

KORE MINING LTD.

Condensed Interim Consolidated Financial Statements

For the six months ended June 30, 2020

(Unaudited)



NOTICE OF NO AUDITOR REVIEW

In accordance with National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed interim consolidated financial statements by an entity's auditor.

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

As at		June 30, 2020	December 31, 2019
	Note		
Current assets			
Cash and cash equivalents		\$ 4,172,197	\$ 3,133,623
Amounts receivable		49,659	208,380
Prepaid expenses		53,277	119,035
Total current assets		4,275,133	3,461,038
Non-current assets			
Deposits		43,823	38,823
Mineral properties	4	2,751,238	1,373,014
Total assets		\$ 7,070,194	\$ 4,872,875
Current liabilities			
Accounts payable		\$ 2,039,234	\$ 707,361
Shareholders' equity			
Share capital	5	14,567,364	11,085,678
Warrants		540,930	573,516
Reserves		957,550	878,946
Deficit		(11,023,798)	(8,325,326)
Accumulated other comprehensive income (loss)		(11,086)	(47,300)
Total shareholders' equity		5,030,960	4,165,514
Total shareholders' equity and liabilities		\$ 7,070,194	\$ 4,872,875
Going concern	2		
Subsequent events	5		

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

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

		For the three months ended June 30, 2020	For the three months ended June 30, 2019	For the six months ended June 30, 2020	For the six months ended June 30, 2019
	Note				
Expenses					
Exploration and evaluation expenses	4	\$ 455,348	\$ 63,601	\$ 1,275,326	\$ 86,585
General and administration		85,484	24,585	163,539	73,535
Management fees, wages and corporate advisory fees	6	213,810	158,500	404,040	296,403
Marketing, advisory and investor relations		327,405	164,160	491,327	300,989
Professional fees		88,263	112,041	188,913	166,085
Share-based payments	5	131,821	44,423	197,851	158,655
		(1,302,131)	(567,310)	(2,720,996)	(1,082,252)
Other income/expense					
Foreign exchange gain (loss)		(12,368)	(17,598)	(7,158)	(15,007)
Gain on royalty sale	7	-	2,140,779	-	2,140,779
Interest and finance income (expense)		26,246	-	29,681	112
		13,878	2,123,181	22,523	2,125,884
Net income (loss) for the period		\$ (1,288,253)	\$ 1,555,871	\$ (2,698,473)	\$ 1,043,632
Item that may be subsequently reclassified to net income					
Cumulative translation adjustment		(25,117)	23,651	36,214	730
Comprehensive income (loss) for the period		\$ (1,313,370)	\$ 1,579,522	\$ (2,662,259)	\$ 1,044,362
Basic and fully diluted income (loss) per common share		\$ (0.01)	\$ 0.02	\$ (0.03)	\$ 0.01
Weighted average number of common shares outstanding		92,938,125	78,441,914	90,878,704	72,948,581

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

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

	For the six months ended June 30, 2020	For the six months ended June 30, 2019
CASH USED IN OPERATING ACTIVITIES		
Income (loss) for the period	\$ (2,698,473)	\$ 1,043,632
Items not involving cash:		
Gain on royalty sale	-	(2,140,779)
Share-based payments	197,851	158,655
Changes in non-cash working capital items:		
Amounts receivable	158,720	(2,391)
Prepaid expenses and advances	65,758	208,093
Deposits	(5,000)	(28,750)
Accounts payable	(25,615)	(518,326)
	(2,306,759)	(1,279,866)
FINANCING ACTIVITIES		
Proceeds from private placement financing, net of costs	2,899,213	1,757,974
Proceeds from the exercise of options	266,666	-
Proceeds from the exercise of warrants	163,974	-
	3,329,853	1,757,974
INVESTING ACTIVITIES		
Proceeds from sale of royalty	-	2,348,745
	-	2,348,745
Impact of changes in foreign exchange	15,480	29,368
Change in cash	1,038,574	2,856,221
Cash at beginning of period	3,133,623	30,620
Cash at end of period	\$ 4,172,197	\$ 2,886,841
Supplemental cash flow information:		
Acquisition of mineral rights included in accounts payable	\$ 1,357,488	\$ -

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

KORE MINING LTD.

Condensed Interim Consolidated Statements of Changes in Equity

(Unaudited)

(Expressed in Canadian dollars unless otherwise noted)

	Number	Amount \$	Warrants \$	Reserves \$	Deficit \$	Accumulated Other Comprehensive Income (Loss) \$	Total Equity \$
December 31, 2018	71,241,914	6,306,463	573,516	341,739	(6,535,002)	10,307	697,023
Share-based payments	-	-	-	158,655	-	-	158,655
Shares issued on private placements	7,200,000	1,800,000	-	-	-	-	1,800,000
Share issuance costs	-	(42,026)	-	-	-	-	(42,026)
Net income (loss) for the period	-	-	-	-	1,043,632	-	1,043,632
Other comprehensive income (loss)	-	-	-	-	-	730	730
June 30, 2019	78,441,914	8,064,437	573,516	500,394	(5,491,370)	11,037	3,658,014
Shares issued on private placements	10,400,000	3,100,000	-	-	-	-	3,100,000
Share issuance costs	-	(78,759)	-	-	-	-	(78,759)
Share-based payments	-	-	-	378,552	-	-	378,552
Net income (loss) for the period	-	-	-	-	(2,833,955)	-	(2,833,955)
Other comprehensive income (loss)	-	-	-	-	-	(58,337)	(58,337)
December 31, 2019	88,841,914	11,085,678	573,516	878,946	(8,325,325)	(47,300)	4,165,515
Shares issued on private placement	6,666,666	3,000,000	-	-	-	-	3,000,000
Share issuance costs	-	(100,787)	-	-	-	-	(100,787)
Exercise of options	1,133,332	370,450	-	(103,784)	-	-	266,666
Exercise of warrants	265,448	212,023	(32,586)	(15,463)	-	-	163,974
Share-based payments	-	-	-	197,851	-	-	197,851
Net income (loss) for the period	-	-	-	-	(2,698,473)	-	(2,698,473)
Other comprehensive income (loss)	-	-	-	-	-	36,214	36,214
June 30, 2020	96,907,360	14,567,364	540,930	957,550	(11,023,798)	(11,086)	5,030,960

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

KORE MINING LTD.

Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2020

(Unaudited)

(Expressed in Canadian dollars unless otherwise noted)

1. NATURE OF OPERATIONS

KORE Mining Ltd. (the “Company”) is an exploration and development stage company that trades on the Toronto Stock Exchange Venture (“TSXV”) under the symbol ‘KORE’. The Company is focused on the development of its California gold projects, Imperial and Long Valley, as well as projects in British Columbia, Canada. The Company’s 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.

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

As at June 30, 2020, the Company had working capital of \$2,235,899 (current assets less current liabilities) and has incurred losses since inception with a deficit of \$11,023,798. For the six months ended June 30, 2020, the Company used cash flows in operations of \$2,306,759. Subsequent to June 30, 2020, the Company raised an additional \$7,500,000 pursuant to a private placement (Note 5). While the Company anticipates it has sufficient capital to meet its current obligations and planned activities, the Company expects it will need to raise additional capital to carry out its long term objectives. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms that are acceptable to the Company and, as a result, this material uncertainty gives rise to significant doubt regarding the going concern assumption and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations for the foreseeable future. These adjustments could be material.

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

KORE MINING LTD.**Notes to the Condensed Interim Consolidated Financial Statements****June 30, 2020***(Unaudited)**(Expressed in Canadian dollars unless otherwise noted)*

("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, 2019, which have been prepared in accordance with IFRS.

These unaudited condensed interim consolidated financial statements have been authorized for issue by the Board of Directors of the Company on August 20, 2020.

Principles of Consolidation

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

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

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

Eureka Minerals (USA) Inc. was dissolved. All intercompany balances and transactions have been eliminated on consolidation.

Basis of Measurement

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

Significant Judgments, Estimates and Assumptions

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

KORE MINING LTD.**Notes to the Condensed Interim Consolidated Financial Statements****June 30, 2020***(Unaudited)**(Expressed in Canadian dollars unless otherwise noted)***3. BASIS OF PRESENTATION (cont'd...)*****Critical Judgments***

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

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

Significant Estimates

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

4. MINERAL PROPERTIES

The ending balance and summary of the changes to mineral properties (where applicable) for the three months ended June 30, 2020 is as follows:

	Long Valley USA		Imperial USA		FG Gold Canada		Gold Creek Canada		Total	
Balance, December 31, 2018	\$	527,374	\$	216,675	\$	370,607	\$	498,136	\$	1,612,792
Royalty sale		-		(207,966)		-		-		(207,966)
Foreign exchange adjustment		(23,103)		(8,709)		-		-		(31,812)
Balance, December 31, 2019	\$	504,271	\$	-	\$	370,607	\$	498,136	\$	1,373,014
Additions		-		1,412,700		-		-		1,412,700
Foreign exchange adjustment		20,736		(55,212)		-		-		(34,476)
Balance, June 30, 2020	\$	525,007	\$	1,357,488	\$	370,607	\$	498,136	\$	2,751,238

Acquisition of Imperial Project

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

KORE MINING LTD.**Notes to the Condensed Interim Consolidated Financial Statements****June 30, 2020***(Unaudited)**(Expressed in Canadian dollars unless otherwise noted)*

4. MINERAL PROPERTIES (cont'd...)**Acquisition of Imperial Project (cont'd)**

In addition, under the agreement, the Company has committed to incur US\$5 million in exploration and development expenditures on the Imperial Project on or before March 2022, the fifth anniversary of the date of the Imperial Purchase Agreement, of which US\$1,983,873 (\$2,597,923) has been incurred as of June 30, 2020. In the event that the Company does not incur these expenditures within this timeframe, the Company must then pay US\$1,000,000 to the vendor.

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

The Company incurred costs of \$151,255 in connection with this royalty sale. The net proceeds of \$2,348,745 from the royalty portion of the investment were applied first to amounts capitalized in connection with the Imperial project of \$207,966, and the remainder being \$2,140,749 was recorded as a gain on sale of royalty interest.

Acquisition of Long Valley Project

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

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

Acquisition of FG Gold Project

Pursuant to the amalgamation with Eureka, the Company acquired a 100% interest in certain claims comprising the FG Gold project located in the Cariboo Mining Division, British Columbia, Canada. The project is subject to a 3% 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 1989 to the date the royalty becomes payable.

Acquisition of Gold Creek Project

Pursuant to the amalgamation with Eureka, the Company acquired a 100% interest in the Gold Creek project, located in the Cariboo Mining Division, British Columbia, Canada. The project is subject to a 1% NSR of which the Company may purchase 50% (being 0.5%) for \$1,000,000.

KORE MINING LTD.**Notes to the Condensed Interim Consolidated Financial Statements****June 30, 2020***(Unaudited)**(Expressed in Canadian dollars unless otherwise noted)***4. MINERAL PROPERTIES (cont'd...)****Acquisition of White Gold Project**

Pursuant to the amalgamation with Eureka, the Company acquired a 100% interest in the White Gold Project, located in Yukon, Canada. The property is subject to annual work commitments of \$187,500 in each of 2020, 2021 and 2022.

Exploration & Evaluation Expenses

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

	For the six months ended June 30, 2020	For the six months ended June 30, 2019
Assay and sampling	\$ 61,694	\$ 3,756
Claim maintenance	8,787	17,317
Community consultation	40,658	2,450
Drilling	403,183	3,200
Engineering, metallurgy and geotechnical	173,021	10,444
Environmental studies	61,302	-
Geographic information system	-	7,784
Geological & project evaluation	162,677	-
Geophysics	244,534	-
Property taxes	-	16,580
Permitting	-	4,138
Travel	127,448	20,916
Other recovery	(7,978)	-
	\$ 1,275,326	\$ 86,586

5. SHARE CAPITAL**Authorized**

Unlimited number of common shares with no par value.

During the six months ended June 30, 2020, the Company:

- Issued 6,666,666 common shares at a price of \$0.45 per common share for gross proceeds of \$3,000,000 pursuant to a private placement. The Company incurred cash share issuance costs of \$100,787 in connection with this financing.
- Issued 1,133,332 shares for proceeds of \$266,666 pursuant to the exercise of options; the Company reallocated \$103,784 of share based compensation reserve to share capital in connection with the exercise of these options.
- Issued 265,448 shares for proceeds of \$114,151 pursuant to the exercise of warrants; the Company reallocated \$32,586 of warrant reserve and \$15,463 of share based compensation reserve to share capital in connection with the exercise of these warrants.

Subsequent to June 30, 2020, the Company issued 6,000,000 units at a price of \$1.00 per unit ("Unit") and 1,500,000 flow through units at a price of \$1.50 per flow through unit ("FT Unit") pursuant to a private placement. Each unit

KORE MINING LTD.**Notes to the Condensed Interim Consolidated Financial Statements****June 30, 2020***(Unaudited)**(Expressed in Canadian dollars unless otherwise noted)*

consists of one share and one half share purchase warrant, where each whole warrant entitles the holder to acquire an additional share of the Company at a price of \$1.50 for a period of 24 months. Each FT Unit consists of one flow through share and one-half share purchase warrant, where each whole warrant entitles the holder to acquire an additional share of the Company at a price of \$1.50 for a period of 24 months.

Stock Options

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.

A summary of stock option activity for the six months ended June 30, 2020 is as follows:

	Number of options	Weighted average exercise price
Outstanding options, December 31, 2018	1,935,000	\$ 0.58
Granted	6,250,000	0.21
Expired	(385,000)	0.88
Outstanding options, December 31, 2019	7,800,000	0.27
Granted	1,000,000	0.44
Exercised	(1,133,332)	0.24
Outstanding options, June 30, 2020	7,666,668	\$ 0.29

As at June 30, 2020 the following stock options were outstanding:

Expiry date	Number of options outstanding	Number of options exercisable	Exercise price \$
November 1, 2023	1,250,000	1,250,000	0.50
January 13, 2024	2,166,668	1,444,446	0.14
May 9, 2024	150,000	150,000	0.25
July 3, 2024	2,600,000	1,500,000	0.27
October 18, 2024	500,000	500,000	0.29
April 27, 2025	1,000,000	266,667	0.435
	7,666,668	5,111,113	

KORE MINING LTD.**Notes to the Condensed Interim Consolidated Financial Statements****June 30, 2020***(Unaudited)**(Expressed in Canadian dollars unless otherwise noted)***5. SHARE CAPITAL (cont'd...)****Warrants**

A summary of warrant activity for the six months ended June 30, 2020:

	Number of warrants	Weighted average exercise price	
Outstanding warrants, December 31, 2018	2,966,605	\$	0.83
Expired	(337,105)		1.50
Outstanding warrants, December 31, 2019	2,629,500	\$	0.75
Exercised	(265,448)		0.62
Expired	(121,500)		1.25
Outstanding warrants, June 30, 2020	2,242,552	\$	0.73

As at June 30, 2020, the following warrants were outstanding:

Expiry date	Number of warrants outstanding	Exercise price \$
October 21, 2020	167,552	0.50
August 12, 2020**	2,075,000	0.75
	2,242,552	

** Warrants had an original expiry date of October 21, 2020 and were subject to an acceleration clause where the closing price of the shares trades above \$1.00 for ten consecutive trading days. Subsequent to June 30, 2020, this acceleration clause was triggered and the Company announced that the accelerated expiry date of August 12, 2020.

Subsequent to June 30, 2020, 2,150,920 warrants were exercised for proceeds of \$1,575,460.

Share-Based Compensation

During the six months ended June 30, 2020, the Company granted 1,000,000 stock options to officers and a consultant which entitle the holders to purchase one share at an exercise price of \$0.435 until April 27, 2025 which vest in tranches through 2022. The fair value of the stock options granted was \$240,353 or \$0.24 per option was determined using the Black Scholes option valuation model and \$91,225 was recognized as share-based payments expense in relation to the vesting of these options for the six months ended June 30, 2020. In addition, the Company recorded additional share-based payments expense of \$106,626 (2019 - \$158,655) in connection with the vesting of options granted during the six months ended June 30, 2019.

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

	June 30, 2020	June 30, 2019
Risk free interest rate	0.4%	1.9%
Expected life	4.1	3.7
Annualized volatility	75%	75%
Dividend rate	0%	0%

KORE MINING LTD.

Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2020

(Unaudited)

(Expressed in Canadian dollars unless otherwise noted)

6. RELATED PARTY TRANSACTIONS AND BALANCES

Related Party Transactions

During the six months ended June 30, 2020, the related party transactions (excluding key management compensation) were as follows:

a) A company owned by a relative of a director provided marketing consulting services of \$nil (2019 - \$25,250) for the six months ended June 30, 2020.

b) Amounts owing to related parties are unsecured, non-interest bearing and due on demand. As at June 30, 2020, \$75,468 (2019 - \$278,496) is due to related parties.

Key Management Compensation

Key management are those personnel having the authority and responsibility for planning, directing and controlling the Company and include the Chairman, President & Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and Directors. For the six months ended June 30, 2020, total key management compensation was \$547,150 (2019 - \$397,255), which includes management fees and salaries of \$366,969 (2019 - \$273,500) and share-based compensation of \$180,181 (2019 - \$123,755).

7. 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.

8. RISK MANAGEMENT

Financial Risk Management

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

a. Credit Risk

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

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

KORE MINING LTD.**Notes to the Condensed Interim Consolidated Financial Statements****June 30, 2020***(Unaudited)**(Expressed in Canadian dollars unless otherwise noted)***8. RISK MANAGEMENT (cont'd...)****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 June 30, 2020, the Company had working capital of \$2,235,899 and it does not have any long term monetary liabilities. Subsequent to June 30, 2020, the Company raised an additional \$7,500,000 pursuant to a private placement (Note 5). 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 June 30, 2020, the Company had cash of \$4,172,197 to settle current liabilities of \$2,039,234. The Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. See Note 2.

c. Interest Rate Risk

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments. The Company holds its cash and cash equivalents on which it earns variable rates of interest, and may therefore be subject to a certain amount of risk, though this risk is 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 June 30, 2020, 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 \$58,008 in the Company's net loss.

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.

9. 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 and Canada. The following table shows the geographic breakdown of the Company's non-current assets:

	June 30, 2020					
	Canada		USA	Total		
Mineral properties	\$	868,743	\$	1,882,495	\$	2,751,238

	December 31, 2019					
	Canada		USA	Total		
Mineral properties	\$	868,743	\$	504,271	\$	1,373,014