

KORE MINING LTD.

Condensed Interim Consolidated Financial Statements

March 31, 2022

(Unaudited)



**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

Under 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 standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

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

As at		March 31, 2022	December 31, 2021
		\$	\$
	Note		
Current assets			
Cash and cash equivalents		2,345,763	3,592,702
Amounts receivable		207,505	186,970
Prepaid expenses		116,714	125,818
Total current assets		2,669,982	3,905,490
Non-current assets			
Deposits		229,708	230,985
Equipment		274,094	323,187
Mineral properties	4	1,736,250	1,755,089
Total assets		4,910,034	6,214,751
Current liabilities			
Accounts payable		330,859	745,695
Lease liability		182,051	215,657
Total liabilities		512,910	961,352
Shareholders' equity			
Share capital	5	18,830,312	18,721,695
Warrants		1,353,652	1,353,652
Reserves		2,774,503	2,531,798
Deficit		(18,415,885)	(17,225,442)
Accumulated other comprehensive loss		(145,458)	(128,304)
Total shareholders' equity		4,397,124	5,253,399
Total shareholders' equity and liabilities		4,910,034	6,214,751

Going concern 2

Approved by the Board of Directors:

“James Hynes”
Director

“Scott Trebilcock”
Director

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

KORE MINING LTD.**Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)***(Unaudited)**(Expressed in Canadian dollars except for number of shares)*

		For the three months ended March 31, 2022	For the three months ended March 31, 2021
		\$	\$
	Note		
Expenses			
Depreciation		47,431	11,962
Exploration and evaluation expenses	4	232,955	1,020,014
General and administration		108,950	194,061
Management fees and wages	6	357,031	266,493
Marketing and professional fees		152,647	575,145
Share-based payments	5	281,322	340,825
		(1,180,336)	(2,408,500)
Other income (expense)			
Foreign exchange loss		(4,127)	(12,312)
Interest and finance income		1,700	7,576
Interest expense		(7,680)	(3,797)
Flow through income		-	
Gain on distribution of Karus Gold	1	-	9,355,106
Net income (loss) for the period		(1,190,443) \$	6,938,073
Item that may be subsequently reclassified to net income (loss)			
Cumulative translation adjustment		(17,154)	30,930
Comprehensive income (loss) for the period		(1,207,597) \$	6,969,003
Basic and diluted income (loss) per common share	\$	(0.01) \$	0.07
Weighted average number of common shares outstanding - basic		114,947,325	106,098,318
Weighted average number of common shares outstanding - diluted		114,947,325	108,495,123

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)

	For the three months ended March 31, 2022	For the three months ended March 31, 2021
	\$	\$
CASH USED IN OPERATING ACTIVITIES		
Income (loss) for the period	(1,190,443)	6,938,073
Items not involving cash:		
Depreciation	47,431	11,962
Gain on distribution of Karus Gold	-	(9,355,106)
Interest expense	7,680	3,797
Share-based payments	281,322	340,825
Changes in non-cash working capital items:		
Amounts receivable	(20,535)	(16,743)
Prepaid expenses and advances	9,104	159,381
Deposits	1,277	-
Accounts payable	(414,836)	(391,322)
	(1,279,000)	(2,309,133)
FINANCING ACTIVITIES		
Payment of lease liabilities	(40,629)	(11,880)
Proceeds from the exercise of options	70,000	65,250
Repayment of Karus Gold loan	-	500,000
Loan to Karus Gold	-	(500,000)
	29,371	53,370
Impact of changes in foreign exchange	2,690	72,134
Change in cash	(1,246,939)	(2,183,629)
Cash at beginning of the period	3,592,702	4,906,361
Cash at end of period	2,345,763	2,722,732
Supplemental cash flow information:		
Distribution of assets to Karus Gold	-	10,435,000

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)*

	<u>Common Shares</u>					Accumulated other comprehensive loss	Total Equity
	Number	Amount \$	Warrants \$	Reserves \$	Deficit \$		
December 31, 2020	106,074,912	22,220,248	1,053,620	1,281,542	(17,520,808)	(90,257)	6,944,345
Exercise of options	150,000	102,855	-	(37,605)	-	-	65,250
Distribution of Karus Gold Corp.	-	(10,435,000)	-	-	-	-	(10,435,000)
Share-based payments	-	-	-	340,825	-	-	340,825
Net income for the period	-	-	-	-	6,938,073	-	6,938,073
Other comprehensive loss	-	-	-	-	-	30,930	30,930
March 31, 2021	106,224,912	11,888,103	1,053,620	1,584,762	(10,582,735)	(59,327)	3,884,423
December 31, 2021	114,829,347	18,721,695	1,353,652	2,531,798	(17,225,442)	(128,304)	5,253,399
Exercise of options	500,000	108,617	-	(38,617)	-	-	70,000
Share-based payments	-	-	-	281,322	-	-	281,322
Loss for the period	-	-	-	-	(1,190,443)	-	(1,190,443)
Other comprehensive loss	-	-	-	-	-	(17,154)	(17,154)
March 31, 2022	115,329,347	18,830,312	1,353,652	2,774,503	(18,415,885)	(145,458)	4,397,124

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, 2022

(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 TSX Venture Exchange (“TSXV”) under the symbol ‘KORE’. The Company is focused on the exploration and development of its California gold projects, Imperial and Long Valley.

In January 2021, the Company transferred its Canadian exploration properties to Karus Gold Corp. (“Karus”). These properties included the FG Gold and Gold Creek projects in the South Cariboo property, as well as its Yukon property and related equipment and exploration deposits, in exchange for 53,112,455 shares of Karus, which were distributed to the Company’s shareholders on the basis of one share of Karus for every two shares of the Company (the “Spinout”). The fair value of such shares of Karus Gold was determined to be \$10,435,000 in exchange for the net assets sold of \$1,079,894, resulting in the recognition of gain of \$9,355,106 by KORE.

The Company’s registered office is located at Suite 2500, 700 West Georgia Street, Vancouver BC V6C 3E8.

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

2. GOING CONCERN

These 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, 2022, the Company had working capital of \$2,157,072 (current assets less current liabilities) and has incurred net losses since inception with a deficit of \$18,415,885. For the three months ended March 31, 2022, the Company used cash flows in operations of \$1,279,000. The Company’s ability to continue to carry out its planned exploration and development activities for at least the next twelve months is uncertain and dependent upon the continued financial support of its shareholders and on securing additional financing. Although the Company continues to work towards financing its operations, there is no assurance that any such initiatives will be sufficient and, as a result, this material uncertainty may give 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 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, 2022***(Unaudited)**(Expressed in Canadian dollars unless otherwise noted)***3. BASIS OF PRESENTATION**

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”) 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, 2021, which have been prepared in accordance with IFRS. The accounting policies adopted are consistent with those of the previous financial year.

These condensed interim consolidated financial statements have been authorized for issue by the Audit Committee of the Company on May 27, 2022.

Basis of Measurement

These condensed interim 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 condensed interim 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 condensed interim 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.

The significant estimates and critical judgments made by management in applying the Company’s accounting policies and key sources of estimation uncertainty were consistent with those applied to the annual audited consolidated financial statements for the year ended December 31, 2021.

4. MINERAL PROPERTIES

The balance and summary of the changes to mineral properties was as follows:

	Long Valley USA	Imperial USA	FG Gold Canada	Gold Creek Canada	Total
Balance, December 31, 2020	\$ 498,340	\$ 1,284,135	\$ 554,833	\$ 498,136	\$ 2,835,444
Transfer to Karus Gold	-	-	(554,833)	(498,136)	(1,052,969)
Foreign exchange adjustment	(7,301)	(20,085)	-	-	(27,386)
Balance, December 31, 2021	\$ 491,039	\$ 1,264,050	\$ -	\$ -	\$ 1,755,089
Foreign exchange adjustment	(5,023)	(13,816)	-	-	(18,839)
Balance, March 31, 2022	\$ 486,016	\$ 1,250,234	\$ -	\$ -	\$ 1,736,250

Imperial Project

In March 2017, the Company purchased Imperial USA Corp. which owns the Imperial project located in California. In settlement of the purchase price, the Company paid US\$150,000. The Company issued a 1% net smelter return royalty (“NSR”) on the property in connection with this acquisition. The remaining payments under the agreement comprise US\$1,000,000 payable upon the announcement of a revised Preliminary Economic Assessment (“PEA”) or similar report (milestone achieved and payment made during the year ended December 31, 2020) and US\$1,000,000 payable 30 days after the date that gold is poured from ore mined from the related properties. The vendor has the option to receive shares in the Company in settlement of this remaining payment of US\$1,000,000 up to achieving a

KORE MINING LTD.**Notes to the Condensed Interim Consolidated Financial Statements****March 31, 2022***(Unaudited)**(Expressed in Canadian dollars unless otherwise noted)*

maximum 4.9% ownership interest in the Company, above which level further share consideration is at the option of the Company.

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 on the Imperial Project for a total cost of \$4,000,000 (the “Macquarie Royalty”). The agreement provides for certain rights for Macquarie to provide project development financing, rights of refusal and offer on additional royalty issuances and sales, and prescribes the proceeds to be used primarily to advance permitting of the Imperial Project.

Long Valley Project

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

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

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

	For the three months ended March 31, 2022	For the three months ended March 31, 2021
	\$	\$
Claim, staking, holding and taxes	-	464,331
Community engagement	-	72,472
Engineering and development	48,458	106,790
Geophysics and ground prospecting	29,215	89,670
Permitting and environment	5,037	191,775
Project administration and support	8,760	16,350
Contractors, professional fees and wages	78,724	62,513
Technical reports and studies	51,629	27,658
Travel, logistics & camp costs	11,132	21,108
Recovery of costs in connection with Spinout	-	(32,653)
	232,955	1,020,014

KORE MINING LTD.**Notes to the Condensed Interim Consolidated Financial Statements****March 31, 2022***(Unaudited)**(Expressed in Canadian dollars unless otherwise noted)***5. SHARE CAPITAL****Authorized**

Unlimited number of common shares with no par value.

Issued and outstanding

During the three months ended March 31, 2021, the Company issued 500,000 pursuant to the exercise of previously granted incentive stock options at an exercise price \$0.14 per share. The fair value of these stock options, calculated based on Black-Scholes option pricing model, was \$38,6167, which was reclassified from reserves to share capital.

The market price of the Company's shares at the time of the exercise of these stock options was \$0.37 per share.

Stock Options

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

A summary of stock option activity for the three months ended March 31, 2022 was as follows:

Balance, December 31, 2021	10,275,000	\$	0.44
Granted	600,000	\$	0.37
Exercised	(500,000)	\$	0.14
Balance, March 31, 2022	10,375,000	\$	0.45

KORE MINING LTD.**Notes to the Condensed Interim Consolidated Financial Statements****March 31, 2022***(Unaudited)**(Expressed in Canadian dollars unless otherwise noted)*

As at March 31, 2022, the following stock options were outstanding:

Expiry date	Number of options outstanding	Number of options exercisable	Exercise price \$
December 23, 2022	500,000	500,000	0.50
November 1, 2023	750,000	750,000	0.50
January 13, 2024	1,500,000	1,500,000	0.14
May 9, 2024	150,000	150,000	0.25
July 3, 2024	2,600,000	2,600,000	0.27
July 29, 2024	375,000	125,000	0.62
October 18, 2024	500,000	500,000	0.29
April 27, 2025	850,000	583,333	0.44
September 3, 2025	400,000	250,000	1.50
December 1, 2025	200,000	200,000	1.34
February 17, 2026	250,000	166,667	1.00
July 29, 2026	1,450,000	483,333	0.62
November 16, 2026	250,000	62,500	0.48
January 20, 2027	600,000	200,000	0.37
	10,375,000	8,070,833	0.45

Warrants

As at March 31, 2022 and December 31, 2021, the Company had 8,519,726 warrants outstanding, as follows:

Expiry date	Number of warrants outstanding	Exercise price \$
July 22, 2022	3,000,000	1.50
July 28, 2022	500,000	1.50
June 18, 2023	4,550,975	1.35
June 18, 2023	468,751	0.95
	8,519,726	\$ 1.39

Restricted Share Units

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

KORE MINING LTD.**Notes to the Condensed Interim Consolidated Financial Statements****March 31, 2022***(Unaudited)**(Expressed in Canadian dollars unless otherwise noted)*

A summary of restricted share unit activity during the three months ended March 31, 2022 was as follows:

	Number of RSUs
Balance, December 31, 2021	232,233
Granted	859,460
Balance, March 31, 2022	1,091,693

These RSUs expire between December 30, 2023 and January 20, 2025.

Share-Based Compensation

During the three months ended March 31, 2022, the Company granted 600,000 options to employees, consultants and management and 859,460 RSUs. The fair value of the incentive stock options was determined to be \$123,580 using the Black-Scholes valuation (\$0.21 per option). The fair value of the RSUs was based on the price of the Company's common shares on the date of grant and was \$318,000 (\$0.37 per share). During the three months ended March 31, 2022, the Company recognized \$281,322 (2021 - \$340,825) as share-based payments expense in relation to the vesting of these and the previously granted stock options and RSUs, due to the graded vesting of these instruments.

The fair value of the stock options granted during the three months ended March 31, 2022 was determined using the following assumptions:

	March 31, 2022
Risk free interest rate	1.53%
Expected life	4.0
Annualized volatility	75%
Dividend rate	0%

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

The Company shares office space and personnel with Karus and as a result, any related cost incurred is also shared. During the three months ended March 31, 2022, such administrative transactions with Karus amounted to \$23,941 (2021 - 61,536). As at March 31, 2022, total amount receivable from Karus was \$165,253 (December 31, 2021 - \$141,312). This amount is unsecured, non-interest bearing, and due on demand.

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. During the three months ended March 31, 2022, total key management compensation was \$370,610 (2021 - \$319,059), which includes management fees and salaries of \$206,689 (2021 - \$206,678), and share-based compensation of \$163,921 (2021 - \$112,381).

As at March 31, 2022, a total of \$51,389 (December 31 2021 - \$110,860) was payable to key management personnel.

KORE MINING LTD.

Notes to the Condensed Interim Consolidated Financial Statements

March 31, 2022

(Unaudited)

(Expressed in Canadian dollars unless otherwise noted)

7. 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 and cash equivalents and the amount receivable from Karus, a related party.

The Company has assessed its exposure to credit risk on its cash and cash equivalents and has determined that such risk is minimal. The majority of the Company's cash is held with reputable financial institutions in Canada. The Company also considers the credit related to the amount receivable from Karus as insignificant and expects to collect the amount within one year.

b. Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. As at March 31, 2022, the Company had working capital of \$2,157,072 and it does not have any long term monetary liabilities. The Company will seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. The Company's approach to managing liquidity risk is to endeavor to ensure that it will have sufficient liquidity to meet liabilities when they fall due. As at March 31, 2022, the Company had cash of \$2,345,763 to settle current liabilities of \$512,910. The Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. (See Note 2).

c. Interest Rate Risk

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

d. Foreign Currency Risk

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

As at March 31, 2022, 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 approximately \$10,700 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.

KORE MINING LTD.**Notes to the Condensed Interim Consolidated Financial Statements****March 31, 2022***(Unaudited)**(Expressed in Canadian dollars unless otherwise noted)***8. SEGMENTED INFORMATION**

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

	March 31, 2022		
	Canada	USA	Total
Mineral properties	\$ -	\$ 1,736,250	\$ 1,736,250
Equipment	121,224	\$ 152,870	274,094
Total	\$ 121,224	\$ 1,889,120	\$ 2,010,344

	December 31, 2021		
	Canada	USA	Total
Mineral properties	\$ -	\$ 1,755,089	\$ 1,755,089
Equipment	138,374	184,813	323,187
Total	\$ 138,374	\$ 1,939,902	\$ 2,078,276