

**KORE MINING LTD.**

**Condensed Interim Consolidated Financial Statements**

**June 30, 2024**

*(Unaudited – Prepared by Management)*



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

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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 condensed interim consolidated 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 Statement of Financial Position***(Unaudited – Prepared by Management)**(Expressed in Canadian dollars)*

| <b>As at,</b>                                     | <b>Note</b> | <b>June 30,<br/>2024</b> | <b>December 31,<br/>2023</b> |
|---|-------------|--------------------------|------------------------------|
|   |             | <b>\$</b>                | <b>(Audited)</b>             |
|   |             | <b>\$</b>                | <b>\$</b>                    |
| <b>Current assets</b>                             |             |                          |                              |
| Cash and cash equivalents                         |             | 6,457                    | 22,211                       |
| Accounts receivable                               |             | 22,524                   | 16,071                       |
| Prepaid expenses                                  |             | 28,732                   | 13,831                       |
|   |             | 57,713                   | 52,113                       |
| <b>Non-current assets</b>                         |             |                          |                              |
| Deposits  | 5           | 28,750                   | 188,933                      |
| Equipment   | 6           | 35,256                   | 54,713                       |
| Mineral properties                                | 7           | 1,897,783                | 1,834,924                    |
| <b>Total non-current assets</b>                   |             | <b>1,961,789</b>         | <b>2,078,570</b>             |
| <b>Total Assets</b>                               |             | <b>2,019,502</b>         | <b>2,130,683</b>             |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>       |             |                          |                              |
| <b>Current liabilities</b>                        |             |                          |                              |
| Accounts payable and accrued liabilities          | 11          | 515,318                  | 527,042                      |
| Promissory note                                   | 9           | 330,063                  | 297,585                      |
| Related party advances payable                    | 11          | 53,751                   | -                            |
| Lease liability                                   | 8           | 6,008                    | 16,788                       |
| <b>Total liabilities</b>                          |             | <b>905,140</b>           | <b>841,415</b>               |
| <b>Shareholders' Equity</b>                       |             |                          |                              |
| Share capital                                     | 10          | 19,478,853               | 19,416,853                   |
| Obligation to issue shares                        | 11          | 245,000                  | 140,000                      |
| Warrants  |             | 1,477,505                | 1,477,505                    |
| Reserves  |             | 3,282,513                | 3,268,196                    |
| Accumulated deficit                               |             | (23,427,372)             | (23,006,775)                 |
| Accumulated other comprehensive income (loss)     |             | 57,863                   | (6,511)                      |
| <b>Total shareholders' equity</b>                 |             | <b>1,114,362</b>         | <b>1,289,268</b>             |
| <b>Total shareholders' equity and liabilities</b> |             | <b>2,019,502</b>         | <b>2,130,683</b>             |

Approved by the Board of Directors:

“James Hynes”

Director

“Kevin Cornish”

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 – Prepared by Management)**(Expressed in Canadian dollars unless otherwise stated)*

|  | Note | For the three<br>months ended June<br>30, 2024<br>\$ | For the three<br>months ended June<br>30, 2023<br>\$ | For the six months<br>ended June 30,<br>2024<br>\$ | For the six<br>months ended<br>June 30, 2023<br>\$ |
|--|------|--|--|--|--|
| <b>Expenses</b>  |      |  |  |  |  |
| Depreciation   |      | 10,682   | 46,553   | 21,207   | 80,816   |
| Exploration and evaluation expenses  | 7    | 32,551   | 40,461   | 72,830   | 76,681   |
| General and administration   |      | 14,643   | 49,533   | 80,114   | 108,140  |
| Management fee and wages   | 11   | 50,702   | 51,229   | 101,637  | 102,441  |
| Marketing and professional fees  |      | 21,779   | 111,629  | 29,840   | 209,362  |
| Share-based payments, net of forfeitures                                       | 10   | 29,255   | (16,955)   | 76,317   | 25,462   |
| <b>Total expenses</b>  |      | (159,612)  | (282,450)  | (381,945)  | (602,902)  |
| <b>Other Income (expense)</b>  |      |  |  |  |  |
| Foreign exchange loss  |      | (4,961)  | (887)  | (14,647)   | (1,462)  |
| Loss on fixed ads  |      | -  | (2,774)  | -  | (2,774)  |
| Interest and finance income  |      | -  | 1,240  | -  | 3,365  |
| Interest expense   | 8,9  | (8,672)  | (14,290)   | (24,005)   | (16,743)   |
| <b>Net loss for the period</b>   |      | (173,245)  | (299,161)  | (420,597)  | (620,516)  |
| <b>Items that may be subsequently reclassified to net income (loss)</b>        |      |  |  |  |  |
| Cumulative translation adjustment  |      | 18,582   | (40,308)   | 64,374   | (41,881)   |
| <b>Comprehensive loss for the period</b>                                       |      | (154,663)  | (339,469)  | (356,223)  | (662,397)  |
| <b>Basic and diluted loss per share for the period</b>                         |      |  |  |  |  |
|  |      | (0.00)   | (0.00)   | (0.00)   | (0.00)   |
| <b>Weighted average number of common shares outstanding, basic and diluted</b> |      |  |  |  |  |
|  |      | 202,360,423  | 201,826,357  | 202,093,390  | 201,826,357  |

*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 – Prepared by Management)**(Expressed in Canadian dollars)*

| <b>For the six month period ended,</b>                                     | <b>Note</b> | <b>June 30, 2024</b> | <b>June 30, 2023</b> |
|--|-------------|----------------------|----------------------|
|  |             | <b>\$</b>            | <b>\$</b>            |
| <b>Operating Activities</b>  |             |                      |                      |
| Loss for the period  |             | <b>(420,597)</b>     | (620,516)            |
| Items not affecting cash:  |             |                      |                      |
| Depreciation   | 6           | <b>21,204</b>        | 80,816               |
| Interest expense   | 8,9         | <b>22,888</b>        | 4,848                |
| Loss on fixed asset disposal   |             | -                    | 2,774                |
| Share-based payments, net of forfeitures                                   | 10          | <b>76,317</b>        | 25,462               |
| Unrealized foreign exchange gain (loss)                                    |             | <b>(53,570)</b>      | (7,614)              |
| Changes in non-cash working capital items:                                 |             |                      |                      |
| Amounts receivable   |             | <b>(6,453)</b>       | 154,050              |
| Prepaid expenses and advances  |             | <b>(14,901)</b>      | 49,652               |
| Deposit  |             | <b>160,183</b>       | -                    |
| Accounts payable   |             | <b>93,277</b>        | (209,036)            |
| <b>Cash used in operating activities</b>                                   |             | <b>(121,652)</b>     | (519,564)            |
| <b>Financing Activities</b>  |             |                      |                      |
| Related party advances received  |             | <b>53,751</b>        | -                    |
| Payment of lease liabilities   | 8           | <b>(12,227)</b>      | (73,266)             |
| <b>Cash generated by financing activities</b>                              |             | <b>41,524</b>        | (73,266)             |
| <b>Impacts of changes in foreign exchange on cash and cash equivalents</b> |             | <b>64,374</b>        | 8,578                |
| <b>Net change in cash during the period</b>                                |             | <b>(15,754)</b>      | (584,252)            |
| Cash, beginning of the period  |             | <b>22,211</b>        | 743,336              |
| <b>Cash, ending of the period</b>  |             | <b>6,457</b>         | 159,084              |
| <b>Supplementary cash flow information</b>                                 |             |                      |                      |
| Shares to be issued to settle accounts payable                             |             | <b>105,000</b>       | -                    |
| Taxes paid   |             | -                    | -                    |
| Interest paid  |             | -                    | -                    |

*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****June 30, 2024***(Unaudited – Prepared by Management)**(Expressed in Canadian dollars unless otherwise noted)*

|  | Share capital      |                   | Obligation     | Warrants         | Reserves         | Accumulated         | Accumulated other | Total Equity     |
|--|--------------------|-------------------|----------------|------------------|------------------|---------------------|-------------------|------------------|
|  | Number             | Amount            | to issue       |                  |                  | deficit             | comprehensive     |                  |
|  | of shares          |                   | shares         |                  |                  |                     | income (loss)     |                  |
|  | #                  | \$                | \$             | \$               | \$               | \$                  | \$                | \$               |
| <b>Balance, December 31, 2022</b>        | <b>201,826,357</b> | <b>19,416,853</b> | -              | <b>1,477,505</b> | <b>3,082,196</b> | <b>(21,442,045)</b> | <b>35,352</b>     | <b>2,569,861</b> |
| Share-based payments, net of forfeitures | -                  | -                 | -              | -                | 25,462           | -                   | -                 | 25,462           |
| Net loss for the period                  | -                  | -                 | -              | -                | -                | (620,516)           | -                 | (620,516)        |
| Other comprehensive loss                 | -                  | -                 | -              | -                | -                | -                   | (41,881)          | (41,881)         |
| <b>Balance, June 30, 2023</b>            | <b>201,826,357</b> | <b>19,416,853</b> | -              | <b>1,477,505</b> | <b>3,107,658</b> | <b>(22,062,561)</b> | <b>(6,529)</b>    | <b>1,932,926</b> |
| Balance, December 31, 2023               | <b>201,826,357</b> | <b>19,416,853</b> | <b>140,000</b> | <b>1,477,505</b> | <b>3,268,196</b> | <b>(23,006,775)</b> | <b>(6,511)</b>    | <b>1,289,268</b> |
| Share-based payments, net of forfeitures | -                  | -                 | -              | -                | 76,317           | -                   | -                 | 76,317           |
| RSU exercise                             | 600,000            | 62,000            | -              | -                | (62,000)         | -                   | -                 | -                |
| Shares to be issued                      | -                  | -                 | 105,000        | -                | -                | -                   | -                 | 105,000          |
| Loss for the period                      | -                  | -                 | -              | -                | -                | (420,597)           | -                 | (420,597)        |
| Other comprehensive income               | -                  | -                 | -              | -                | -                | -                   | 64,374            | 64,374           |
| <b>Balance, June 30, 2024</b>            | <b>202,426,357</b> | <b>19,478,853</b> | <b>245,000</b> | <b>1,477,505</b> | <b>3,282,513</b> | <b>(23,427,372)</b> | <b>57,863</b>     | <b>1,114,362</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**

**June 30, 2024**

*(Expressed in Canadian dollars unless otherwise noted)*

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#### **1. NATURE OF OPERATIONS**

KORE Mining Ltd. (“KORE” or 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. 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 mineral properties 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 such properties. The amounts shown as mineral properties represent costs incurred in acquiring the properties, 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 June 30, 2024, the Company had a working capital deficiency of \$847,427 (current assets less current liabilities) and has incurred net losses since inception of \$23,427,372. For the period ended June 30, 2024, the Company used cash flows in operations of \$121,652 (June 30, 2023 - \$519,564).

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. Over the past three fiscal years, the Company has raised in excess of \$7.4 million from equity financings, net of issuance cost. 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 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 as issued by the International Accounting Standards Board (“IFRS”) applicable to interim financial reports, including International Accounting Standard 34, “Interim Financial Reporting”. These condensed interim consolidated financial statements should be read in conjunction with the annual audited financial statements for the year ended December 31, 2023, 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 Board of Directors of the Company on August 30, 2024.

**KORE MINING LTD.****Notes to the Condensed Interim Consolidated Financial Statements****June 30, 2024***(Expressed in Canadian dollars unless otherwise noted)***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, 2023.

**5. DEPOSITS**

|                                 | <b>June 30, 2024</b> | <b>December 31, 2023</b> |
|---------------------------------|----------------------|--------------------------|
|                                 | <b>\$</b>            | <b>\$</b>                |
| Reclamation bond <sup>(1)</sup> | -                    | 122,223                  |
| GICs                            | 28,750               | 66,710                   |
| Closing Balance                 | 28,750               | 188,933                  |

(1) The Company's US subsidiary, KORE USA Ltd, has posted a reclamation bond of \$Nil (2023 - \$122,223) (US\$92,410) with the USDA Forest Services for a future drill program at the Long Valley project. The reclamation bond is considered to be a held to maturity financial instrument and will be returned to the Company upon restoration. During the period ended June 30, 2024, the Company liquidated the reclamation bond.



**KORE MINING LTD.****Notes to the Condensed Interim Consolidated Financial Statements****June 30, 2024***(Expressed in Canadian dollars unless otherwise noted)***6. EQUIPMENT**

|                                 | Equipment<br>\$ | Vehicles<br>\$ | Right of use-<br>office lease<br>\$ | Total<br>\$ |
|---------------------------------|-----------------|----------------|-------------------------------------|-------------|
| <b>Cost:</b>                    |                 |                |                                     |             |
| Balance December 31, 2022       | 70,270          | 99,544         | 316,514                             | 486,329     |
| Additions                       | -               | -              | 24,302                              | 24,302      |
| Equipment forfeiture            | (2,774)         | -              | -                                   | (2,774)     |
| Foreign exchange                | 1,892           | (2,337)        | (6,915)                             | (7,360)     |
| Balance, December 31, 2023      | 69,388          | 97,207         | 333,901                             | 500,496     |
| Foreign exchange                | 2,177           | 3,388          | 5,014                               | 10,579      |
| Balance, June 30, 2024          | 71,565          | 100,595        | 338,915                             | 511,075     |
| <b>Accumulated depreciation</b> |                 |                |                                     |             |
| Balance, December 31, 2022      | 59,120          | 40,387         | 247,003                             | 346,510     |
| Additions                       | 9,197           | 19,838         | 76,000                              | 105,035     |
| Foreign exchange                | 1,071           | (1,345)        | (5,488)                             | (5,762)     |
| Balance, December 31, 2023      | 69,388          | 58,880         | 317,515                             | 445,783     |
| Additions                       | -               | 9,984          | 11,220                              | 21,204      |
| Foreign exchange                | 2,177           | 2,127          | 4,528                               | 8,832       |
| Balance, June 30, 2024          | 71,565          | 70,991         | 333,263                             | 475,819     |
| <b>Net book value:</b>          |                 |                |                                     |             |
| Balance, December 31, 2022      | 11,150          | 59,158         | 69,511                              | 139,820     |
| Balance, December 31, 2023      | -               | 38,327         | 16,386                              | 54,713      |
| Balance, June 30, 2024          | -               | 29,604         | 5,652                               | 35,256      |

**7. MINERAL PROPERTIES**

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

|                            | Long Valley,<br>USA<br>\$ | Imperial,<br>US<br>\$ | Total<br>\$ |
|----------------------------|---------------------------|-----------------------|-------------|
| Balance December 31, 2022  | 523,884                   | 1,354,400             | 1,878,284   |
| Foreign exchange           | (43,075)                  | (285)                 | (43,360)    |
| Balance, December 31, 2023 | 480,809                   | 1,354,115             | 1,834,924   |
| Foreign exchange           | 16,759                    | 46,100                | 62,859      |
| Balance, June 30, 2024     | 497,568                   | 1,400,215             | 1,897,783   |

**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 comprised 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 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, 2024***(Expressed in Canadian dollars unless otherwise noted)*

In May 2019, the Company received an investment from 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.

**Exploration and Evaluation Expenses**

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

|  | For the three months ended |                  | For the six months ended |                  |
|--|----------------------------|------------------|--------------------------|------------------|
|  | June 30,<br>2024           | June 30,<br>2023 | June 30,<br>2024         | June 30,<br>2023 |
|  | \$                         | \$               | \$                       | \$               |
| Claim holding and taxes                  | 2,174                      | 13,230           | 2,174                    | 15,436           |
| Contractors, professional fees and wages | 30,377                     | 26,810           | 70,656                   | 60,404           |
| Project administration and support       | -                          | 421              | -                        | 841              |
|  | <b>32,551</b>              | <b>40,461</b>    | <b>72,830</b>            | <b>76,681</b>    |

**8. LEASE LIABILITY**

|                            | Total<br>\$ |
|----------------------------|-------------|
| Balance December 31, 2022  | 78,341      |
| Additions                  | 17,895      |
| Lease payments             | (89,904)    |
| Interest expense           | 4,655       |
| Foreign exchange           | 5,801       |
| Balance, December 31, 2023 | 16,788      |
| Lease payments             | (12,227)    |
| Interest expense           | 946         |
| Foreign exchange           | 501         |
| Balance, June 30, 2024     | 6,008       |

**KORE MINING LTD.****Notes to the Condensed Interim Consolidated Financial Statements****June 30, 2024***(Expressed in Canadian dollars unless otherwise noted)*

Effective September 2020, the Company entered into an office lease in Imperial County, California with a monthly payment of US\$3,150 for a period of three years. Effective September 2023, the Company entered into an office lease in Imperial County, California, with a monthly payment of US \$1,500 for a 1-year period.

Effective July 2021, the Company entered into an office lease in Vancouver, British Columbia with a monthly payment of \$9,559 for a period of 23 months. During the year ended December 31, 2023, the Company did not renew this lease.

The Company capitalized the leases in accordance with its accounting policy and recognized a corresponding right of use asset in capitalized assets.

**9. PROMISSORY NOTE**

On August 23, 2023, the Company entered into a promissory note (“Note”) with Karus Gold Corp., for total proceeds of \$306,450 (“Loan”) (US \$225,000). The loan did not bear interest, matured on October 12, 2023, and is personally guaranteed by a member of management. In the event the Note is not repaid by October 12, 2023, the Loan bears interest of 10% per annum. During the period ended June 30, 2024, Karus has demanded the repayment of the Loan.

|                            | <b>Total</b> |
|----------------------------|--------------|
|                            | <b>\$</b>    |
| Balance December 31, 2022  | -            |
| Additions                  | 306,450      |
| Foreign exchange           | (8,865)      |
| Balance, December 31, 2023 | 297,585      |
| Interest                   | 21,943       |
| Foreign exchange           | 10,535       |
| Balance, June 30, 2024     | 330,063      |

**10. SHARE CAPITAL****Authorized**

Unlimited number of common shares with no par value.

**Issued and outstanding**

During the period ended June 30, 2024, the Company issued 600,000 common shares pursuant to the exercise of 600,000 RSUs. Upon exercise, the Company reclassified the grant date fair value of the RSUs of \$62,000 from reserves.

The Company did not issue any share transactions during the year ended December 31, 2023.

**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.

**KORE MINING LTD.****Notes to the Condensed Interim Consolidated Financial Statements****June 30, 2024***(Expressed in Canadian dollars unless otherwise noted)*

On April 10, 2024, the Company issued 1,500,000 stock options to a director of the Company with an exercise price of \$0.05 that expires five years from the date of grant. The stock options vested immediately. The grant date fair value of the options was measured at \$55,549 and the options were measured using the Black-Scholes Option Pricing Model with the following assumptions: Stock price - \$0.05; exercise price - \$0.05; expected life – 5 years; volatility – 149%; dividend yield – \$0; and risk-free rate – 3.79%.

A summary of stock option activity was as follows:

|                            | Number of<br>options<br># | Weighted<br>average<br>exercise<br>price<br>\$ |
|----------------------------|---------------------------|--|
| Balance December 31, 2022  | 8,825,000                 | 0.40   |
| Granted                    | 400,000                   | 0.05   |
| Forfeited                  | (1,625,000)               | (0.55)   |
| Expired                    | (750,000)                 | (0.50)   |
| Balance, December 31, 2023 | 6,850,000                 | 0.32   |
| Granted                    | 1,500,000                 | 0.05   |
| Expired                    | (5,375,000)               | (0.30)   |
| Balance, June 30, 2024     | 2,975,000                 | 0.46   |

As at June 30, 2024, the following stock options were outstanding:

| Expiry date       | Number of<br>options<br>outstanding | Number of<br>options<br>exercisable | Exercise<br>price<br>\$ |
|-------------------|-------------------------------------|-------------------------------------|-------------------------|
| July 29, 2024     | 100,000                             | 100,000                             | 0.62                    |
| September 3, 2025 | 100,000                             | 100,000                             | 1.50                    |
| July 29, 2026     | 375,000                             | 375,000                             | 0.62                    |
| January 20, 2027  | 500,000                             | 500,000                             | 0.37                    |
| July 21, 2028     | 400,000                             | 300,000                             | 0.05                    |
| April 10, 2029    | 1,500,000                           | 1,500,000                           | 0.05                    |
|                   | 2,975,000                           | 2,875,000                           |                         |

**Warrants**

A summary of warrants activity was as follows:

|  | Number of<br>warrants<br># | Weighted<br>average<br>exercise<br>price<br>\$ |
|--|----------------------------|--|
| Balance December 31, 2022                    | 16,177,663                 | 0.48   |
| Expired                                      | (5,019,726)                | 1.00   |
| Balance, December 31, 2023 and June 30, 2024 | 11,157,937                 | 0.11   |

**KORE MINING LTD.****Notes to the Condensed Interim Consolidated Financial Statements****June 30, 2024***(Expressed in Canadian dollars unless otherwise noted)*

As at December 31, 2023 and June 30, 2024, the following warrants were outstanding:

| Expiry date       | Number of warrants | Exercise price<br>\$ |
|-------------------|--------------------|----------------------|
| November 16, 2027 | 11,157,937         | 0.11                 |

**Restricted Share Units (“RSUs”)**

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

A summary of restricted share unit activity was as follows:

|                            | Number of RSUs<br># |
|----------------------------|---------------------|
| Balance December 31, 2022  | 1,091,693           |
| Granted                    | 7,000,000           |
| Expired                    | (188,000)           |
| Forfeited                  | (138,828)           |
| Balance, December 31, 2023 | 7,764,865           |
| Forfeited                  | (1,000,000)         |
| Expired                    | (329,730)           |
| Exercised                  | (600,000)           |
| Balance, June 30, 2024     | 5,835,135           |

As at June 30, 2024, the following RSUs were outstanding:

| Expiry date      | Number of RSUs | Number of RSUs exercisable |
|------------------|----------------|----------------------------|
| January 20, 2025 | 335,135        | 268,468                    |
| TBD              | 5,500,000      | 1,833,333                  |
|                  | 5,835,135      | 2,898,198                  |

**Share-Based Compensation**

During the period ended June 30, 2024, the Company recognized \$76,317 (2023 - \$25,462) 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.

**KORE MINING LTD.****Notes to the Condensed Interim Consolidated Financial Statements****June 30, 2024***(Expressed in Canadian dollars unless otherwise noted)***11. RELATED PARTY TRANSACTIONS AND BALANCES****Related Party Transactions**

During the year ended December 31, 2023, Karus provided a loan to the Company in the Principal Amount of USD\$225,000 (equivalent to \$306,450) in August 2023, which is recorded as Promissory Note. In the event that the Principal Amount is not repaid in full by October 12, 2023, the outstanding Principal Amount will bear interest at a rate of 10% per annum until repaid in full. The Principal Amount remains outstanding as of the date of approval of these consolidated financial statements. The Company is in the process of negotiating alternative repayment terms with Karus. As at June 30, 2024, the outstanding loan balance was \$330,063 (2023 - \$297,585) (Note 9).

During the year ended December 31, 2022, the Company entered into a consulting agreement with the Chief Financial Officer ("CFO") of the Company for a monthly fee of \$7,000 through Avisar Everyday Solutions Ltd. ("Avisar"), a company where the CFO is a director and an officer, to provide accounting related services to KORE. For the period ended June 30, 2024, the Company incurred \$7,000 (2023 - \$25,500) in professional fees to Avisar.

As at June 30, 2024, the total amount payable to Avisar was \$12,000 (December 31, 2023 - \$47,300). This amount is unsecured and due on demand.

On July 21, 2023, the Company announced the intention to issue up to 2,800,000 common shares to an officer of the Company to settle \$140,000 of debt. The Company recorded an obligation to issue shares of \$140,000.

On March 28, 2024, the Company announced the intention to issue up to 2,333,333 common shares to an officer of the Company to settle \$105,000 of debt. The Company recorded an obligation to issue shares of \$105,000.

During the six months ended June 30, 2024, the Company received advances payable from a director totaling \$53,751. The advances are 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 Executive Chairman & Chief Executive Officer, Chief Financial Officer and Directors.

The key management compensation was as follows:

|                              | <b>June 30, 2024</b> | <b>June 30, 2023</b> |
|------------------------------|----------------------|----------------------|
|                              | <b>\$</b>            | <b>\$</b>            |
| Management fees and salaries | 100,000              | 100,000              |
| Share-based compensation     | 73,270               | 59,492               |
| <b>Total</b>                 | <b>173,270</b>       | <b>159,492</b>       |

As at June 30, 2024, a total of \$74,300 (December 31, 2023 - \$99,180) was payable to key management personnel.

## **KORE MINING LTD.**

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

**June 30, 2024**

*(Expressed in Canadian dollars unless otherwise noted)*

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## **12. MANAGEMENT OF CAPITAL**

The Company considers items within equity as capital.

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

The Company manages its capital structure in a manner that is intended to provide sufficient funding for operational and capital expenditure activities. When necessary, the Company may seek to secure funds, through debt funding or equity capital raised. There can be no assurances that the Company will be able to obtain debt or equity capital in the future. (See Note 2).

The Company does not pay dividends and has no long-term debt or bank credit facility. The Company is not subject to any externally imposed capital requirements. There were no changes to the Company's capital management policy during the period ended June 30, 2024.

## **13. 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 equivalent.

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 risk 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 June 30, 2024, the Company had a working capital deficiency of \$847,427 but 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 June 30, 2024, the Company had cash of \$6,457 to settle current liabilities of \$905,140. The Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

#### **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.

**KORE MINING LTD.****Notes to the Condensed Interim Consolidated Financial Statements****June 30, 2024***(Expressed in Canadian dollars unless otherwise noted)*

The fair value of KORE's reclamation bond is subject to interest rate fluctuations. The management does not believe the fluctuations in the fair value of the reclamation bond would have a significant impact on the Company's financial statements given the overall low value of the reclamation bond.

**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 June 30, 2024, 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 a decrease or increase of \$32,924 (2023 - \$534) 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.

**14. 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:

|                    | <b>June 30, 2024</b> |           |           |
|--------------------|----------------------|-----------|-----------|
|                    | Canada               | USA       | Total     |
|                    | \$                   | \$        | \$        |
| Mineral properties | -                    | 1,897,783 | 1,897,783 |
| Deposits           | 28,750               | -         | 28,750    |
| Equipment          | -                    | 35,256    | 35,256    |
| Total              | 28,750               | 1,933,039 | 1,961,789 |

  

|                    | <b>December 31, 2023</b> |           |           |
|--------------------|--------------------------|-----------|-----------|
|                    | Canada                   | USA       | Total     |
|                    | \$                       | \$        | \$        |
| Mineral properties | -                        | 1,834,924 | 1,834,924 |
| Deposits           | 66,711                   | 122,223   | 188,934   |
| Equipment          | -                        | 54,713    | 54,713    |
| Total              | 66,711                   | 2,011,860 | 2,078,571 |

**15. SUBSEQUENT EVENTS**

Subsequent to the period ended June 30, 2024, 100,000 stock options expired unexercised.