolidation common shares in exchange for each Kore share, resulting in the shareholders of Kore being issued a total of 56,121,606 common shares (on a post-consolidation basis). The exchange ratio was determined on the basis of this number of shares outstanding at closing. However, prior to the closing, the Company intends to issue shares in settlement of certain outstanding liabilities. If the actual number of outstanding shares immediately prior to the effective time (including any common shares issued in connection with the debt settlement) is greater than such amount, then the exchange ratio will be adjusted to ensure that, immediately following the closing, the former Kore shareholders will hold no less than 91.8% of the total number of issued and outstanding shares (prior to giving effect to the private placement (as defined below)). The transaction is subject to various closing conditions, including the receipt of approval of the TSX Venture Exchange.

Following the closing, the Company will continue on with the business of Kore and remain a Tier 2 Mining Issuer, with Kore as its operating subsidiary (with the Company, after the closing, being referred to herein as the resulting issuer). The resulting issuer is anticipated to hold all existing assets of the Company and Kore at closing. It is expected that, in connection with closing, the Company will change its name to Kore Mining Ltd., or such other name as agreed by the parties, with a corresponding change of trading symbol of the Company.

Certain common shares to be issued to Kore shareholders in connection with the transaction will be subject to escrow under the policies of the TSX Venture Exchange.



**12. SUBSEQUENT EVENTS – (cont'd)**

*Private Placement*

In connection with the transaction, the Company will undertake a private placement of subscription receipts for minimum gross proceeds of \$2,000,000 and maximum gross proceeds of \$7,000,000, on terms to be agreed to by the parties.

On April 12, 2018, the Company announced a brokered private placement of subscription receipts to be undertaken through PI Financial Corp. pursuant to which it will offer up to 44,000,000 subscription receipts at \$0.05 per subscription receipt for gross proceeds of up to \$2,200,000. The private placement offering is intended to be the concurrent financing in connection with the Company's acquisition of Kore.

Each subscription receipt will entitle the holder thereof the right to receive one unit of the Company. Each unit to be issued on conversion of the subscription receipts will consist of one common share and one-half of one share purchase warrant. Each full warrant will entitle the holder thereof the right to acquire an additional common share for a period of 24 months from the date of closing at \$0.075 per share.

The number of units underlying the subscription receipts will be adjusted to reflect the one for ten share consolidation such that an aggregate of up to 4,400,000 units will be issued on conversion of the subscription receipts at \$0.50 per unit with the attached warrants exercisable into common shares at \$0.75 per share.

The net proceeds of the private placement offering will be held in escrow and, upon satisfaction or waiver of certain conditions, including all conditions of the closing of the transaction, will be released to the Company.

Expiry of the warrants will be subject to an acceleration clause if, following the issuance of the warrants, the closing price of the Company's common shares equals or exceeds \$1.00 per share, on a post-consolidation basis, for a period of 10 consecutive trading days during the exercise period. In that case, the Company may accelerate the expiry date of the warrants to 30 calendar days from the date notice is given by the Company, by way of a news release to the holders of the warrants.

The Company has agreed to grant PI Financial Corp. the option to offer such number of additional subscription receipts as is equal to up to 15% cent of the subscription receipts issued under the private placement offering. The agent's option may be exercised in whole or in part at any time up to two days prior to the closing of the offering.

The Company has agreed to pay the agent a cash commission equal to 7% of the gross proceeds of the offering (including any proceeds derived from exercise of the agent's option). In addition, subject to compliance with all required regulatory approvals, the Company will issue to the agent such number of compensation warrants as is equal to 7% of the aggregate subscription receipts sold under the offering (including on any exercise of the agent's option), each of which will entitle the agent to purchase one common share at \$0.05 per share on a pre-consolidation basis (\$0.50 per share on a post-consolidation basis) for a period of 24 months following the date of closing.

**12. SUBSEQUENT EVENTS – (cont'd)**

Conditions of Closing of the Transaction

The transaction is subject to a number of terms and conditions, including, among other things:

- the Company and Kore obtaining all necessary consents, orders and regulatory approvals;
- completion of a private placement for minimum gross proceeds of \$2,000,000 and maximum gross proceeds of \$7,000,000;
- there being no material change occurring with respect to the businesses of the companies;
- satisfaction of obligations under the agreement relating to each of the parties;
- delivery by each of the parties of standard closing documents, including legal opinions;
- approval of the transaction by the shareholders of both companies;
- execution of support and voting agreements by all directors and officers of the companies and any shareholders holding greater than 10% of the issued and outstanding shares in either of the companies.

The Company intends to seek a waiver from the TSX Venture Exchange of any requirement for a sponsor in connection with the transaction.

It is expected that, following closing, all of the current directors and officers of the Company will resign and the board of directors of the resulting issuer will consist of five directors, four of which will be nominated by Kore and one of which will be nominated by the Company. The newly constituted board shall be placed before shareholders of the resulting issuer for election at the next occurring shareholders meeting.

Exclusivity and Break Fees

The Company and Kore have agreed to exclusivity terms in the agreement. However, nothing shall prohibit either party from complying with their duties and/or fiduciary obligations under applicable law, including, without limitation, with respect to any unsolicited proposal received by either party that may be superior to the transaction.

The Company and Kore have each agreed to immediately notify the other party of any information it may receive concerning an actual or intended offer for any or all of its assets or any of its securities and shall allow the other party the opportunity to match any actual bona fide offer presented in writing within three business days of such notice. Should the other party elect not to match the actual or intended offer, and should the recipient accept the offer, the recipient of the accepted offer must pay the other party a break fee of \$50,000.

Principal Shareholders

In connection with the transaction, it is expected that an aggregate of 19,500,300 shares of the Company will be issued to 1130447 B.C. Ltd. and 15,000,300 shares of the Company will be issued to Blaxland Pacific Management Corp. (each on a post-consolidation basis) in exchange for their Kore shares, representing approximately 31.9% and 24.5 %, respectively, of the Company's outstanding shares following the closing. Each of these Kore shareholders is a privately incorporated British Columbia company. The foregoing percentages have been calculated based on there being 61,167,846 common shares of the Company issued and outstanding after giving effect to the transaction but before the issuance of any common shares in connection with the debt settlement and the private placement.

Trading in the Company's shares has been halted and is expected to remain halted until closing of the transaction.



**EUREKA RESOURCES INC.**

Consolidated Financial Statements

October 31, 2017 and 2016

(Expressed in Canadian Dollars)

## INDEPENDENT AUDITORS' REPORT

To the Shareholders of  
Eureka Resources Inc.

We have audited the accompanying consolidated financial statements of Eureka Resources Inc., which comprise the consolidated statements of financial position as at October 31, 2017 and 2016, and the consolidated statements of loss and comprehensive loss, cash flows, and changes in shareholders' equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.



***Opinion***

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Eureka Resources Inc. as at October 31, 2017 and 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

***Emphasis of Matter***

Without qualifying our opinion, we draw attention to Note 2 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Eureka Resources Inc.'s ability to continue as a going concern.

**“DAVIDSON & COMPANY LLP”**

Vancouver, Canada

Chartered Professional Accountants

February 16, 2018

**EUREKA RESOURCES INC.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
As at October 31, 2017 and 2016  
(Expressed in Canadian Dollars)

	2017	2016
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 2,686	\$ 392,664
Restricted cash – Note 9	72,011	-
Marketable securities – Note 5	-	28,750
GST receivable	20,333	10,617
BC Mining Exploration tax credit receivable – Note 6	11,112	22,755
Yukon Mining Exploration grant receivable – Note 6	80,000	-
Prepaid expenses	15,028	26,408
<b>Total current assets</b>	<u>201,170</u>	<u>481,194</u>
<b>Non-current assets</b>		
Reclamation bonds – Note 7	21,718	17,212
Exploration and evaluation assets – Notes 6 and 10	1,168,164	283,921
<b>Total non-current assets</b>	<u>1,189,882</u>	<u>301,133</u>
<b>Total assets</b>	<u>\$ 1,391,052</u>	<u>\$ 782,327</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 67,406	\$ 30,742
Due to related parties – Note 10	290,397	395
<b>Total current liabilities</b>	<u>357,803</u>	<u>31,137</u>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital – Note 9	7,269,573	6,439,649
Reserves – Note 9	938,536	741,431
Deficit	(7,174,860)	(6,429,890)
<b>Total shareholders' equity</b>	<u>1,033,249</u>	<u>751,190</u>
<b>Total liabilities and shareholders' equity</b>	<u>\$ 1,391,052</u>	<u>\$ 782,327</u>

Corporate Information – Note 1  
Basis of Preparation – Note 2  
Commitments – Notes 6 and 9  
Subsequent Events – Note 14

Approved by the Directors:

\_\_\_\_\_  
“Brent Petterson” Director “Michael Sweatman” Director

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

**EUREKA RESOURCES INC.**  
**CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
For the Years Ended October 31, 2017 and 2016  
(Expressed in Canadian Dollars)

	2017	2016
<b>EXPENSES</b>		
Accounting and audit – Note 10	\$ 62,830	\$ 51,900
Consulting fees – Note 10	134,170	41,850
Filing and listing fees	18,042	18,845
Foreign exchange loss (gain)	643	(577)
Insurance	13,734	1,250
Legal	29,098	33,664
Management fees – Note 10	72,000	50,000
Marketing	220,091	121,667
Office	13,349	12,257
Rent – Note 10	8,892	4,350
Shareholder communications	16,003	24,278
Share-based compensation – Notes 9 and 10	130,000	81,000
Storage	1,668	1,435
Transfer agent	9,887	11,894
Travel and entertainment	5,288	7,401
Website	2,225	6,216
	<u>(737,920)</u>	<u>(467,430)</u>
<b>OTHER ITEMS</b>		
Unrealized gain (loss) on marketable securities – Note 5	(3,750)	3,750
Gain on sale of marketable securities – Note 5	990	-
Write-off of exploration and evaluation assets – Note 6	(36,901)	-
Other income - flow-through premium – Note 9	32,611	-
	<u>32,611</u>	<u>-</u>
<b>Loss and comprehensive loss for the year</b>	<b>\$ <u>(744,970)</u></b>	<b>\$ <u>(463,680)</u></b>
<b>Basic and diluted loss per share</b>	<b>\$ <u>(0.018)</u></b>	<b>\$ <u>(0.018)</u></b>
<b>Weighted average number of shares outstanding – basic and diluted</b>	<b><u>40,959,076</u></b>	<b><u>26,174,124</u></b>

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

**EUREKA RESOURCES INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
For the Years Ended October 31, 2017 and 2016  
(Expressed in Canadian Dollars)

	2017	2016
Cash Provided By (Used In):		
<b>Operating Activities</b>		
Loss for the year	\$ (744,970)	\$ (463,680)
Adjustments for items not involving cash:		
Share-based compensation	130,000	81,000
Unrealized (gain) loss on marketable securities	3,750	(3,750)
Write-off of exploration and evaluation assets	36,901	-
Gain on sale of marketable securities	(990)	-
Unrealized foreign exchange loss	494	-
Other income – flow-through premium	(32,611)	-
Net changes in non-cash working capital components:		
GST receivable	(9,716)	(5,414)
BC Mining Exploration tax credit receivable	11,643	-
Yukon Mining Exploration grant receivable	(80,000)	-
Prepaid expenses	11,380	(26,408)
Accounts payable and accrued liabilities	33,652	(2,002)
Due to related parties	107,403	24,145
	<u>(533,064)</u>	<u>(396,109)</u>
<b>Investing Activities</b>		
Reclamation bonds	(5,000)	(12,212)
Exploration and evaluation assets	(386,658)	(255,697)
	<u>(391,658)</u>	<u>(267,909)</u>
<b>Financing Activities</b>		
Proceeds from sale of marketable securities	25,990	-
Proceeds from the issuance of shares and warrants	613,432	1,024,655
Share issuance costs	(32,667)	(30,652)
	<u>606,755</u>	<u>994,003</u>
Change in cash during year	(317,967)	329,985
Cash and restricted cash, beginning of year	<u>392,664</u>	<u>62,679</u>
Cash and restricted cash, end of year	\$ <u><u>74,697</u></u>	\$ <u><u>392,664</u></u>
<u>Supplementary cash flow information:</u>		
Interest paid in cash	\$ <u>-</u>	\$ <u>-</u>
Income taxes paid in cash	\$ <u>-</u>	\$ <u>-</u>

Non-cash Transactions – Note 12

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



**EUREKA RESOURCES INC.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
For the Years Ended October 31, 2017 and 2016  
(Expressed in Canadian Dollars)

Share Capital						
	Number of Shares	Amount	Reserves	Deficit	Total	
<b>Balance as at October 31, 2015</b>	<b>21,022,239</b>	<b>\$ 5,450,446</b>	<b>\$ 559,156</b>	<b>\$ (5,966,210)</b>	<b>\$ 43,392</b>	
Private placements – Note 9	9,277,000	851,525	-	-	851,525	
Less: share issue costs – Note 9	-	(67,017)	36,365	-	(30,652)	
Exercise of finder's warrants – Note 9	8,400	630	-	-	630	
Reclassification on exercise of finder's warrants	-	840	(840)	-	-	
Exercise of warrants – Note 9	3,400,000	172,500	-	-	172,500	
Shares issued for debt – Note 9	906,333	67,975	-	-	67,975	
Property acquisition costs – Notes 6 and 9	300,000	28,500	-	-	28,500	
Fair value of incentive warrants issued – Note 9	-	(65,750)	65,750	-	-	
Share-based compensation – Note 9	-	-	81,000	-	81,000	
Loss for the year	-	-	-	(463,680)	(463,680)	
<b>Balance as at October 31, 2016</b>	<b>34,913,972</b>	<b>\$ 6,439,649</b>	<b>\$ 741,431</b>	<b>\$ (6,429,890)</b>	<b>\$ 751,190</b>	
Exercise of finder's warrants – Note 9	38,500	2,887	-	-	2,887	
Reclassification on exercise of finder's warrants	-	3,851	(3,851)	-	-	
Private placements – Note 9	7,234,930	527,655	63,404	-	591,059	
Less: share issue costs – Note 9	-	(53,344)	7,552	-	(45,792)	
Property acquisition costs – Notes 6 and 9	3,525,000	348,875	-	-	348,875	
Share-based compensation – Note 9	-	-	130,000	-	130,000	
Loss for the year	-	-	-	(744,970)	(744,970)	
<b>Balance as at October 31, 2017</b>	<b>45,712,402</b>	<b>\$ 7,269,573</b>	<b>\$ 938,536</b>	<b>\$ (7,174,860)</b>	<b>\$ 1,033,249</b>	

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

**EUREKA RESOURCES INC.**  
**CONSOLIDATED STATEMENTS OF EXPLORATION AND EVALUATION ASSETS**  
For the Years Ended October 31, 2017 and 2016  
(Expressed in Canadian Dollars)

	FG	Gold Creek	CKN	Luxor/Etta	Tak	Gemini	Total
<b>Balance, October 31, 2015</b>	<b>\$ 96,124</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 96,124</b>
Acquisition costs – shares – Notes 6 and 10	-	-	-	-	-	28,500	28,500
Assays	3,333	-	-	-	-	693	4,026
Claim maintenance	-	-	-	-	-	72,931	72,931
Geological – Note 10	48,743	-	-	-	-	10,560	59,303
Staking	11,837	-	-	-	-	7,800	19,637
Surveying – geophysical	20,071	-	-	-	-	39,968	60,039
Travel and field supplies	3,702	-	-	-	-	587	4,289
Less: fair value of Canarc shares received	(25,000)	-	-	-	-	-	(25,000)
Less: BC Mining Exploration Tax Credits	(35,928)	-	-	-	-	-	(35,928)
<b>Balance, October 31, 2016</b>	<b>\$ 122,882</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 161,039</b>	<b>\$ 283,921</b>
Acquisition costs – cash	-	-	15,000	-	-	-	15,000
Acquisition costs – shares – Notes 6 and 10	-	7,500	4,750	275,625	50,000	11,000	348,875
Assays	-	36,524	-	16,643	16,643	-	69,810
Claim maintenance	-	-	-	-	-	14,343	14,343
Drilling	-	62,244	-	-	-	-	62,244
Geological – Note 10	4,738	56,768	15,969	44,542	49,690	7,793	179,500
Staking	-	-	859	1,550	-	-	2,409
Surveying – geophysical – Note 10	-	-	-	174,011	58,004	-	232,015
Travel and field operations	30,236	26,671	323	29,329	36,501	-	123,060
Less: settlement on cancellation of option	(35,000)	-	-	-	-	-	(35,000)
Less: BC Mining Exploration Tax Credit	-	(11,112)	-	-	-	-	(11,112)
Less: Yukon Mining Exploration Grant	-	-	-	(40,000)	(40,000)	-	(80,000)
Write-off of exploration and evaluation assets	-	-	(36,901)	-	-	-	(36,901)
<b>Balance, October 31, 2017</b>	<b>\$ 122,856</b>	<b>\$ 178,595</b>	<b>\$ -</b>	<b>\$ 501,700</b>	<b>\$ 170,838</b>	<b>\$ 194,175</b>	<b>\$ 1,168,164</b>

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

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**Eureka Resources Inc.**  
**Notes to the Consolidated Financial Statements**  
**October 31, 2017 and 2016**  
**(Expressed in Canadian Dollars)**

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**1. CORPORATE INFORMATION**

Eureka Resources Inc. (the “Company”) was incorporated under the laws of the Province of British Columbia, Canada on June 16, 1981. Eureka Minerals (USA) Inc. was incorporated under the laws of the State of Nevada, USA on June 23, 2016.

The Company’s business is the acquisition, exploration and evaluation of mineral properties located in the Province of British Columbia, Canada, in the Yukon Territory, Canada and in the State of Nevada, USA. The Company’s common shares are listed for trading on the TSX Venture Exchange (“TSX-V”) under the symbol “EUK”. The Company’s head office is Suite 1100 - 1111 Melville Street, Vancouver, British Columbia, Canada V6E 3V6.

**2. BASIS OF PREPARATION**

*Statement of Compliance*

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations as issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

These consolidated financial statements were authorized for issue on February 16, 2018 by the directors of the Company.

*Going Concern*

These consolidated financial statements are prepared using IFRS applicable to a going concern, which contemplates the Company will continue in operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. Future operations are dependent on the Company’s ability to raise additional equity financing and the attainment of profitable operations.

The Company has a history of operating losses and at October 31, 2017, has an accumulated deficit of \$7,174,860. At October 31, 2017, the Company had a working capital deficiency of \$156,633. The Company will require additional equity financings in order to continue exploration of its exploration and evaluation assets and fund its administrative operations, but believes that it can maintain operations for the next twelve months.

These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. These conditions may cast significant doubt about the Company’s ability to continue as a going concern.

*Principles of Consolidation*

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

Name of subsidiary	Country of Incorporation	Percentage ownership	Principal Activity
Eureka Minerals (USA) Inc.	USA	100%	Exploration of Mineral Properties

The Company consolidates the subsidiary on the basis that it controls the subsidiary through its ability to govern its financial and operating policies. All intercompany balances and transactions have been eliminated on consolidation.

**2. BASIS OF PREPARATION (cont'd...)**

*Basis of Measurement*

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. All dollar amounts are expressed in Canadian dollars unless otherwise specified.

*Critical Accounting Judgments, Estimates and Assumptions*

*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.

*Estimations and assumptions*

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

*i) Exploration and Evaluation Assets*

The carrying amount of the Company's exploration and evaluation assets properties does not necessarily represent present or future values, and the Company's exploration and evaluation assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and upon future profitable production or proceeds from the disposition of the mineral properties themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets.

*ii) Share-based Payments*

The estimation of share-based payments includes estimating the inputs used in calculating the fair value for share-based payments expense included in profit or loss and share-based share issuance costs included in equity. Share-based payments expense and share-based share issuance costs are estimated using the Black-Scholes options-pricing model as measured on the grant date to estimate the fair value of stock options. This model involves the input of highly subjective assumptions, including the expected price volatility of the Company's common shares, the expected life of the options, and the estimated forfeiture rate.

*iii) Income Taxes*

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

#### *Exploration and Evaluation Assets*

All expenditures related to the cost of exploration and evaluation of mineral resources including acquisition costs for interests in mineral claims are capitalized as exploration and evaluation assets and are classified as intangible assets. General exploration costs not related to specific mineral properties or incurred prior to acquisition are expensed as incurred. If economically recoverable reserves are developed, capitalized costs of the related property are reclassified as mining assets and upon commencement of commercial production, are amortized using the units of production method over estimated recoverable reserves. Impairment is assessed at the level of cash-generating units.

Exploration and evaluation assets are regularly reviewed for impairment or whenever events or changes in circumstances indicate that the carrying amount may exceed its recoverable amount. When an impairment review is undertaken, the recoverable amount is assessed by reference to the higher of a value in use (being the present value of expected future cash flows of the relevant cash generating unit) and fair value less costs to sell. If the carrying amount of an asset exceeds the recoverable amount an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Impairment of a property is generally considered to have occurred if one of the following factors are present; the rights to explore have expired or are near to expiry with no expectation of renewal, no further substantive expenditures are planned or budgeted, exploration and evaluation work is discontinued in an area for which commercially viable quantities have not been discovered, and indications exist that development in a specific area is likely to proceed, but the carrying amount is unlikely to be recovered in full by development or sale.

The Company has not yet determined whether or not any of its exploration and evaluation assets contain economically recoverable reserves. Amounts capitalized to exploration and evaluation assets do not necessarily reflect present or future values.

#### *Decommissioning and Restoration Provisions*

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of exploration and evaluation assets and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision. The increase in the provision due to the passage of time is recognized as interest expense.

The Company had no decommissioning liabilities as at October 31, 2017 and 2016.

#### *Government assistance*

When the Company is entitled to receive mineral exploration tax credits or other government grants, these amounts are recognized as a recovery of exploration and evaluation assets when there is reasonable assurance of their receipt.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

*Foreign Currency Translation*

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency of the Company is the Canadian dollar and the functional currency of Eureka Minerals (USA) Inc. is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21.

*i) Transactions and Balances*

Foreign currency transactions are translated into the relevant functional currency using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are determined in foreign amounts are translated at the rate of exchange at the date of the statement of financial position. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of loss.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

***Share-based Payments***

The stock option plan allows Company employees, directors and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based payments expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. Consideration paid on the exercise of stock options is credited to share capital and the fair value of the options is reclassified from contributed reserves to share capital.

The fair value is measured at grant date and each tranche is recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes Option Pricing Model which takes into consideration the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the number of stock options that are expected to vest.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

***Income Taxes***

Current tax is the expected tax payable or receivable on the local taxable income or loss for the year, using local tax rates enacted or substantively enacted at the financial position reporting date, and includes any adjustments to tax payable or receivable in respect of previous periods.

Deferred income taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the financial position reporting date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

***Flow-through shares***

Canadian income tax legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. The Company accounts for flow-through shares whereby the premium paid for the flow-through shares in excess of the market value of the shares without flow-through features at the time of issue is credited to other liabilities and included in income tax recovery at the same time the qualifying expenditures are made.

***Loss Per Share***

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

*Financial Instruments*

Financial Assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit or loss. The Company's cash, restricted cash and marketable securities are classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. The Company's GST receivable, BC Mining Exploration tax credit receivable and Yukon Mining Exploration grant receivable are classified as loans and receivables. Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in profit or loss. As at October 31, 2017 and 2016, the Company has not classified any financial assets as available for sale. The Company classifies its reclamation bonds as held to maturity.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss as follows:

- a) Financial assets carried at amortized cost: The loss is the difference between the amortized cost of the asset and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.
- b) Available-for-sale financial assets: The impairment loss is the difference between the original cost of the asset and its fair value at the measurement date, less any impairment losses previously recognized in the statement of loss and comprehensive loss. This amount represents the cumulative loss in accumulated other comprehensive income that is reclassified to the statement of loss and comprehensive loss.

Financial Liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and accrued liabilities and due to related parties are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in profit or loss unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in profit or loss.



**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

*Impairment of non-financial assets*

At the end of each reporting period the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Following the recognition of an impairment loss, the depreciation charge applicable to the asset is adjusted prospectively in order to systematically allocate the revised carrying amount, net of any residual value, over the remaining useful life.

Where an impairment subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate and its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

*Share Capital*

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity. Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued.

The Company has adopted a residual value method with respect to the measurement of warrants attached to private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in the private placements to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing market price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as contributed reserves.

*New Standards Adopted for the Year Ended October 31, 2016*

Effective November 1, 2015, the following standards were adopted but did not have a material impact on the financial statements.

- IFRS 7 Amended to require additional disclosures on transition from IAS 39 and IFRS 9

There were no changes to the Company's accounting policies during the year ended October 31, 2017 that had a material impact on its consolidated financial statements.

**Eureka Resources Inc.**  
**Notes to the Consolidated Financial Statements**  
**October 31, 2017 and 2016**  
**(Expressed in Canadian Dollars)**

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

*New Standards and Interpretations Not Yet Adopted*

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for future accounting periods. The following have not yet been adopted by the Company and are being evaluated to determine their impact.

- a) IFRS 15 - New standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers, effective for annual periods beginning on or after January 1, 2017.
- b) IFRS 9 – New standard that replaced IAS 39 for classification and measurement, effective for annual periods beginning on or after January 1, 2018.
- c) IFRS 16 – Leases: New standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019.

**4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

Financial instruments measured at fair value are classified into three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The fair values of the Company's receivables, accounts payable and accrued liabilities and due to related parties approximate their carrying values because of the short-term nature of these instruments. The fair value of the Company's reclamation bonds also approximates its carrying value. The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at October 31, 2017 and 2016:

	Level 1	Level 2	Level 3
October 31, 2017:			
Cash	\$ 2,686	\$ -	\$ -
Restricted cash	\$ 72,011	\$ -	\$ -
October 31, 2016:			
Cash	\$ 392,664	\$ -	\$ -
Marketable securities	\$ 28,750	\$ -	\$ -

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

*Credit risk*

The Company's cash is held with large financial institutions. The Company's receivables consist of sales taxes and exploration grants and tax credits receivable from the Government of Canada and the Governments of British Columbia and the Yukon Territory. Management believes that credit risk concentration with respect to cash and receivables is remote.

*Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at October 31, 2017, the Company had cash and restricted cash of \$74,697 to settle current liabilities of \$357,803. Management intends to raise additional funds through equity financings or alternative forms of financing to meet its current liabilities when they become due. See going concern discussion in Note 2.

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**Eureka Resources Inc.**  
**Notes to the Consolidated Financial Statements**  
**October 31, 2017 and 2016**  
**(Expressed in Canadian Dollars)**

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**4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)**

*Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, and commodity and equity prices.

a) Interest rate risk

The Company has cash which is not subject to significant risks in fluctuating interest rates. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. An increase to interest rates by 1% would have an insignificant effect on the Company's operations.

b) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company's marketable securities are subject to price risk. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

c) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash denominated in US dollars. As at October 31, 2017 and 2016 a 10% fluctuation in the US Dollar against the Canadian Dollar would not have a significant impact on profit and loss.

**5. MARKETABLE SECURITIES**

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	2017	2016
Fair value, beginning	\$ 28,750	\$ -
Acquisitions (non-cash) (Note 6)	-	25,000
Proceeds on sale	(25,990)	-
Unrealized gain (loss)	(3,750)	3,750
Realized gain on sale	990	-
Fair value, ending	<u>\$ -</u>	<u>\$ 28,750</u>

The fair value of the Company's marketable securities is measured at each reporting date by reference to the closing price of the shares.

**6. EXPLORATION AND EVALUATION ASSETS**

***FG Gold Project:***

The Company holds a 100% interest in 33 contiguous claims comprising the FG Gold Project area. The claims are located in the Cariboo Mining Division, British Columbia.

- i. Under the terms of a Settlement Agreement in which a dispute between the Company and a former optionee of the property was settled, the Company must issue 200,000 common shares to the former optionee owners upon completion of a positive feasibility study;
- ii. In addition, the Company must issue 210,000 common shares to a former director in consideration for exploration work done on the property, as follows:

Upon completion of feasibility study recommending production	70,000
Upon commencement of production	70,000
Upon repayment of pre-production capital costs	70,000

- iii. The property is subject to a 3% net smelter return royalty (“NSR”) which becomes payable after the capital required to bring the property into commercial production is recovered from production. The NSR is limited to a maximum of \$2,600,000 with an allowance for the change in the Consumer Price Index from September 22, 1989 to the date the royalty becomes payable.

**Canarc Resource Corp (“Canarc”) Option Agreement**

On August 24, 2016, the Company entered into an option agreement with Canarc which provided Canarc the option to earn up to a 75% interest in the FG Property.

During the year ended October 31, 2016, Canarc issued the Company 250,000 common shares with a fair value of \$25,000 (Note 5) and purchased 750,000 units of the Company at \$0.14 per unit for \$105,000.

In July, 2017, Canarc informed the Company that it would not be proceeding with the option agreement on the FG property, and the agreement terminated on August 4, 2017. Canarc paid the Company \$35,000 in lieu of exploration work that it was required to perform on certain of the FG claims.

**BC Mining Exploration Tax Credit**

During the year ended October 31, 2017, the Company recorded a BC Mining Exploration tax credit receivable of \$Nil (2016 - \$35,928) as a reduction to the capitalized balance of the FG property.

**6. EXPLORATION AND EVALUATION ASSETS (cont'd...)**

***Gemini Lithium Project:***

On January 20, 2016, the Company entered into an interim agreement with Nevada Sunrise Gold Corporation ("Nevada Sunrise"), a public company with directors and officers in common with the Company, to acquire a 50% participating interest in the Gemini Lithium Project ("Gemini") located in the Lida Valley, Esmeralda County, Nevada, USA.

Pursuant to the terms of the interim agreement, the Company had the right to acquire a 50% participating interest in Gemini by reimbursing Nevada Sunrise for 50% of the Gemini acquisition and evaluation costs. In addition, the Company would issue Nevada Sunrise 500,000 common shares as a prospect fee, with 300,000 shares to be issued on receipt of regulatory acceptance of the agreement and 200,000 to be issued on the first anniversary of such acceptance. The Company and Nevada Sunrise would enter into a joint venture on Gemini with Nevada Sunrise acting as operator of exploration. The interim agreement was subject to the satisfaction of certain conditions and approvals all of which were met. The agreement was a non-arm's length transaction under TSXV policies. The non-independent directors abstained from voting on the agreement.

On May 4, 2016, the companies signed an addendum to the interim agreement in which they agreed that the companies had completed their due diligence review on Gemini, that a definitive joint venture agreement would be entered into (signed on September 21, 2016) and that in the event that one of the companies divests of its 50% interest in Gemini, the remaining company would become the operator at Gemini by default. The Company paid Nevada Sunrise 50% of the acquisition and evaluation costs.

On June 6, 2016, the companies received TSXV acceptance of the interim agreement and the addendum and the Company issued 300,000 common shares with a fair value of \$28,500 to Nevada Sunrise.

On May 2, 2017, Nevada Sunrise divested its 50% interest in Gemini, and consequently the Company became the operator of the Gemini project. In late 2017, Nevada Sunrise re-acquired its 50% interest in Gemini as a result of the termination of an option agreement.

On June 6, 2017, the Company issued 200,000 common shares with a fair value of \$11,000 to Nevada Sunrise.

**6. EXPLORATION AND EVALUATION ASSETS (cont'd...)**

***Gold Creek Project:***

On November 14, 2016, the Company entered into an option agreement under which the Company was granted the option to earn up to a 100% interest in the Gold Creek Project, located in the Cariboo Mining Division, British Columbia.

Under the terms of the agreement, the Company could earn up to a 100% interest in Gold Creek in three stages:

- 49% by incurring a minimum of \$30,000 in exploration expenditures by November 14, 2016 (incurred);
- an additional 26%, by issuing 50,000 common shares (issued with a fair value of \$2,500) and incurring an additional \$50,000 in exploration expenditures by August 31, 2017 (incurred);
- an additional 25% by issuing an additional 100,000 common shares (issued with a fair value of \$5,000) and incurring an additional \$50,000 in exploration expenditures by August 31, 2018 (incurred).

At October 31, 2017, the Company has exercised its option on the Gold Creek property and owns a 100% interest in the property. The vendor retained a 1% net smelter royalty of which the Company may purchase 0.5% for \$1,000,000.

**BC Mining Exploration Tax Credit**

During the year ended October 31, 2017, the Company recorded a BC Mining Exploration tax credit receivable of \$11,112 (2016 - \$Nil) as a reduction to the capitalized balance of the Gold Creek property.

***Luxor Gold Project:***

On December 12, 2016, the Company entered into a purchase agreement in which the Company purchased a 100% interest in three non-contiguous claim blocks covering 360 claims and known as the Luxor Project located in the Dawson Range Gold Belt, Yukon Territory.

On January 3, 2017, the Company issued 2,500,000 common shares with a fair value of \$262,500 to the vendors. The vendors agreed to an arrangement under which the shares become free trading on the following dates:

- June 28, 2017            833,334 shares (released);
- December 28, 2017:   833,334 shares (released);
- June 28, 2018:         833,332 shares.

In addition, the Company issued 125,000 common shares with a fair value of \$13,125 as a finder's fee.

The Company has committed to use the vendors to perform exploration work on the properties totaling \$750,000 over four years as follows:

- \$187,500 on or before December 28, 2017 (incurred);
- \$187,500 on or before December 28, 2018;
- \$187,500 on or before December 28, 2019;
- \$187,500 on or before December 28, 2020;

The vendors retained a 2% net smelter return royalty. The Company may purchase the royalty for \$1,000,000.

**Yukon Mineral Exploration Program ("YMEP")**

During the year ended October 31, 2017, the Company recorded a Yukon Mineral Exploration grant receivable of \$40,000 (2016 - \$Nil), received under YMEP, as a reduction to the capitalized balance of the Luxor property.

**6. EXPLORATION AND EVALUATION ASSETS (cont'd...)**

***Tak Gold Project:***

On January 9, 2017, the Company entered into a purchase agreement in which the Company purchased a 100% interest in 82 claims known as the Tak Project located in the Dawson Range Gold Belt, Yukon Territory.

On February 6, 2017, the Company issued 500,000 common shares with a fair value of \$50,000 to the vendors. The vendors agreed to an arrangement under which the shares become free trading on the following dates:

- On closing 125,000 shares (released)
- Six months from closing 125,000 shares (released)
- Twelve months from closing 125,000 shares (released)
- Eighteen months from closing 125,000 shares

The vendors retained a 2% net smelter return royalty. The Company may purchase 1% for \$1,000,000.

***Yukon Mineral Exploration Program ("YMEP")***

During the year ended October 31, 2017, the Company recorded a Yukon Mineral Exploration grant receivable of \$40,000 (2016 - \$Nil), received under YMEP, as a reduction to the capitalized balance of the Tak property.

***CKN Project:***

On April 5, 2017, the Company entered into an option agreement to earn a 100% interest in 2 claims covering 1,356 hectares known as the CKN Project, located in the Cariboo Mining Division, British Columbia. To earn the 100% interest, the Company must make the following cash and share payments to the vendor, and incur the following minimum exploration expenditures:

Due Date	Cash	Common Shares	Exploration Expenditures
Closing Date	\$15,000 (paid)	50,000 (issued)	\$Nil
On or before July 1, 2018	\$20,000	100,000	\$40,000
On or before July 1, 2019	\$30,000	100,000	\$80,000
On or before July 1, 2020	\$50,000	200,000	\$100,000
On or before July 1, 2021	\$100,000	250,000	\$Nil

On April 21, 2017, the Company received TSXV acceptance of the option agreement issued 50,000 common shares with a fair value of \$4,750. In May 2017, the Company staked two additional contiguous claims at a cost of \$859 which covered an additional 491 hectares and brought the total claim block to 1,847 hectares.

Subsequent to October 31, 2017, the Company informed the vendor that it would not be proceeding with the option agreement on the CKN Project, and the agreement terminated on December 23, 2017. The Company recorded a write-off of exploration and evaluation assets of \$36,901 at October 31, 2017.

**7. RECLAMATION BONDS**

The Company has placed a reclamation bond of \$10,000 (2016 - \$5,000) which is pledged to the Province of British Columbia as security for reclamation obligations under the mining regulations in the Province of British Columbia. The Company has placed a reclamation bond of US\$9,108 (2016 - US\$9,108) with the Bureau of Land Management in the State of Nevada as security for reclamation obligations under mining regulations in the State of Nevada.

## **8. CAPITAL MANAGEMENT**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, to pursue the exploration and evaluation of its mineral properties and to maintain a flexible capital structure for the benefit of all its stakeholders. The Company manages the capital structure and makes adjustments to it in light of changes in the economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue common shares, enter into joint venture arrangements, acquire or dispose of assets or alter the amount of cash on hand. The Company does not have any major capital expenditures committed during the next fiscal year. Management reviews its capital structure on a regular basis to ensure that the above-noted objectives are met. The Company anticipates future access to equity markets to fund continued exploration and evaluation of its mineral properties and the fund future growth of the business.

There were no changes in the Company's approach to capital management during the year ended October 31, 2017. The Company is not subject to externally imposed capital requirements.

## **9. SHARE CAPITAL**

### a) Authorized:

Unlimited number of common shares without par value

### b) Issued:

On October 31, 2017, there were 45,712,402 (2016 – 34,913,972) common shares issued and outstanding.

#### ***Year Ended October 31, 2017:***

##### *Private Placement*

On December 29, 2016, the Company issued 707,000 common shares pursuant to the private placement of 707,000 flow-through units at \$0.10 per unit for proceeds of \$70,700. As the unit price received for the flow-through units was equivalent to the market price of the Company's common shares on the date of issuance, no premium was recorded on the flow-through units. Each unit contained one flow-through common share and one-half of one share purchase warrant. Each full warrant entitled the holder to purchase an additional common share at \$0.15 per share until December 29, 2018. In connection with the private placement, the Company paid finder's fees of \$1,992 and issued 19,920 finder's warrants. Each finder's warrant entitled the holder to purchase one non-flow-through unit with the same terms as the private placement units at \$0.10 per unit until December 29, 2018.

The fair value of the finders' warrants issued was calculated as \$1,394 using the Black-Scholes Option Pricing Model using the weighted average assumptions below. Fair value is particularly impacted by stock price volatility, determined using historical price data for a term equivalent to the expected life of the warrant.

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Risk-free interest rate	0.94%
Expected life of warrants	2 years
Annualized volatility	145%
Dividend rate	0%

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All share purchase warrants issued, including those issued as finders' fees, are subject to an acceleration clause, which will cause the warrants, if unexercised, to expire on the date which is 30 days after the date that the volume-weighted average trading price of the Company's common shares on the TSXV exceeds \$0.25 per share over a period of ten consecutive trading days.



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**Eureka Resources Inc.**  
**Notes to the Consolidated Financial Statements**  
**October 31, 2017 and 2016**  
**(Expressed in Canadian Dollars)**

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**9. SHARE CAPITAL (cont'd)**

b) Issued: (cont'd)

*Year Ended October 31, 2017: (cont'd)*

Private Placement

On May 31, 2017, the Company issued 6,340,430 units (3,261,055 flow-through units at \$0.09 per unit and 3,079,375 non-flow-through units at \$0.08 per unit) for total proceeds of \$539,845. The Company allocated proceeds of \$32,611 to other income for the flow-through premium on the flow-through portion of the private placement. In addition, the Company allocated proceeds of \$63,404 to contributed surplus for the fair value of the warrants issued on the private placement using the residual method.

A portion of the proceeds from the flow-through units were held in trust and released as eligible expenditures were incurred. At October 31, 2017, there were funds held in trust of \$72,011 (2016 - \$Nil). These funds were classified as restricted cash on the consolidated statement of financial position. They were released subsequent to October 31, 2017.

Each flow-through unit consisted of one flow-through common share and one-half of one share purchase warrant. Each whole warrant entitled the holder to purchase an additional common share at \$0.15 per share until May 31, 2019. The proceeds from the issuance of the flow-through units were used for exploration of the Company's mineral properties in British Columbia and the Yukon Territory.

Each non-flow-through unit consisted of one common share and one-half of one share purchase warrant. Each whole warrant entitled the holder to purchase an additional common share at \$0.15 per share until May 31, 2019.

The Company paid finder's fees of \$30,675, 187,500 common shares with a fair value of \$13,125, 187,500 share purchase warrants and 13,332 finder's warrants.

Each share purchase warrant entitled the holder to purchase an additional common share at \$0.15 per share until May 31, 2019. Each finder's warrant entitled the holder to purchase a non-flow-through unit at \$0.09 per unit until May 31, 2019.

The fair value of the share purchase warrants issued was calculated as \$5,625 using the Black-Scholes Option Pricing Model using the weighted average assumptions below. Fair value is particularly impacted by stock price volatility, determined using historical price data for a term equivalent to the expected life of the warrant.

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Risk-free interest rate	0.88%
Expected life of warrants	2 years
Annualized volatility	126%
Dividend rate	0%

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The fair value of the finders' warrants issued was calculated as \$533 using the Black-Scholes Option Pricing Model using the weighted average assumptions below. Fair value is particularly impacted by stock price volatility, determined using historical price data for a term equivalent to the expected life of the warrant.

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Risk-free interest rate	0.88%
Expected life of warrants	2 years
Annualized volatility	126%
Dividend rate	0%

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**Eureka Resources Inc.**  
**Notes to the Consolidated Financial Statements**  
**October 31, 2017 and 2016**  
**(Expressed in Canadian Dollars)**

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**9. SHARE CAPITAL (cont'd)**

b) Issued: (cont'd)

*Year Ended October 31, 2017: (cont'd)*

Luxor Acquisition

On January 3, 2017, the Company issued 2,625,000 common shares with a fair value of \$275,625 to acquire a 100% interest in the Luxor Project.

Finder's Warrants Exercised

On January 20, 2017, the Company issued 38,500 common shares and 38,500 warrants exercisable at \$0.125 per share until April 29, 2018 pursuant to the exercise of 38,500 finder's warrants at \$0.075 for proceeds of \$2,887.

Tak Acquisition

On February 6, 2017, the Company issued 500,000 common shares with a fair value of \$50,000 to acquire a 100% interest in the Tak Project.

CKN Option Payment

On April 21, 2017, the Company issued 50,000 common shares with a fair value of \$4,750 as an option payment on the CKN Project.

Gemini Prospect Fee

On June 6, 2017, the Company issued 200,000 common shares with a fair value of \$11,000 as a prospecting fee on the Gemini Project.

Gold Creek Option Payment

On July 5, 2017, the Company issued 150,000 common shares with a fair value of \$7,500 as an option payment on the Gold Creek Project.

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**Eureka Resources Inc.**  
**Notes to the Consolidated Financial Statements**  
**October 31, 2017 and 2016**  
**(Expressed in Canadian Dollars)**

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**9. SHARE CAPITAL (cont'd)**

b) Issued: (cont'd)

*Year Ended October 31, 2016:*

Incentive Warrant Program

On December 31, 2015, the Company offered the holders of 4,000,000 share purchase warrants issued on June 10, 2015 (the "June Warrants") an incentive warrant to exercise their warrants early. Each June Warrant was exercisable to purchase one common share at \$0.05 per share until June 10, 2016 or at \$0.10 per share until June 10 2017. The Company would issue the holder of a June Warrant who exercises their June Warrant between January 4, 2016 and January 29, 2016 an incentive warrant for each June Warrant exercised. Each Incentive Warrant would entitle the holder to acquire an additional common share at \$0.075 per share until June 10, 2016, and thereafter at \$0.125 per share until June 10, 2020.

On January 29, 2016, the Company announced that incentive warrant program resulted in the exercise of 1,315,000 June Warrants for proceeds of \$65,750. The Company issued the holders who exercised their June Warrants an incentive warrant and a common share for each June Warrant exercised. The fair value of the incentive warrants of \$65,750 or \$0.05 per warrant was allocated to directly to equity. The fair value was determined using the Black Scholes option valuation model with the following assumptions:

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Risk-free interest rate	2.00%
Expected life of warrants	4.38 years
Annualized volatility	180%
Dividend rate	0%

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Shares for Debt

On March 21, 2016, the Company issued 906,333 common shares at \$0.075 per share to settle outstanding debts of \$67,975. The shares were issued to seven creditors. Included in the totals were 566,333 common shares issued to related parties to settle debts totalling \$42,475 (Note 10).

Private Placements

On April 29, 2016, the Company issued 2,693,666 common shares pursuant to the private placement of 2,693,666 units at \$0.075 per unit for gross proceeds of \$202,025. Each unit contained one common share and one warrant entitling the holder to purchase an additional common share at \$0.125 until April 29, 2018.

In connection with the private placement, the Company paid finder's fees of \$12,285, issued 163,800 finder's warrants. Each finder's warrant entitles the holder to purchase one unit with the same terms as the private placement units at \$0.075 until April 29, 2018.

**Eureka Resources Inc.**  
**Notes to the Consolidated Financial Statements**  
**October 31, 2017 and 2016**  
**(Expressed in Canadian Dollars)**

**9. SHARE CAPITAL (cont'd)**

b) Issued: (cont'd)

*Year Ended October 31, 2016: (cont'd)*

The fair value of the finders' warrants issued was calculated as \$16,380 using the Black-Scholes Option Pricing Model using the weighted average assumptions below. Fair value is particularly impacted by stock price volatility, determined using historical price data for a term equivalent to the expected life of the warrant.

Risk-free interest rate	1%
Expected life of warrants	2 years
Annualized volatility	157%
Dividend rate	0%

On May 6, 2016, the Company issued 2,033,334 common shares pursuant to the private placement of 2,033,334 units at \$0.075 per unit for gross proceeds of \$152,500. Each unit contained one common share and one warrant entitling the holder to purchase an additional common share at \$0.125 until May 6, 2018.

In connection with the private placement, the Company paid finder's fees of \$6,475, issued 86,333 finder's warrants. Each finder's warrant entitles the holder to purchase one unit with the same terms as the private placement units at \$0.075 until May 6, 2018.

The fair value of the finders' warrants issued was calculated as \$8,633 using the Black-Scholes Option Pricing Model using the weighted average assumptions below. Fair value is particularly impacted by stock price volatility, determined using historical price data for a term equivalent to the expected life of the warrant.

Risk-free interest rate	1%
Expected life of warrants	2 years
Annualized volatility	150%
Dividend rate	0%

On September 9, 2016, the Company issued 1,050,000 common shares pursuant to the private placement of 1,050,000 units at \$0.14 per unit for gross proceeds of \$147,000. Each unit contained one common share and one-half of one share purchase warrant. Each full warrant entitling the holder to purchase an additional common share at \$0.20 until September 9, 2018.

In connection with the private placement, the Company paid finder's fees of \$1,260, issued 9,000 finder's warrants. Each finder's warrant entitles the holder to purchase one unit with the same terms as the private placement units at \$0.14 until September 9, 2018.

The fair value of the finders' warrants issued was calculated as \$720 using the Black-Scholes Option Pricing Model using the weighted average assumptions below. Fair value is particularly impacted by stock price volatility, determined using historical price data for a term equivalent to the expected life of the warrant.

Risk-free interest rate	1%
Expected life of warrants	2 years
Annualized volatility	142%
Dividend rate	0%

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**Eureka Resources Inc.**  
**Notes to the Consolidated Financial Statements**  
**October 31, 2017 and 2016**  
**(Expressed in Canadian Dollars)**

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**9. SHARE CAPITAL (cont'd)**

b) Issued: (cont'd)

*Year Ended October 31, 2016: (cont'd)*

On October 20, 2016, the Company issued 1,325,000 common shares pursuant to the private placement of 1,325,000 units at \$0.10 per unit for gross proceeds of \$132,500. Each unit contained one common share and one-half of one share purchase warrant. Each full warrant entitled the holder to purchase an additional common share at \$0.15 until October 20, 2018.

In connection with the private placement, the Company paid finder's fees of \$4,200, issued 42,000 finder's warrants. Each finder's warrant entitles the holder to purchase one unit with the same terms as the private placement units at \$0.10 until October 20, 2018.

The fair value of the finders' warrants issued was calculated as \$4,200 using the Black-Scholes Option Pricing Model using the weighted average assumptions below. Fair value is particularly impacted by stock price volatility, determined using historical price data for a term equivalent to the expected life of the warrant.

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Risk-free interest rate	0.94%
Expected life of warrants	2 years
Annualized volatility	147%
Dividend rate	0%

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On October 26, 2016, the Company issued 2,175,000 common shares pursuant to the private placement of 2,175,000 units at \$0.10 per unit for gross proceeds of \$217,500. Each unit contained one common share and one-half of one share purchase warrant. Each full warrant entitled the holder to purchase an additional common share at \$0.15 until October 26, 2018.

In connection with the private placement, the Company paid finder's fees of \$6,432, issued 64,320 finder's warrants. Each finder's warrant entitles the holder to purchase one unit with the same terms as the private placement units at \$0.10 until October 26, 2018.

The fair value of the finders' warrants issued was calculated as \$6,432 using the Black-Scholes Option Pricing Model using the weighted average assumptions below. Fair value is particularly impacted by stock price volatility, determined using historical price data for a term equivalent to the expected life of the warrant.

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Risk-free interest rate	0.94%
Expected life of warrants	2 years
Annualized volatility	147%
Dividend rate	0%

---

All the share purchase warrants issued in conjunction with the above private placements, including those issued as finders' fees, are subject to acceleration clauses, which will cause the warrants, if unexercised, to expire on the date which is 30 days after the date that the volume-weighted average trading price of the Company's common shares on the TSXV exceeds \$0.25 per share for certain warrants and \$0.35 per share for others over a period of ten consecutive trading days.

**Eureka Resources Inc.**  
**Notes to the Consolidated Financial Statements**  
**October 31, 2017 and 2016**  
**(Expressed in Canadian Dollars)**

9. **SHARE CAPITAL** (cont'd)

b) Issued: (cont'd)

*Year Ended October 31, 2016: (cont'd)*

Gemini – Prospect Fee

On June 6, 2016, the Company issued 300,000 common shares at a value of \$28,500 to Nevada Sunrise as a prospect fee on the Gemini Lithium Project (Note 6).

Warrants Exercised

During the year ended October 31, 2016, the Company issued 3,300,000 common shares at \$0.05 per share for proceeds of \$165,000 pursuant to the exercise of 3,300,000 share purchase warrants.

During the year ended October 31, 2016, the Company issued 100,000 common shares at \$0.075 per share for proceeds of \$7,500 pursuant to the exercise of 100,000 share purchase warrants.

Finder's Warrants Exercised

During the year ended October 31, 2016, the Company issued 8,400 common shares and 8,400 warrants exercisable at \$0.125 per share until April 29, 2018 pursuant to the exercise of 8,400 finder's warrants at \$0.075 for proceeds of \$630.

c) Stock Options:

The Company has a Stock Option Plan ("the Plan") under which it is authorized to grant options to directors, officers, consultants or employees of the Company. The number of options that may be granted under the Plan is limited to 10% of the number of issued and outstanding common shares of the Company at the date of grant. The exercise price of options granted under the Plan may not be less than the market value of the Company's common shares on the date of grant. Options granted under the Plan have a maximum life of five years and vest on the date of grant, over a period determined by management, or over a period mandated by TSX-V policy.

A summary of stock option activity for the years ended October 31, 2017 and 2016 is as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding options, October 31, 2015	1,400,000	\$0.10
Issued	900,000	\$0.10
Outstanding options, October 31, 2016	2,300,000	\$0.10
Issued	1,150,000	\$0.12
Cancelled	(350,000)	\$0.11
Outstanding options, October 31, 2017	3,100,000	\$0.11

**Eureka Resources Inc.**  
**Notes to the Consolidated Financial Statements**  
**October 31, 2017 and 2016**  
**(Expressed in Canadian Dollars)**

**9. SHARE CAPITAL (cont'd)**

Stock Options: (cont'd)

On June 27, 2016, the Company granted 900,000 stock options to directors, officers and consultants of the Company. The options entitle the holders to purchase one common share for each option held at \$0.10 until June 27, 2021. The fair value of the stock options of \$81,000 or \$0.09 per option was determined using the Black Scholes option valuation model.

On January 16, 2017, the Company granted 950,000 stock options to directors, officers and consultants of the Company. The options entitle the holders to purchase one common share for each option held at \$0.13 until January 16, 2022. The fair value of the stock options of \$114,000 or \$0.12 per option was determined using the Black Scholes option valuation model.

On April 28, 2017, the Company granted 200,000 stock options to a director of the Company. The options entitle the holder to purchase one common share for each option held at \$0.10 until April 28, 2022. The fair value of the stock options of \$16,000 or \$0.08 per option was determined using the Black Scholes option valuation model.

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

	Year ended October 31, 2017	Year ended October 31, 2016
Risk-free interest rate	1.39%	1.38%
Expected life of options	5 years	5 years
Annualized volatility	169%	171%
Dividend rate	0%	0%
Forfeiture rate	0%	0%
Share price on grant date	\$ 0.12	\$ 0.095

At October 31, 2017, there were 3,100,000 stock options outstanding entitling the holders thereof the right to purchase one common share for each option held as follows:

Number of options outstanding and exercisable	Exercise Price	Expiry Date
1,200,000	\$0.10	June 23, 2020
800,000	\$0.10	June 27, 2021
900,000	\$0.13	January 16, 2022
200,000	\$0.10	April 28, 2022
<u>3,100,000</u>		

At October 31, 2017, the stock options had a weighted average remaining life of 3.48 years.

**Eureka Resources Inc.**  
**Notes to the Consolidated Financial Statements**  
**October 31, 2017 and 2016**  
**(Expressed in Canadian Dollars)**

**9. SHARE CAPITAL (cont'd)**

d) Share Purchase Warrants:

A summary of share purchase warrant activity for the years ended October 31, 2017 and 2016 is as follows:

	Year Ended October 31, 2017		Year Ended October 31, 2016	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Warrants outstanding, beginning of year	9,900,400	\$ 0.12	4,975,000	\$ 0.06
Warrants exercised	-	-	(3,400,000)	\$ 0.05
Warrants issued	3,749,715	\$ 0.15	8,325,400	\$ 0.13
Warrants expired	(1,675,000)	\$ 0.11	-	-
Warrants outstanding, end of year	11,975,115	\$ 0.14	9,900,400	\$ 0.12

At October 31, 2017, there were 11,975,115 share purchase warrants outstanding entitling the holders thereof the right to purchase one common share for each warrant held as follows:

Number of warrants outstanding	Exercise Price	Expiry Date
1,215,000	\$0.125	June 10, 2020
2,740,566	\$0.125	April 29, 2018
2,033,334	\$0.125	May 6, 2018
525,000	\$0.20	September 9, 2018
662,500	\$0.15	October 20, 2018
1,087,500	\$0.15	October 26, 2018
353,500	\$0.15	December 29, 2018
3,357,715	\$0.15	May 31, 2019
11,975,115		

At October 31, 2017, the weighted average remaining life of the outstanding warrants is 1.12 years.

e) Finders Warrants:

A summary of finders warrant activity for the years ended October 31, 2017 and 2016 is as follows:

	Year Ended October 31, 2017		Year Ended October 31, 2016	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Finders warrants outstanding, beginning of year	357,053	\$ 0.08	-	\$ -
Finders warrants exercised	(38,500)	\$ 0.075	(8,400)	\$ 0.075
Finders warrants issued	33,252	\$ 0.10	365,453	\$ 0.08
Finders warrants outstanding, end of year	351,805	\$ 0.09	357,053	\$ 0.08



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**Eureka Resources Inc.**  
**Notes to the Consolidated Financial Statements**  
**October 31, 2017 and 2016**  
**(Expressed in Canadian Dollars)**

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**9. SHARE CAPITAL (cont'd)**

e) Finders Warrants: (cont'd)

At October 31, 2017, there were 351,805 finder's warrants outstanding entitling the holders thereof the right to purchase one unit with the same terms as the private placement to which they relate as follows:

Number of finder's warrants outstanding	Exercise Price	Expiry Date
116,900	\$0.075	April 29, 2018
86,333	\$0.075	May 6, 2018
9,000	\$0.14	September 9, 2018
42,000	\$0.10	October 20, 2018
64,320	\$0.10	October 26, 2018
19,920	\$0.10	December 29, 2018
13,332	\$0.09	May 31, 2019
<hr/> 351,805 <hr/>		

At October 31, 2017, the finder's warrants had a weighted average remaining life of 0.73 years.

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**Eureka Resources Inc.**  
**Notes to the Consolidated Financial Statements**  
**October 31, 2017 and 2016**  
**(Expressed in Canadian Dollars)**

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**10. RELATED PARTY TRANSACTIONS**

During the years ended October 31, 2017 and 2016, the Company incurred the following charges by directors of the Company and by companies with directors and officers in common with the Company.

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	2017	2016
Accounting fees	\$ 37,000	\$ 28,000
Consulting fees	32,500	16,400
Exploration and evaluation assets – acquisition costs	11,000	28,500
Exploration and evaluation assets – exploration costs	402,722	26,903
Management fees	72,000	50,000
Rent	-	2,250
Share-based compensation	88,000	54,000
	<u>\$ 643,222</u>	<u>\$ 206,053</u>

*Key Management Compensation:*

During the years ended October 31, 2017 and 2016, the Company incurred the following key management compensation charges. Key management includes the Company's directors and executive officers.

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	2017	2016
Accounting fees	\$ 37,000	\$ 28,000
Consulting fees	32,500	16,400
Exploration and evaluation assets – exploration costs	402,722	26,903
Management fees	72,000	50,000
Share-based compensation	88,000	54,000
	<u>\$ 632,222</u>	<u>\$ 175,303</u>

At October 31, 2017, due to related parties includes \$290,397 (October 31, 2016 - \$395) payable to directors of the Company and to companies with directors and officers in common with the Company for fees and expenses.

Amounts due to related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

During the year ended October 31, 2016, certain directors and officers settled a total of \$42,475 in debt, in exchange for 566,333 common shares, with a fair value of \$0.075 per share.

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**Eureka Resources Inc.**  
**Notes to the Consolidated Financial Statements**  
**October 31, 2017 and 2016**  
**(Expressed in Canadian Dollars)**

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**11. SEGMENTED INFORMATION**

*Operating Segment*

The Company operates in one industry, being the acquisition, exploration and evaluation of mineral properties.

*Geographic Segments*

The Company's non-current assets are located in the following countries:

	October 31, 2017		
	Canada	USA	Total
Reclamation bonds	\$ 10,000	\$ 11,718	\$ 21,718
Exploration and evaluation assets	973,990	194,174	1,168,164
	\$ 983,990	\$ 205,892	\$ 1,189,882

	October 31, 2016		
	Canada	USA	Total
Reclamation bonds	\$ 5,000	\$ 12,212	\$ 17,212
Exploration and evaluation assets	122,882	161,039	283,921
	\$ 127,882	\$ 173,251	\$ 301,133

**12. NON-CASH TRANSACTIONS**

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows. The following transactions were excluded from the statements of cash flows:

***During the Year Ended October 31, 2017:***

- the Company issued a total of 33,252 finder's warrants with a total fair value of \$1,927 pursuant to a finder's fee agreements on private placements.
- the Company issued 187,500 share purchase warrants with a fair value of \$5,625 pursuant to a finder's fee agreement on a private placement.
- the Company issued 187,500 common shares with a fair value of \$13,125 pursuant to a finder's fee agreement on a private placement.
- the Company reclassified \$3,851 from reserves to share capital on the exercise of 38,500 finder's warrants.
- the Company issued 3,325,000 common shares with a fair value of \$337,875 to acquire the exploration and evaluation assets.
- the Company issued 200,000 common shares with a fair value of \$11,000 to Nevada Sunrise as a prospect fee on the Gemini Lithium Project.
- the Company had exploration and evaluation costs of \$3,012 in accounts payable and accrued liabilities.
- the Company had exploration and evaluation costs of \$182,599 in due to related parties.
- The Company recognized \$63,404 for the fair value of warrants issued in a private placement as a reclassification between share capital and reserves.
- The Company recognized \$32,611 for a flow-through premium liability as a reclassification between share capital and accrued liabilities.

***During the Year Ended October 31, 2016:***

- the Company recorded a BCMETC receivable of \$22,755 against exploration and evaluation assets.
- the Company issued 906,333 common shares for accounts payable and accrued liabilities of \$25,500 due to related parties of \$42,475.
- the Company issued a total of 365,453 finder's warrants with a total fair value of \$36,365 pursuant to finder's fee agreements on private placements.
- the Company reclassified \$840 from reserves to share capital on the exercise of 8,400 finder's warrants.
- the Company issued 300,000 common shares with a fair value of \$28,500 to Nevada Sunrise as a prospect fee on the Gemini Property.
- the Company received 250,000 common shares with a fair value of \$25,000 to from Canarc as an option payment on the FG Property.
- the Company recognized \$65,750 as the fair value of incentive warrants issued as a reclassification between share capital and reserves.

**Eureka Resources Inc.**  
**Notes to the Consolidated Financial Statements**  
**October 31, 2017 and 2016**  
**(Expressed in Canadian Dollars)**

**13. INCOME TAXES**

The following table reconciles the expected income tax recovery at the statutory income tax rates to the amounts recognized in the statements of loss and comprehensive loss for the years ended October 31, 2017 and 2016:

	2017	2016
Loss for the year	\$ (744,970)	\$ (463,680)
Expected income tax recovery	(194,000)	(121,000)
Change in statutory, foreign tax, foreign exchange rates	(48,000)	(12,000)
Impact of flow-through shares, tax credits and other government assistance	118,000	-
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	232,000	18,000
Share issue costs	(12,000)	(8,000)
Permanent differences	26,000	21,000
Change in unrecognized deductible temporary differences	(122,000)	102,000
Total income tax recovery	\$ -	\$ -

In September 2017, the British Columbia (“BC”) Government proposed changes to the general corporate income tax rate to increase the rate from 11% to 12% effective January 1, 2018 and onwards. This change in tax rate was substantively enacted on October 26, 2017. The relevant deferred tax balances have been remeasured to reflect the increase in the Company's combined Federal and Provincial (BC) general corporate income tax rate from 26% to 27%.

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the statements of financial position are as follows:

	2017	Expiry Dates	2016	Expiry Dates
Temporary Differences				
Exploration and evaluation assets	1,689,000	No expiry date	\$ 2,918,000	No expiry date
Canadian eligible capital	-	No expiry date	20,000	No expiry date
Property and equipment	20,000	No expiry date	-	No expiry date
Share issue costs	67,000	No expiry date	42,000	No expiry date
Allowable capital loss	-	No expiry date	2,000	No expiry date
Non-capital losses	1,677,000	2026-2037	1,048,000	2026-2036

Tax attributes are subject to review and potential adjustment by tax authorities.

**14. SUBSEQUENT EVENTS**

***Yukon Mineral Exploration Grant***

The Company received a Yukon Mineral Exploration grant of \$80,000.

***Private Placement***

On December 28, 2017, the Company issued 4,000,000 common shares pursuant to the private placement of 4,000,000 common shares at \$0.025 per share for gross proceeds of \$100,000. In connection with the private placement, the Company paid finder's fees of \$4,550.

On January 22, 2018, the Company issued 750,000 common shares pursuant to the private placement of 750,000 common shares at \$0.035 per share for gross proceeds of \$26,250. In connection with the private placement, the Company paid finder's fees of \$367.



**EUREKA RESOURCES INC.**

MANAGEMENT DISCUSSION AND ANALYSIS (“MD&A”)

For the three months ended January 31, 2018

## **CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS**

This MD&A includes certain forward-looking statements or information. All statements other than statements of historical fact included in this MD&A including statements relating to the potential mineralization or geological merits of the Company's mineral properties and the future plans, objectives or expectations of the Company are forward-looking statements that involve various risks and uncertainties. Such forward-looking statements include among other things, statements regarding future commodity pricing, estimation of mineral reserves and resources, timing and amounts of estimated exploration expenditures and capital expenditures, costs and timing of the exploration and development of new deposits, success of exploration activities, permitting time lines, future currency exchange rates, requirements for additional capital, government regulation of mining operations, environmental risks, anticipated reclamation expenses, timing and possible outcome of pending litigation, timing and expected completion of property acquisitions or dispositions, and title disputes. They may also include statements with respect to the Company's mineral discoveries, plans, out-look and business strategy. The words "may", "would", "could", "should", "will", "likely", "expect", "anticipate", "intend", "estimate", "plan", "forecast", "project" and "believe" or other similar words and phrases are intended to identify forward-looking information.

Forward-looking statements are predictions based upon current expectations and involve known and unknown risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements.

Important factors that could cause actual results to differ materially from the Company's plans or expectations include risks relating to the actual results of exploration programs, fluctuating commodity prices, the possibility of equipment breakdowns and delays, the availability of necessary exploration equipment including drill rigs, exploration cost overruns, general economic or business conditions, regulatory changes, and the timeliness of government or regulatory approvals to conduct planned exploration work. Additional factors that could cause actual results to differ materially from the Company's plans or expectations include political events, fluctuations in mineralization grade, geological, technical, mining or processing problems, future profitability on production, the ability to raise sufficient capital to fund exploration or production, litigation, legislative, environmental and other judicial, regulatory, political and competitive developments, inability to obtain permits, general volatility in the equity and debt markets, accidents and labour disputes and the availability of qualified personnel.

Although the Company has attempted to identify all of the factors that may affect our forward-looking statements or information, this list of the factors is not exhaustive. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks and uncertainties detailed throughout this MD&A. The Company disclaims any intention or obligation to update or revise forward-looking information, whether as a result of new information, future events or otherwise, except where required by applicable securities laws.

## **PRESIDENT'S MESSAGE**

To Our Shareholders,

On November 27, 2017, Eureka Resources Inc. (“Eureka” or “the Company”) announced that it was conducting a review of strategic alternatives focused on maximizing shareholder value which included a review of the Company’s capital structure, property portfolio and potential business combinations or joint ventures. As part of that review, the Company completed an equity financing of \$126,250 to enhance its financial position.

On February 24, 2018, Eureka signed an amalgamation agreement with Kore Mining Ltd. (“Kore”) pursuant to which Eureka agreed to acquire all of the issued and outstanding common shares of Kore in exchange for common shares of Eureka by way of a three-cornered amalgamation. Kore owns 100% interests in the Imperial and Long Valley gold development projects located in California. The projects have had over 141,000 metres of historic drilling.

Combined, historical estimates of resources at Imperial and Long Valley total 2,090,200 measured and indicated ounces of gold and 1,869,500 inferred ounces of gold. A qualified person has not done sufficient work to classify the historical estimates as current resources and Kore is not treating the historical estimates as current resources. Significant data compilation, re-drilling, resampling and data verification will be required by a qualified person before the historical estimates at the projects can be classified as current resources.

The transaction will constitute a reverse takeover of Eureka by Kore under the policies of the TSX Venture Exchange. As a condition of closing of the transaction, Eureka will complete a consolidation of its issued and outstanding common shares on the basis of one post-consolidated Eureka share for each 10 pre-consolidated Eureka shares. In addition, prior to closing, Eureka will complete a shares-for-debt transaction to eliminate certain liabilities.

Eureka believes that this transaction will benefit current Eureka shareholders given that the combined entity will have a stronger portfolio of gold properties and will be funded with a minimum of \$2,000,000 as a condition of closing the transaction.

The transaction is subject to various corporate and regulatory conditions. Full details of the Kore transaction can be read in the “Proposed Transaction” section later in this MD&A.

Sincerely,

*“Michael Sweatman”*

Michael Sweatman, President and CEO



## **INTRODUCTION**

Eureka Resources Inc. (“Eureka” or “the Company”) is an exploration stage company with a strong technical team, whose strategy is to acquire projects in prospective areas that have the potential to deliver important discoveries and create value for its shareholders. The Company’s primary focus is exploration for precious metals in British Columbia and the Yukon Territory.

The Company’s common shares are listed for trading on the TSX Venture Exchange (“TSX-V”) under the symbol “EUK”. The Company’s head office is Suite 1100 - 1111 Melville Street, Vancouver, British Columbia, Canada V6E 3V6. The registered and records office is c/o McMillan LLP, Suite 1500 - 1055 West Georgia Street, Vancouver, British Columbia, Canada V7X 1L3.

This discussion and analysis of financial position, results of operations and cash flows of Eureka Resources Inc. for the three months ended January 31, 2018 includes information up to and including April 2, 2018 and should be read in conjunction with the Company’s unaudited condensed interim consolidated financial statements for the three months ended January 31, 2018 and the Company’s audited annual consolidated financial statements for the years ended October 31, 2017 and 2016. All the financial statements were prepared using International Financial Reporting Standards (“IFRS”). The Board of Directors of the Company has approved this MD&A.

The reader is encouraged to review the Company’s statutory filings at [www.sedar.com](http://www.sedar.com) and to review other information about the Company on its website at [www.eurekaresourcesinc.com](http://www.eurekaresourcesinc.com).

## **OVERALL PERFORMANCE**

### **FG Gold Project, Cariboo Mining Division, British Columbia:**

The FG Gold project (“FG Gold”) is a strata-controlled gold project located at the headwaters of the Horsefly River, 50 kms east of Horsefly, B.C. and consists of 30 contiguous claims (10,084 hectares). Over \$15.0 million of exploration work has been completed on FG Gold, establishing a Measured and Indicated resource of 376,000 ounces of gold at an average grade of 0.776 g/t (using a 0.5 g/t cut-off), and an Inferred resource of 634,900 ounces of gold at an average grade of 0.718 g/t (using a 0.5 g/t cut-off). Mineralization has been outlined over a 3 km strike length, and additional mineralization could extend along an interpreted 10 km strike length. Further details on the gold resource can be found in “NI 43-101 Technical Report, Frasergold Exploration Project, Cariboo Mining Division, dated July 27, 2015” available on SEDAR or on the Company’s website.

Work in 2016 consisted of soil sampling in the northwest extension and a geophysical interpretation of a 2008 airborne geophysical survey in the northwest and southeast extensions and in the south limb area. Interpretation of geophysical results indicates that the favourable horizon is identified from electromagnetic results and offsetting of the horizon is interpreted from magnetic results. Soil anomalies correlate well with interpreted favourable stratigraphic horizon to the northwest and provide drill targets for future programs. Similar geophysical features are interpreted to the southeast and on the south limb and provide areas for future geochemical surveys.

Eureka intends to conduct an exploration program on the interpreted offset of the Main Zone which was discovered in 2016 from a thorough re-interpretation of a 2007 airborne survey. However, timing of an exploration program is not certain. The Company believes that a successful drilling program on the offset on the Main Zone could add significantly to the known gold resources at the property.

An exploration permit was recently received for the FG Gold Project which allows, subject to several conditions, drilling of up to ten drill holes in the northwest area of the FG Gold property proximal to current roads.

## **OVERALL PERFORMANCE – (cont'd)**

### **Gold Creek Project, Cariboo Mining Division, British Columbia:**

On November 14, 2016, Eureka entered into an option agreement to earn up to a 100% interest in the Gold Creek project (“Gold Creek”).

Under the terms of the option agreement, Eureka can earn up to a 100% interest in Gold Creek as follows:

- 49% by incurring a minimum of \$30,000 in exploration expenditures by November 14, 2016 (incurred);
- an additional 26% by issuing 50,000 common shares (issued) and by incurring an additional \$50,000 in exploration expenditures by August 31, 2017 (incurred);
- an additional 25% by issuing an additional 100,000 common shares (issued) and by incurring an additional \$50,000 in exploration expenditures by August 31, 2018 (incurred).

The vendor retained a 1% net smelter royalty. The Company may purchase one-half of the royalty for \$1,000,000.

Mineralization at Gold Creek is located 2 kms north of the village of Likely, B.C. The property consists of 33 contiguous mineral claims totalling 9,673 hectares. The Gold Creek property is accessible via a well-maintained all-weather road. Gold mineralization encountered to date at Gold Creek strikes toward the Spanish Mountain deposit which is located 8 kms to the southeast. Spanish Mountain hosts a 2.48-million-ounce measured and indicated gold resource (see Spanish Mountain Gold Ltd. news release dated April 10, 2017). The Gold Creek mineralized zone is interpreted to occur above the stratigraphic unit, which hosts the Spanish Mountain mineralization.

There are numerous soil anomalies on the property over a 12 km strike length. Much of Gold Creek is covered by overburden and remains virtually unexplored. Limited percussion drilling was completed in the 1980's, with anomalous values of gold up to 1.1g/t reported over a hole length of 1.5 metres.

A 2008 program consisted of 6 diamond drill holes totalling 1,060 metres. A 2011 program consisted of 25 drill holes totalling 2,501 metres, of which 5 (1,037 metres) were diamond drill holes and 16 drill holes (1,464 metres) were reverse-circulation. The program outlined a gold-rich zone with sample values ranging from anomalous to 13.4 g/t Au. The purpose of the 2008 and 2011 drill programs was to test numerous gold soil anomalies as well as expand upon low-grade bulk-tonnage gold mineralization encountered in earlier drill programs. Analysis of the 2008 and 2011 drill data indicates that there appears to be a 300-metre-long zone of low-grade gold mineralization over widths of 75 to 100 metres open along strike to the southeast and to depth. Nine drill holes have tested this zone to date, indicating the zone dips steeply to the northeast and to a vertical depth of at least 250 metres.

A rock chip and soil sampling program was completed at Gold Creek by Eureka in late 2016 extending grid-work completed by the previous operator. Samples were analysed for gold by MMI techniques, and results indicate some weak to moderate anomalies ranging to 22.4 ppb Au. Rock chips were collected from showing areas and graded up to 8.65 ppm Au.

**OVERALL PERFORMANCE – (cont'd)**

**Gold Creek Project, Cariboo Mining Division, British Columbia:**

**2017 Drill Program**

In May 2017, Eureka completed its initial diamond drill program at Gold Creek.

The 2017 drill program consisted of three holes totalling 331 metres and was focused on a gold-bearing zone containing disseminated and high-grade vein-controlled gold mineralization. Eureka's 2017 drill program served as verification of work conducted by the previous operator and as a guide to design future exploration programs in this area of the property.

Drilling was conducted in previously disturbed areas to mitigate environmental disturbance. The program utilized a diamond drill providing HQ diameter core and twinned a historical reverse circulation drill hole which terminated in gold mineralization at 45.72 metres. In 2011, the previous operator drilled hole GC11-27 (twinned as part of the 2017 drill program) which returned 41.20 metres of 0.893 g/t Au, including 1.51 metres of 3.400 g/t Au.

With the completion of the 2017 drill program, Eureka has satisfied its work commitment required to earn a 100% interest in Gold Creek. Eureka completed the earn-in by issuing 150,000 common shares to the vendor on July 5, 2017.

## **OVERALL PERFORMANCE – (cont'd)**

### **Luxor Project, Dawson Range Gold Belt, Yukon Territory:**

The Luxor project (“Luxor”) is located in the Dawson Range Gold Belt of western Yukon, a district of major porphyry, breccia and vein deposits and occurrences, and is comprised of three non-contiguous claim blocks referred to as the Ophir, Sheba, and Hav. The project consists of 360 claims (approximately 7,000 hectares) and is located 65–80 kms southeast of Dawson City. Neighbouring projects include the Coffee deposit recently acquired by Goldcorp, and Western Copper and Gold Corporation’s Casino deposit. The area is accessed via a well-maintained gravel road from Dawson City.

Placer gold mining in the Klondike district of the Yukon has been active since the late 1890’s gold rush. Bedrock exploration commenced in the area in the 1970’s and resulted in the development of the Casino deposit.

Mineralization in the district is gold, silver, copper and molybdenum porphyry deposits (Casino), mineralized breccia deposits (Coffee), and lode and stockwork veins (Golden Saddle). All three styles of mineralization have been identified near the non-contiguous Ophir, Sheba and Hav claim blocks. Placer mining has produced gold from creeks draining these properties. There is no documented history of bedrock exploration.

On December 12, 2016, Eureka entered into an agreement to purchase a 100% interest in Luxor.

On January 3, 2017, the Company issued 2,500,000 common shares to the vendors. The vendors agreed to an arrangement under which the shares will become free trading on the following dates:

- June 28, 2017            833,334 shares;
- December 28, 2017:   833,334 shares;
- June 28, 2018:         833,332 shares.

In addition, the Company issued 125,000 common shares as a finder’s fee.

The Company has committed to use the vendors to perform exploration work on Luxor totalling \$750,000 over four years as follows:

- \$187,500 on or before December 28, 2017 (incurred);
- \$187,500 on or before December 28, 2018;
- \$187,500 on or before December 28, 2019;
- \$187,500 on or before December 28, 2020;

The vendors will retain a 2% net smelter return royalty for gold produced from Luxor. The Company may purchase the royalty for \$1,000,000.

## **OVERALL PERFORMANCE – (cont'd)**

### **Etta Project, Dawson Range Gold Belt, Yukon Territory:**

In May 2017, the Company staked the Etta 1-24 claims in an area close to the Sheba and Ophir claims. The Etta 1-24 claims cover the south flank of the Indian River Valley as well as tributaries of Eureka Creek, both of which support highly productive active placer operations. Eureka included the newly staked Etta claim block in its recent airborne geophysical surveying program.

### **TAK Project, Dawson Range Gold Belt, Yukon Territory:**

The TAK project (“TAK”) is located in the Dawson Range Gold Belt of western Yukon and is comprised of 82 contiguous claims (1,695 hectares). TAK is located 100 kilometres southeast of Dawson City, and approximately 30 kilometres south of Luxor. Placer mining at TAK has produced gold from creeks draining the western portion of the property. There is no documented history of bedrock exploration.

On February 21, 2017, Eureka commenced a ground magnetic survey and a VLF (very low frequency) electromagnetic survey on TAK. The work was performed and directed by Aurora Geosciences Ltd. of Whitehorse, YT. The data obtained from the survey will provide Eureka with valuable information to assist in the development of a phase 2 exploration plan for TAK. Since acquiring TAK, the Company's technical group has commenced a review of all the historical data acquired as part of the transaction. Eureka plans to integrate the historical data with the 2017 geophysical results in order to prioritize target areas on the property.

On January 9, 2017, the Company entered into an agreement to purchase a 100% interest in TAK.

On February 6, 2017, the Company issued 500,000 common shares as consideration for the purchase. The TAK vendors have agreed to an arrangement under which the shares will become free trading as follows:

- On closing 125,000 shares
- Six months from closing 125,000 shares
- Twelve months from closing 125,000 shares
- Eighteen months from closing 125,000 shares

The vendors will retain a 2% net smelter royalty for gold produced from TAK. The Company may purchase 1% for \$1,000,000.

### **2017 Geophysical Survey – Luxor, Etta and TAK:**

In April 2017, Eureka entered into a contract with Geotech Ltd. to conduct a helicopter-borne, VTEM time-domain system and magnetic geophysical survey over the Company's Luxor, Etta and TAK claims.

The survey and data acquisition was completed in May 2017 and consisted of 1,152 line kilometres flown at 100-metre line spacing. The data resulting from the survey has been interpreted and will be used to guide and design future ground-based exploration.

**OVERALL PERFORMANCE – (cont'd)**

**CKN Project, Cariboo Mining Division, British Columbia:**

On April 5, 2017, the Company entered into an option agreement to earn a 100% interest in 2 claims covering 1,356 hectares known as the CKN Project (“CKN”).

To earn the 100% interest, the Company would make the following cash and share payments to the vendor, and incur the following minimum exploration expenditures:

<b>Due Date</b>	<b>Cash</b>	<b>Common Shares</b>	<b>Exploration Expenditures</b>
Closing Date	\$15,000 (paid)	50,000 (issued)	\$Nil
On or before July 1, 2018	\$20,000	100,000	\$40,000
On or before July 1, 2019	\$30,000	100,000	\$80,000
On or before July 1, 2020	\$50,000	200,000	\$100,000
On or before July 1, 2021	\$100,000	250,000	\$Nil

The vendor retained a 2% net smelter royalty on the property. The Company had the right to purchase one-half of the royalty for \$1,000,000 any time prior to commercial production.

On April 21, 2017, the Company received TSXV acceptance of the option agreement and issued 50,000 common shares with a fair value of \$4,750.

In May 2017, the Company staked 2 additional contiguous claims covering 491 hectares, bringing the total claim block to 1,847 hectares contained in 4 contiguous claims. The new staking covered the balance of a magnetic anomaly identified in British Columbia government data.

CKN is located adjacent to the northeast boundary of the Gibraltar copper-molybdenum mine currently operated by Taseko Mines Ltd. and is accessible by road from Williams Lake.

The Company completed a ground geological and geochemical study on the CKN property in the fall of 2017 to establish potential drill targets. The Company terminated the option agreement on the CKN property on December 23, 2017. The Company recorded a write-off of exploration and evaluation assets of \$36,901 effective October 31, 2017.

## OVERALL PERFORMANCE – (cont'd)

### **Gemini Lithium Project, Esmeralda County, Nevada:**

Eureka owns a 50% interest in the Gemini Lithium Project (“Gemini”) located in the Lida Valley, Esmeralda County, Nevada, approximately 40 km (26 miles) south of the Clayton Valley, which contains North America’s only producing lithium mine. Gemini consists of 134 placer claims (approximately 1,085 hectares).

Exploration work in 2016 consisted of ground TDEM and CSAMT surveys over Gemini West and Gemini East. The surveys were successful in determining conductive horizons within both sub-basins indicating the possible presence of lithium-bearing brines.

***John R. Kerr, P.Eng., is the Company's designated Qualified Person for this MD&A within the meaning of National Instrument 43-101 and has reviewed and approved the technical information described herein.***

## SELECTED ANNUAL INFORMATION

The following financial data is selected information for the most recently completed fiscal years:

	<b>October 31, <u>2017</u></b>	<b>October 31, <u>2016</u></b>	<b>October 31, <u>2015</u></b>
Total revenue	\$ -	\$ -	\$ -
Net and comprehensive income (loss)	\$ (744,970)	\$ (463,680)	\$ 85,099
Basic and diluted income (loss) per share	\$ (0.018)	\$ (0.018)	\$ 0.005
Total assets	\$ 1,391,052	\$ 782,327	\$ 169,006
Total non-current liabilities	\$ -	\$ -	\$ -
Dividends	\$ -	\$ -	\$ -

All the annual results were derived from audited financial statements prepared using IFRS.



## **RESULTS OF OPERATIONS**

The Company recorded a comprehensive loss of \$61,701 for the three months ended January 31, 2018 compared to \$270,933 for the three months ended January 31, 2017.

Consulting fees decreased to \$6,424 for the three months ended January 31, 2018 compared to \$28,500 for the three months ended January 31, 2017. During the three months ended January 31, 2017, the Company incurred technical and due diligence costs related to the property acquisitions.

Marketing expense was \$5,000 for the three months ended January 31, 2018 compared to \$54,753 for the three months ended January 31, 2017. During the three months ended January 31, 2017, the Company completed a marketing program in Germany and an investment radio program in the United States.

Share-based compensation was \$Nil for the three months ended January 31, 2018 compared to \$114,000 for the three months ended January 31, 2017. The Company granted 950,000 stock options during the 2017 period.

During the three months ended January 31, 2018, the Company received a Yukon Mining Exploration grant of \$80,000.

During the three months ended January 31, 2018, the Company incurred exploration and evaluation costs of \$1,406 compared to \$56,871 during the three months ended January 31, 2017.

During the three months ended January 31, 2018, the Company received net proceeds from the issuance of common shares of \$120,583 compared to \$71,595 for the three months ended January 31, 2017.

## SUMMARY OF QUARTERLY RESULTS

The figures for the quarters ended October 31, 2017 and 2016 are calculated from the Company's annual audited consolidated financial statements. All other amounts are from unaudited condensed interim consolidated financial statements prepared by management.

	Q1 January 31, <u>2018</u>	Q4 October 31, <u>2017</u>	Q3 July 31, <u>2017</u>	Q2 April 30, <u>2017</u>
Total revenues	\$ -	\$ -	\$ -	\$ -
Comprehensive loss	\$ (61,701)	\$ (168,082)	\$ (173,096)	\$ (132,859)
Basic and diluted loss per share	\$ (0.001)	\$ (0.004)	\$ (0.004)	\$ (0.003)

	Q1 January 31, <u>2017</u>	Q4 October 31, <u>2016</u>	Q3 July 31, <u>2016</u>	Q2 April 30, <u>2016</u>
Total revenues	\$ -	\$ -	\$ -	\$ -
Comprehensive loss	\$ (270,933)	\$ (171,051)	\$ (186,731)	\$ (65,456)
Basic and diluted loss per share	\$ (0.007)	\$ (0.006)	\$ (0.007)	\$ (0.003)

Variances in quarterly results can be due to stock-based compensation incurred in a quarter as the Company's stock options generally vest on the grant date and therefore are fully expensed in the quarter in which they are granted. Another factor which could cause a significant variance in quarterly results would include the write-off of a mineral property.

## **LIQUIDITY AND CAPITAL RESOURCES**

The Company has a history of operating losses and at January 31, 2018 has an accumulated deficit of \$7,236,561. At January 31, 2018, the Company had a working capital deficiency of \$98,643. The Company will require additional equity financings in order to continue exploration of its mineral properties and fund its administrative expenses.

Historically, the Company has been able to fund administrative overheads and property acquisition, exploration and evaluation through equity financings. The continued uncertainty in the financial equity markets may make it difficult to raise capital through the private placement of shares. The junior mining industry is considered speculative in nature which could make it even more difficult to fund.

While the Company is using its best efforts to achieve its business plans by examining various financing alternatives, there is no assurance that the Company will be successful with its financing ventures.

### *Financing Activities*

#### ***Three Months Ended January 31, 2018:***

##### *Private Placement*

On December 28, 2017, the Company issued 4,000,000 common shares pursuant to the private placement of 4,000,000 common shares at \$0.025 per share for gross proceeds of \$100,000. In connection with the private placement, the Company paid finder's fees of \$4,550.

On January 22, 2018, the Company issued 750,000 common shares pursuant to the private placement of 750,000 common shares at \$0.035 per share for gross proceeds of \$26,250. In connection with the private placement, the Company paid finder's fees of \$367.

#### ***Year Ended October 31, 2017:***

##### *Private Placement*

On May 31, 2017, the Company issued 6,340,430 units (3,261,055 flow-through units at \$0.09 per unit and 3,079,375 non-flow-through units at \$0.08 per unit) for total proceeds of \$539,845. The Company allocated proceeds of \$32,611 to other income for the flow-through premium on the flow-through portion of the private placement. In addition, the Company allocated proceeds of \$63,404 to contributed surplus for the fair value of the warrants issued on the private placement.

Each flow-through unit consisted of one flow-through common share and one-half of one share purchase warrant. Each whole warrant entitled the holder to purchase an additional common share at \$0.15 per share until May 31, 2019. The proceeds from the issuance of the flow-through units were used for exploration of the Company's mineral properties in British Columbia and the Yukon Territory.

## **LIQUIDITY AND CAPITAL RESOURCES**

### *Financing Activities – (cont'd)*

#### **Year Ended October 31, 2017:**

Each non-flow-through unit consisted of one common share and one-half of one share purchase warrant. Each whole warrant entitled the holder to purchase an additional common share at \$0.15 per share until May 31, 2019. The proceeds from the issuance of the non-flow-through units were used for working capital.

The Company paid finder's fees of \$30,675, 187,500 common shares with a fair value of \$13,125, 187,500 share purchase warrants and 13,332 finder's warrants. Each share purchase warrant entitled the holder to purchase an additional common share at \$0.15 per share until May 31, 2019. Each finder's warrant entitled the holder to purchase a non-flow-through unit at \$0.09 per unit until May 31, 2019.

### *Private Placement*

On December 29, 2016, the Company issued 707,000 common shares pursuant to the private placement of 707,000 flow-through units at \$0.10 per unit for gross proceeds of \$70,700. Each unit contained one flow-through common share and one-half of one share purchase warrant. Each full warrant entitled the holder to purchase an additional common share at \$0.15 per share until December 29, 2018.

In connection with the private placement, the Company paid finder's fees of \$1,992 and issued 19,920 finder's warrants. Each finder's warrant entitled the holder to purchase one non-flow-through unit with the same terms as the private placement units at \$0.10 per unit until December 29, 2018.

### *Finder's Warrants Exercised*

On January 20, 2017, the Company issued 38,500 common shares and 38,500 warrants exercisable at \$0.125 per share until April 29, 2018 pursuant to the exercise of 38,500 finder's warrants at \$0.075 for proceeds of \$2,887.

### *Marketable Securities*

During the year ended October 31, 2017, the Company sold its marketable securities for proceeds of \$25,990 resulting in a gain on sale of marketable securities of \$990.

## **OFF BALANCE SHEET ARRANGEMENTS**

The Company has no off-balance sheet arrangements to report.

## TRANSACTIONS WITH RELATED PARTIES

At April 2, 2018, the directors of the Company were Michael Sweatman, Warren Stanyer, John Kerr, Kristian Whitehead, Brent Petterson and Gary Vivian. The officers of the Company were Michael Sweatman (CEO), Brent Petterson (CFO) and Christina Boddy (Corporate Secretary). Additional related parties include MDS Management Ltd, MBP Management Ltd, Rhodanthe Corporate Services, Infiniti Drilling Corporation, Aurora Geoscience Ltd, companies with officers or directors in common, namely Michael Sweatman, Brent Petterson, Christina Boddy, Kristian Whitehead and Gary Vivian. Nevada Sunrise Gold Corporation is a public company with directors and officers in common with the Company.

During the three months ended January 31, 2018 and 2017, the Company incurred the following charges by directors of the Company and by companies with directors and officers in common with the Company.

	2018	2017
Accounting fees (Petterson)	\$ 9,000	\$ 10,000
Consulting fees (Stanyer, Kerr, Whitehead)	5,712	8,000
Exploration and evaluation assets (Whitehead)	445	21,350
Management fees (Sweatman, Boddy)	18,000	18,000
Share-based compensation	-	72,000
	<u>\$ 33,157</u>	<u>\$ 129,350</u>

### Key Management Compensation:

During the three months ended January 31, 2018 and 2017, the Company incurred the following key management compensation charges. Key management includes the Company's directors and executive officers.

	2018	2017
Accounting fees (Petterson)	\$ 9,000	\$ 10,000
Consulting fees (Stanyer, Kerr, Whitehead)	5,712	8,000
Exploration and evaluation assets (Whitehead)	445	21,350
Management fees (Sweatman, Boddy)	18,000	18,000
Share-based compensation	-	72,000
	<u>\$ 33,157</u>	<u>\$ 129,350</u>

## TRANSACTIONS WITH RELATED PARTIES – (cont'd)

During the three months ended January 31, 2018 and 2017, share-based compensation expense related to stock options granted was as follows:

	2018	2017
John Kerr	\$ -	\$ 12,000
Kristian Whitehead	-	12,000
Warren Stanyer	-	12,000
Michael Sweatman	-	12,000
Brent Petterson	-	12,000
Christina Boddy	-	12,000
	\$ -	\$ 72,000

At January 31, 2018, due to related parties includes \$140,582 (October 31, 2017 - \$290,397) payable to directors of the Company and to companies with directors and officers in common with the Company for fees and expenses.

At January 31, 2018 and October 31, 2017, due to related parties included the following:

	January 31, 2018	October 31, 2017
Gary Vivian – fees	\$ 4,000	\$ 3,000
Aurora Geoscience Ltd – fees and expenses	-	140,408
John Kerr - fees	5,500	4,500
MBP Management Ltd - fees	31,500	22,050
MDS Management Ltd - fees	42,000	29,400
Mike Sweatman - expenses	-	444
John Kerr & Associates Ltd – fees and expenses	-	2,078
Rhodanthe Corporate Services - fees	21,000	14,700
Warren Stanyer - fees	10,500	7,350
Nevada Sunrise Gold Corporation - expenses	21,582	22,060
Infiniti Drilling Corp – fees and expenses	-	40,907
Kristian Whitehead - fees	4,500	3,500
	\$ 140,582	\$ 290,397

## **PROPOSED TRANSACTION – ACQUISITION OF KORE MINING LTD.**

### *Acquisition of Kore Mining Ltd.*

On February 24, 2018, the Company signed an amalgamation agreement with Kore Mining Ltd. (“Kore”), a private British Columbia corporation, under which the Company agreed to acquire all of the issued and outstanding common shares of Kore in exchange for common shares of the Company by way of a three-cornered amalgamation. Kore, through its wholly-owned U.S. subsidiaries, owns 100% interests in the Imperial and Long Valley gold development projects, located in California, USA. The transaction will constitute a reverse takeover of the Company by Kore under the policies of the TSX Venture Exchange.

### *Share Consolidation*

As a condition of closing of the transaction, the Company will complete a consolidation of its issued and outstanding common shares on the basis of one post-consolidation common share for each ten pre-consolidation common shares.

### *Terms of the Transaction*

The transaction will be affected by way of a three-cornered amalgamation under the Business Corporations Act (British Columbia), pursuant to which, through the amalgamation of a newly incorporated British Columbia subsidiary of the Company and Kore, the Company will acquire all of the issued and outstanding Kore common shares in exchange for the issuance of shares of the Company (on a post-consolidation basis) and Kore will become a subsidiary of the Company.

As of the date of these financial statements, the Company has 50,462,402 common shares issued and outstanding which will be reduced to 5,046,240 common shares on a post-consolidation basis. Pursuant to the terms of the agreement, the Company has agreed to issue three post-consolidation common shares in exchange for each Kore share, resulting in the shareholders of Kore being issued a total of 56,121,606 common shares (on a post-consolidation basis). The exchange ratio was determined on the basis of this number of shares outstanding at closing. However, prior to the closing, the Company intends to issue shares in settlement of certain outstanding liabilities. If the actual number of outstanding shares immediately prior to the effective time (including any common shares issued in connection with the debt settlement) is greater than such amount, then the exchange ratio will be adjusted to ensure that, immediately following the closing, the former Kore shareholders will hold no less than 91.8% of the total number of issued and outstanding shares (prior to giving effect to the private placement (as defined below)). The transaction is subject to various closing conditions, including the receipt of approval of the TSX Venture Exchange.

Following the closing, the Company will continue on with the business of Kore and remain a Tier 2 Mining Issuer, with Kore as its operating subsidiary (with the Company, after the closing, being referred to herein as the resulting issuer). The resulting issuer is anticipated to hold all existing assets of the Company and Kore at closing. It is expected that, in connection with closing, the Company will change its name to Kore Mining Ltd., or such other name as agreed by the parties, with a corresponding change of trading symbol of the Company.

Certain common shares to be issued to Kore shareholders in connection with the transaction will be subject to escrow under the policies of the TSX Venture Exchange.

## **PROPOSED TRANSACTION – ACQUISITION OF KORE MINING LTD. – (cont'd)**

### *Private Placement*

In connection with the transaction, it is expected that the Company will undertake a private placement of subscription receipts for minimum gross proceeds of \$2,000,000 and maximum gross proceeds of \$7,000,000, on terms to be agreed to by the parties. At the closing of the private placement, the proceeds will be placed in escrow with an escrow agent and released upon satisfaction of the release condition, which is expected to occur immediately prior to closing.

### *Conditions of Closing of the Transaction*

The transaction is subject to a number of terms and conditions, including, among other things:

- the Company and Kore obtaining all necessary consents, orders and regulatory approvals;
- completion of a private placement for minimum gross proceeds of \$2,000,000 and maximum gross proceeds of \$7,000,000;
- there being no material change occurring with respect to the businesses of the companies;
- satisfaction of obligations under the agreement relating to each of the parties;
- delivery by each of the parties of standard closing documents, including legal opinions;
- approval of the transaction by the shareholders of both companies;
- execution of support and voting agreements by all directors and officers of the companies and any shareholders holding greater than 10% of the issued and outstanding shares in either of the companies.

The Company intends to seek a waiver from the TSX Venture Exchange of any requirement for a sponsor in connection with the transaction.

It is expected that, following closing, all of the current directors and officers of the Company will resign and the board of directors of the resulting issuer will consist of five directors, four of which will be nominated by Kore and one of which will be nominated by the Company. The newly constituted board shall be placed before shareholders of the resulting issuer for election at the next occurring shareholders meeting.



## **PROPOSED TRANSACTION – ACQUISITION OF KORE MINING LTD. – (cont'd)**

### *Exclusivity and Break Fees*

The Company and Kore have agreed to exclusivity terms in the agreement. However, nothing shall prohibit either party from complying with their duties and/or fiduciary obligations under applicable law, including, without limitation, with respect to any unsolicited proposal received by either party that may be superior to the transaction.

The Company and Kore have each agreed to immediately notify the other party of any information it may receive concerning an actual or intended offer for any or all of its assets or any of its securities and shall allow the other party the opportunity to match any actual bona fide offer presented in writing within three business days of such notice. Should the other party elect not to match the actual or intended offer, and should the recipient accept the offer, the recipient of the accepted offer must pay the other party a break fee of \$50,000.

### *Principal Shareholders*

In connection with the transaction, it is expected that an aggregate of 19,500,300 shares of the Company will be issued to 1130447 B.C. Ltd. and 15,000,300 shares of the Company will be issued to Blaxland Pacific Management Corp. (each on a post-consolidation basis) in exchange for their Kore shares, representing approximately 31.9% and 24.5 %, respectively, of the Company's outstanding shares following the closing. Each of these Kore shareholders is a privately incorporated British Columbia company. The foregoing percentages have been calculated based on there being 61,167,846 common shares of the Company issued and outstanding after giving effect to the transaction but before the issuance of any common shares in connection with the debt settlement and the private placement.

Trading in the Company's shares has been halted and is expected to remain halted until closing of the transaction.

## **CRITICAL ACCOUNTING ESTIMATES**

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

### *Exploration and Evaluation Assets*

The carrying amount of the Company's exploration and evaluation assets does not necessarily represent present or future values, and the Company's exploration and evaluation assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and upon future profitable production or proceeds from the disposition of the mineral properties themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets.

### *Share-based Payments*

The estimation of share-based payments includes estimating the inputs used in calculating the fair value for share-based payments expense included in profit or loss and share-based share issuance costs included in equity. Share-based payments expense and share-based share issuance costs are estimated using the Black-Scholes options-pricing model as measured on the grant date to estimate the fair value of stock options. This model involves the input of highly subjective assumptions, including the expected price volatility of the Company's common shares, the expected life of the options, and the estimated forfeiture rate.

### *Income Taxes*

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

## **CHANGES IN ACCOUNTING POLICIES**

There were no changes in the Company's significant accounting policies during the three months ended January 31, 2018 that had a material effect on its condensed interim consolidated financial statements. The Company's significant accounting policies are disclosed in Note 3 to its condensed interim consolidated financial statements for the three months ended January 31, 2018.

### *New Standards and Interpretations Not Yet Adopted*

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for future accounting periods. The following have not yet been adopted by the Company and are being evaluated to determine their impact.

- IFRS 9: New standard that replaced IAS 39 for classification and measurement, effective for annual periods beginning on or after January 1, 2018.
- IFRS 16 – Leases: New standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019.

## FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

### Financial Assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss (“FVTPL”).

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit or loss. The Company’s cash is classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. The Company’s GST receivable, BC Mining Exploration Tax Credit receivable and Yukon Mining Exploration Grant receivable are classified as loans and receivables. Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in profit or loss. As at January 31, 2018 and October 31, 2017, the Company has not classified any financial assets as held to maturity or available for sale. The Company classifies its reclamation bonds as held to maturity.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss as follows:

- a) Financial assets carried at amortized cost: The loss is the difference between the amortized cost of the asset and the present value of the estimated future cash flows, discounted using the instrument’s original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.
- b) Available-for-sale financial assets: The impairment loss is the difference between the original cost of the asset and its fair value at the measurement date, less any impairment losses previously recognized in the statement of loss and comprehensive loss. This amount represents the cumulative loss in accumulated other comprehensive income that is reclassified to the statement of loss and comprehensive loss.

## FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS – (cont'd)

### Financial Liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and accrued liabilities and due from related parties are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in profit or loss unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in profit or loss.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair values of the Company's receivables, accounts payable and accrued liabilities and due to related parties approximate their carrying values because of the short-term nature of these instruments.

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at January 31, 2018 and October 31, 2017:

	Level 1	Level 2	Level 3
October 31, 2017:			
Cash	\$ 2,686	\$ -	\$ -
Restricted cash	\$ 72,011	\$ -	\$ -
January 31, 2018:			
Cash	\$ 68,781	\$ -	\$ -

## FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS – (cont'd)

The Company's risk exposures and the impact on its financial instruments are summarized below:

### Credit risk

The Company's cash is held with large financial institutions. The Company's receivables consist of sales taxes and exploration tax credits receivable from the Government of Canada and the Governments of British Columbia and the Yukon Territory. Management believes that credit risk concentration with respect to receivables is remote.

### Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At January 31, 2018, the Company had cash of \$68,781 to settle current liabilities of \$186,568. Management intends to raise additional funds through equity financings or shares for debt to meet its current liabilities when they become due.

### Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, and commodity and equity prices.

a) *Interest rate risk:*

The Company has cash which is not subject to significant risks in fluctuating interest rates. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. An increase to interest rates by 1% would have an insignificant effect on operations.

b) *Price risk:*

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company's marketable securities are subject to price risk. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

c) *Foreign currency risk:*

The Company is exposed to foreign currency risk on fluctuations related to cash and accounts payable denominated in US dollars. As at January 31, 2018 and October 31, 2017, a 10% fluctuation in the US Dollar against the Canadian Dollar would not have a significant impact on profit and loss.

## **RISKS AND UNCERTAINTIES**

In addition to the risks and uncertainties detailed earlier in this MD&A, the Company is also subject to other risks and uncertainties including the following:

### *General Risk Associated with the Mining Industry*

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. At present, none of the Company's properties has a known commercial ore deposit. The main operating risks include: securing adequate funding to maintain and advance exploration properties; ensuring ownership of and access to mineral properties by confirmation that claims and agreements are in good standing and obtaining permits for drilling and other exploration activities. The market prices for gold and other metals can be volatile and there is no assurance that a profitable market will exist for a production decision to be made or for the ultimate sale of the metals even if commercial quantities of precious and other metals are discovered.

Exploration and development activities involve risks which careful evaluation, experience and knowledge may not, in some cases eliminate. The commercial viability of any mineral deposit depends on many factors not all of which are within the control of management. Some of the factors that affect the financial viability of a given mineral deposit include its size, grade and proximity to infrastructure, government regulation, taxes, royalties, land tenure, land use, environmental protection and reclamation and closure obligations, have an impact on the economic viability of a mineral deposit. Management attempts to mitigate its exploration risk and may employ a strategy of joint ventures with other companies which balance the risk while at the same time allowing properties to be advanced.

### *Dependence on Key Personnel*

Loss of certain members of the executive team or key operational leaders of the Company could have a disruptive effect on the implementation of the Company's business strategy and the efficient running of day-to-day operations until their replacement is found. Recruiting personnel is time consuming and expensive and competition for qualified personnel may be intense. The Company may be unable to retain its key employees or attract, assimilate, retain or train other necessary qualified employees, which may restrict its growth potential.

### *Competitive Industry*

Mining industry is intensely competitive and the Company will compete with other companies that have far greater resources.

### *Title to Mineral Properties*

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

## **RISKS AND UNCERTAINTIES – (cont'd)**

### *Permits and Licences*

The operations of the Company will require licences and permits from various governmental authorities, which have been applied for and/or will be applied for at the proper time. There can, however, be no assurance that the Company will be able to obtain all necessary licences and permits required to carry out exploration, development and mining operations of its projects.

### *Environmental Regulation*

The operations of the Company are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards, and enforcement, fines and penalties for non-compliance are becoming more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and their directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of future operations. The Company may become subject to liability for pollutions or hazards against which it cannot insure or against which it may elect not to insure where premium costs are disproportionate to the Company's perception of the relevant risks. The payment of such insurance premiums and of such liabilities would reduce the funds available for exploration and production activities.

### *Estimates of Mineral Resources may not be Realized*

The mineral resource estimates published from time to time by the Company with respect to its properties are estimates only and no assurance can be given that any particular level of recovery of minerals will in fact be realized or that an identified resource will ever qualify as a commercially mineable (or viable) deposit which can be legally and economically exploited. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material. Production can be affected by such factors as permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations, inaccurate or incorrect geologic, metallurgical or engineering work, and work interruptions, among other things. Short-term factors, such as the need for orderly development of deposits or the processing of new or different grades, may have an adverse effect on mining operations or the results of operations. There can be no assurance that minerals recovered in small-scale laboratory tests will be duplicated in large-scale tests under on-site conditions or in production scale operations. Material changes in resources, grades, stripping ratios or recovery rates may affect the economic viability of projects. The estimated resources described herein should not be interpreted as assurances of mine life or of the profitability of future operations.



## DISCLOSURE OF OUTSTANDING SHARE DATA

a) <i>Issued:</i>	<u>Number</u>
At April 2, 2018	<u>50,462,402</u>

b) *Stock Options:*

At April 2, 2018, the Company had 3,100,000 stock options outstanding entitling the holders thereof the right to purchase one common share for each option held as follows:

Number of options outstanding	Exercise Price	Expiry Date
1,200,000	\$0.10	June 23, 2020
800,000	\$0.10	June 27, 2021
900,000	\$0.13	January 16, 2022
200,000	\$0.10	April 28, 2022
<u>3,100,000</u>		

c) *Share Purchase Warrants:*

At April 2, 2018, the Company had 11,975,115 share purchase warrants outstanding entitling the holders thereof the right to purchase one common share for each warrant held as follows:

Number of warrants outstanding	Exercise Price	Expiry Date
1,215,000	\$0.125	June 10, 2020
2,740,566	\$0.125	April 29, 2018
2,033,334	\$0.125	May 6, 2018
525,000	\$0.20	September 9, 2018
662,500	\$0.15	October 20, 2018
1,087,500	\$0.15	October 26, 2018
353,500	\$0.15	December 29, 2018
3,357,715	\$0.15	May 31, 2019
<u>11,975,115</u>		

**DISCLOSURE OF OUTSTANDING SHARE DATA – (cont'd)**

d) *Finders Warrants:*

At April 2, 2018, there were 351,805 finder's warrants outstanding as follows:

Number of warrants Outstanding	Exercise Price	Expiry Date
116,900	\$0.075	April 29, 2018
86,333	\$0.075	May 6, 2018
9,000	\$0.14	September 9, 2018
42,000	\$0.10	October 20, 2018
64,320	\$0.10	October 26, 2018
19,920	\$0.10	December 29, 2018
13,332	\$0.09	May 31, 2019
<u>351,805</u>		

Finder's warrants entitle the holders to purchase one unit with the same terms as the private placement to which they relate.



**EUREKA RESOURCES INC.**

MANAGEMENT DISCUSSION AND ANALYSIS (“MD&A”)

For the year ended October 31, 2017

## **CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS**

This MD&A includes certain forward-looking statements or information. All statements other than statements of historical fact included in this MD&A including statements relating to the potential mineralization or geological merits of the Company's mineral properties and the future plans, objectives or expectations of the Company are forward-looking statements that involve various risks and uncertainties. Such forward-looking statements include among other things, statements regarding future commodity pricing, estimation of mineral reserves and resources, timing and amounts of estimated exploration expenditures and capital expenditures, costs and timing of the exploration and development of new deposits, success of exploration activities, permitting time lines, future currency exchange rates, requirements for additional capital, government regulation of mining operations, environmental risks, anticipated reclamation expenses, timing and possible outcome of pending litigation, timing and expected completion of property acquisitions or dispositions, and title disputes. They may also include statements with respect to the Company's mineral discoveries, plans, out-look and business strategy. The words “may”, “would”, “could”, “should”, “will”, “likely”, “expect”, “anticipate”, “intend”, “estimate”, “plan”, “forecast”, “project” and “believe” or other similar words and phrases are intended to identify forward-looking information.

Forward-looking statements are predictions based upon current expectations and involve known and unknown risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements.

Important factors that could cause actual results to differ materially from the Company's plans or expectations include risks relating to the actual results of exploration programs, fluctuating commodity prices, the possibility of equipment breakdowns and delays, the availability of necessary exploration equipment including drill rigs, exploration cost overruns, general economic or business conditions, regulatory changes, and the timeliness of government or regulatory approvals to conduct planned exploration work. Additional factors that could cause actual results to differ materially from the Company's plans or expectations include political events, fluctuations in mineralization grade, geological, technical, mining or processing problems, future profitability on production, the ability to raise sufficient capital to fund exploration or production, litigation, legislative, environmental and other judicial, regulatory, political and competitive developments, inability to obtain permits, general volatility in the equity and debt markets, accidents and labour disputes and the availability of qualified personnel.

Although the Company has attempted to identify all of the factors that may affect our forward-looking statements or information, this list of the factors is not exhaustive. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks and uncertainties detailed throughout this MD&A. The Company disclaims any intention or obligation to update or revise forward-looking information, whether as a result of new information, future events or otherwise, except where required by applicable securities laws.

## **PRESIDENT’S MESSAGE**

To Our Shareholders,

During the year ended October 31, 2017, Eureka acquired new projects in the Cariboo Mining Division of British Columbia and in the Dawson Range Gold Belt, Yukon Territory.

The Cariboo Mining Division of British Columbia is one of the most prolific mineral regions in western North America. The Dawson Range Gold Belt region of the Yukon Territory has recently attracted the attention of a significant number of both junior and senior companies, with the acquisition of the Coffee project by Goldcorp as the most notable example.

Eureka’s fiscal 2017 accomplishments include the following:

- Entered into an option agreement in November 2016 to earn up to a 100% interest in the Gold Creek project located in the Cariboo. The Gold Creek project is located 8 kms from and within the same lithology as the Spanish Mountain deposit. Eureka has completed all of the requirements under the option agreement and has earned its 100% interest;
- Received positive results from a three-hole diamond drill program completed at Gold Creek in May 2017; Hole #GC17-035 included 1.25 metres at 33.20 g/t Au, and Hole #GC17-034 included 1.50 metres at 17.95 g/t Au;
- Entered into an agreement in December 2016 to purchase a 100% interest in the Luxor project in the Dawson Range Gold Belt. Luxor is comprised of the non-contiguous Sheba, Hav and Ophir properties.
- Entered into an agreement in January 2017 to purchase a 100% interest in the Tak project in the Dawson Range Gold Belt.
- Completed an extensive airborne geophysical survey over all of Eureka’s Yukon properties in May 2017;
- Completed a follow up geochemical and mapping program on three of the Yukon properties (Tak, Sheba and Etta) in September 2017.

As announced by News Release dated November 27, 2017, Eureka is conducting a review of strategic alternatives focused on maximizing shareholder value including a review of the Company’s capital structure, property portfolio, potential business combinations or joint ventures, in order to determine the future direction of the Company. As part of that review, we have completed an equity financing of \$126,250 to reduce accounts payable and enhance our financial position going forward.

Sincerely,

*“Michael Sweatman”*

Michael Sweatman, President and CEO

## **INTRODUCTION**

Eureka Resources Inc. (“Eureka” or “the Company”) is an exploration stage company with a strong technical team, whose strategy is to acquire projects in prospective areas that have the potential to deliver important discoveries and create value for its shareholders. The Company’s primary focus is exploration for precious metals in British Columbia and the Yukon Territory.

The Company’s common shares are listed for trading on the TSX Venture Exchange (“TSX-V”) under the symbol “EUK”. The Company’s head office is Suite 1100 - 1111 Melville Street, Vancouver, British Columbia, Canada V6E 3V6. The registered and records office is c/o McMillan LLP, Suite 1500 - 1055 West Georgia Street, Vancouver, British Columbia, Canada V7X 1L3.

This discussion and analysis of financial position, results of operations and cash flows of Eureka Resources Inc. for the year ended October 31, 2017 includes information up to and including February 16, 2018 and should be read in conjunction with the Company’s audited annual consolidated financial statements for the years ended October 31, 2017 and 2016. All the financial statements were prepared using International Financial Reporting Standards (“IFRS”). The Board of Directors of the Company has approved this MD&A.

The reader is encouraged to review the Company’s statutory filings at [www.sedar.com](http://www.sedar.com) and to review other information about the Company on its website at [www.eurekaresourcesinc.com](http://www.eurekaresourcesinc.com).

## **OVERALL PERFORMANCE**

### **FG Gold Project, Cariboo Mining Division, British Columbia:**

The FG Gold project (“FG Gold”) is a strata-controlled gold project located at the headwaters of the Horsefly River, 50 kms east of Horsefly, B.C. and consists of 30 contiguous claims (10,084 hectares). Over \$15.0 million of exploration work has been completed on FG Gold, establishing a Measured and Indicated resource of 376,000 ounces of gold at an average grade of 0.776 g/t (using a 0.5 g/t cut-off), and an Inferred resource of 634,900 ounces of gold at an average grade of 0.718 g/t (using a 0.5 g/t cut-off). Mineralization has been outlined over a 3 km strike length, and additional mineralization could extend along an interpreted 10 km strike length. Further details on the gold resource can be found in “NI 43-101 Technical Report, Frasergold Exploration Project, Cariboo Mining Division, dated July 27, 2015” available on SEDAR or on the Company’s website.

Work in 2016 consisted of soil sampling in the northwest extension and a geophysical interpretation of a 2008 airborne geophysical survey in the northwest and southeast extensions and in the south limb area. Interpretation of geophysical results indicates that the favourable horizon is identified from electromagnetic results and offsetting of the horizon is interpreted from magnetic results. Soil anomalies correlate well with interpreted favourable stratigraphic horizon to the northwest and provide drill targets for future programs. Similar geophysical features are interpreted to the southeast and on the south limb, and provide areas for future geochemical surveys.

**OVERALL PERFORMANCE – (cont’d)**

**FG Gold Project, Cariboo Mining Division, British Columbia:**

On August 24, 2016, the Company entered into an option agreement with Canarc Resource Corp. (“Canarc”) which provided Canarc the option to earn up to a 75% interest in the FG Gold project.

On TSX-V approval of the option agreement (received in September 2016), Canarc issued the Company 250,000 common shares of Canarc with a fair value of \$25,000 and purchased 750,000 units of Eureka at \$0.14 per unit for proceeds of \$105,000.

In order to earn the initial 51% interest in FG Gold, Canarc was required to:

- (a) Incur aggregate exploration expenditures of \$1,500,000 on the property as follows:
  - at least \$500,000 is to be incurred in 2017,
  - at least \$500,000 is to be incurred in 2018, and
  - the balance of the \$1,500,000 is to be incurred in 2019.
- (b) Issue Canarc shares to Eureka as set out below:

Payment Date	Number of Shares
First Anniversary	250,000
Second Anniversary	250,000
Third Anniversary	250,000

- (c) Pay the Company an annual cash payment equal to 50% of the British Columbia Mining Exploration Tax Credit received by Canarc with respect to FG Gold for expenditures incurred by Canarc (to an aggregate maximum of \$1,500,000 in expenditures during the first option period) each year of the first option period.

In order to earn the additional 24% interest in the FG Gold project, Canarc was required to:

- (a) Incur additional exploration expenditures of \$1,500,000 on the property between the third anniversary and the fifth anniversary of the date of grant of the option.
- (b) Issue Canarc shares to Eureka as set out below:

Payment Date	Number of Shares
Fourth Anniversary	750,000
Fifth Anniversary	750,000

- (c) Pay the Company an annual cash payment equal to the greater of: (i) \$75,000 and (ii) 50% of the British Columbia Mining Exploration Tax Credit for expenditures incurred by Canarc (to an aggregate maximum of \$1,500,000 in expenditures during the second option period) each year of the second option period.

## **OVERALL PERFORMANCE – (cont’d)**

### **FG Gold Project, Cariboo Mining Division, British Columbia:**

In July 2017, Canarc informed the Company that it would not be proceeding with the option agreement on FG Gold and terminated the agreement on August 4, 2017. Canarc paid the Company \$35,000 in lieu of exploration work that Canarc was required to perform on certain of the FG Gold claims.

Eureka intends to locate a new exploration partner for the FG Gold or, subject to market conditions, operate its own exploration program on the interpreted offset of the Main Zone which was discovered in 2016 from a thorough re-interpretation of a 2007 airborne survey. Eureka believes that a successful drilling program on the offset on the Main Zone could add significantly to the known gold resources at the property.

An exploration permit was recently received for the FG Gold Project which allows, subject to several conditions, drilling of up to ten drill holes in the northwest area of the FG Gold property proximal to current roads.

### **Gold Creek Project, Cariboo Mining Division, British Columbia:**

On November 14, 2016, Eureka entered into an option agreement to earn up to a 100% interest in the Gold Creek project (“Gold Creek”).

Under the terms of the option agreement, Eureka can earn up to a 100% interest in Gold Creek as follows:

- 49% by incurring a minimum of \$30,000 in exploration expenditures by November 14, 2016 (incurred);
- an additional 26% by issuing 50,000 common shares (issued) and by incurring an additional \$50,000 in exploration expenditures by August 31, 2017 (incurred);
- an additional 25% by issuing an additional 100,000 common shares (issued) and by incurring an additional \$50,000 in exploration expenditures by August 31, 2018 (incurred).

The vendor retained a 1% net smelter royalty. The Company may purchase one-half of the royalty for \$1,000,000.

Mineralization at Gold Creek is located 2 kms north of the village of Likely, B.C. The property consists of 33 contiguous mineral claims totalling 9,673 hectares. The Gold Creek property is accessible via a well-maintained all-weather road. Gold mineralization encountered to date at Gold Creek strikes toward the Spanish Mountain deposit which is located 8 kms to the southeast. Spanish Mountain hosts a 2.48-million-ounce measured and indicated gold resource (see Spanish Mountain Gold Ltd. news release dated April 10, 2017). The Gold Creek mineralized zone is interpreted to occur above the stratigraphic unit, which hosts the Spanish Mountain mineralization.

There are numerous soil anomalies on the property over a 12 km strike length. Much of Gold Creek is covered by overburden and remains virtually unexplored. Limited percussion drilling was completed in the 1980’s, with anomalous values of gold up to 1.1g/t reported over a hole length of 1.5 metres.



**OVERALL PERFORMANCE – (cont’d)**

**Gold Creek Project, Cariboo Mining Division, British Columbia:**

A 2008 program consisted of 6 diamond drill holes totalling 1,060 metres. A 2011 program consisted of 25 drill holes totalling 2,501 metres, of which 5 (1,037 metres) were diamond drill holes and 16 drill holes (1,464 metres) were reverse-circulation. The program outlined a gold-rich zone with sample values ranging from anomalous to 13.4 g/t Au. The purpose of the 2008 and 2011 drill programs was to test numerous gold soil anomalies as well as expand upon low-grade bulk-tonnage gold mineralization encountered in earlier drill programs. Analysis of the 2008 and 2011 drill data indicates that there appears to be a 300-metre-long zone of low-grade gold mineralization over widths of 75 to 100 metres open along strike to the southeast and to depth. Nine drill holes have tested this zone to date, indicating the zone dips steeply to the northeast and to a vertical depth of at least 250 metres.

A rock chip and soil sampling program was completed at Gold Creek by Eureka in late 2016 extending grid-work completed by the previous operator. Samples were analysed for gold by MMI techniques, and results indicate some weak to moderate anomalies ranging to 22.4 ppb Au. Rock chips were collected from showing areas and graded up to 8.65 ppm Au.

**2017 Drill Program**

In May 2017, Eureka completed its initial diamond drill program at Gold Creek.

The 2017 drill program consisted of three holes totalling 331 metres and was focused on a gold-bearing zone containing disseminated and high-grade vein-controlled gold mineralization. Eureka's 2017 drill program served as verification of work conducted by the previous operator and as a guide to design future exploration programs in this area of the property.

Drilling was conducted in previously disturbed areas to mitigate environmental disturbance. The program utilized a diamond drill providing HQ diameter core and twinned a historical reverse circulation drill hole which terminated in gold mineralization at 45.72 metres. In 2011, the previous operator drilled hole GC11-27 (twinned as part of the 2017 drill program) which returned 41.20 metres of 0.893 g/t Au, including 1.51 metres of 3.400 g/t Au.

With the completion of the 2017 drill program, Eureka has satisfied its work commitment required to earn a 100% interest in Gold Creek. Eureka completed the earn-in by issuing 150,000 common shares to the vendor on July 5, 2017.

**OVERALL PERFORMANCE – (cont’d)**

**Gold Creek Project, Cariboo Mining Division, British Columbia:**

2017 Assay Results

The assays in the table below have been derived using two separate assay methods for the purpose of attempting to accurately represent gold content. These two methods are screen metallic and regular fire assay procedures. The reasons for utilizing these two methods are due to the observed nuggety nature of the gold mineralization that has been encountered to date. This “nugget” effect can cause two fractions of the same sample to yield radically different results due to the heterogeneity of the gold mineralization placement within a sample. The Company has engaged Gary H. Giroux, MASc, PEng, to advise on future sampling protocols in order to assist in providing statistically valid results for future resource calculations. Readers are cautioned that the property is at an early stage and these results are considered the first phase and best efforts of the Company's exploration program to date.

	From (m)	To (m)	Width (m)	Au (g/t)	Screen metallic Au (g/t)
GC17-035					
Significant intersection	85.85	170.50	84.65	0.96	0.71
Including	88.70	89.80	1.10	3.59	5.03
Including	112.00	115.00	3.00	1.59	5.05
Including	136.25	137.50	1.25	33.20	5.76
Including	143.50	145.00	1.50	8.11	1.09

	From (m)	To (m)	Width (m)	Au (g/t)	Screen metallic Au (g/t)
GC17-034					
Significant intersection	10.00	28.30	18.30	2.92	1.10
Including	16.00	25.00	9.00	5.53	1.14
Including	17.50	19.00	1.50	17.95	0.33

	From (m)	To (m)	Width (m)	Au (g/t)	Screen metallic Au (g/t)
GC17-033					
Significant intersection	13.00	28.00	15.00	0.71	0.97
Including	21.20	25.00	3.80	1.77	1.77
Significant intersection	40.00	85.00	45.00	0.64	0.39

A program for continuing drilling and exploration is currently being planned. Subsequent drilling and exploration programs will focus on determining the extent of strike, depth and width of this zone. Financing for these future programs is yet to be determined; however, initial drilling may utilize existing flow-through funds.

**OVERALL PERFORMANCE – (cont’d)**

**Luxor Project, Dawson Range Gold Belt, Yukon Territory:**

The Luxor project (“Luxor”) is located in the Dawson Range Gold Belt of western Yukon, a district of major porphyry, breccia and vein deposits and occurrences, and is comprised of three non-contiguous claim blocks referred to as the Ophir, Sheba, and Hav. The project consists of 360 claims (approximately 7,000 hectares) and is located 65–80 kms southeast of Dawson City. Neighbouring projects include the Coffee deposit recently acquired by Goldcorp, and Western Copper and Gold Corporation’s Casino deposit. The area is accessed via a well-maintained gravel road from Dawson City.

Placer gold mining in the Klondike district of the Yukon has been active since the late 1890’s gold rush. Bedrock exploration commenced in the area in the 1970’s and resulted in the development of the Casino deposit.

Mineralization in the district is gold, silver, copper and molybdenum porphyry deposits (Casino), mineralized breccia deposits (Coffee), and lode and stockwork veins (Golden Saddle). All three styles of mineralization have been identified near the non-contiguous Ophir, Sheba and Hav claim blocks. Placer mining has produced gold from creeks draining these properties. There is no documented history of bedrock exploration.

On December 12, 2016, Eureka entered into an agreement to purchase a 100% interest in Luxor.

On January 3, 2017, the Company issued 2,500,000 common shares to the vendors. The vendors agreed to an arrangement under which the shares will become free trading on the following dates:

- June 28, 2017 833,334 shares;
- December 28, 2017: 833,334 shares;
- June 28, 2018: 833,332 shares.

In addition, the Company issued 125,000 common shares as a finder’s fee.

The Company has committed to use the vendors to perform exploration work on Luxor totalling \$750,000 over four years as follows:

- \$187,500 on or before December 28, 2017 (incurred);
- \$187,500 on or before December 28, 2018;
- \$187,500 on or before December 28, 2019;
- \$187,500 on or before December 28, 2020;

The vendors will retain a 2% net smelter return royalty for gold produced from Luxor. The Company may purchase the royalty for \$1,000,000.

**OVERALL PERFORMANCE – (cont’d)**

**Etta Project, Dawson Range Gold Belt, Yukon Territory:**

In May 2017, the Company staked the Etta 1-24 claims in an area close to the Sheba and Ophir claims. The Etta 1-24 claims cover the south flank of the Indian River Valley as well as tributaries of Eureka Creek, both of which support highly productive active placer operations. The Etta property is underlain mainly by Permian Snowcap Assemblage sediments and lesser units of Permian Sulphur Creek Assemblage gneisses and intrusive rocks; these assemblages extend to the northwest and underlie much of the historic Klondike placer gold district. Eureka included the newly staked Etta claim block in its recent airborne geophysical surveying program.

**Tak Project, Dawson Range Gold Belt, Yukon Territory:**

The Tak project (“Tak”) is located in the Dawson Range Gold Belt of western Yukon and is comprised of 82 contiguous claims (1,695 hectares). Tak is located 100 kilometres southeast of Dawson City, and approximately 30 kilometres south of Luxor. Placer mining at Tak has produced gold from creeks draining the western portion of the property. There is no documented history of bedrock exploration.

On February 21, 2017, Eureka commenced a ground magnetic survey and a VLF (very low frequency) electromagnetic survey on Tak. The work was performed and directed by Aurora Geosciences Ltd. of Whitehorse, YT. The data obtained from the survey will provide Eureka with valuable information to assist in the development of a phase 2 exploration plan for Tak. Since acquiring Tak, the Company's technical group has commenced a review of all the historical data acquired as part of the transaction. Eureka plans to integrate the historical data with the 2017 geophysical results in order to prioritize target areas on the property.

On January 9, 2017, the Company entered into an agreement to purchase a 100% interest in Tak.

On February 6, 2017, the Company issued 500,000 common shares as consideration for the purchase. The Tak vendors have agreed to an arrangement under which the shares will become free trading as follows:

- On closing 125,000 shares
- Six months from closing 125,000 shares
- Twelve months from closing 125,000 shares
- Eighteen months from closing 125,000 shares

The vendors will retain a 2% net smelter royalty for gold produced from Tak. The Company may purchase 1% for \$1,000,000.

Eureka Resources Inc.  
Management Discussion and Analysis (“MD&A”)  
For the year ended October 31, 2017

**OVERALL PERFORMANCE – (cont’d)**

**Tak Project, Dawson Range Gold Belt, Yukon Territory:**

2017 Geophysical Survey – Luxor, Etta and Tak:

In April 2017, Eureka entered into a contract with Geotech Ltd. to conduct a helicopter-borne, VTEM time-domain system and magnetic geophysical survey over the Company's Luxor, Etta and Tak claims.

The survey and data acquisition was completed in May 2017 and consisted of 1,152 line kilometres flown at 100-metre line spacing. The data resulting from the survey has been interpreted and will be used to guide and design future ground-based exploration.

**OVERALL PERFORMANCE – (cont’d)**

**CKN Project, Cariboo Mining Division, British Columbia:**

On April 5, 2017, the Company entered into an option agreement to earn a 100% interest in 2 claims covering 1,356 hectares known as the CKN Project (“CKN”).

To earn the 100% interest, the Company must make the following cash and share payments to the vendor, and incur the following minimum exploration expenditures:

<b>Due Date</b>	<b>Cash</b>	<b>Common Shares</b>	<b>Exploration Expenditures</b>
Closing Date	\$15,000 (paid)	50,000 (issued)	\$Nil
On or before July 1, 2018	\$20,000	100,000	\$40,000
On or before July 1, 2019	\$30,000	100,000	\$80,000
On or before July 1, 2020	\$50,000	200,000	\$100,000
On or before July 1, 2021	\$100,000	250,000	\$Nil

The vendor retained a 2% net smelter royalty on the property. The Company has the right to purchase one-half of the royalty for \$1,000,000 any time prior to commercial production.

On April 21, 2017, the Company received TSXV acceptance of the option agreement and issued 50,000 common shares with a fair value of \$4,750.

In May 2017, the Company staked 2 additional contiguous claims covering 491 hectares, bringing the total claim block to 1,847 hectares contained in 4 contiguous claims. The new staking covered the balance of a magnetic anomaly identified in British Columbia government data.

CKN is located adjacent to the northeast boundary of the Gibraltar copper-molybdenum mine currently operated by Taseko Mines Ltd., and is accessible by road from Williams Lake. Access is possible year-round with the optimum time for field work from early spring to late fall.

The Company completed a ground geological and geochemical study on the CKN property in the fall of 2017 to establish potential drill targets. Subsequent to October 31, 2017, the Company informed the vendor that it would not be proceeding with the option agreement on the CKN Project, subsequently terminating the agreement on December 23, 2017. The Company recorded a write-off of exploration and evaluation assets of \$36,901 effective October 31, 2017.

**OVERALL PERFORMANCE – (cont’d)**

**Gemini Lithium Project, Esmeralda County, Nevada:**

Eureka owns a 50% interest in the Gemini Lithium Project (“Gemini”) located in the Lida Valley, Esmeralda County, Nevada, approximately 40 km (26 miles) south of the Clayton Valley, which contains North America’s only producing lithium mine. Gemini consists of 134 placer claims (approximately 1,085 hectares).

Exploration work in 2016 consisted of ground TDEM and CSAMT surveys over Gemini West and Gemini East. The surveys were successful in determining conductive horizons within both sub-basins indicating the possible presence of lithium-bearing brines.

***John R. Kerr, P.Eng., is the Company's designated Qualified Person for this MD&A within the meaning of National Instrument 43-101 and has reviewed and approved the technical information described herein.***

**SELECTED ANNUAL INFORMATION**

The following financial data is selected information for the most recently completed fiscal years:

	October 31, <u>2017</u>	October 31, <u>2016</u>	October 31, <u>2015</u>
Total revenue	\$ -	\$ -	\$ -
Net and comprehensive income (loss)	\$ (744,970)	\$ (463,680)	\$ 85,099
Basic and diluted income (loss) per share	\$ (0.018)	\$ (0.018)	\$ 0.005
Total assets	\$ 1,391,052	\$ 782,327	\$ 169,006
Total non-current liabilities	\$ -	\$ -	\$ -
Dividends	\$ -	\$ -	\$ -

All the annual results were derived from audited financial statements prepared using IFRS.

## **RESULTS OF OPERATIONS**

The Company recorded a comprehensive loss of \$744,970 for the year ended October 31, 2017 compared to \$463,680 for the year ended October 31, 2016.

Consulting fees increased to \$134,170 for the year ended October 31, 2017 compared to \$41,850 for the year ended October 31, 2016. During the year ended October 31, 2017, the Company incurred technical and due diligence costs related to the property acquisitions completed during the year. In addition, the Company incurred financial consulting fees related to a private placement completed during the year.

Marketing expense was \$220,091 for the year ended October 31, 2017 compared to \$121,667 for the year ended October 31, 2016. Eureka listed its common shares for trading on Germany’s Frankfurt Stock Exchange to increase the Company’s trading liquidity and facilitate investment by European investors. During the year ended October 31, 2017, the Company completed a marketing program in Germany and an investment radio program in the United States. In Canada, the Company engaged Lukor Capital Corp. for marketing and corporate development.

Share-based compensation was \$130,000 for the year ended October 31, 2017 compared to \$81,000 for the year ended October 31, 2016. The Company granted 1,150,000 stock options in 2017 compared to 900,000 stock options in 2016.

Subsequent to October 31, 2017, the Company informed the vendor of the CKN Project that it would not be proceeding with its option on the CKN Project. The Company recorded a write-off of exploration and evaluation assets of \$36,901 effective October 31, 2017.

During the year ended October 31, 2017, the Company issued 3,261,055 flow-through units at \$0.09 per unit for proceeds of \$293,495. The Company allocated proceeds of \$32,611 (\$0.01 per unit) to other income for the flow-through premium.

### Investing Activities - Exploration and Evaluation Assets

During the year ended October 31, 2017, the Company incurred exploration and evaluation costs of \$182,207 on the Gold Creek project. In addition, the Company issued 150,000 common shares with a fair value of \$7,500 to exercise its option on the Gold Creek project. The Company recorded a BC Mining Exploration Tax Credit receivable of \$11,112.

During the year ended October 31, 2017, the Company incurred exploration and evaluation costs of \$264,525 on the Luxor project and staking costs of \$1,550 to stake the Etta claims. In addition, the Company issued 2,625,000 common shares with a fair value of \$275,625 to acquire the Luxor project. The Company recorded a Yukon Mining Exploration Grant receivable of \$40,000.

During the year ended October 31, 2017, the Company incurred exploration and evaluation costs of \$160,838 on the Tak project. In addition, the Company issued 500,000 common shares with a fair value of \$50,000 to acquire the Tak project. The Company recorded a Yukon Mining Exploration Grant receivable of \$40,000.



**RESULTS OF OPERATIONS – (cont’d)**

*Investing Activities - Exploration and Evaluation Assets – (cont’d)*

During the year ended October 31, 2017, the Company paid \$15,000 and issued 50,000 common shares with a fair value of \$4,750 to acquire the CKN project. The Company incurred exploration and evaluation costs of \$16,292 on CKN and staking costs of \$859. At October 31, 2017, the Company wrote-off the CKN project and recorded a charge of \$36,901.

During the year ended October 31, 2017, the Company incurred exploration and evaluation costs of \$34,974 on the FG Gold project. In July 2017, Canarc informed the Company that it would not be proceeding with the option agreement on the FG property. Canarc paid the Company \$35,000 in lieu of exploration work that it was required to perform on certain of the FG claims.

During the year ended October 31, 2016, the Company incurred exploration and evaluation costs of \$87,686 on the FG project. In addition, the Company recorded B.C. Mining Exploration Tax Credits of \$35,928 and received 250,000 common shares of Canarc with a fair value of \$25,000 as an option payment on the FG project.

During the year ended October 31, 2017, the Company incurred exploration and evaluation costs of \$7,793 and claim maintenance fees of \$14,343 on the Gemini project. In addition, the Company issued 200,000 common shares with a fair value of \$11,000 for acquisition costs on the Gemini project.

During the year ended October 31, 2016, the Company incurred exploration and evaluation costs of \$59,608 and claim maintenance fees of \$72,931 on the Gemini project. In addition, the Company issued 300,000 common shares with a fair value of \$28,500 for acquisition costs on the Gemini project.

## SUMMARY OF QUARTERLY RESULTS

The figures for the quarters ended October 31, 2017 and 2016 are calculated from the Company’s annual audited consolidated financial statements. All other amounts are from unaudited condensed interim consolidated financial statements prepared by management.

	Q4 October 31, <u>2017</u>	Q3 July 31, <u>2017</u>	Q2 April 30, <u>2017</u>	Q1 January 31, <u>2017</u>
Total revenues	\$ -	\$ -	\$ -	\$ -
Comprehensive loss	\$ (168,082)	\$ (173,096)	\$ (132,859)	\$ (270,933)
Basic and diluted loss per share	\$ (0.004)	\$ (0.004)	\$ (0.003)	\$ (0.007)

	Q4 October 31, <u>2016</u>	Q3 July 31, <u>2016</u>	Q2 April 30, <u>2016</u>	Q1 January 31, <u>2016</u>
Total revenues	\$ -	\$ -	\$ -	\$ -
Comprehensive loss	\$ (171,051)	\$ (186,731)	\$ (65,456)	\$ (40,442)
Basic and diluted loss per share	\$ (0.006)	\$ (0.007)	\$ (0.003)	\$ (0.002)

Variances in quarterly results can be due to stock-based compensation incurred in a quarter as the Company’s stock options generally vest on the grant date and therefore are fully expensed in the quarter in which they are granted. Other factors which could cause variances in quarterly results could include such items as forgiveness of debt or the write-off of a mineral property.

In the quarter ended January 31, 2017, the Company recorded share-based compensation expense of \$114,000 related to the granting of 950,000 stock options.

In the quarter ended July 31, 2016, the Company recorded share-based compensation expense of \$81,000 related to the granting of 900,000 stock options.

## **LIQUIDITY AND CAPITAL RESOURCES**

The Company has a history of operating losses and at October 31, 2017 has an accumulated deficit of \$7,174,860. At October 31, 2017, the Company had a working capital deficiency of \$156,633. The Company will require additional equity financings in order to continue exploration of its mineral properties and fund its administrative expenses.

Historically, the Company has been able to fund administrative overheads and property acquisition, exploration and evaluation through equity financings. The continued uncertainty in the financial equity markets may make it difficult to raise capital through the private placement of shares. The junior mining industry is considered speculative in nature which could make it even more difficult to fund.

While the Company is using its best efforts to achieve its business plans by examining various financing alternatives, there is no assurance that the Company will be successful with its financing ventures.

### Financing Activities

#### ***Year Ended October 31, 2017:***

##### Private Placement

On May 31, 2017, the Company issued 6,340,430 units (3,261,055 flow-through units at \$0.09 per unit and 3,079,375 non-flow-through units at \$0.08 per unit) for total proceeds of \$539,845. The Company allocated proceeds of \$32,611 to other income for the flow-through premium on the flow-through portion of the private placement. In addition, the Company allocated proceeds of \$63,404 to contributed surplus for the fair value of the warrants issued on the private placement.

Each flow-through unit consisted of one flow-through common share and one-half of one share purchase warrant. Each whole warrant entitled the holder to purchase an additional common share at \$0.15 per share until May 31, 2019. The proceeds from the issuance of the flow-through units were used for exploration of the Company’s mineral properties in British Columbia and the Yukon Territory.

Each non-flow-through unit consisted of one common share and one-half of one share purchase warrant. Each whole warrant entitled the holder to purchase an additional common share at \$0.15 per share until May 31, 2019. The proceeds from the issuance of the non-flow-through units were used for working capital.

The Company paid finder’s fees of \$30,675, 187,500 common shares with a fair value of \$13,125, 187,500 share purchase warrants and 13,332 finder’s warrants. Each share purchase warrant entitled the holder to purchase an additional common share at \$0.15 per share until May 31, 2019. Each finder's warrant entitled the holder to purchase a non-flow-through unit at \$0.09 per unit until May 31, 2019.

## **LIQUIDITY AND CAPITAL RESOURCES**

### *Financing Activities – (cont’d)*

#### ***Year Ended October 31, 2017:***

##### *Private Placement*

On December 29, 2016, the Company issued 707,000 common shares pursuant to the private placement of 707,000 flow-through units at \$0.10 per unit for gross proceeds of \$70,700. Each unit contained one flow-through common share and one-half of one share purchase warrant. Each full warrant entitled the holder to purchase an additional common share at \$0.15 per share until December 29, 2018.

In connection with the private placement, the Company paid finder’s fees of \$1,992 and issued 19,920 finder’s warrants. Each finder's warrant entitled the holder to purchase one non-flow-through unit with the same terms as the private placement units at \$0.10 per unit until December 29, 2018.

##### *Finder’s Warrants Exercised*

On January 20, 2017, the Company issued 38,500 common shares and 38,500 warrants exercisable at \$0.125 per share until April 29, 2018 pursuant to the exercise of 38,500 finder’s warrants at \$0.075 for proceeds of \$2,887.

##### *Marketable Securities*

During the year ended October 31, 2017, the Company sold its marketable securities for proceeds of \$25,990 resulting in a gain on sale of marketable securities of \$990.

#### ***Subsequent to October 31, 2017:***

##### *Private Placement*

On December 28, 2017, the Company issued 4,000,000 common shares pursuant to the private placement of 4,000,000 common shares at \$0.025 per share for gross proceeds of \$100,000. In connection with the private placement, the Company paid finder’s fees of \$4,550.

On January 22, 2018, the Company issued 750,000 common shares pursuant to the private placement of 750,000 common shares at \$0.035 per share for gross proceeds of \$26,250. In connection with the private placement, the Company paid finder’s fees of \$367.

## **LIQUIDITY AND CAPITAL RESOURCES – (cont'd)**

### Financing Activities

#### **Year Ended October 31, 2016:**

#### Incentive Warrant Program

On December 31, 2015, the Company offered the holders of 4,000,000 share purchase warrants issued on June 11, 2015 (the "June Warrants") an incentive warrant to exercise their warrants early. Each June Warrant was exercisable to purchase one common share at \$0.05 per share until June 10, 2016 or at \$0.10 per share until June 10, 2017. The Company would issue the holder of a June Warrant who exercises their June Warrant between January 4, 2016 and January 29, 2016 an incentive warrant for each June Warrant exercised. Each Incentive Warrant would entitle the holder to acquire an additional common share at \$0.075 per share until June 10, 2016, and thereafter at \$0.125 per share until June 10, 2020.

During the year ended October 31, 2016, the incentive warrant program resulted in the exercise of 1,315,000 June Warrants at \$0.05 for total proceeds of \$65,750. The Company issued the holders who exercised their June Warrants an incentive warrant and a common share for each June Warrant exercised. The fair value of the incentive warrants of \$65,750 or \$0.05 per warrant was considered non-compensatory and therefore was allocated to directly to equity.

#### Shares for Debt

The Company issued 906,333 common shares at \$0.075 per share to settle outstanding debts of \$67,975. The shares were issued to seven creditors. Included in the totals were shares issued to insiders as follows: MDS Management Ltd. (Michael Sweatman), \$15,750 for 210,000 shares; MBP Management Ltd. (Brent Petterson), \$9,975 for 133,000 shares; Rhodanthe Corporate Services (Christina Boddy), \$3,150 for 42,000 shares; Infiniti Drilling Corp. (Kristian Whitehead), \$8,400 for 112,000 shares; John R. Kerr, \$5,200 for 69,333 shares.

#### Private Placements

On April 29, 2016, the Company issued 2,693,666 common shares pursuant to the private placement of 2,693,666 units at \$0.075 per unit for gross proceeds of \$202,025. Each unit contained one common share and one warrant entitling the holder to purchase an additional common share at \$0.125 until April 29, 2018. In connection with the private placement, the Company paid finder's fees of \$12,285, issued 163,800 finder's warrants. Each finder's warrant entitles the holder to purchase one unit with the same terms as the private placement units at \$0.075 until April 29, 2018.

On May 6, 2016, the Company issued 2,033,334 common shares pursuant to the private placement of 2,033,334 units at \$0.075 per unit for gross proceeds of \$152,500. Each unit contained one common share and one warrant entitling the holder to purchase an additional common share at \$0.125 until May 6, 2018. In connection with the private placement, the Company paid finder's fees of \$6,475, issued 86,333 finder's warrants. Each finder's warrant entitles the holder to purchase one unit with the same terms as the private placement units at \$0.075 until May 6, 2018.

## **LIQUIDITY AND CAPITAL RESOURCES – (cont’d)**

### Financing Activities

#### **Year Ended October 31, 2016:**

On September 9, 2016, the Company issued 1,050,000 common shares pursuant to the private placement of 1,050,000 units at \$0.14 per unit for gross proceeds of \$147,000. Each unit contained one common share and one-half of one share purchase warrant. Each full warrant entitled the holder to purchase an additional common share at \$0.20 until September 9, 2018. In connection with the private placement, the Company paid finder’s fees of \$1,260, issued 9,000 finder’s warrants. Each finder’s warrant entitles the holder to purchase one unit with the same terms as the private placement units at \$0.14 until September 9, 2018.

On October 20, 2016, the Company issued 1,325,000 common shares pursuant to the private placement of 1,325,000 units at \$0.10 per unit for gross proceeds of \$132,500. Each unit contained one common share and one-half of one share purchase warrant. Each full warrant entitled the holder to purchase an additional common share at \$0.15 until October 20, 2018. In connection with the private placement, the Company paid finder’s fees of \$4,200, issued 42,000 finder’s warrants. Each finder’s warrant entitles the holder to purchase one unit with the same terms as the private placement units at \$0.10 until October 20, 2018.

On October 26, 2016, the Company issued 2,175,000 common shares pursuant to the private placement of 2,175,000 units at \$0.10 per unit for gross proceeds of \$217,500. Each unit contained one common share and one-half of one share purchase warrant. Each full warrant entitled the holder to purchase an additional common share at \$0.15 until October 26, 2018. In connection with the private placement, the Company paid finder’s fees of \$6,432, issued 64,320 finder’s warrants. Each finder’s warrant entitles the holder to purchase one unit with the same terms as the private placement units at \$0.10 until October 26, 2018.

### Warrants Exercised

During the year ended October 31, 2016, the Company issued 3,300,000 common shares at \$0.05 per share for proceeds of \$165,000 pursuant to the exercise of 3,300,000 share purchase warrants.

During the year ended October 31, 2016, the Company issued 100,000 common shares at \$0.075 per share for proceeds of \$7,500 pursuant to the exercise of 100,000 share purchase warrants.

### Finder’s Warrants Exercised

During the year ended October 31, 2016, the Company issued 8,400 common shares and 8,400 warrants exercisable at \$0.125 per share until April 29, 2018 pursuant to the exercise of 8,400 finder’s warrants at \$0.075 for proceeds of \$630.

## **OFF BALANCE SHEET ARRANGEMENTS**

The Company has no off-balance sheet arrangements to report.

Eureka Resources Inc.  
Management Discussion and Analysis (“MD&A”)  
For the year ended October 31, 2017

**FOURTH QUARTER**

Subsequent to October 31, 2017, the Company informed the vendor of the CKN Project that it would not be proceeding with its option on the CKN Project. The Company recorded a write-off of exploration and evaluation assets of \$36,901 effective October 31, 2017.

**TRANSACTIONS WITH RELATED PARTIES**

At February 16, 2017, the directors of the Company were Michael Sweatman, Warren Stanyer, John Kerr, Kristian Whitehead, Brent Petterson and Gary Vivian. The officers of the Company were Michael Sweatman (CEO), Brent Petterson (CFO) and Christina Boddy (Corporate Secretary). Additional related parties include MDS Management Ltd, MBP Management Ltd, Rhodanthe Corporate Services, Infiniti Drilling Corporation, Aurora Geoscience Ltd, companies with officers or directors in common, namely Michael Sweatman, Brent Petterson, Christina Boddy, Kristian Whitehead and Gary Vivian. Nevada Sunrise Gold Corporation is a public company with directors and officers in common with the Company.

During the years ended October 31, 2017 and 2016, the Company incurred the following charges by directors of the Company and by companies with directors and officers in common with the Company.

	2017	2016
Accounting fees (Petterson)	\$ 37,000	\$ 28,000
Consulting fees (Stanyer, Kerr, Whitehead)	32,500	16,400
Exploration and evaluation assets (Whitehead)	402,722	26,903
Exploration and evaluation assets (Nevada Sunrise)	11,000	28,500
Management fees (Sweatman, Boddy)	72,000	50,000
Rent (Nevada Sunrise)	-	2,250
Share-based compensation	88,000	54,000
	<u>\$ 643,222</u>	<u>\$ 206,053</u>

*Key Management Compensation:*

During the years ended October 31, 2017 and 2016, the Company incurred the following key management compensation charges. Key management includes the Company’s directors and executive officers.

	2017	2016
Accounting fees	\$ 37,000	\$ 28,000
Consulting fees	32,500	16,400
Exploration and evaluation assets	402,722	26,903
Management fees	72,000	50,000
Share-based compensation	88,000	54,000
	<u>\$ 632,222</u>	<u>\$ 175,303</u>

Eureka Resources Inc.  
Management Discussion and Analysis (“MD&A”)  
For the year ended October 31, 2017

**TRANSACTIONS WITH RELATED PARTIES – (cont’d)**

During the years ended October 31, 2017 and 2016, share-based compensation expense related to stock options granted was as follows:

	2017	2016
John Kerr	\$ 12,000	\$ 9,000
Kristian Whitehead	12,000	9,000
Warren Stanyer	12,000	9,000
Michael Sweatman	12,000	9,000
Brent Petterson	12,000	9,000
Christina Boddy	12,000	9,000
Gary Vivian	16,000	-
	\$ 88,000	\$ 54,000

At October 31, 2017, due to related parties includes \$290,397 (2016 - \$395) payable to directors of the Company and to companies with directors and officers in common with the Company for fees and expenses.

At October 31, 2017 and 2016, due to related parties included the following:

	October 31, 2017	October 31, 2016
Gary Vivian – fees	\$ 3,000	\$ 210
Aurora Geoscience Ltd – fees and expenses	140,408	-
Brent Petterson – expenses	-	185
John Kerr - fees	4,500	-
MBP Management Ltd - fees	22,050	-
MDS Management Ltd - fees	29,400	-
Mike Sweatman - expenses	444	-
John Kerr & Associates Ltd – fees and expenses	2,078	-
Rhodanthe Corporate Services - fees	14,700	-
Warren Stanyer - fees	7,350	-
Nevada Sunrise Gold Corporation - expenses	22,060	-
Infiniti Drilling Corp – fees and expenses	40,907	-
Kristian Whitehead - fees	3,500	-
	\$ 290,397	\$ 395

**PROPOSED TRANSACTIONS**

The Company has no proposed transactions to report.



## **CRITICAL ACCOUNTING ESTIMATES**

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

### Exploration and Evaluation Assets

The carrying amount of the Company’s exploration and evaluation assets does not necessarily represent present or future values, and the Company’s exploration and evaluation assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and upon future profitable production or proceeds from the disposition of the mineral properties themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management’s assessment as to the overall viability of its properties or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company’s exploration and evaluation assets.

### Share-based Payments

The estimation of share-based payments includes estimating the inputs used in calculating the fair value for share-based payments expense included in profit or loss and share-based share issuance costs included in equity. Share-based payments expense and share-based share issuance costs are estimated using the Black-Scholes options-pricing model as measured on the grant date to estimate the fair value of stock options. This model involves the input of highly subjective assumptions, including the expected price volatility of the Company’s common shares, the expected life of the options, and the estimated forfeiture rate.

### Income Taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company’s ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management’s assessment of the Company’s ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

## **CHANGES IN ACCOUNTING POLICIES**

### *New Standards Adopted for the Year Ended October 31, 2016*

Effective November 1, 2015, the following standards were adopted but did not have a material impact on the financial statements.

- IFRS 7 Amended to require additional disclosures on transition from IAS 39 and IFRS 9.

There were no changes in the Company’s significant accounting policies during the year ended October 31, 2017 that had a material effect on its annual consolidated financial statements. The Company’s significant accounting policies are disclosed in Note 3 to its audited annual consolidated financial statements for the years ended October 31, 2017 and 2016.

### *New Standards and Interpretations Not Yet Adopted*

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for future accounting periods. The following have not yet been adopted by the Company and are being evaluated to determine their impact.

- IFRS 9: New standard that replaced IAS 39 for classification and measurement, effective for annual periods beginning on or after January 1, 2018.
- IFRS 15 - New standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity’s contracts with customers, effective for annual periods beginning on or after January 1, 2017.
- IFRS 16 – Leases: New standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019.

## **FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS**

### *Financial Assets*

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss (“FVTPL”).

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit or loss. The Company’s cash is classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. The Company’s GST receivable, BC Mining Exploration Tax Credit receivable and Yukon Mining Exploration Grant receivable are classified as loans and receivables. Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in profit or loss. As at October 31, 2017 and 2016, the Company has not classified any financial assets as held to maturity or available for sale. The Company classifies its reclamation bonds as held to maturity.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss as follows:

- a) Financial assets carried at amortized cost: The loss is the difference between the amortized cost of the asset and the present value of the estimated future cash flows, discounted using the instrument’s original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.
- b) Available-for-sale financial assets: The impairment loss is the difference between the original cost of the asset and its fair value at the measurement date, less any impairment losses previously recognized in the statement of loss and comprehensive loss. This amount represents the cumulative loss in accumulated other comprehensive income that is reclassified to the statement of loss and comprehensive loss.

**FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS – (cont’d)**

*Financial Liabilities*

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company’s accounts payable and accrued liabilities and due from related parties are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in profit or loss unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in profit or loss.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair values of the Company’s receivables, accounts payable and accrued liabilities and due to related parties approximate their carrying values because of the short-term nature of these instruments.

The following table illustrates the classification of the Company’s financial instruments within the fair value hierarchy as at October 31, 2017 and 2016:

	Level 1	Level 2	Level 3
October 31, 2017:			
Cash	\$ 2,686	\$ -	\$ -
Restricted cash	\$ 72,011	\$ -	\$ -
October 31, 2016:			
Cash	\$ 392,664	\$ -	\$ -
Marketable securities	\$ 28,750	\$ -	\$ -

## **FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS – (cont’d)**

The Company’s risk exposures and the impact on its financial instruments are summarized below:

### Credit risk

The Company’s cash is held with large financial institutions. The Company’s receivables consist of sales taxes and exploration tax credits receivable from the Government of Canada and the Governments of British Columbia and the Yukon Territory. Management believes that credit risk concentration with respect to receivables is remote.

### Liquidity risk

The Company’s approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At October 31, 2017, the Company had cash and restricted cash of \$74,697 to settle current liabilities of \$357,803. Management intends to raise additional funds through equity financings or shares for debt to meet its current liabilities when they become due.

### Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, and commodity and equity prices.

#### a) *Interest rate risk:*

The Company has cash which is not subject to significant risks in fluctuating interest rates. The Company’s current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. An increase to interest rates by 1% would have an insignificant effect on operations.

#### b) *Price risk:*

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company’s earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company’s marketable securities are subject to price risk. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

#### c) *Foreign currency risk:*

The Company is exposed to foreign currency risk on fluctuations related to cash and accounts payable denominated in US dollars. As at October 31, 2017 and 2016, a 10% fluctuation in the US Dollar against the Canadian Dollar would not have a significant impact on profit and loss.

## **RISKS AND UNCERTAINTIES**

In addition to the risks and uncertainties detailed earlier in this MD&A, the Company is also subject to other risks and uncertainties including the following:

### *General Risk Associated with the Mining Industry*

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. At present, none of the Company’s properties has a known commercial ore deposit. The main operating risks include: securing adequate funding to maintain and advance exploration properties; ensuring ownership of and access to mineral properties by confirmation that claims and agreements are in good standing and obtaining permits for drilling and other exploration activities. The market prices for gold and other metals can be volatile and there is no assurance that a profitable market will exist for a production decision to be made or for the ultimate sale of the metals even if commercial quantities of precious and other metals are discovered.

Exploration and development activities involve risks which careful evaluation, experience and knowledge may not, in some cases eliminate. The commercial viability of any mineral deposit depends on many factors not all of which are within the control of management. Some of the factors that affect the financial viability of a given mineral deposit include its size, grade and proximity to infrastructure, government regulation, taxes, royalties, land tenure, land use, environmental protection and reclamation and closure obligations, have an impact on the economic viability of a mineral deposit. Management attempts to mitigate its exploration risk and may employ a strategy of joint ventures with other companies which balance the risk while at the same time allowing properties to be advanced.

### *Dependence on Key Personnel*

Loss of certain members of the executive team or key operational leaders of the Company could have a disruptive effect on the implementation of the Company’s business strategy and the efficient running of day-to-day operations until their replacement is found. Recruiting personnel is time consuming and expensive and competition for qualified personnel may be intense. The Company may be unable to retain its key employees or attract, assimilate, retain or train other necessary qualified employees, which may restrict its growth potential.

### *Competitive Industry*

Mining industry is intensely competitive and the Company will compete with other companies that have far greater resources.

### *Title to Mineral Properties*

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company’s title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

## **RISKS AND UNCERTAINTIES – (cont’d)**

### Permits and Licences

The operations of the Company will require licences and permits from various governmental authorities, which have been applied for and/or will be applied for at the proper time. There can, however, be no assurance that the Company will be able to obtain all necessary licences and permits required to carry out exploration, development and mining operations of its projects.

### Environmental Regulation

The operations of the Company are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards, and enforcement, fines and penalties for non-compliance are becoming more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and their directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of future operations. The Company may become subject to liability for pollutions or hazards against which it cannot insure or again which it may elect not to insure where premium costs are disproportionate to the Company’s perception of the relevant risks. The payment of such insurance premiums and of such liabilities would reduce the funds available for exploration and production activities.

### Estimates of Mineral Resources may not be Realized

The mineral resource estimates published from time to time by the Company with respect to its properties are estimates only and no assurance can be given that any particular level of recovery of minerals will in fact be realized or that an identified resource will ever qualify as a commercially mineable (or viable) deposit which can be legally and economically exploited. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material. Production can be affected by such factors as permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations, inaccurate or incorrect geologic, metallurgical or engineering work, and work interruptions, among other things. Short-term factors, such as the need for orderly development of deposits or the processing of new or different grades, may have an adverse effect on mining operations or the results of operations. There can be no assurance that minerals recovered in small-scale laboratory tests will be duplicated in large-scale tests under on-site conditions or in production scale operations. Material changes in resources, grades, stripping ratios or recovery rates may affect the economic viability of projects. The estimated resources described herein should not be interpreted as assurances of mine life or of the profitability of future operations.

**DISCLOSURE OF OUTSTANDING SHARE DATA**

a) *Issued:* Number  
At February 16, 2018 50,462,402

b) *Stock Options:*

At February 16, 2018, the Company had 3,100,000 stock options outstanding entitling the holders thereof the right to purchase one common share for each option held as follows:

Number of options outstanding	Exercise Price	Expiry Date
1,200,000	\$0.10	June 23, 2020
800,000	\$0.10	June 27, 2021
900,000	\$0.13	January 16, 2022
200,000	\$0.10	April 28, 2022
<u>3,100,000</u>		

c) *Share Purchase Warrants:*

At February 16, 2018, the Company had 11,975,115 share purchase warrants outstanding entitling the holders thereof the right to purchase one common share for each warrant held as follows:

Number of warrants outstanding	Exercise Price	Expiry Date
1,215,000	\$0.125	June 10, 2020
2,740,566	\$0.125	April 29, 2018
2,033,334	\$0.125	May 6, 2018
525,000	\$0.20	September 9, 2018
662,500	\$0.15	October 20, 2018
1,087,500	\$0.15	October 26, 2018
353,500	\$0.15	December 29, 2018
3,357,715	\$0.15	May 31, 2019
<u>11,975,115</u>		



**DISCLOSURE OF OUTSTANDING SHARE DATA – (cont’d)**

d) *Finders Warrants:*

At February 16, 2018, there were 351,805 finder’s warrants outstanding as follows:

Number of warrants		
Outstanding	Exercise Price	Expiry Date
116,900	\$0.075	April 29, 2018
86,333	\$0.075	May 6, 2018
9,000	\$0.14	September 9, 2018
42,000	\$0.10	October 20, 2018
64,320	\$0.10	October 26, 2018
19,920	\$0.10	December 29, 2018
13,332	\$0.09	May 31, 2019
<u>351,805</u>		

Finder's warrants entitle the holders to purchase one unit with the same terms as the private placement to which they relate.

**APPENDIX I**

**AUDITED ANNUAL FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS OF KORE  
MINING LTD. AS AT AND FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017 AND DECEMBER 31, 2016**

*[see attached]*

**KORE MINING LTD.**

**Condensed Interim Consolidated Financial Statements**

**For the three months ended March 31, 2018 and 2017**

**(Unaudited)**



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

As at		March 31, 2018	December 31, 2017
	Note		
<b>Current assets</b>			
Cash and cash equivalents	\$	35,207	\$ 88,694
Amounts receivable		27,082	39,284
Advances	5	61,330	-
<b>Total current assets</b>		<b>123,619</b>	127,978
<b>Non-current assets</b>			
Mineral properties	9	705,289	690,038
<b>Total non-current assets</b>		<b>705,289</b>	690,038
<b>Total assets</b>	<b>\$</b>	<b>828,908</b>	<b>\$ 818,016</b>
<b>Current liabilities</b>			
Accounts payable	\$	769,451	\$ 342,263
<b>Total liabilities</b>		<b>769,451</b>	342,263
<b>Shareholders' equity</b>			
Share capital	7	2,536,885	2,546,807
Deficit		( 2,449,148)	( 2,029,880)
Accumulated other comprehensive income (loss)		( 28,280)	( 41,174)
<b>Total shareholders' equity</b>		<b>59,457</b>	475,753
<b>Total shareholders' equity and liabilities</b>	<b>\$</b>	<b>828,908</b>	<b>\$ 818,016</b>

Going concern 2  
Subsequent events 7 & 12

Approved by the Board of Directors:

“James Hynes” \_\_\_\_\_

“Adrian Rothwell” \_\_\_\_\_

Director

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)*

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<b>For the three months ended</b>		<b>March 31, 2018</b>	<b>March 31, 2017</b>
	Note		
<b>Expenses</b>			
Exploration and evaluation expenses	9	\$ 221,897	\$ 29,902
Management fees and salaries	8	135,500	125,000
General and administration		33,377	6,538
Marketing, advisory and investor relations		21,987	1,905
Professional fees		7,560	13,540
		<b>420,321</b>	176,885
<b>Other income/expense</b>			
Interest and finance expense		194	-
Foreign exchange (gain) loss		(1,247)	1,591
		<b>(1,053)</b>	1,591
Net loss for the period		\$ 419,268	\$ 178,476
<b>Item that may be subsequently reclassified to net income</b>			
Cumulative Translation Adjustment		(12,894)	(3,074)
<b>Comprehensive loss for the period</b>		\$ 406,374	\$ 175,402
Basic and fully diluted loss per common share		\$ 0.02	\$ 0.01
Weighted average number of common shares outstanding		17,907,220	13,407,834

*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>March 31, 2018</b>	March 31, 2017
<b>CASH USED IN OPERATING ACTIVITIES</b>		
Loss for the period	( 419,268)	( 178,476)
Items not involving cash:		
Unrealized foreign exchange losses	( 2,357)	3,074
Changes in non-cash working capital items:		
Amounts receivable	12,202	( 1,012)
Prepaid expenses	-	( 1,485)
Advances	( 61,330)	71,212
Accounts payable	427,188	183,748
	<b>( 43,565)</b>	77,061
<b>FINANCING ACTIVITIES</b>		
Shares issued in private placements	-	66,563
Share issuance costs	( 9,922)	-
Change in subscriptions receivable	-	131,455
Proceeds from convertible debenture	-	333,563
	<b>( 9,922)</b>	531,581
<b>INVESTING ACTIVITIES</b>		
Acquisition of mineral properties	-	( 704,634)
	-	( 704,634)
Impact of changes in foreign exchange	-	2,718
<b>Decrease in cash</b>	<b>( 53,487)</b>	<b>( 93,274)</b>
Cash at beginning of period	<b>88,694</b>	102,676
Cash at end of period	<b>35,207</b>	9,402

*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)	Deficit	Total Equity
	Number	Amount \$	Amount \$	Amount \$			
<b>January 1, 2017</b>							
Shares issued on private placement	13,390,056	701,857		( 733,636)	-	( 31,779)	
Net loss for the year	7	66,666		-	-	66,563	
Other comprehensive income	-	-		( 178,476)	-	( 178,476)	
	-	-		-	3,074	3,074	
<b>March 31, 2017</b>	<b>13,456,722</b>	<b>768,420</b>		<b>( 912,112)</b>	<b>3,074</b>	<b>( 140,618)</b>	
<b>January 1, 2018</b>							
Cost of share issuance	17,907,220	2,546,807		( 2,029,880)	( 41,174)	475,753	
Net loss for the year	-	( 9,922)		-	-	( 9,922)	
Other comprehensive income	-	-		( 419,268)	-	( 419,268)	
	-	-		-	12,894	12,894	
<b>March 31, 2018</b>	<b>17,907,220</b>	<b>2,536,885</b>		<b>( 2,449,148)</b>	<b>( 28,280)</b>	<b>59,457</b>	

*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**

**March 31, 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 March 31, 2018, the Company had a cash balance of \$35,207 and a working capital deficit of \$645,832. Current liabilities as at March 31, 2018 totaled \$769,451. The Company has incurred losses since inception and does not generate any cash inflows from operations. In the three month period ended March 31, 2018, cash used in operating activities totaled \$43,565.

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. In addition as outlined in Note 12. SUBSEQUENT EVENTs, two directors of the Company invested an additional \$200,000 into the Company and \$291,667 of accounts payable was settled in shares (see Note 7. SHARE CAPITAL). 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**

**March 31, 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 June 14, 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 \$61,330 as at March 31, 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 March 31, 2018 there were 17,909,220 shares issued and outstanding.

**7.2 Shares Issued**

There were no share transactions during the three month period ended March 31, 2018, except for a nominal cost related to share issuance.

Subsequent to March 31, 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. This amount was included in accounts payable at March 31, 2018.

**KORE MINING LTD.****Notes to the Condensed Interim Consolidated Financial Statements****March 31, 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 March 31, 2018</b>	<b>Management fees and salaries</b>	<b>Marketing consulting</b>
1081646 BC	\$ 62,500	\$ -
Lyftoff	-	10,500
Rothwell, Adrian	62,500	-
	\$ 125,000	\$ 10,500

<b>For the three month period ended March 31, 2017</b>	<b>Management fees and salaries</b>	<b>Marketing consulting</b>
1081646 BC	\$ 62,500	\$ -
Rothwell, Adrian	62,500	-
	\$ 125,000	\$ -

Amounts owing to related parties are non-interest bearing, unsecured and due on demand. The transactions occur in the normal course of operations. At March 31, 2018, the Company owed \$274,773 (December 31, 2017 - \$131,456) to related parties, which is included in accounts payable which was subsequently settled in shares (see Note 7. SHARE CAPITAL).

## KORE MINING LTD.

### Notes to the Condensed Interim Consolidated Financial Statements

March 31, 2018

(unaudited)

(Expressed in Canadian dollars)

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## 8. RELATED PARTY TRANSACTIONS AND BALANCES (cont'd...)

### 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 month periods ended March 31, 2018 and 2017 was as follows:

For the three month period ended March 31	2018	2017
Salaries and benefits	\$ 135,500	\$ 125,000
	\$ 135,500	\$ 125,000

## 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****March 31, 2018**

(unaudited)

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

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

<b>For the three months ended</b>	<b>For the three months ended March 31, 2018</b>	<b>For the three months ended March 31, 2017</b>
<b>Exploration and evaluation expenses</b>		
Permitting	\$ 153,982	\$ 27,682
Claim maintenance	3,689	2,220
Engineering, metallurgy and geotechnical	59,991	-
Geographic information system	4,235	-
	<b>\$ 221,897</b>	<b>\$ 29,902</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.

**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.

**KORE MINING LTD.**

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

**March 31, 2018**

(unaudited)

*(Expressed in Canadian dollars)*

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**11. AMALGAMATION AGREEMENT (cont'd...)**

As at February 27, 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).

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 proceeds of between \$2,000,000 and \$7,000,000.

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.

In connection with the Transaction, 38,878,501 Eureka Shares to be issued to Kore shareholders will be subject to escrow under the policies of the Exchange.

**12. SUBSEQUENT EVENT**

Subsequent to March 31, 2018, two directors advanced funds totalling \$200,000 to the Company for working capital purposes. It is anticipated that these advances 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 11. AMALGAMATION AGREEMENT).

**KORE MINING LTD.**

**Consolidated Financial Statements**

**December 31, 2017**





April 6, 2018

## **Independent Auditor's Report**

### **To the Shareholders of Kore Mining Ltd.**

We have audited the accompanying consolidated financial statements of Kore Mining Ltd., which comprise the consolidated statements of financial position as at December 31, 2017 and December 31, 2016 and the consolidated statements of loss and comprehensive loss, cash flows and changes in equity for the periods then ended, and the related notes, which comprise the significant accounting policies and other explanatory information.

#### **Management's responsibility for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

---

*PricewaterhouseCoopers LLP  
PricewaterhouseCoopers Place, 250 Howe Street, Suite 1400, Vancouver, British Columbia, Canada V6C 3S7  
T: +1 604 806 7000, F: +1 604 806 7806*



**Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Kore Mining Ltd. as at December 31, 2017 and December 31, 2016 and its financial performance and its cash flows for the periods then ended in accordance with International Financial Reporting Standards.

**Emphasis of matter**

Without qualifying our opinion, we draw attention to Note 2 in the financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about Kore Mining Ltd.'s ability to continue as a going concern.

*PricewaterhouseCoopers LLP*

**Chartered Professional Accountants**



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

As at	Note	December 31, 2017	December 31, 2016
<b>Current assets</b>			
Cash and cash equivalents	\$	88,694	\$ 102,676
Amounts receivable	5	39,284	7,113
Share subscriptions receivable		-	134,173
<b>Total current assets</b>		<b>127,978</b>	<b>243,962</b>
<b>Non-current assets</b>			
Mineral properties	10	690,038	-
Advances	6	-	71,212
<b>Total non-current assets</b>		<b>690,038</b>	<b>71,212</b>
<b>Total assets</b>	<b>\$</b>	<b>818,016</b>	<b>\$ 315,174</b>
<b>Current liabilities</b>			
Accounts payable	\$	342,263	\$ 346,953
<b>Total liabilities</b>		<b>342,263</b>	<b>346,953</b>
<b>Shareholders' equity (deficiency)</b>			
Share capital	8	2,546,807	701,857
Deficit		( 2,029,880)	( 733,636)
Accumulated other comprehensive income (loss)		( 41,174)	-
<b>Total shareholders' equity (deficiency)</b>		<b>475,753</b>	<b>( 31,779)</b>
<b>Total shareholders' equity (deficiency) and liabilities</b>	<b>\$</b>	<b>818,016</b>	<b>\$ 315,174</b>
Going concern	2		
Subsequent event	15		

Approved by the Board of Directors:

“James Hynes” \_\_\_\_\_

Director

“Adrian Rothwell” \_\_\_\_\_

Director

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

**KORE MINING LTD.**  
**Consolidated Statements of Loss and Comprehensive Loss**  
*(Expressed in Canadian dollars)*

		<b>For the year ended December 31, 2017</b>	From date of incorporation to December 31, 2016
	Note		
<b>Expenses</b>			
Exploration and evaluation expenses	10	\$ <b>524,152</b>	\$ 358,417
Management fees and salaries	9	<b>507,000</b>	250,000
General and administration		<b>64,026</b>	62,763
Marketing, advisory and investor relations		<b>26,221</b>	27,772
Professional fees		<b>67,005</b>	37,577
		<b>1,188,404</b>	736,529
<b>Other income/expense</b>			
Interest and finance expense		<b>147,980</b>	-
Foreign exchange (gain)/loss		<b>( 40,391)</b>	( 1,398)
Other (income)/expenses		<b>251</b>	(1,495)
		<b>107,840</b>	( 2,893)
Net loss for the year		\$ <b>1,296,244</b>	\$ 733,636
<b>Item that may be subsequently reclassified to net income</b>			
Cumulative Translation Adjustment		<b>41,174</b>	-
Comprehensive loss for the year		\$ <b>1,337,418</b>	\$ 733,636
Basic and fully diluted loss per common share		\$ <b>0.09</b>	\$ 0.07
Weighted average number of common shares outstanding		<b>14,825,422</b>	11,183,448

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

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

	<b>For the year ended December 31, 2017</b>	From date of incorporation to December 31, 2016
<b>CASH DERIVED FROM (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Loss for the period	( 1,296,244)	( 733,636)
Items not involving cash:		
Unrealized foreign exchange gains and losses	( 5,135)	( 2,716)
Interest and finance costs	109,945	-
Changes in non-cash working capital items:		
Amounts receivable	( 32,171)	( 7,113)
Accounts payable	307,810	346,953
	<b>( 915,795)</b>	<b>( 396,512)</b>
<b>FINANCING ACTIVITIES</b>		
Shares issued in private placements	1,472,800	570,400
Share issuance costs	( 50,295)	-
Change in subscriptions receivable	131,455	-
Proceeds from convertible debenture	333,563	-
Repayments of convertible debenture	( 309,318)	-
	<b>1,578,205</b>	<b>570,400</b>
<b>INVESTING ACTIVITIES</b>		
Acquisition of mineral properties	( 654,865)	-
Advances	-	( 71,212)
	<b>( 654,865)</b>	<b>( 71,212)</b>
Impact of changes in foreign exchange	( 21,527)	-
<b>(Decrease) increase in cash</b>	<b>( 13,982)</b>	<b>102,676</b>
Cash at beginning of period	102,676	-
Cash at end of period	<b>88,694</b>	<b>102,676</b>
<b>Supplemental cash flow information:</b>		
Shares issued for finders' fees	134,225	75,911
Shares issued for subscriptions receivable	-	134,173
Shares issued in settlement of payables	312,500	-
	<b>446,725</b>	<b>210,084</b>

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

**KORE MINING LTD.**  
**Consolidated Statements of Changes in Equity**  
*(Expressed in Canadian dollars)*

	Common Shares			Share Issuance Costs	Deficit	Accumulated Other Comprehensive Income (Loss)	Total Equity
	Note	Number	Amount				
<b>February 22, 2016</b>							
Shares issued on private placement		12,240,941	701,857	-	-	-	701,857
Shares issued for finder's fees		1,149,115	75,911	(75,911)	-	-	-
Net loss for the period		-	-	-	(733,636)	-	(733,636)
<b>December 31, 2016</b>		<b>13,390,056</b>	<b>777,768</b>	<b>(75,911)</b>	<b>(733,636)</b>	<b>-</b>	<b>(31,779)</b>
<b>January 1, 2017</b>		<b>13,390,056</b>	<b>777,768</b>	<b>(75,911)</b>	<b>(733,636)</b>	<b>-</b>	<b>(31,779)</b>
Shares issued on private placement		3,333,334	1,472,800	-	-	-	1,472,800
Cost of share issuance		-	-	(50,295)	-	-	(50,295)
Shares issued for finder's fees		336,723	134,225	(134,225)	-	-	-
Shares issued on settlement of interest	7	73,893	64,931	-	-	-	64,931
Shares issued on settlement of payables		723,214	312,500	-	-	-	312,500
Shares issued as a finance cost of convertible debt	7	50,000	45,014	-	-	-	45,014
Net loss for the year		-	-	-	(1,296,244)	-	(1,296,244)
Other comprehensive loss		-	-	-	-	(41,174)	(41,174)
<b>December 31, 2017</b>		<b>17,907,220</b>	<b>2,807,238</b>	<b>(260,431)</b>	<b>(2,029,880)</b>	<b>(41,174)</b>	<b>475,753</b>

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

**KORE MINING LTD.**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017**

*(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 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 December 31, 2017, the Company had a cash balance of \$88,694 and a working capital deficit of \$214,285. Current liabilities as at December 31, 2017 totaled \$342,263. The Company has incurred losses since inception and does not generate any cash inflows from operations. In the year ended December 31, 2017, cash used in operating activities totaled \$915,795.

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. 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 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.

**3. BASIS OF PRESENTATION**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

**KORE MINING LTD.**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017**  
*(Expressed in Canadian dollars)*

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

**3.1 Principles of Consolidation**

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Imperial USA Corp. and Kore USA Inc., both of which are incorporated in Nevada, United States. 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 statement 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
Kore USA Ltd.	Nevada, USA	100%	Mineral Property Exploration & Development

All intercompany balances and transactions have been eliminated on consolidation.

The accounts of Imperial have been consolidated from the date of acquisition of March 28, 2017. The accounts of Kore USA have been consolidated from the date of incorporation of June 6, 2017.

The consolidated financial statements have been authorized for issue by the Board of Directors of the Company on April 6, 2018.

**3.2 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.

**3.3 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 revenues and expenses during the reporting period. Estimates and assumptions are continually 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.

**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.

**KORE MINING LTD.**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017**

*(Expressed in Canadian dollars)*

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

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 should be impaired.

**4. SIGNIFICANT ACCOUNTING POLICIES**

**Foreign Currency Translation**

The presentation currency of the Company and the functional currency of the parent company is the Canadian dollar, while the functional currency of the Company's United States subsidiaries is the United States dollar. The monetary assets and liabilities of the Company that are denominated in a currency other than its functional currency at the reporting date are translated into the presentation currency at the rate of exchange on the reporting date, while non-monetary assets and liabilities are translated at historical exchange rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the dates of the transactions. Exchange gains and losses arising on translation are included in profit or loss in the statement of comprehensive loss.

When translating the results and financial position of its United States subsidiaries, assets and liabilities are translated using the exchange rate at period end, and income, expenses and cash flow items are translated using the exchange rate at the dates of the transactions, or the average exchange rate if not significantly different. All resulting exchange differences are reported as a separate component of reserves in shareholders' equity entitled "Accumulated Other Comprehensive Income (Loss)".

**Cash**

Cash and cash equivalents include cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash within ninety days of purchase.

**Mineral Properties**

**Acquisition Costs**

Costs incurred before the Company has acquired the right to explore a property are expensed as incurred. Exploration and evaluation asset acquisition costs, including option payments, are capitalized on an individual area of interest basis. Once a property is brought into production, the capitalized costs are amortized on a units-of-production basis, or until the properties are abandoned, sold or management determines that that the asset is no longer economically viable, at which time the unrecoverable deferred costs are expensed to operations. Option payments relating to the acquisition of exploration and evaluation assets that are exercisable at the discretion of the Company are recorded when paid.

Exploration and evaluation asset acquisition costs include cash consideration and the estimated fair market value of common shares or warrants on the date of issue.

Although the Company has taken steps to verify title to exploration and evaluation properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers, non-compliance with regulatory requirements or title may be affected by undetected defects.

#### **4. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

##### **Exploration and Evaluation Costs**

Exploration and evaluation costs are expensed to operations as incurred.

Once the technical feasibility and commercial viability of the extraction of mineral reserves or resources from a particular exploration and evaluation asset has been determined, the capitalized costs are assessed for impairment and then reclassified to mineral property development costs and carried at cost until the properties to which the expenditures relate are sold, abandoned or determined by management to be impaired in value.

The establishment of technical feasibility and commercial viability of an exploration and evaluation asset is assessed based on a combination of factors, including:

- The extent to which mineral reserves or mineral resources as defined in National Instrument 43-101 (“NI 43-101”) have been identified through a feasibility study or similar document;
- The results of optimization studies and further technical evaluation carried out to mitigate project risks identified in the feasibility study;
- The status of environmental permits; and
- The status of mining leases or permits.

##### **Decommissioning and Restoration**

Decommissioning and restoration obligations encompass legal, statutory, contractual or constructive obligations associated with the retirement of a long-lived tangible asset (for example, mine reclamation costs) that results from the acquisition, construction, development and/or normal operation of a long-lived asset.

A liability for decommissioning and restoration is recorded in the period in which the obligation first arises. The Company records the estimated present value of future cash flows associated with site closure and reclamation as a long-term liability and increases the carrying value of the related assets for that amount. Over time, the liability is increased to reflect an interest element in the estimated future cash flows (accretion expense) considered in the initial measurement of fair value. The capitalized cost is amortized on either the unit-of-production basis or the straight-line basis, as appropriate. The Company's estimates of provisions for decommissioning and restoration obligations could change as a result of changes in regulations, changes to the current market-based discount rate, the extent of environmental remediation required, and the means of reclamation or cost estimates. Changes in estimates are accounted for in the period in which these estimates are revised.

As at December 31, 2017 and 2016 the Company has determined that it does not have any significant decommissioning and restoration obligations related to its operations.

##### **Impairment of Non-financial Assets**

Management reviews the carrying values of capitalized exploration and evaluation assets at the end of each reporting period for indications of impairment. Exploration and evaluation assets are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the “cash-generating unit” or “CGU”). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Fair value less costs to sell is based on an estimate of the amount that the Company may obtain in a sale transaction on an arm’s length basis between knowledgeable, willing parties, less costs of disposal.



**KORE MINING LTD.**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017**  
*(Expressed in Canadian dollars)*

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**4. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

Fair value less costs to sell is primarily derived using discounted cash flow techniques, which incorporates market participant assumptions.

An impairment loss is recognized if the carrying value amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of an impairment loss is recognized immediately in profit or loss.

**Provisions**

Liabilities are recognized when the Company has a present legal or constructive obligation that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. A provision is a liability of uncertain timing or amount.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognized as a financing expense.

**Income Taxes**

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Current tax assets and liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax liabilities on temporary differences associated with shares in subsidiaries are not provided for if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are likely to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that includes the substantive enactment date. Deferred tax assets are recognized for all temporary differences, carry forward of unused tax credits and unused tax losses to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income.

#### **4. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same entity or different entities which intend to settle current tax assets and liabilities on a net basis or simultaneously in each future period in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Changes in deferred tax assets or liabilities are recognized as a component of tax recovery or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

##### **Share-based Payments**

The Company uses a fair value based method (Black-Scholes Option Pricing Model) for all share options granted to directors, employees and certain consultants. For directors and employees, the fair value of the share options is measured at the date of grant. For grants to non-employees where the fair value of the goods or services is not determinable, the fair value of the share options is measured on the date the services are received.

The fair value of share-based payments is charged to profit or loss with the offsetting credit to share option reserve. The fair value of the share options is recognized over the vesting period based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. If options vest immediately, the expense is recognized when the options are granted. For non-employees, the share options are recognized over the related service period. When share options are exercised, the amounts previously recognized in share option reserve are transferred to share capital.

In the event share options are forfeited prior to vesting, the associated expense recorded to date is reversed in the period of forfeiture. The carrying value of any share options that expire remain in share option reserve.

##### **Share capital**

When the Company issues private placement units, the shares and warrants are measured using the residual method. This method allocates value first to the more easily measurable component based on fair value and the residual to the less easily measurable component. The Company considers the fair value of its shares to be the more easily measurable component and they are valued with reference to the market price. The residual value attributed to the warrants, if any, is recorded as a separate component of equity.

##### **Earnings (Loss) per Share**

Basic earnings (loss) per share are computed by dividing net earnings (loss) (the numerator) by the weighted average number of outstanding common shares for the period (denominator). In computing diluted earnings per share, an adjustment is made for the dilutive effect of outstanding share options, warrants and other convertible instruments.

In the periods when the Company reports a net loss, the effect of potential issuances of shares under share options and other convertible instruments is anti-dilutive, therefore, basic and diluted loss per share are the same. When diluted earnings per share is calculated, only those share options and other convertible instruments with exercise prices below the average trading price of the Company's common shares for the period will be dilutive.

**KORE MINING LTD.**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017**

(Expressed in Canadian dollars)

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**4. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Financial Instruments - Recognition and Measurement**

*Loans and receivables:* The Company classifies cash, amounts receivable and deposits as loans and receivables. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

*Other financial liabilities:* Trade and other accounts payable are classified as other financial liabilities. They are carried at amortized cost using the effective interest method. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

The Company assesses whether there is evidence that a financial asset or a group of assets is impaired at each reporting date. Evidence of impairment may include indication that a counterparty is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and when indicators suggest that there are measurable decreases in the estimated future cash flows.

**Changes in Accounting Standards**

Certain new standards, interpretations, amendments and improvements to existing standards have been issued by the IASB. The Company has reviewed the new and proposed accounting pronouncements issued by the IASB relevant to the year ended December 31, 2017 and subsequently, and none were considered to have a significant impact on the Company's current operations or financial statements.

- IFRS 9, Financial Instruments: New standard that replaced IAS 39 for classification and measurement, effective for annual periods beginning on or after January 1, 2018. The Company does not expect the adoption of this standard to have a significant measurement or disclosure impact of its financial statements.
- IFRS 16, Leases: New standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019. The Company does not currently expect the adoption of this standard to have a significant measurement or disclosure impact on its financial statements.

**5. AMOUNTS RECEIVABLE**

	December 31, 2017	December 31, 2016
Government of Canada – GST	\$ 39,284	\$ 7,113
	<u>\$ 39,284</u>	<u>\$ 7,113</u>

**6. ADVANCES**

Advances comprise expenditures incurred relating to the potential acquisition of mineral properties prior to finalization of the acquisition. Upon finalizing the acquisition, the advance was recorded as an acquisition cost of exploration and evaluation assets.

	December 31, 2017	December 31, 2016
Imperial USA	\$ -	\$ 71,212
	<u>\$ -</u>	<u>\$ 71,212</u>

**KORE MINING LTD.**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017**

*(Expressed in Canadian dollars)*

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**7. 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.

**8. SHARE CAPITAL**

**8.1 Authorized**

Unlimited number of common shares with no par value.

**8.2 Shares Issued**

The following share related transactions occurred during the year ended December 31, 2017.

- Subscriptions receivable of \$134,173 at December 31, 2016 were received in the first quarter of 2017.
- \$1,360,371 was raised through the issuance of 3,166,668 shares at a weighted average share price of \$0.430 per share.
- 336,723 shares were issued in settlement of finders' fees of \$134,225.
- \$112,429 was raised through the issuance of 166,666 shares at a weighted average share price of \$0.675 per share.
- The Company also issued 723,214 shares to officers of the Company in settlement of outstanding executive compensation of \$312,500.
- The Company issued 50,000 shares with a fair value of \$45,014 as a finance fee relating to obtaining the convertible debenture.
- 73,893 shares were issued to pay interest on the convertible debenture of \$64,931.

The following share transactions occurred during the period ended December 31, 2016:

- The Company raised \$701,857 through the issuance of 12,240,941 shares at a weighted average share price of \$0.057 per share.
- The Company settled \$75,911 in finders' fees through the issuance of 1,149,115 shares from the 2016 financings at a weighted average share price of \$0.066 per share.

**8.3 Share based compensation**

Pursuant to a 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.

During the fiscal years ended December 31, 2017 and 2016, no stock options were granted.

**KORE MINING LTD.**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017**  
*(Expressed in Canadian dollars)*

**9. RELATED PARTY TRANSACTIONS AND BALANCES**

Relationships	Nature of the relationship
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.
Hazelton, Rohan	Mr. Hazelton was a Director, President and Chief Executive Officer of the Company from inception until 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 relative 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.

**9.1 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, while debt interest is included in interest expense in the consolidated statement of loss and comprehensive loss.

For the year ended December 31, 2017	Management fees and salaries	Marketing consulting	Debt interest
1081646 BC	\$ 250,000	\$ -	\$ -
Hynes, James	-	-	18,045
Lyftoff	-	10,500	-
Rothwell, Adrian	250,000	-	19,950
	\$ 500,000	\$ 10,500	\$ 37,995

For the period ended December 31, 2016	Management fees and salaries	Marketing consulting	Debt interest
1081646 BC	\$ 125,000	\$ -	\$ -
Lyftoff	-	15,000	-
Rothwell, Adrian	125,000	-	-
	\$ 250,000	\$ 15,000	\$ -

Amounts owing to related parties are non-interest bearing, unsecured and due on demand. The transactions occur in the normal course of operations. At December 31, 2017, the Company owed \$131,456 (December 31, 2016 - \$253,972) to related parties, which is included in accounts payable.

**KORE MINING LTD.**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017**

*(Expressed in Canadian dollars)*

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**9. RELATED PARTY TRANSACTIONS AND BALANCES (cont'd...)**

**9.2 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 years ended December 31, 2017 and 2016 was as follows:

<b>For the period ended December 31</b>	<b>2017</b>	<b>2016</b>
Salaries and benefits	\$ 507,000	\$ 250,000
	<u>\$ 507,000</u>	<u>\$ 250,000</u>

**10. 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. a third party.

**KORE MINING LTD.**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017**  
*(Expressed in Canadian dollars)*

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**10. MINERAL PROPERTIES (cont'd...)**

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

	<b>For the year ended December 31, 2017</b>	From date of incorporation to December 31, 2016
<b>Exploration and evaluation expenses</b>		
Permitting	\$ 198,127	\$ -
Claim maintenance	168,571	-
Engineering, metallurgy and geotechnical	31,058	28,917
Geophysics	115,826	-
Property Taxes	10,570	-
Project evaluation costs	-	329,500
	<b>\$ 524,152</b>	<b>\$ 358,417</b>

**California Property**

In late 2016 the Company entered into a Letter of Intent with the intent of acquiring a gold property in California and was granted exclusivity to pursue the acquisition. A non-refundable deposit of US\$250,000 was paid to maintain exclusivity in negotiating the purchase of the property. The Company elected to withdraw from the purchase when the term for exclusivity expired and to pursue other opportunities upon completion of its due diligence process. As a result, the deposit was expensed as a project evaluation cost in December 2016.

**11. MANAGEMENT OF CAPITAL**

The Company defines capital that it manages as equity.

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. Funds are secured, when necessary, through debt funding or equity capital raised by means of private placements. 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.

**12. RISK MANAGEMENT**

**12.1 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. (See Note 2)

## **12. RISK MANAGEMENT (cont'd)...**

### **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 December 31, 2017, the Company had a working capital deficit of \$214,285, 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 ensure that it will have sufficient liquidity to meet liabilities when they fall due. As at December 31, 2017, the Company had cash of \$88,694 to settle current liabilities of \$342,263. 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 had \$88,694 in cash at December 31, 2017, on which it earns variable rates of interest, and may therefore be subject to a certain amount of risk, though this risk is considered by management to be 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 December 31, 2017, 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 \$7,700 in the Company's net loss.

## **12.2 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 or the ability to readily convert to cash.

## **13. 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.



**KORE MINING LTD.**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017**  
*(Expressed in Canadian dollars)*

**14. INCOME TAXES**

The income tax provision differs from the amount computed by applying the statutory rates to loss before income taxes. These differences result from the following:

Period ended	December 31 2017	December 31 2016
Loss before income taxes	\$ 1,296,244	\$ 733,636
Statutory rate	26%	26%
Expected tax recovery	337,023	190,745
Other	( 12,875)	3,948
Effect of tax rate changes and tax rates in foreign jurisdictions	( 26,749)	-
Tax assets not recognized	( 297,399)	( 194,693)
Income tax recovery (expense)	\$ -	\$ -

As at December 31, 2017 the Company had tax operating losses available of the following, which expire at various dates and amounts between 2036 and 2037.

Period ended	December 31 2017	December 31 2016
Non-capital losses carried forward	\$ 507,714	\$ 194,693
Deferred exploration expenses	26,417	-
Share issuance and incorporation costs	52,154	15,789
Unrecognized deferred tax asset	\$ 586,285	\$ 210,482
<b>Accumulated non-capital losses</b>		
Canada	1,562,162	748,819
United States	409,191	-
Total non-capital losses	\$ 1,971,353	\$ 748,819

The ability to use U.S. loss carry-forwards in future is subject to certain limitations under provisions of the internal Revenue Code, including Section 382, which relates to a 50% change in control of ultimate shareholders over a three-year period, and is further dependent upon the Company attaining profitable operations. Ownership changes, as defined, may have occurred in prior years for Imperial USA Corp. and the U.S. tax losses related to Imperial USA Corp. may be subject to limitation under Section 382. Accordingly, the Company's ability to use these losses may be limited or such losses may expire un-utilized. Losses incurred to date may be further limited if a subsequent change in control occurs.

**KORE MINING LTD.**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017**

*(Expressed in Canadian dollars)*

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**15. SUBSEQUENT EVENT**

On February 27, 2018, Eureka Resources Inc. (“Eureka”) announced that it has signed an amalgamation agreement dated February 24, 2018 (the “Amalgamation Agreement”) with Kore, pursuant to which Eureka has 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 will have completed 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 subsidiary of Eureka and Kore, 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.

As at February 27, 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 this number of 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).

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 proceeds of between \$2,000,000 and \$7,000,000.

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.

Certain Eureka Shares to be issued to Kore shareholders in connection with the Transaction will be subject to escrow under the policies of the Exchange.

**KORE MINING LTD.**

**Management's Discussion and Analysis**

**December 31, 2017**



**KORE MINING LTD.**  
**Management's Discussion and Analysis**  
**2017**

*(Expressed in Canadian dollars)*

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The following Management's Discussion and Analysis ("MD&A"), prepared as of April 6, 2018, should be read together with the consolidated financial statements of Kore Mining Ltd. ("Kore Mining" or the "Company") for the year ended December 31, 2017 and the period from incorporation of the Company to December 31, 2016, and related notes thereto, which are prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are stated in Canadian dollars unless otherwise indicated. The reader should be aware that historical results are not necessarily indicative of future performance.

**Forward Looking Statements**

Forward-looking statements look into the future and provide an opinion as to the effect of certain events and trends on the business. Certain statements contained in this MD&A constitute forward-looking statements. The use of any words such as "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking statements. These forward-looking statements are based on current expectations and various estimates, factors and assumptions and involve known and unknown risks, uncertainties and other factors. Examples of where the company uses forward looking statements include when discussing exploration plans, operational plans and future expenditure expectations.

It is important to note that:

- Unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations as of April 6, 2018.
- Readers are cautioned not to place undue reliance on these statements as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking statements will materialize.
- The Company assumes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason except as required by law.

For a description of material factors that could cause the Company's actual results to differ materially from the forward-looking statements in this MD&A, please see "Mining Risks" and "Business Risks".

**Nature of Operations**

Kore Mining was incorporated in British Columbia on February 22, 2016. Kore Mining is the parent company of its consolidated group which comprises 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.

Kore Mining is engaged in the acquisition, exploration and evaluation of primarily gold mineral properties. The Company is focussing its efforts on the Long Valley Project and the Imperial Project, both located in California.

**Imperial Project Summary**

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 agreement has provisions for two further payments to the vendor, with 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.

**KORE MINING LTD.**  
**Management's Discussion and Analysis**  
**2017**

*(Expressed in Canadian dollars)*

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In addition, the Company has committed to incur US\$5 million 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 in this time, the Company must then pay US\$1,000,000 to the vendor.

The Imperial Property is located in Imperial County, in southeastern California and was acquired with the purchase of Imperial. It is located along the Indian Pass Road approximately 26 miles northwest of the city of Yuma, Arizona, and is approximately 45 miles east-north-east of El Centro, California. The operating Mesquite Mine and the closed Picacho Mine are located roughly 10 miles to the west and east, respectively, of the property. The closed American Girl Mine is about 8 miles south of the project. Except for this activity, there is no mining activity in or around the claim block.

The Imperial Project consists of 370 lode claims, 281 millsite claims and 3 placer claims for a total of 654 claims covering a total area of approximately 5,721 acres, and is amenable to open pit run-of-mine heap leach operations. The company proposes to complete permitting studies to advance the project.

The claims are administered by the U.S. Bureau of Land Management ("BLM") on federally owned lands. The unpatented mining claims are all held by Imperial, and are in good standing with all holding fees paid for the current year. The claims will remain in effect for as long as the claim holding fees are paid to both the U.S. government and the county. The claims must also be maintained by ensuring that the claim posts and location notices are properly upright and visible.

The property is not subject to any production royalties or encumbrances except for a 1% net smelter return royalty held by Goldcorp Inc. on any gold production from the property.

The Company is not aware of any significant factors, risks or issues that may affect access, title, or the right or ability to perform work on the Imperial Project, nor is it aware of any environmental liabilities related to the Imperial Project.

**Long Valley Project Summary**

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 with provisions in the agreement for further payments of 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. The vendor has the option to receive shares in the Company in settlement of the outstanding payments. The mining claims 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 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. There is also a 1% net smelter return royalty on any gold production from the property. The property is not subject to any other production royalties or encumbrances.

The Long Valley Property is located in Mono County, east-central California, approximately 57 miles to the south of the town of Bridgeport and about 45 miles north of the town of Bishop, California. Both towns are connected by U.S. Highway 395, which passes a few miles west of the property. Access to the property from the highway is via a series of graded gravel roads. The claims are administered by the BLM on federally owned lands administered by the Inyo National Forest, U.S. Department of Agriculture. The surface rights in the area of the claims are owned by the U.S. government, with the area being subject to a surface grazing lease issued by the U.S. Forest Service.

The unpatented mining claims are all held by Kore USA, and are in good standing with all holding fees paid for the current year. The claims will remain in effect for as long as the claim holding fees are paid to both the U.S. government and the county. The claims must also be maintained by insuring that the claim posts and location notices are properly upright and visible.

**KORE MINING LTD.**  
**Management's Discussion and Analysis**  
**2017**

*(Expressed in Canadian dollars)*

The Company is not aware of any significant factors, risks or issues that may affect access, title, or the right or ability to perform work on the Long Valley Project. The Company is not aware of any environmental liabilities related to the Long Valley Property.

Following is a summary of exploration and evaluation expenses by project for the year ended December 31, 2017.

For the year ended December 31, 2017	Long Valley	Imperial
Exploration and evaluation expenses		
Permitting	\$ 23,347	\$ 174,780
Claim maintenance	26,650	141,921
Engineering, metallurgy and geotechnical	-	31,058
Geophysics	115,826	-
Property taxes	1,372	9,198
	<u>\$ 167,195</u>	<u>\$ 356,957</u>

**Overall Performance**

The Company has generated no operating revenue to date. The Company relies on the issuance of common shares to finance the acquisition of and exploration on its projects, and to provide general operating working capital.

**Selected Annual Information**

The following table summarizes financial data for annual operations reported by the Company as at and for the year ended December 31, 2017 as at and for the period from incorporation to December 31, 2016.

	2017	2016
Current assets	\$ 127,978	\$ 243,962
Mineral properties	690,038	-
Total Assets	818,016	315,174
Current liabilities	342,263	346,953
Net loss	1,296,244	733,636
Net comprehensive loss	\$ 1,337,418	\$ 733,636
Basic and diluted net loss per common share	\$0.09	\$0.07
Weighted average number of common shares outstanding	14,825,422	11,183,448

**KORE MINING LTD.**  
**Management's Discussion and Analysis**  
**2017**

(Expressed in Canadian dollars)

**Summary of Quarterly Results**

The following is a summary of selected financial data for the Company for the eight most recently completed quarters.

Period ended	Dec 31 2017	Sep 30 2017	Jun 30 2017	Mar 31 2017
Net loss	\$ 456,530	\$ 371,255	\$ 289,983	\$ 178,476
Basic and diluted loss per common share	\$0.03	\$0.03	\$0.02	\$0.01

Period ended	Dec 31 2016	Sep 30 2016	Jun 30 2016	Mar 31 2016
Net loss	\$ 493,910	\$ 44,960	\$ 126,163	\$ 68,603
Basic and diluted loss per common share	\$0.04	\$0.00	\$0.01	\$0.02

Since incorporation in February 2016, the Company has completed several financings, raising a total of \$2,760,358.

**Results of Operations**

*Three months ended December 31, 2017*

During the three months ended December 31, 2017 (the "fourth quarter of 2017"), the Company incurred a net loss of \$456,530 compared to a net loss of \$493,910 during the three months ended December 31, 2016 (the "fourth quarter of 2016"). This information is derived from unaudited quarterly consolidated interim financial statements prepared by management and expressed in Canadian dollars in accordance with International Financial Reporting Standards ("IFRS") applicable to interim financial reports.

For the three months ended	December 31 2017	December 31 2016
Exploration and evaluation expenses		
Permitting	\$ 130,874	\$ -
Claim maintenance	346	-
Engineering, metallurgy and geotechnical	6,142	5,350
Geophysics	115,826	-
Property taxes	10,570	-
Project evaluation costs	-	329,500
	263,758	334,850
Management fees and salaries	132,000	125,000
General and administration	16,874	21,870
Marketing, advisory and investor relations	19,221	3,406
Professional fees	29,532	12,427
Foreign exchange gain	(4,855)	(3,133)
Other income	-	(510)
	\$ 456,530	\$ 493,910

- Exploration and evaluation expenses: With the acquisition of Imperial and Kore USA in early 2017, costs were incurred for the permitting, claims maintenance, geological, geophysical and other evaluations of the projects in the fourth quarter of 2017 that did not occur in the fourth quarter of 2016. The larger overall loss in the three months ended December 31, 2016 was primarily the result of the project evaluation costs related to the potential acquisition of a gold property in California in late 2016. A non-refundable deposit of US\$250,000 was paid to maintain exclusivity in negotiating the purchase of the property. The Company elected to withdraw from the purchase when the term for exclusivity expired and to pursue other opportunities upon completion of its due diligence process.

**KORE MINING LTD.**  
**Management's Discussion and Analysis**  
**2017**

(Expressed in Canadian dollars)

- Management fees and salaries: Fees and salaries remained relatively constant in the fourth quarter of 2017 compared to the fourth quarter of 2016.
- General and administration: General and administration costs remained relatively unchanged in the fourth quarter of 2017 compared to the fourth quarter of 2016.
- Marketing, advisory and investor relations: Marketing, advisory and investor relations increased in the fourth quarter of 2017 as compared to the fourth quarter of 2016 as a result of investor relations consulting, website maintenance, and fundraising efforts.
- Professional fees: Professional fees increased in the fourth quarter of 2017 compared to the fourth quarter of 2016 due to legal fees incurred in the acquisition of Kore USA and Imperial and the efforts to acquire the California property, plus the additional costs for a contract Chief Financial Officer and tax consulting fees.

*Fiscal Years ended December 31, 2017 and 2016*

During the year ended December 31, 2017 (the "current year"), the Company incurred a net loss of \$1,296,244 compared to a net loss of \$733,636 during the year ended December 31, 2016 (the "prior year"). Factors that contributed to the overall increase in the expenses are outlined below.

Fiscal Year ended	December 31 2017	December 31 2016
Exploration and evaluation expenses		
Permitting	\$ 198,127	\$ -
Claim maintenance	168,571	-
Engineering, metallurgy and geotechnical	31,058	28,917
Geophysics	115,826	-
Property taxes	10,570	-
Project evaluation costs	-	329,500
	<u>524,152</u>	<u>358,417</u>
Management fees and salaries	507,000	250,000
General and administration	64,026	62,763
Marketing, advisory and investor relations	26,221	27,772
Professional fees	67,005	37,577
Interest expense	147,980	-
Foreign exchange gain	(40,391)	(1,398)
Other (income)/expense	251	(1,495)
	<u>\$ 1,296,244</u>	<u>\$ 733,636</u>

- Exploration and evaluation expenses: With the acquisition of Imperial and Kore USA in early 2017, costs were incurred for permitting, claims maintenance, geological, geophysical and other costs of the projects in 2017 that did not occur in 2016. The loss in the period ended December 31, 2016 was primarily the result of the project evaluation costs related to the potential acquisition of the California gold property in California in late 2016. A non-refundable deposit of US\$250,000 was paid to maintain exclusivity in negotiating the purchase of the property in the United States. The Company elected to withdraw from the purchase when the term for exclusivity expired and to pursue other opportunities upon completion of its due diligence process.
- Management fees and salaries: The increase in management fees and salaries is due to the decision to commence compensating the officers of the Company beginning in the second half of 2016, which continued throughout 2017. Certain compensation payments were settled in shares of the Company in September 2017 on the same terms as the September private placement.
- General and administration: General and administration costs, consisting primarily of travel and lease costs, remained relatively unchanged for the fiscal years 2017 and 2016.



**KORE MINING LTD.**  
**Management's Discussion and Analysis**  
**2017**

*(Expressed in Canadian dollars)*

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- Marketing, advisory and investor relations: Marketing, advisory and investor relations administration costs remained relatively unchanged for the fiscal years 2017 and 2016.
- Professional fees: Professional fees increased in 2017 as compared to 2016 primarily for legal fees related to the acquisition of Imperial and Kore USA and tax consulting costs.
- Interest expense: Interest expense was incurred in 2017 related to loans to the Company that were not incurred in 2016.

**Liquidity, Capital Resources and Going Concern**

The consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The continuing operations of the Company are dependent upon the Company's ability to arrange adequate financing in the near term. However, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. If adequate financing is not available when required, the Company may be required to delay, scale back or eliminate various programs and may be unable to continue operations. The Company will seek such 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.

As at December 31, 2017, the Company had a cash balance of \$88,694 and a working capital deficit of \$214,285 with current liabilities of \$342,263. The Company has incurred losses since inception and does not generate any cash inflows from operations. In the year ended December 31, 2017, cash used in operating activities totaled \$915,795.

The Company's ability to continue to meet its obligations and carry out its planned exploration activities 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, 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. The Company's consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet 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 at least 12 months following the year end. These adjustments could be material.

**Financial Instruments and risk management**

(a) Financial instrument classification

The Company's financial instruments consist of cash, deposits, amounts receivable and trade and other accounts payable.

Upon initial recognition, Kore Mining has classified its cash and amounts receivable as loans and receivables, and accordingly they are measured at amortized cost.

Trade and other accounts payable have been classified as other liabilities and are measured at amortized cost.

The estimated fair market values of the Company's financial instruments approximate their carrying values due to their short-term nature.

(b) 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.

**KORE MINING LTD.**  
**Management's Discussion and Analysis**  
**2017**

*(Expressed in Canadian dollars)*

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(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's cash balances held at financial institutions earn interest at rates which vary according to prevailing rates. The Company does not deem the associated interest rate risk to be material.

(d) Credit risk

Credit risk is the risk of potential loss to the Company if a counter party to a financial instrument fails to meet its contractual obligations. The Company does not consider that it is exposed to any material credit risks.

(e) 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. Kore Mining maintains a portion of its cash reserves in United States dollars which are, therefore, subject to fluctuations in foreign exchange rates.

At December 31, 2017, 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 \$7,700 in the Company's net loss.

(f) Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. See "Liquidity, Capital Resources and Going Concern" section.

**Related party transactions and balances**

Relationships	Nature of the relationship
1081646 BC Ltd. ("1081646 BC")	1081646 BC is a company controlled by a director and officer of the Company that provides the services of James Hynes as Chief Operating Officer of the Company since July 2016.
Hazelton, Rohan	Mr. Hazleton was a Director, President and Chief Executive Officer of the Company from inception until 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 relative 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. He was CFO from February 22, 2016 to August 31, 2016.

(a) 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

**KORE MINING LTD.**  
**Management's Discussion and Analysis**  
**2017**

(Expressed in Canadian dollars)

expenses, while Debt interest is included in Interest expense in the consolidated statement of loss and comprehensive loss.

<b>For the year ended December 31, 2017</b>	<b>Management fees and salaries</b>	<b>Marketing consulting</b>	<b>Debt interest</b>
1081646 BC	\$ 250,000	\$ -	\$ -
Hynes, James	-	-	18,045
Lyftoff	-	10,500	-
Rothwell, Adrian	250,000	-	19,950
	<b>\$ 500,000</b>	<b>\$ 10,500</b>	<b>\$ 37,995</b>

<b>For the period ended December 31, 2016</b>	<b>Management fees and salaries</b>	<b>Marketing consulting</b>	<b>Debt interest</b>
1081646 BC	\$ 125,000	\$ -	\$ -
Lyftoff	-	15,000	-
Rothwell, Adrian	125,000	-	-
	<b>\$ 250,000</b>	<b>\$ 15,000</b>	<b>\$ -</b>

Amounts owing to related parties are non-interest bearing, unsecured and due on demand. The transactions occur in the normal course of operations. At December 31, 2017, the Company owed \$131,456 (December 31, 2016 - \$253,972) to related parties and is included in accounts payable.

(b) Key management compensation

Key management are those personnel having the authority and responsibility for planning, directing and controlling the Company and include the President, Chief Executive Officer, Chief Financial Officer and Directors.

<b>For the year ended December 31</b>	<b>2017</b>	<b>2016</b>
Salaries and benefits	\$ 507,000	\$ 250,000
	<b>\$ 507,000</b>	<b>\$ 250,000</b>

**Outstanding Share Data**

The following table summarizes the Company's outstanding share capital:

	<b>April 6, 2018</b>
Common shares issued and outstanding	17,907,220
Fully diluted common shares outstanding	17,907,220

**Additional Disclosure for Venture Issuers without Significant Revenue**

Details of the Company's general and administrative expenses for the three and twelve months ended December 31, 2017 and for the three months and period from incorporation to December 31, 2016 are included in the results of operations section of this MD&A.

**Mining Risks**

The Company is subject to the risks typical in the mining business including uncertainty of success in exploration and development; operational risks including unusual and unexpected geological formations, rock bursts, particularly as mining moves into deeper levels, cave-ins, flooding and other conditions involved in the drilling and removal of material as well as environmental damage and other hazards; risks that intended drilling schedules or estimated costs

**KORE MINING LTD.**  
**Management's Discussion and Analysis**  
**2017**

*(Expressed in Canadian dollars)*

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will not be achieved; and risks of fluctuations in the price of commodities and currency exchange rates. Commodity prices are subject to volatile price movements over short periods of time and are affected by numerous factors, all of which are beyond the Company's control, including expectations of inflation, levels of interest rates, the demand for commodities, global or regional political, economic and banking crises and production rates in major producing regions. The aggregate effect of these factors is impossible to predict with any degree of certainty.

**Business Risks**

Natural resources exploration, development, production and processing involve a number of business risks, some of which are beyond the Company's control. These can be categorized as operational, financial and regulatory risks.

- Operational risks include finding and developing reserves economically, marketing production and services, product deliverability uncertainties, changing governmental law and regulation, hiring and retaining skilled employees and contractors and conducting operations in a cost effective and safe manner. The Company continuously monitors and responds to changes in these factors and adheres to all regulations governing its operations. Insurance may be maintained at levels consistent with prudent industry practices to minimize risks however the Company is not fully insured against all risks nor are all such risks insurable.

- Financial risks include fluctuations in commodity prices, interest rates and foreign exchange rates, all of which are beyond the Company's control.

- Regulatory risks include possible delays in getting regulatory approval for transactions that the Board of Directors believe to be in the best interest of the Company, increased fees for filings, and the introduction of ever more complex reporting requirements, the cost of which the Company must meet in order to maintain its exchange listing.

**Outlook**

The Company's primary focus is the exploration and development of the Long Valley and Imperial Projects. In addition to the exploration at these Properties, the Company may evaluate other prospects worthy of exploration and development. The ability of the Company to do so is contingent upon its ongoing ability to raise the risk capital necessary to advance such prospects.

**Approval**

The Board of Directors of the Company have approved the disclosure contained in this MD&A.

**Other Information**

Additional information related to the Company is available for viewing on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.koremining.com](http://www.koremining.com).

**KORE MINING LTD.**

**Management's Discussion and Analysis**

**For the Three Months Ended March 31, 2018 and 2017**



**KORE MINING LTD.**  
**Management's Discussion and Analysis**  
**March 31, 2018**  
*(Expressed in Canadian dollars)*

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The following Management's Discussion and Analysis ("MD&A"), prepared as of June 14, 2018, should be read together with the condensed interim consolidated financial statements of Kore Mining Ltd. ("Kore Mining" or the "Company") for the three months ended March 31, 2018 and 2017, and related notes thereto, which are prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to interim financial reports, including International Accounting Standard 34 ("Interim Financial Reporting"). All amounts are stated in Canadian dollars unless otherwise indicated. The reader should be aware that historical results are not necessarily indicative of future performance.

**Cautionary Note Regarding Forward Looking Statements**

Forward-looking statements look into the future and provide an opinion as to the effect of certain events and trends on the business. Certain statements contained in this MD&A constitute forward-looking statements. The use of any words such as "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking statements. These forward-looking statements are based on current expectations and various estimates, factors and assumptions and involve known and unknown risks, uncertainties and other factors. Examples of where the company uses forward looking statements include when discussing exploration plans, operational plans and future expenditure expectations.

It is important to note that:

- Unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations as of June 14, 2018.
- Readers are cautioned not to place undue reliance on these statements as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking statements will materialize.
- The Company assumes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason except as required by law.

For a description of material factors that could cause the Company's actual results to differ materially from the forward-looking statements in this MD&A, please see "Mining Risks" and "Business Risks".

**Nature of Operations**

Kore Mining was incorporated in British Columbia on February 22, 2016. Kore Mining is the parent company of its consolidated group which comprises 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.

Kore Mining is engaged in the acquisition, exploration and evaluation of primarily gold mineral properties. The Company is focussing its efforts on the Long Valley Project and the Imperial Project, both located in California.

**Imperial Project Summary**

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 agreement has provisions for two further payments to the vendor, with 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.

**KORE MINING LTD.**  
**Management's Discussion and Analysis**  
**March 31, 2018**  
*(Expressed in Canadian dollars)*

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In addition, the Company has committed to incur US\$5 million 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 in this time, the Company must then pay US\$1,000,000 to the vendor.

The Imperial Property is located in Imperial County, in southeastern California and was acquired with the purchase of Imperial. It is located along the Indian Pass Road approximately 26 miles northwest of the city of Yuma, Arizona, and is approximately 45 miles east-north-east of El Centro, California. The operating Mesquite Mine and the closed Picacho Mine are located roughly 10 miles to the west and east, respectively, of the property. The closed American Girl Mine is about 8 miles south of the project. Except for this activity, there is no mining activity in or around the claim block.

The Imperial Project consists of 370 lode claims, 281 millsite claims and 3 placer claims for a total of 654 claims covering a total area of approximately 5,721 acres, and is amenable to open pit run-of-mine heap leach operations. The company proposes to complete permitting studies to advance the project.

The claims are administered by the U.S. Bureau of Land Management ("BLM") on federally owned lands. The unpatented mining claims are all held by Imperial, and are in good standing with all holding fees paid for the current year. The claims will remain in effect for as long as the claim holding fees are paid to both the U.S. government and the county. The claims must also be maintained by ensuring that the claim posts and location notices are properly upright and visible.

The property is not subject to any production royalties or encumbrances except for a 1% net smelter return royalty held by Goldcorp Inc. on any gold production from the property.

The Company is not aware of any significant factors, risks or issues that may affect access, title, or the right or ability to perform work on the Imperial Project, nor is it aware of any environmental liabilities related to the Imperial Project.

#### **Long Valley Project Summary**

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 with provisions in the agreement for further payments of 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. The vendor has the option to receive shares in the Company in settlement of the outstanding payments. The mining claims 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 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. There is also a 1% net smelter return royalty on any gold production from the property. The property is not subject to any other production royalties or encumbrances.

The Long Valley Property is located in Mono County, east-central California, approximately 57 miles to the south of the town of Bridgeport and about 45 miles north of the town of Bishop, California. Both towns are connected by U.S. Highway 395, which passes a few miles west of the property. Access to the property from the highway is via a series of graded gravel roads. The claims are administered by the BLM on federally owned lands administered by the Inyo National Forest, U.S. Department of Agriculture. The surface rights in the area of the claims are owned by the U.S. government, with the area being subject to a surface grazing lease issued by the U.S. Forest Service.

The unpatented mining claims are all held by Kore USA, and are in good standing with all holding fees paid for the current year. The claims will remain in effect for as long as the claim holding fees are paid to both the U.S. government and the county. The claims must also be maintained by insuring that the claim posts and location notices are properly upright and visible.

**KORE MINING LTD.**  
**Management's Discussion and Analysis**  
**March 31, 2018**  
*(Expressed in Canadian dollars)*

The Company is not aware of any significant factors, risks or issues that may affect access, title, or the right or ability to perform work on the Long Valley Project. The Company is not aware of any environmental liabilities related to the Long Valley Property.

Following is a summary of exploration and evaluation expenses by project for the three month period ended March 31, 2018.

For the three month period ended March 31, 2018	Long Valley	Imperial
Exploration and evaluation expenses		
Permitting	\$ 2,970	\$ 151,012
Claim maintenance	3,689	-
Engineering, metallurgy and geotechnical	-	59,991
Geophysics	4,235	-
	<u>\$ 10,894</u>	<u>\$ 211,003</u>

**Overall Performance**

The Company has generated no operating revenue to date. The Company relies on the issuance of common shares to finance the acquisition of and exploration on its projects, and to provide general operating working capital.

**Summary of Quarterly Results**

The following is a summary of selected financial data for the Company for the eight most recently completed quarters.

Period ended	Mar 31 2018	Dec 31 2017	Sep 30 2017	Jun 30 2017
Net loss	\$ 419,268	\$ 456,530	\$ 371,255	\$ 289,983
Basic and diluted loss per common share	\$0.03	\$0.03	\$0.03	\$0.02

Period ended	Mar 31 2017	Dec 31 2016	Sep 30 2016	Jun 30 2016
Net loss	\$ 178,476	\$ 493,910	\$ 44,960	\$ 126,163
Basic and diluted loss per common share	\$0.01	\$0.04	\$0.00	\$0.01

Since incorporation in February 2016, the Company has completed several financings, raising a total of \$2,760,358.

**Results of Operations**

*Three months ended March 31, 2018*

During the three months ended March 31, 2018 (the "first quarter of 2018"), the Company incurred a net loss of \$419,268 compared to a net loss of \$178,476 during the three months ended March 31, 2017 (the "first quarter of 2017"). This information is derived from unaudited quarterly consolidated interim financial statements prepared by management and expressed in Canadian dollars in accordance with International Financial Reporting Standards ("IFRS") applicable to interim financial reports.



**KORE MINING LTD.**  
**Management's Discussion and Analysis**  
**March 31, 2018**  
*(Expressed in Canadian dollars)*

For the three months ended	March 31 2018	March 31 2017
Exploration and evaluation expenses		
Permitting	\$ 153,982	\$ 27,682
Claim maintenance	3,689	2,220
Engineering, metallurgy and geotechnical	59,991	
Geophysics	4,235	-
	221,897	29,902
Management fees and salaries	135,500	125,000
General and administration	33,377	6,538
Marketing, advisory and investor relations	21,987	1,905
Professional fees	7,560	13,540
Foreign exchange (gain) loss	(1,247)	1,591
Other income and expense	194	-
	\$ 419,268	\$ 178,476

- Exploration and evaluation expenses: The increase in exploration and evaluation expenses reflects the Company's continued commitment to advancing its projects through permitting, exploration and technical review. In the first quarter of 2018, the Company continued analysis of the MT survey and historic information to develop drilling targets, updated the technical report and NI43-101 compliant resource on the Long Valley project and completed internal engineering studies on the Imperial project. Meanwhile, a spring biological survey was completed on Imperial in order to advance the permitting on the project.
- Management fees and salaries: Fees and salaries were consistent in the first quarter of 2018 compared to the first quarter of 2017.
- General and administration: The increase in general and administration costs over the previous year's quarter is a function of increased administration supporting the Company's proposed reverse takeover of Eureka Resources Inc. (TSXV: EUK) and associated advisory costs.
- Marketing, advisory and investor relations: As above, marketing, advisory and investor relations increased year on year as a result of the Company's proposed listing, and includes investor relations consulting, website maintenance, and fundraising efforts.
- Professional fees: Professional fees in the previous year related to property evaluation costs related to the potential acquisition of a gold property in California. The Company elected to withdraw from the purchase when the term for exclusivity expired and to pursue other opportunities.

**Liquidity, Capital Resources and Going Concern**

The condensed interim consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The continuing operations of the Company are dependent upon the Company's ability to arrange adequate financing in the near term. However, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. If adequate financing is not available when required, the Company may be required to delay, scale back or eliminate various programs and may be unable to continue operations. The Company will seek such 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.

As at March 31, 2018, the Company had a cash balance of \$35,207 and a working capital deficit of \$645,832 with current liabilities of \$769,451. The Company has incurred losses since inception and does not generate any cash inflows from operations. In the three month period ended March 31, 2018, cash used in operating activities totaled \$24,974.

**KORE MINING LTD.**  
**Management's Discussion and Analysis**  
**March 31, 2018**  
*(Expressed in Canadian dollars)*

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The Company's ability to continue to meet its obligations and carry out its planned exploration activities 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, 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. The Company's consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet 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 at least 12 months following the year end. These adjustments could be material.

**Financial Instruments and risk management**

(a) Financial instrument classification

The Company's financial instruments consist of cash, deposits, amounts receivable and trade and other accounts payable.

Upon initial recognition, Kore Mining has classified its cash and amounts receivable as loans and receivables, and accordingly they are measured at amortized cost.

Trade and other accounts payable have been classified as other liabilities and are measured at amortized cost.

The estimated fair market values of the Company's financial instruments approximate their carrying values due to their short-term nature.

(b) 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.

(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's cash balances held at financial institutions earn interest at rates which vary according to prevailing rates. The Company does not deem the associated interest rate risk to be material.

(d) Credit risk

Credit risk is the risk of potential loss to the Company if a counter party to a financial instrument fails to meet its contractual obligations. The Company does not consider that it is exposed to any material credit risks.

(e) 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. Kore Mining maintains a portion of its cash reserves in United States dollars which are, therefore, subject to fluctuations in foreign exchange rates.

At March 31, 2018, 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 \$32,100 in the Company's net loss.

(f) Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. See "Liquidity, Capital Resources and Going Concern" section.

**KORE MINING LTD.**  
**Management's Discussion and Analysis**  
**March 31, 2018**  
*(Expressed in Canadian dollars)*

**Related party transactions and balances**

Relationships	Nature of the relationship
1081646 BC Ltd. ("1081646 BC")	1081646 BC is a company controlled by a director and officer of the Company that provides the services of James Hynes as Chief Operating Officer of the Company since July 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 relative 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. He was CFO from February 22, 2016 to August 31, 2016.

(a) 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, while Debt interest is included in Interest expense in the consolidated statement of loss and comprehensive loss.

For the three month period ended March 31, 2018	Management fees and salaries	Marketing consulting
1081646 BC	\$ 62,500	\$ -
Lyftoff	-	10,500
Rothwell, Adrian	62,500	-
	\$ 125,000	\$ 10,500

Amounts owing to related parties are non-interest bearing, unsecured and due on demand. The transactions occur in the normal course of operations. At March 31, 2018, the Company owed \$274,773 (March 31, 2017 - \$443,331) to related parties and is included in accounts payable.

(b) Key management compensation

Key management are those personnel having the authority and responsibility for planning, directing and controlling the Company and include the President, Chief Executive Officer, Chief Financial Officer and Directors.

For the three month period ended December 31	2018	2017
Salaries and benefits	\$ 135,500	\$ 125,000
	\$ 135,500	\$ 125,000

**KORE MINING LTD.**  
**Management's Discussion and Analysis**  
**March 31, 2018**  
*(Expressed in Canadian dollars)*

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**Outstanding Share Data**

The following table summarizes the Company's outstanding share capital:

	June 14, 2018
Common shares issued and outstanding	18,707,220
Fully diluted common shares outstanding	18,707,220

**Additional Disclosure for Venture Issuers without Significant Revenue**

Details of the Company's general and administrative expenses for the three months ended March 31, 2018 and 2017 are included in the results of operations section of this MD&A.

**Mining Risks**

The Company is subject to the risks typical in the mining business including uncertainty of success in exploration and development; operational risks including unusual and unexpected geological formations, rock bursts, particularly as mining moves into deeper levels, cave-ins, flooding and other conditions involved in the drilling and removal of material as well as environmental damage and other hazards; risks that intended drilling schedules or estimated costs will not be achieved; and risks of fluctuations in the price of commodities and currency exchange rates. Commodity prices are subject to volatile price movements over short periods of time and are affected by numerous factors, all of which are beyond the Company's control, including expectations of inflation, levels of interest rates, the demand for commodities, global or regional political, economic and banking crises and production rates in major producing regions. The aggregate effect of these factors is impossible to predict with any degree of certainty.

**Business Risks**

Natural resources exploration, development, production and processing involve a number of business risks, some of which are beyond the Company's control. These can be categorized as operational, financial and regulatory risks.

- Operational risks include finding and developing reserves economically, marketing production and services, product deliverability uncertainties, changing governmental law and regulation, hiring and retaining skilled employees and contractors and conducting operations in a cost effective and safe manner. The Company continuously monitors and responds to changes in these factors and adheres to all regulations governing its operations. Insurance may be maintained at levels consistent with prudent industry practices to minimize risks however the Company is not fully insured against all risks nor are all such risks insurable.
- Financial risks include fluctuations in commodity prices, interest rates and foreign exchange rates, all of which are beyond the Company's control.
- Regulatory risks include possible delays in getting regulatory approval for transactions that the Board of Directors believe to be in the best interest of the Company, increased fees for filings, and the introduction of ever more complex reporting requirements, the cost of which the Company must meet in order to maintain its exchange listing.

**Outlook**

The Company's primary focus is the exploration and development of the Long Valley and Imperial Projects. In addition to the exploration at these Properties, the Company may evaluate other prospects worthy of exploration and development. The ability of the Company to do so is contingent upon its ongoing ability to raise the risk capital necessary to advance such prospects.

**Approval**

The Board of Directors of the Company have approved the disclosure contained in this MD&A.

**Other Information**

Additional information related to the Company is available for viewing on the Company's website at [www.koremining.com](http://www.koremining.com).

**APPENDIX J**

**PRO FORMA FINANCIAL STATEMENTS**

*[see attached]*

**KORE MINING LTD.**  
**PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**  
**(Expressed in thousands of Canadian dollars)**

**KORE MINING LTD.**  
**PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
(Unaudited)  
(Expressed in thousands of Canadian Dollars) AS AT JANUARY 31, 2018

	<b>Eureka Resources Inc.</b>	<b>Kore Mining Ltd.</b>	<b>Notes</b>	<b>Pro-forma Adjustments</b>	<b>Pro-forma Consolidated</b>
<b>ASSETS</b>					
<b>Current assets</b>					
Cash	\$ 68,781	\$ 35,207	4(a) 4(b)	2,102,900	\$ 2,206,888
Amounts receivable	2,407	27,082		-	29,489
BC Mining Exploration tax credit receivable	11,112	-		-	11,112
Prepaid expenses and advances	5,625	61,330		-	66,955
<b>Total current assets</b>	<b>87,925</b>	<b>123,619</b>		<b>2,102,900</b>	<b>2,314,444</b>
<b>Non-current assets</b>					
Reclamation bonds	21,204	-		-	21,204
Mineral properties	1,169,570	705,289		-	1,874,859
<b>Total non-current assets</b>	<b>1,190,774</b>	<b>705,289</b>		<b>-</b>	<b>1,896,063</b>
<b>Total assets</b>	<b>\$ 1,278,699</b>	<b>\$ 828,908</b>		<b>\$ 2,102,900</b>	<b>\$ 4,210,507</b>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	45,986	769,451		-	815,437
Due to related parties	140,582	-	4(c)	( 127,400)	13,182
<b>Total current liabilities</b>	<b>186,568</b>	<b>769,451</b>		<b>( 127,400)</b>	<b>828,619</b>
<b>SHAREHOLDERS' EQUITY</b>					
Share capital	\$ 7,390,156	\$ 2,536,885	4(e)	( 2,156,630)	\$ 7,770,411
Reserves	938,536	-	4(e)	( 701,242)	237,294
Deficit	( 7,236,561)	( 2,449,148)	4(e)	5,088,172	( 4,597,537)
Accumulated other comprehensive loss	-	( 28,280)		-	( 28,280)
<b>Total shareholders' equity</b>	<b>1,092,131</b>	<b>59,457</b>		<b>2,230,300</b>	<b>3,381,888</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 1,278,699</b>	<b>\$ 828,908</b>		<b>\$ 2,102,900</b>	<b>\$ 4,210,507</b>

**KORE MINING LTD.****PRO-FORMA CONSOLIDATED STATEMENT OF LOSS AND COMPREHENSIVE LOSS**

(Unaudited)

(Expressed in thousands of Canadian dollars except for number of and earnings per share)

**FOR THE TWELVE MONTHS ENDED OCTOBER 31, 2017**

	<b>Eureka Resources Inc.</b>	<b>Kore Mining Ltd.</b>	<b>Notes</b>	<b>Pro-forma Adjustments</b>	<b>Pro-forma Consolidated</b>
<b>Expenses</b>					
Exploration and evaluation expenses	-	524,152	4(d)	810,993	1,335,145
Management fees and salaries	206,170	507,000		-	713,170
General and administration	73,085	64,026		-	137,111
Marketing, advisory and investor relations	236,094	26,221		-	262,315
Professional fees	91,928	67,005		-	158,933
Share-based compensation	130,000	-		-	130,000
	<b>737,277</b>	<b>1,188,404</b>		<b>810,993</b>	<b>2,736,674</b>
<b>Other income/expense</b>					
Interest expense	-	147,980		-	147,980
Foreign exchange (gain)/loss	643	( 40,391)		-	( 39,748)
Write-off of exploration and evaluation assets	36,901	-		-	36,901
Other (income)/expense	-	251		-	251
Unrealized gain (loss) on marketable securities	3,750	-		-	3,750
Gain on sale of marketable securities	( 990)	-		-	( 990)
Other income - flow-through premium	( 32,611)	-		-	( 32,611)
Reverse acquisition cost	-	-		1,898,389	1,898,389
	<b>7,693</b>	<b>107,840</b>		<b>1,898,389</b>	<b>2,013,922</b>
<b>Net loss for the year</b>	<b>744,970</b>	<b>1,296,244</b>		<b>2,709,382</b>	<b>4,750,596</b>
<b>Item that may be subsequently reclassified to net income</b>					
Cumulative translation adjustment	-	41,174		-	41,174
<b>Comprehensive loss for the year</b>	<b>744,970</b>	<b>1,337,418</b>		<b>2,709,382</b>	<b>4,791,770</b>
Basic and diluted loss per share	0.02	0.09			0.07
Weighted average number of shares outstanding	40,959,076	14,825,422			66,841,954



**KORE MINING LTD.****PRO-FORMA CONSOLIDATED STATEMENT OF LOSS AND COMPREHENSIVE LOSS**

(Unaudited)

(Expressed in thousands of Canadian dollars except for number of and earnings per share)

**FOR THE THREE MONTHS ENDED JANUARY 31, 2018**

	<b>Eureka Resources Inc.</b>	<b>Kore Mining Ltd.</b>	<b>Notes</b>	<b>Pro-forma Adjustments</b>	<b>Pro-forma Consolidated</b>
Expenses					
Exploration and evaluation expenses	-	221,897	4(d)	1,406	223,303
Management fees and salaries	24,424	135,500		-	159,924
General and administration	14,594	33,377		-	47,971
Marketing, advisory and investor relations	6,500	21,987		-	28,487
Professional fees	16,586	7,560		-	24,146
	62,104	420,321		1,406	483,831
Other income/expense					
Interest expense	-	194		-	194
Foreign exchange (gain)/loss	( 403)	( 1,247)		-	( 1,650)
	( 403)	( 1,053)		-	( 1,456)
<b>Net loss for the year</b>	61,701	419,268		1,406	482,375
<b>Item that may be subsequently reclassified to net income</b>					
Cumulative translation adjustment	-	( 12,894)		-	( 12,894)
<b>Comprehensive loss for the year</b>	61,701	406,374		1,406	469,481
Basic and diluted loss per share	0.00	0.02			0.01
Weighted average number of shares outstanding	47,307,511	17,907,220			66,841,954

**KORE MINING LTD.****NOTES TO THE PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited)

(Expressed in thousands of Canadian Dollars) AS AT JANUARY 31, 2018

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**1. BASIS OF PRESENTATION**

The accompanying unaudited pro forma consolidated statement of financial position of Kore Mining Ltd. (“Kore” or the “Company”) as of October 31, 2017 and the unaudited pro forma consolidated statements of loss and comprehensive loss for the twelve month period ended October 31, 2017 and for the three month period ended January 31, 2018 (“the pro forma financial statements”) have been prepared to reflect the proposed transaction, whereby, pursuant to an amalgamation agreement dated February 24, 2018 (“the Agreement”) with Eureka Resources Inc. (“Eureka”), a private British Columbia corporation, Eureka agreed to acquire 100% of the issued and outstanding common shares of Kore in exchange for common shares of Eureka by way of a three-cornered amalgamation. Kore, through its wholly-owned U.S. subsidiaries, owns 100% interests in the Imperial and Long Valley gold development projects, located in California, USA. The transaction will constitute a reverse takeover (an “RTO”) of Eureka by Kore under the policies of the TSX Venture Exchange.

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 subsidiary of the Company and Eureka, Eureka will acquire all of the issued and outstanding Kore common shares in exchange for the issuance of shares of Eureka (on a post-consolidation basis) and Kore will become a subsidiary of the Company.

The Agreement anticipates the consolidation of capital of Eureka and the concurrent financing, all of which is described more fully below, and elsewhere in the Information Circular.

The unaudited pro forma statement of financial position of Kore Mining Ltd. (Kore Mining) at October 31, 2017 and the unaudited pro forma consolidated statements of loss and comprehensive loss for the twelve month period ended October 31, 2017 and the three month period ended January 31, 2018 have been prepared by the management of Kore Mining in accordance with Kore Mining’s accounting policies as described in the notes to Kore Mining’s most recent audited annual consolidated financial statements. These pro forma financial statements are for illustrative purposes only, to show the effect of the transaction entered into with Eureka, more fully described in Note 3.

Amounts in these unaudited pro forma consolidated financial statements and notes are represented in C\$ unless otherwise indicated.

The unaudited pro forma consolidated statement of financial position has been prepared as if the asset acquisition described in Note 3 had occurred on January 31, 2018 by combining the audited consolidated statement of financial position of Kore Mining as at December 31, 2017 and the unaudited consolidated statement of financial position of Eureka as at January 31, 2018.

The unaudited pro forma consolidated statement of loss and comprehensive loss for the year ended October 31, 2017 has been prepared as if the transaction described in Note 3 occurred on November 1, 2016 by combining:

- i. The statement of loss and comprehensive loss of Kore Mining for the year ended December 31, 2017; and
- ii. the consolidated statement of loss and comprehensive loss of Eureka for the year ended October 31, 2017.

The unaudited pro forma consolidated statement of loss and comprehensive loss for the three month period ended January 31, 2018 has been prepared as if the transaction described in Note 3 occurred on November 1, 2016 and combines:

**KORE MINING LTD.**

**NOTES TO THE PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited)

(Expressed in thousands of Canadian Dollars) AS AT JANUARY 31, 2018

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- iii. The statement of loss and comprehensive loss of Kore Mining for the three month period ended March 31, 2018; and
- iv. the unaudited condensed interim consolidated statement of loss and comprehensive loss of Eureka for the three month period ended January 31, 2018.

It is management's opinion that these pro forma financial statements present in all material respects, the transactions, assumptions and adjustments described in Notes 3 and 4, in accordance with Kore Mining's accounting policies. Actual amounts recorded upon consummation of the transaction may differ from those recorded in these unaudited pro forma consolidated financial statements. Any integration costs that may be incurred upon consummation of the transaction have been excluded from these unaudited pro forma consolidated financial statements. Further, the unaudited pro forma consolidated statements of loss and comprehensive loss are not necessarily indicative of the results of operations that may be obtained in the future.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies used in the preparation of these unaudited pro forma consolidated financial statements are those as set out in Kore Mining's audited consolidated financial statements for the year ended December 31, 2017. These unaudited pro forma consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto of Kore Mining for the year ended December 31, 2017 and of Eureka for the year ended October 31, 2017. In preparing the unaudited pro forma consolidated financial information, a review was undertaken to identify Eureka's accounting policy differences.

Identified differences in the accounting policies adopted between Kore Mining and Eureka that could have a material impact on these pro forma consolidated financial statements are discussed in Note 4(d). Certain elements of Eureka's consolidated financial statements have been reclassified to provide a consistent classification format.

**3. REVERSE TAKEOVER OF EUREKA BY KORE MINING**

For accounting purposes, Kore Mining has been treated as the accounting parent company (legal subsidiary) and Eureka has been treated as the accounting subsidiary (legal parent) in these pro forma financial statements.

The acquisition by Kore Mining of Eureka is considered to be an asset acquisition. Accordingly the reverse takeover transaction is treated as a capital transaction under IFRS 2.

**KORE MINING LTD.**

## NOTES TO THE PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

(Expressed in thousands of Canadian Dollars) AS AT JANUARY 31, 2018

For purposes of this transaction, the consideration received is deemed to be the fair value of the net assets of Eureka which on January 31, 2018 were as follows:

## Purchase price:

Fair value of shares retained by Eureka shareholders	\$	2,740,520
Transaction costs		250,000
Total purchase price		<u>2,990,520</u>

## Net assets acquired:

Current assets		87,925
Reclamation bonds		21,204
Exploration and evaluation assets		1,169,570
Current liabilities		<u>(186,568)</u>
Net identifiable assets		<u>1,092,131</u>
Reverse acquisition cost	\$	<u>1,898,389</u>

The fair value per share of the shares retained by the shareholders of Eureka has been estimated to be the same as those that will be issued in the private placement described in note 4(b) for the purpose of these pro-forma financial statements.

As a result of Eureka not meeting the definition of a business under IFRS 3, a transaction loss of \$1,898,389 has been recorded. This reflects the excess of the purchase price over the fair value of the assets and liabilities acquired.

**4. PRO-FORMA ADJUSTMENTS AND ASSUMPTIONS**

- (a) The recording of the reverse takeover transaction referred to in note 3 above.
- (b) The issuance of 5,060,000 subscription receipts at \$0.50 per share for aggregate proceeds of \$2,530,000 (\$2,352,900 net of estimated cash transaction costs) as discussed below. Each subscription receipt consists of one Eureka share and one-half of one common share purchase warrant.

In connection with the transaction, it is expected that the Company will undertake a private placement of subscription receipts for gross proceeds of \$2,200,000 and that the broker's 15% over allotment option will be exercised, which will result in the issuance of 5,060,000 subscription receipts for aggregate proceeds of \$2,530,000 (\$2,352,900, net of estimated costs).

The consideration allocated to the 1,265,000 purchase warrants has been estimated at \$243,892 using the Black-Scholes pricing model with the following assumptions: risk-free interest rate of 1.9%, expected dividend yield of nil, expected volatility of 91.1% and expected average warrant life of 2 years.

The Company will pay a cash commission of 7.0% of the gross proceeds of the Offering, totalling \$177,100. In addition, the Company will issue on the closing of the Offering to the Agent compensation warrants entitling the Agent to purchase, at \$0.50 per common share on a post-consolidation basis, that number of common shares equal to 7.0% of the aggregate number of Subscription Receipts issued by the Company under the Offering. The Compensation Warrants may be exercised at any time and from time to time for a period of 24 months following the Escrow Release Date.

**KORE MINING LTD.****NOTES TO THE PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited)

(Expressed in thousands of Canadian Dollars) AS AT JANUARY 31, 2018

The value of the Agent compensation warrants at \$14,846 has been estimated using the Black-Scholes pricing model with the following assumptions: risk-free interest rate of 1.9%, expected dividend yield of nil, expected volatility of 91.1% and expected average warrant life of 2 years.

- c) To reflect the settlement of \$127,400 in payables to related parties of Eureka through the issuance of shares on April 30, 2018.
- d) To reflect an accounting policy difference for exploration and evaluation (“E&E”) expenditures. Eureka’s policy was to capitalize costs incurred for exploration and evaluation activities while Kore Mining’s policy is to capitalize only acquisition costs of E&E properties.

An adjustment has accordingly been made to expense E&E expenditures, other than acquisition costs, of \$810,993 incurred by Eureka for the twelve month period ended October 31, 2017 and a nominal amount for the three month period ended January 31, 2018.

- e) To reflect the elimination of the share capital, reserves and deficit on Eureka on consolidation.

**5. LOSS PER SHARE**

The calculation of basic and diluted loss per common share in the pro forma consolidated statement of loss and comprehensive loss is based on the pro forma number of common shares of the Company outstanding for the twelve-month period ended January 31, 2018, assuming that the issuance of 61,360,913 common shares related to the pro forma transaction took place on February 1, 2017. The proposed consolidation of the common shares, on the basis of one post-consolidation common share for every ten pre-consolidation common shares has been considered in the calculation of the loss per share as if the consolidation took place on February 1, 2017. The weighted average common shares for the twelve months ended October 31, 2017 and the three months ended January 31, 2018 is 66,841,954.

A continuity of the Company's issued common share capital and related recorded values after giving effect to the pro forma transaction described above is set out below:

<b>Common Shares</b>		<b>Number of Shares</b>	<b>Amount \$</b>
Shares issued and outstanding as at January 31, 2018		50,462,402	2,536,885
Shares issued for settlement of debt		4,348,000	127,400
		54,810,402	2,664,285
1:10 Share consolidation	4(a)	(49,329,362)	
Issued on closing of RTO transaction		61,360,914	2,990,520
Shares to be issued for cash, net of transaction costs	4(b)	5,060,000	2,115,606
Shares issued and outstanding after the transactions		71,901,954	7,770,411

As a condition of closing of the transaction, Eureka will complete a consolidation of its issued and outstanding common shares on the basis of one post-consolidation common share for each ten pre-consolidation common shares.

Pursuant to the amalgamation, the shareholders of Kore will receive 61,360,914 Eureka Shares (on a post-Consolidation basis). 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 concurrent financing of Eureka subscription receipts to be undertaken in connection with the transaction.

## APPENDIX K

### SECTIONS 237 TO 247 OF THE BCBCA

#### 237 Definitions and application

(1) In this Division:

**“dissenter”** means a shareholder who, being entitled to do so, sends written notice of dissent when and as required by section 242;

**“notice shares”** means, in relation to a notice of dissent, the shares in respect of which dissent is being exercised under the notice of dissent;

**“payout value”** means,

- (a) in the case of a dissent in respect of a resolution, the fair value that the notice shares had immediately before the passing of the resolution,
- (b) in the case of a dissent in respect of an arrangement approved by a court order made under section 291 (2) (c) that permits dissent, the fair value that the notice shares had immediately before the passing of the resolution adopting the arrangement,
- (c) in the case of a dissent in respect of a matter approved or authorized by any other court order that permits dissent, the fair value that the notice shares had at the time specified by the court order, or
- (d) in the case of a dissent in respect of a community contribution company, the value of the notice shares set out in the regulations,

excluding any appreciation or depreciation in anticipation of the corporate action approved or authorized by the resolution or court order unless exclusion would be inequitable.

(2) This Division applies to any right of dissent exercisable by a shareholder except to the extent that

- (a) the court orders otherwise, or
- (b) in the case of a right of dissent authorized by a resolution referred to in section 238 (1) (g), the court orders otherwise or the resolution provides otherwise.

#### 238 Right to dissent

(1) A shareholder of a company, whether or not the shareholder’s shares carry the right to vote, is entitled to dissent as follows:

- (a) under section 260, in respect of a resolution to alter the articles
  - (i) to alter restrictions on the powers of the company or on the business the company is permitted to carry on, or
  - (ii) without limiting subparagraph (i), in the case of a community contribution company, to alter any of the company’s community purposes within the meaning of section 51.91;
- (b) under section 272, in respect of a resolution to adopt an amalgamation agreement;
- (c) under section 287, in respect of a resolution to approve an amalgamation under Division 4 of Part 9;
- (d) in respect of a resolution to approve an arrangement, the terms of which arrangement permit dissent;
- (e) under section 301 (5), in respect of a resolution to authorize or ratify the sale, lease or other disposition of all or substantially all of the company’s undertaking;

- (f) under section 309, in respect of a resolution to authorize the continuation of the company into a jurisdiction other than British Columbia;
  - (g) in respect of any other resolution, if dissent is authorized by the resolution;
  - (h) in respect of any court order that permits dissent.
- (2) A shareholder wishing to dissent must
- (a) prepare a separate notice of dissent under section 242 for
    - (i) the shareholder, if the shareholder is dissenting on the shareholder's own behalf, and
    - (ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is dissenting,
  - (b) identify in each notice of dissent, in accordance with section 242 (4), the person on whose behalf dissent is being exercised in that notice of dissent, and
  - (c) dissent with respect to all of the shares, registered in the shareholder's name, of which the person identified under paragraph (b) of this subsection is the beneficial owner.
- (3) Without limiting subsection (2), a person who wishes to have dissent exercised with respect to shares of which the person is the beneficial owner must
- (a) dissent with respect to all of the shares, if any, of which the person is both the registered owner and the beneficial owner, and
  - (b) cause each shareholder who is a registered owner of any other shares of which the person is the beneficial owner to dissent with respect to all of those shares.

**239 Waiver of right to dissent**

- (1) A shareholder may not waive generally a right to dissent but may, in writing, waive the right to dissent with respect to a particular corporate action.
- (2) A shareholder wishing to waive a right of dissent with respect to a particular corporate action must
- (a) provide to the company a separate waiver for
    - (i) the shareholder, if the shareholder is providing a waiver on the shareholder's own behalf, and
    - (ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is providing a waiver, and
  - (b) identify in each waiver the person on whose behalf the waiver is made.
- (3) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on the shareholder's own behalf, the shareholder's right to dissent with respect to the particular corporate action terminates in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and this Division ceases to apply to
- (a) the shareholder in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and
  - (b) any other shareholders, who are registered owners of shares beneficially owned by the first mentioned shareholder, in respect of the shares that are beneficially owned by the first mentioned shareholder.
- (4) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on behalf of a specified person who beneficially owns shares registered in the name of the shareholder, the right of shareholders who are registered owners of

shares beneficially owned by that specified person to dissent on behalf of that specified person with respect to the particular corporate action terminates and this Division ceases to apply to those shareholders in respect of the shares that are beneficially owned by that specified person.

#### **240 Notice of resolution**

- (1) If a resolution in respect of which a shareholder is entitled to dissent is to be considered at a meeting of shareholders, the company must, at least the prescribed number of days before the date of the proposed meeting, send to each of its shareholders, whether or not their shares carry the right to vote,
  - (a) a copy of the proposed resolution, and
  - (b) a notice of the meeting that specifies the date of the meeting, and contains a statement advising of the right to send a notice of dissent.
- (2) If a resolution in respect of which a shareholder is entitled to dissent is to be passed as a consent resolution of shareholders or as a resolution of directors and the earliest date on which that resolution can be passed is specified in the resolution or in the statement referred to in paragraph (b), the company may, at least 21 days before that specified date, send to each of its shareholders, whether or not their shares carry the right to vote,
  - (a) a copy of the proposed resolution, and
  - (b) a statement advising of the right to send a notice of dissent.
- (3) If a resolution in respect of which a shareholder is entitled to dissent was or is to be passed as a resolution of shareholders without the company complying with subsection (1) or (2), or was or is to be passed as a directors' resolution without the company complying with subsection (2), the company must, before or within 14 days after the passing of the resolution, send to each of its shareholders who has not, on behalf of every person who beneficially owns shares registered in the name of the shareholder, consented to the resolution or voted in favour of the resolution, whether or not their shares carry the right to vote,
  - (a) a copy of the resolution,
  - (b) a statement advising of the right to send a notice of dissent, and
  - (c) if the resolution has passed, notification of that fact and the date on which it was passed.
- (4) Nothing in subsection (1), (2) or (3) gives a shareholder a right to vote in a meeting at which, or on a resolution on which, the shareholder would not otherwise be entitled to vote.

#### **241 Notice of court orders**

If a court order provides for a right of dissent, the company must, not later than 14 days after the date on which the company receives a copy of the entered order, send to each shareholder who is entitled to exercise that right of dissent

- (a) a copy of the entered order, and
- (b) a statement advising of the right to send a notice of dissent.

#### **242 Notice of dissent**

- (1) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (a), (b), (c), (d), (e) or (f) must,
  - (a) if the company has complied with section 240 (1) or (2), send written notice of dissent to the company at least 2 days before the date on which the resolution is to be passed or can be passed, as the case may be,



- (b) if the company has complied with section 240 (3), send written notice of dissent to the company not more than 14 days after receiving the records referred to in that section, or
  - (c) if the company has not complied with section 240 (1), (2) or (3), send written notice of dissent to the company not more than 14 days after the later of
    - (i) the date on which the shareholder learns that the resolution was passed, and
    - (ii) the date on which the shareholder learns that the shareholder is entitled to dissent.
- (2) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (g) must send written notice of dissent to the company
- (a) on or before the date specified by the resolution or in the statement referred to in section 240 (2) (b) or (3) (b) as the last date by which notice of dissent must be sent, or
  - (b) if the resolution or statement does not specify a date, in accordance with subsection (1) of this section.
- (3) A shareholder intending to dissent under section 238 (1) (h) in respect of a court order that permits dissent must send written notice of dissent to the company
- (a) within the number of days, specified by the court order, after the shareholder receives the records referred to in section 241, or
  - (b) if the court order does not specify the number of days referred to in paragraph (a) of this subsection, within 14 days after the shareholder receives the records referred to in section 241.
- (4) A notice of dissent sent under this section must set out the number, and the class and series, if applicable, of the notice shares, and must set out whichever of the following is applicable:
- (a) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner and the shareholder owns no other shares of the company as beneficial owner, a statement to that effect;
  - (b) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner but the shareholder owns other shares of the company as beneficial owner, a statement to that effect and
    - (i) the names of the registered owners of those other shares,
    - (ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and
    - (iii) a statement that notices of dissent are being, or have been, sent in respect of all of those other shares;
  - (c) if dissent is being exercised by the shareholder on behalf of a beneficial owner who is not the dissenting shareholder, a statement to that effect and
    - (i) the name and address of the beneficial owner, and
    - (ii) a statement that the shareholder is dissenting in relation to all of the shares beneficially owned by the beneficial owner that are registered in the shareholder's name.
- (5) The right of a shareholder to dissent on behalf of a beneficial owner of shares, including the shareholder, terminates and this Division ceases to apply to the shareholder in respect of that beneficial owner if subsections (1) to (4) of this section, as those subsections pertain to that beneficial owner, are not complied with.

### **243 Notice of intention to proceed**

- (1) A company that receives a notice of dissent under section 242 from a dissenter must,

- (a) if the company intends to act on the authority of the resolution or court order in respect of which the notice of dissent was sent, send a notice to the dissenter promptly after the later of
    - (i) the date on which the company forms the intention to proceed, and
    - (ii) the date on which the notice of dissent was received, or
  - (b) if the company has acted on the authority of that resolution or court order, promptly send a notice to the dissenter.
- (2) A notice sent under subsection (1) (a) or (b) of this section must
- (a) be dated not earlier than the date on which the notice is sent,
  - (b) state that the company intends to act, or has acted, as the case may be, on the authority of the resolution or court order, and
  - (c) advise the dissenter of the manner in which dissent is to be completed under section 244.

**244 Completion of dissent**

- (1) A dissenter who receives a notice under section 243 must, if the dissenter wishes to proceed with the dissent, send to the company or its transfer agent for the notice shares, within one month after the date of the notice,
- (a) a written statement that the dissenter requires the company to purchase all of the notice shares,
  - (b) the certificates, if any, representing the notice shares, and
  - (c) if section 242 (4) (c) applies, a written statement that complies with subsection (2) of this section.
- (2) The written statement referred to in subsection (1) (c) must
- (a) be signed by the beneficial owner on whose behalf dissent is being exercised, and
  - (b) set out whether or not the beneficial owner is the beneficial owner of other shares of the company and, if so, set out
    - (i) the names of the registered owners of those other shares,
    - (ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and
    - (iii) that dissent is being exercised in respect of all of those other shares.
- (3) After the dissenter has complied with subsection (1),
- (a) the dissenter is deemed to have sold to the company the notice shares, and
  - (b) the company is deemed to have purchased those shares, and must comply with section 245, whether or not it is authorized to do so by, and despite any restriction in, its memorandum or articles.
- (4) Unless the court orders otherwise, if the dissenter fails to comply with subsection (1) of this section in relation to notice shares, the right of the dissenter to dissent with respect to those notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares.
- (5) Unless the court orders otherwise, if a person on whose behalf dissent is being exercised in relation to a particular corporate action fails to ensure that every shareholder who is a registered owner of any of the shares beneficially owned by that person complies with subsection (1) of this section, the right of shareholders who are registered owners of shares beneficially owned by that person to dissent on behalf

of that person with respect to that corporate action terminates and this Division, other than section 247, ceases to apply to those shareholders in respect of the shares that are beneficially owned by that person.

- (6) A dissenter who has complied with subsection (1) of this section may not vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, other than under this Division.

#### **245 Payment for notice shares**

- (1) A company and a dissenter who has complied with section 244 (1) may agree on the amount of the payout value of the notice shares and, in that event, the company must
- (a) promptly pay that amount to the dissenter, or
  - (b) if subsection (5) of this section applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.
- (2) A dissenter who has not entered into an agreement with the company under subsection (1) or the company may apply to the court and the court may
- (a) determine the payout value of the notice shares of those dissenters who have not entered into an agreement with the company under subsection (1), or order that the payout value of those notice shares be established by arbitration or by reference to the registrar, or a referee, of the court,
  - (b) join in the application each dissenter, other than a dissenter who has entered into an agreement with the company under subsection (1), who has complied with section 244 (1), and
  - (c) make consequential orders and give directions it considers appropriate.
- (3) Promptly after a determination of the payout value for notice shares has been made under subsection (2) (a) of this section, the company must
- (a) pay to each dissenter who has complied with section 244 (1) in relation to those notice shares, other than a dissenter who has entered into an agreement with the company under subsection (1) of this section, the payout value applicable to that dissenter's notice shares, or
  - (b) if subsection (5) applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.
- (4) If a dissenter receives a notice under subsection (1) (b) or (3) (b),
- (a) the dissenter may, within 30 days after receipt, withdraw the dissenter's notice of dissent, in which case the company is deemed to consent to the withdrawal and this Division, other than section 247, ceases to apply to the dissenter with respect to the notice shares, or
  - (b) if the dissenter does not withdraw the notice of dissent in accordance with paragraph (a) of this subsection, the dissenter retains a status as a claimant against the company, to be paid as soon as the company is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the company but in priority to its shareholders.
- (5) A company must not make a payment to a dissenter under this section if there are reasonable grounds for believing that
- (a) the company is insolvent, or
  - (b) the payment would render the company insolvent.

#### **246 Loss of right to dissent**

The right of a dissenter to dissent with respect to notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares, if, before payment is made to the

dissenter of the full amount of money to which the dissenter is entitled under section 245 in relation to those notice shares, any of the following events occur:

- (a) the corporate action approved or authorized, or to be approved or authorized, by the resolution or court order in respect of which the notice of dissent was sent is abandoned;
- (b) the resolution in respect of which the notice of dissent was sent does not pass;
- (c) the resolution in respect of which the notice of dissent was sent is revoked before the corporate action approved or authorized by that resolution is taken;
- (d) the notice of dissent was sent in respect of a resolution adopting an amalgamation agreement and the amalgamation is abandoned or, by the terms of the agreement, will not proceed;
- (e) the arrangement in respect of which the notice of dissent was sent is abandoned or by its terms will not proceed;
- (f) a court permanently enjoins or sets aside the corporate action approved or authorized by the resolution or court order in respect of which the notice of dissent was sent;
- (g) with respect to the notice shares, the dissenter consents to, or votes in favour of, the resolution in respect of which the notice of dissent was sent;
- (h) the notice of dissent is withdrawn with the written consent of the company;
- (i) the court determines that the dissenter is not entitled to dissent under this Division or that the dissenter is not entitled to dissent with respect to the notice shares under this Division.

#### **247 Shareholders entitled to return of shares and rights**

If, under section 244 (4) or (5), 245 (4) (a) or 246, this Division, other than this section, ceases to apply to a dissenter with respect to notice shares,

- (a) the company must return to the dissenter each of the applicable share certificates, if any, sent under section 244 (1) (b) or, if those share certificates are unavailable, replacements for those share certificates,
- (b) the dissenter regains any ability lost under section 244 (6) to vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, and
- (c) the dissenter must return any money that the company paid to the dissenter in respect of the notice shares under, or in purported compliance with, this Division.

**APPENDIX L  
AMALGAMATION APPLICATION**

*[see attached]*



Telephone: 250 356 – 8626  
Office Hours: 8:30 – 4:30 (Monday – Friday)

**DO NOT MAIL THIS FORM to the Corporate and Personal Property Registries unless you are instructed to do so by registry staff. The regulations under the Business Corporations Act requires this form to be filed on the Internet at www.corporateonline.gov.bc.ca**

**Freedom of Information and Protection of Privacy Act (FIPPA)**  
The personal information requested on this form is made available to the public under the authority of the *Business Corporations Act*. Questions about how the *FIPPA* applies to this personal information can be directed to the Administrative Assistant of the Corporate and Personal Property Registries at 250 356-1198, PO Box 9431 Stn Prov Govt, Victoria BC V8W 9V3.

**A. NAME OF COMPANY – Choose one of the following:**

- The name is the name reserved for the amalgamated company. The name reservation number is \_\_\_\_\_, OR
- The company is to be amalgamated with a name by adding “B.C. Ltd.” after the incorporation number of the company, OR
- The amalgamated company is to adopt, as its name, the name of one of the amalgamating companies.

*Please note: If you want the name of an amalgamating corporation that is a foreign corporation, you must obtain a name approval before completing this amalgamation application.*

**B. AMALGAMATION STATEMENT – Please indicate the statement applicable to the amalgamation.:**

- With Court Approval:**  
This amalgamation has been approved by the court and a copy of the entered court order approving the amalgamation has been obtained and has been deposited in the records office of each of the amalgamating companies.
- OR**
- Without Court Approval:**  
This amalgamation has been effected without court approval. A copy of all the required affidavits under section 277(1) have been obtained and the affidavit obtained from each amalgamating company has been deposited in that company’s records office.

**C. AMALGAMATION EFFECTIVE DATE – Choose one of the following:**

- The amalgamation is to take effect at the time that this application is filed with the registrar.
- The amalgamation is to take effect at 12:01 a.m. Pacific Time on \_\_\_\_\_ being a date that is not more than ten days after the date of the filing of this application.
- The amalgamation is to take effect at \_\_\_\_\_ Pacific Time on \_\_\_\_\_, being a date and time that is not more than ten days after the date of the filing of this application.

**D. AMALGAMATING CORPORATIONS**

Enter the name of each amalgamating corporation below. For each company, enter the incorporation number. If the amalgamating corporation is a foreign corporation, enter the foreign corporation's jurisdiction and if registered in BC as an extraprovincial company, enter the extraprovincial company's registration number. Attach an additional sheet if more space is required.

NAME OF AMALGAMATING CORPORATION	BC INCORPORATION NUMBER, OR EXTRAPROVINCIAL REGISTRATION NUMBER IN BC	FOREIGN CORPORATION'S JURISDICTION
Kore Mining Ltd.	BC1065591	N/A
1153956 B.C. Ltd.	BC1153956	N/A

**E. FORMALITIES TO AMALGAMATION**

If any amalgamating corporation is a foreign corporation, section 275 (1)(b) requires an authorization for the amalgamation from the foreign corporation's jurisdiction to be filed.

This is to confirm that each authorization for the amalgamation required under section 275(1)(b) is being submitted for filing concurrently with this application.

**F. CERTIFIED CORRECT – I have read this form and found it to be correct.**

This form must be signed by an authorized signing authority for each of the amalgamating companies.

NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	DATE SIGNED (YYYY / MM / DD)
Michael Sweatman	X	2018/ /
NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	DATE SIGNED (YYYY / MM / DD)
Adrian Rothwell	X	2018/ /

**NOTICE OF ARTICLES**

**A. NAME OF COMPANY**

Set out the name of the company as set out in Item A of the Amalgamation Application.

\_\_\_\_\_, B.C. LTD.

**B. TRANSLATION OF COMPANY NAME**

Set out every translation of the company name that the company intends to use outside of Canada, or if none, enter "not applicable".

N/A

**C. DIRECTOR NAME(S) AND ADDRESS(ES)**

Set out the full name, delivery address and mailing address (if different) of every director of the company. The delivery address must be for the office at which the individual can usually be served with records between 9 a.m. and 4 p.m. on business days. If there is no office at which the individual can usually be served with records during statutory business hours, enter the delivery address and mailing address, if different, of the individual's residence. Attach an additional sheet if more space is required.

FULL NAME INCLUDING MIDDLE NAME, IF APPLICABLE	DELIVERY ADDRESS INCLUDING POSTAL CODE	MAILING ADDRESS INCLUDING POSTAL CODE
Adrian Rothwell	2200 - 885 West Georgia Street, Vancouver, BC V6C 3E8	2200 - 885 West Georgia Street, Vancouver, BC V6C 3E8

**D. REGISTERED OFFICE ADDRESSES**

DELIVERY ADDRESS OF THE COMPANY'S REGISTERED OFFICE (INCLUDING POSTAL CODE)

2200 - 885 West Georgia Street, Vancouver, BC V6C 3E8

MAILING ADDRESS OF THE COMPANY'S REGISTERED OFFICE (INCLUDING POSTAL CODE)

2200 - 885 West Georgia Street, Vancouver, BC V6C 3E8

**E. RECORDS OFFICE ADDRESSES**

DELIVERY ADDRESS OF THE COMPANY'S RECORDS OFFICE (INCLUDING POSTAL CODE)

2200 - 885 West Georgia Street, Vancouver, BC V6C 3E8

MAILING ADDRESS OF THE COMPANY'S RECORDS OFFICE (INCLUDING POSTAL CODE)

2200 - 885 West Georgia Street, Vancouver, BC V6C 3E8

**F. AUTHORIZED SHARE STRUCTURE**

Identifying name of class or series of shares	Maximum number of shares of this class or series of shares that the company is authorized to issue	Kind of shares of this class or series of shares		Are there special rights or restrictions attached to the shares of this class or series of shares?
	MAXIMUM NUMBER OF SHARES AUTHORIZED	PAR VALUE	TYPE OF CURRENCY	YES/NO
Common	no maximum number	without	n/a	No



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