



**Notice of Special Meeting of Shareholders**  
to be held on  
January 20, 2021

online at:

<https://web.lumiagm.com/204510194>

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**Management Information Circular**

with respect to a proposed

**Plan of Arrangement**

dated December 18, 2020

These materials are important and require your immediate attention. They require you to make important decisions. If you are in doubt as to how to make such decisions, please contact your financial, legal or other professional advisors. No securities regulatory authority has in any way passed upon the merits of the transactions described in this management information circular or the accuracy or adequacy of this management information circular.

KORE Mining Ltd.

[www.KOREmining.com](http://www.KOREmining.com)





## NOTICE OF SPECIAL MEETING

**NOTICE IS HEREBY GIVEN** that the Special Meeting (the “**Meeting**”) of the holders of common shares (“**Shareholders**”) of KORE Mining Ltd. (“**KORE**” or the “**Company**”) will be held on January 20, 2021, at 10:00 a.m. (Vancouver time), via live audio webcast at <https://web.lumiagm.com/204510194>.

At the Meeting, Shareholders will be asked to consider the following matters:

1. To consider and, if deemed appropriate, to pass, with or without variation, a special resolution of the Shareholders (the “**Arrangement Resolution**”), the full text of which is attached as Schedule “A” to the Circular for a statutory arrangement (the “**Arrangement**”) under Part 9, Division 5 of the *Business Corporations Act* (British Columbia) which involves, among other things, the distribution of common shares of Karus Gold Corp. (“**Karus**”) to shareholders of the Company on the basis of one Karus common share for each two common shares of the Company held on the effective date of the Arrangement. The KORE warrant holder will also receive warrants of Karus pursuant to the Arrangement as described in more detail in the enclosed Circular.
2. Subject to the approval of the Arrangement Resolution, to consider and, if thought fit, approve, with or without amendment, an ordinary resolution to approve a stock option plan for Karus, similar to the existing plan of KORE, as more fully described in the Circular.
3. Subject to the approval of the Arrangement Resolution, to consider and, if thought fit, approve, with or without amendment, an ordinary resolution to approve an omnibus share compensation plan for Karus, similar to the existing plan of KORE, as more fully described in the Circular.
4. Subject to the approval of the Arrangement Resolution, to consider and, if thought fit, approve, with or without amendment, an ordinary resolution to approve an advance notice policy for Karus, similar to the existing policy of KORE, as more fully described in the Circular.
5. To consider any permitted amendment to or variation of any matter identified in this notice, and to transact such other business as may be properly brought before the Meeting or any adjournment or postponement thereof.

The specific details of these matters to be put before the Meeting are set forth in the Management Information Circular (the “**Circular**”) accompanying this notice. Copies of the Arrangement Resolution, the plan of arrangement, the interim order and notice of hearing of petition are attached to the Circular as Schedules “A”, “E”, “F” and “G”, respectively. The Board of Directors of the Company has approved the contents of the Circular and the distribution of the Circular to Shareholders. All Shareholders are reminded to review the Circular before voting. Registered Shareholders have a right of dissent in respect of the proposed Arrangement and to be paid the fair value of their KORE Shares. The dissent rights are described in the accompanying Circular and are attached as Schedule “H” to the Circular. **Failure to strictly comply with the required procedures may result in the loss of any right of dissent.**

You have the right to vote if you were a Shareholder of the Company at the close of business on December 17, 2020, the record date set by the Board of Directors of the Company for determining the Shareholders entitled to receive notice of and vote at the Meeting or any adjournment(s) or postponement(s) thereof.

**This year, in light of the ongoing COVID-19 pandemic and government recommendations with respect to the health and safety of Shareholders and other stakeholders, we have made the decision to hold our Meeting in a virtual only format. Shareholders, regardless of geographic location and equity ownership, will have an opportunity to participate at the Meeting and engage with management of the Company. Registered Shareholders and duly appointed proxyholders can attend the Meeting online at <https://web.lumiagm.com/204510194>. Beneficial Shareholders (as**



**defined in the accompanying Circular), being Shareholders who hold their shares through a broker, investment dealer, bank, trust company, custodian, nominee or other intermediary, who have not duly appointed themselves as proxyholder will not be able to vote at the Meeting but will be able to attend the Meeting as guests. Such Shareholders should follow the instructions on the voting instruction form or other form of proxy provided by their intermediaries with respect to the procedures to be followed for voting.**

DATED at Vancouver, British Columbia this 18<sup>th</sup> day of December, 2020.

BY ORDER OF THE BOARD

***“James Hynes”***

James Hynes  
Executive Chair



## LETTER TO SHAREHOLDERS

Dear fellow Shareholders,

On behalf of the Board of Directors (the “**Board**”) of KORE Mining Ltd. (“**KORE**” or the “**Company**”), I would like to invite you to attend the special meeting (the “**Meeting**”) of the holders of common shares of the Company (the “**Shareholders**”) to be held at 10:00 a.m. (Vancouver time) on January 20, 2021.

KORE is conducting a virtual only Meeting via live audio webcast. Registered Shareholders and duly appointed proxyholders can attend the Meeting online at <https://web.lumiagm.com/204510194> where they can participate, vote, or submit questions during the Meeting.

Many of KORE’s directors and executives will be available online and can answer your questions. We will be voting on a number of items related to the spin out of KORE’s Canadian exploration assets to Shareholders, as described in this Information Circular (the “**Circular**”). The Company’s largest shareholder, Mr. Eric Sprott, supports the matters that will be presented at the Meeting and plans to subscribe to any follow-on rights offering, as further described in the Circular.

Your feedback and your vote are important to us, and we have ensured that voting is easy and accessible. You can virtually attend the Meeting online and can vote by proxy on the internet, by phone, by fax or by mail. If you are a Registered KORE Shareholder and are unable to attend the Meeting, we encourage you to vote by completing the enclosed proxy. If you are a Non-Registered Holder (as defined below) of KORE shares and have received this letter and the Circular from your broker or another intermediary, please complete and return the proxy or the voting instruction form provided to you in accordance with the instructions.

At the Meeting, Shareholders will be asked to, among other things, pass a special resolution approving a statutory plan of arrangement (the “**Arrangement**”) whereby KORE will spin out its Canadian exploration assets, including the FG Gold and Gold Creek gold projects, consisting of a commanding 1,000 kilometers<sup>2</sup> claim position located in the Cariboo Gold District of British Columbia, into a separate Canadian gold-focused exploration company to be named Karus Gold Corp. (“**Karus**”). The Arrangement involves, among other things, the distribution of Karus common shares (the “**Karus Shares**”) to existing KORE Shareholders such that each Shareholder will hold: (i) one new common share of the Company (“**New KORE Share**”) for each common share of the Company (“**KORE Share**”) held on the effective date of the Arrangement; and (ii) one-half of a Karus Share for every KORE Share held on the effective date of the Arrangement. The KORE warrant holder will also receive Karus warrants pursuant to the Arrangement as described in more detail in the enclosed Circular.

Nothing will change in your ownership of KORE once the Arrangement is completed. New KORE Shares will have the same listing symbols and you will own the same number of securities in KORE. The issuance of New KORE Shares is simply a step in the Arrangement to transfer the assets to Karus.

KORE will continue as a leading U.S. gold developer, exploring and advancing the Imperial and Long Valley gold projects to production. Karus will focus on unlocking value in the Cariboo region of British Columbia, with opportunities to grow FG Gold, expand Gold Creek and make new discoveries on the commanding 1,000 kilometers<sup>2</sup> claim position.

After careful consideration, the Board has unanimously determined that the Arrangement is in the best interests of the Company. A description of the various factors considered by the Board in arriving at this determination is contained in the enclosed Circular. **The Board has unanimously approved the Arrangement and recommends that Shareholders vote in favour of the special resolution approving the Arrangement.**

To be effective, the Arrangement must be approved by a special resolution passed by: (i) at least 66⅔% of the votes cast by Shareholders present in person or represented by proxy at the Meeting, which



Shareholders are entitled to one vote for each KORE Share held; and (ii) a majority of the votes cast by Shareholders other than those required to be excluded pursuant to MI 61-101.

At the Meeting, in addition to the approval of the Arrangement, we will ask Shareholders, subject to the approval of the Arrangement, to approve a stock option plan, an omnibus share compensation plan and an advance notice policy for Karus.

If you have any questions about the information contained in the Circular or require assistance in completing the proxy, please contact KORE's Investor Relations team at [karusgold@koremining.com](mailto:karusgold@koremining.com) or call our dedicated support line at 1-888-455-7620. Likewise, if you have any questions about KORE's business strategy or the activities underway at our portfolio of projects, please contact me at [info@koremining.com](mailto:info@koremining.com). We are always available to answer your questions.

Thank you for your support.

Sincerely,

***"Scott Trebilcock"***

Scott Trebilcock  
President and Chief Executive Officer



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## NOTICE TO READERS

KORE Mining Ltd. (“**KORE**” or the “**Company**”) is providing this Circular and a form of proxy in connection with management’s solicitation of proxies for use at the Meeting of the Company to be held on January 20, 2021, and at any postponements or adjournments thereof. References in this Circular to the Meeting include any adjournment(s) or postponement(s) that may occur. Unless the context otherwise requires, references in this Circular to the Company include KORE’s subsidiaries. All capitalized terms used in this Circular (including the Schedules hereto) but not otherwise defined herein have the meanings set forth under “*Glossary of Defined Terms*”.

In accordance with National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer*, arrangements have been made with brokerage houses and clearing agencies, custodians, nominees, fiduciaries or other intermediaries to forward the Company’s proxy solicitation materials to the beneficial owners of the KORE Shares held of record by such parties. The Company may reimburse such parties for reasonable fees and disbursements incurred by them in doing so.

This Circular provides additional information respecting the business of the Meeting, KORE and Karus. This Circular is dated December 18, 2020 and, unless otherwise stated, the information in this Circular is as of such date. The Company will conduct its solicitation by mail and officers and employees of the Company may, without receiving special compensation, also telephone or make other personal contact. The Company will pay the cost of solicitation.

All references to financial results are based on the Company’s financial statements, prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“**IFRS**”).

No person has been authorized to give any information or to make any representation in connection with the Arrangement and any other matters described herein other than those contained in this Circular and, if given or made, any such information or representation should not be considered to have been authorized by KORE or Karus.

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

## INFORMATION FOR U.S. SHAREHOLDERS

THE ARRANGEMENT AND THE SECURITIES TO BE ISSUED IN CONNECTION WITH THE ARRANGEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION OR SECURITIES REGULATORY AUTHORITIES IN ANY STATE IN THE UNITED STATES, NOR HAS THE U.S. SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES REGULATORY AUTHORITIES OF ANY STATE IN THE UNITED STATES PASSED UPON THE FAIRNESS OR MERITS OF THE ARRANGEMENT OR UPON THE ADEQUACY OR ACCURACY OF THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The securities to be issued to Shareholders pursuant to the Arrangement described in this Circular have not been and will not be registered under the 1933 Act (as defined below) or any U.S. state securities laws, and are being issued and distributed, respectively, in reliance on the exemption from registration under the 1933 Act set forth in Section 3(a)(10) thereof and exemptions provided under the securities laws of any state of the United States in which the Shareholders reside. Section 3(a)(10) of the 1933 Act provides an exemption from registration under the 1933 Act for offers and sales of securities issued in exchange for one or more bona fide outstanding securities where the terms and conditions of the issuance and exchange of such securities have been approved by a court authorized to grant such approval after a hearing upon the fairness of the terms and conditions of the issuance and exchange at which all persons to whom the



securities will be issued have the right to appear and receive timely notice thereof. The Court is authorized to conduct a hearing at which the fairness of the terms and conditions of the Arrangement will be considered. The Court issued the Interim Order on December 18, 2020 and, subject to the approval of the Arrangement by the Shareholders at the Meeting on January 20, 2021, it is expected that the hearing on the Arrangement will be held by the Court on January 22, 2021 at 9:45 a.m. (Vancouver time) at the Law Courts, 800 Smithe Street, Vancouver, British Columbia. All Shareholders are entitled to appear and be heard at this hearing. The Final Order will constitute a basis for the exemption from the registration requirements of the 1933 Act provided by Section 3(a)(10) thereof with respect to the securities to be issued pursuant to the Arrangement. Prior to the hearing on the Final Order, the Court will be informed of this effect of the Final Order. See “*The Arrangement – Court Approval and Completion of the Arrangement*” in this Circular.

The solicitation of proxies for the Meeting made pursuant to this Circular is not subject to the requirements applicable to proxy statements under the 1934 Act (as defined below) by virtue of an exemption applicable to foreign private issuers (as defined in Rule 3b-4 under the 1934 Act). The securities to be issued to Shareholders pursuant to the Arrangement described in this Circular will not be listed for trading on any U.S. stock exchange or registered under the 1934 Act. Accordingly, the solicitations and transactions contemplated in this Circular are made in the United States for securities of a Canadian issuer in accordance with Canadian corporate and securities laws, and this Circular has been prepared solely in accordance with disclosure requirements applicable in Canada. Shareholders in the United States should be aware that such requirements are different from those of the United States applicable to registration statements under the 1933 Act and proxy statements under the 1934 Act.

The financial statements and historical financial information included or incorporated by reference in this Circular have been prepared based upon IFRS and are subject to Canadian auditing standards and auditor independence standards and thus are not comparable in all respects to financial statements prepared in accordance with U.S. Generally Accepted Accounting Principles (“GAAP”) and subject to standards of the Association of International Certified Professional Accountants. Likewise, information concerning the operations of KORE and Karus contained herein has been prepared based on IFRS disclosure standards, which are not comparable in all respects to U.S. disclosure standards.

The enforcement by investors of civil liabilities under U.S. securities laws may be adversely affected by the fact that KORE and Karus and certain of their respective subsidiaries are organized under the laws of jurisdictions outside the United States, that certain of their officers and directors are residents of countries other than the United States, that the experts named in this Circular are residents of countries other than the United States and that a certain portion of the assets of KORE and Karus and their respective subsidiaries and substantially all of the assets of certain such persons are located outside the United States. As a result, it may be difficult or impossible for Shareholders in the United States to effect service of process within the United States upon KORE or Karus, their respective officers or directors or the experts named herein, or to realize against them upon judgments of courts of the United States predicated upon civil liabilities under the federal securities laws of the United States or “blue sky” laws of any state within the United States. In addition, Shareholders in the United States should not assume that the courts of Canada: (a) would enforce judgments of U.S. courts obtained in actions against such persons predicated upon civil liabilities under the federal securities laws of the United States or “blue sky” laws of any state within the United States; or (b) would enforce, in original actions, liabilities against such persons predicated upon civil liabilities under the federal securities laws of the United States or “blue sky” laws of any state within the United States.

In addition, when used in respect of the projects in which KORE or Karus has an interest, the terms “mineral reserve” and “mineral resource” have been reported in accordance with Canadian reporting standards. Canadian reporting requirements for disclosure of mineral properties are governed by National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* (“NI 43-101”).

U.S. reporting requirements are governed by the U.S. Securities and Exchange Commission (“SEC”) Industry Guide 7 (“Guide 7”). In October 2018, the SEC approved final rules requiring comprehensive and detailed disclosure requirements for issuers with material mining operations. The provisions in Industry



Guide 7 and Item 102 of Regulation S-K, have been replaced with a new subpart 1300 of Regulation S-K under the United States Securities Act and will become mandatory for SEC registrants after January 1, 2021. The changes adopted are intended to align the SEC's disclosure requirements more closely with global standards as embodied by the Committee for Mineral Reserves International Reporting Standards (CRIRSCO), including Canada's NI 43-101 and CIM Definition Standards. Under the new SEC rules, SEC registrants will be permitted to disclose "mineral resources" even though they reflect a lower level of certainty than mineral reserves. Additionally, under the new SEC rules, mineral resources must be classified as "measured", "indicated", or "inferred", terms which are defined in and required to be disclosed by NI 43-101 for Canadian issuers and are not recognized under SEC Industry Guide 7. An "Inferred Mineral Resource" has a lower level of confidence than that applying to an "Indicated Mineral Resource" and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of "Inferred Mineral Resources" could be upgraded to "Indicated Mineral Resources" with continued exploration. Accordingly, the mineral resource estimates and related information may not be comparable to similar information made public by United States companies subject to the reporting and disclosure requirements under the United States federal laws and the rules and regulations thereunder, including SEC Industry Guide 7.

The securities of KORE and Karus to be issued to Shareholders pursuant to the Arrangement will generally be freely transferable under U.S. federal securities laws, except by persons who are "affiliates" (as such term is understood under U.S. securities laws) of KORE and Karus after the Effective Date, or were "affiliates" of KORE and Karus within 90 days prior to the Effective Date. Persons who may be deemed to be "affiliates" of an issuer include individuals or entities that control, are controlled by, or are under common control with, the issuer, whether through the ownership of voting securities, by contract, or otherwise, and generally include executive officers and directors of the issuer as well as principal shareholders of the issuer. Any resale of such securities by such an affiliate (or former affiliate) may be subject to the registration requirements of the 1933 Act, absent an exemption therefrom. See "*Certain Securities Law Matters – U.S. Securities Laws*".

## FORWARD-LOOKING INFORMATION

This Circular includes and incorporates statements that are prospective in nature that constitute forward-looking information and/or forward-looking statements within the meaning of applicable securities laws (collectively, "**forward-looking statements**"). Forward-looking statements include, but are not limited to, statements concerning the completion and proposed terms of, and matters relating to, the Arrangement and the expected timing related thereto, the tax treatment of the Arrangement, the expected operations, financial results and condition of KORE and Karus following the Arrangement, each company's future objectives and strategies to achieve those objectives, the future prospects of each company as an independent company, the listing or continued listing of KORE on the TSX Venture Exchange ("**TSX-V**"), the future listing of Karus on a stock exchange, any market created for either company's shares, the estimated cash flow, capitalization and adequacy thereof for each company following the Arrangement, the expected benefits of the Arrangement to, and resulting treatment of, Shareholders and holders of convertible securities, the anticipated effects of the Arrangement, the estimated costs of the Arrangement, the satisfaction of the conditions to consummate the Arrangement, the completion of the Internal Reorganization (as defined below), the completion, timing and amount of the Rights Offering (as defined below), as well as other statements with respect to management's beliefs, plans, estimates and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "outlook", "objective", "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "should", "plans" or "continue", or similar expressions suggesting future outcomes or events.

Forward-looking statements reflect management's current beliefs, expectations and assumptions and are based on information currently available to management, management's historical experience, perception of trends and current business conditions, expected future developments and other factors which management considers appropriate. With respect to the forward-looking statements included in or incorporated into this Circular, we have made certain assumptions with respect to, among other things, the



anticipated approval of the Arrangement by Shareholders and the Court, the anticipated receipt of any required regulatory approvals and consents, the expectation that each of KORE and Karus will comply with the terms and conditions of the Arrangement Agreement (as defined below), the expectation that no event, change or other circumstance will occur that could give rise to the termination of the Arrangement Agreement, that no unforeseen changes in the legislative and operating framework for the respective businesses of KORE and Karus will occur, that each company will meet its future objectives and priorities, that each company will have access to adequate capital to fund its future projects and plans, that each company's future projects and plans will proceed as anticipated, as well as assumptions concerning general economic and industry growth rates, commodity prices, currency exchange and interest rates and competitive intensity.

Readers are cautioned not to place undue reliance on forward-looking statements, as there can be no assurance that the future circumstances, outcomes or results anticipated or implied by such forward-looking statements will occur or that plans, intentions or expectations upon which the forward-looking statements are based will occur. By their nature, forward-looking statements involve known and unknown risks and uncertainties and other factors that could cause actual results to differ materially from those contemplated by such statements. Factors that could cause such differences include, but are not limited to: conditions precedent or approvals required for the Arrangement not being obtained; the potential benefits of the Arrangement not being realized; the risk of tax liabilities as a result of the Arrangement, and general business and economic uncertainties and adverse market conditions; the potential for the trading price of New KORE Shares (if any) after the Arrangement being less than the trading price of KORE Shares immediately prior to the Arrangement; there being no concrete deadline to list Karus Shares on any stock exchange or that such listing will be successful; there being no established market for the Karus Shares; Karus Shares may not be "Qualified Investments" as defined in Canadian federal income tax law; KORE's ability to delay or amend the implementation of all or part of the Arrangement or to proceed with the Arrangement even if certain consents and approvals are not obtained on a timely basis; the reduced diversity of KORE and Karus as separate companies; the costs related to the Arrangement that must be paid even if the Arrangement is not completed; obtaining approvals and consents, or satisfying other requirements, necessary or desirable to permit or facilitate completion of the Arrangement and the Internal Reorganization; global financial markets, general economic conditions, competitive business environments; the effect and period of effect of the COVID-19 pandemic; and other factors that may negatively impact KORE's financial condition; future factors that may arise making it inadvisable to proceed with, or advisable to delay, all or part of the Arrangement; and, the potential inability or unwillingness of current Shareholders to hold New KORE Shares and/or Karus Shares following the Arrangement.

For a further description of these and other factors that could cause actual results to differ materially from the forward-looking statements included in or incorporated into this Circular, see the risk factors discussed under "*The Arrangement – Risk Factors Relating to the Arrangement*" in this Circular and under the heading "*Risk Factors*" in Schedules "I" and "P", as well as the risk factors included in KORE's management's discussion and analysis for the year ended December 31, 2019 and for the interim period ended September 30, 2020 and as described from time to time in the reports and disclosure documents filed by KORE with Canadian securities regulatory authorities, which are available under KORE's profile on SEDAR at [www.sedar.com](http://www.sedar.com). This list is not exhaustive of the factors that may impact KORE's forward-looking statements. These and other factors should be considered carefully and readers should not place undue reliance on KORE's forward-looking statements. As a result of the foregoing and other factors, there can be no assurance that actual results will be consistent with these forward-looking statements.

All forward-looking statements included in or incorporated by reference into this Circular are qualified by these cautionary statements. The forward-looking statements contained herein are made as of the date of this Circular and, except as required by applicable law, neither KORE nor Karus undertakes any obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.



Readers are cautioned that the actual results achieved will vary from the information provided herein and that such variations may be material. Consequently, there are no representations by KORE or Karus that actual results achieved will be the same in whole or in part as those set out in the forward-looking statements.

## TECHNICAL INFORMATION

Marc Leduc, P. Eng., the Company's COO is a Qualified Person under NI 43-101 and has reviewed and approved the technical and scientific disclosure contained herein.

## DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Circular from documents filed with the securities commissions or similar authorities in each of the provinces of British Columbia and Alberta. Copies of the documents incorporated herein by reference may be obtained on request without charge from KORE at [info@koremining.com](mailto:info@koremining.com), or by accessing the disclosure documents available through the internet on the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com).

The following documents filed with securities commissions or similar authorities in each of the provinces of British Columbia and Alberta are specifically incorporated by reference into, and form an integral part of, this Circular:

- (a) the annual information form of the Company (the "**AIF**") for the financial year ended December 31, 2019;
- (b) the management information circular for the annual general and special meeting of the Company held on October 9, 2020 dated September 4, 2020 (the "**AGM Circular**");
- (c) the audited consolidated financial statements of the Company and the notes thereto for the financial year ended December 31, 2019, which comprise the consolidated financial position as at December 31, 2019 and December 31, 2018, and the consolidated statements of loss and comprehensive loss, cash flows and changes in equity for the years ended December 31, 2019 and December 31, 2018, prepared in accordance with IFRS (as defined below) (the "**Annual Financial Statements**"), together with the independent auditors' report thereon;
- (d) the Company's management discussion and analysis relating to the Annual Financial Statements (the "**Annual MD&A**");
- (e) the unaudited interim condensed consolidated financial statements of the Company for the nine-month period ended September 30, 2020 prepared in accordance with IFRS applicable to interim financial reporting (the "**Unaudited Interim Financial Statements**");
- (f) the Company's management discussion and analysis for the nine-month period ended September 30, 2020 (the "**Unaudited MD&A**");
- (g) the technical report of the Company entitled "Economic Assessment NI 43-101 Technical Report – Long Valley Project, Mono County, California, USA" effective September 21, 2020 and dated October 27, 2020 (the "**Long Valley Technical Report**");
- (h) the technical report of the Company entitled "Preliminary Economic Assessment - Technical Report, Imperial Gold Project, California, USA" effective April 6, 2020 and dated May 19, 2020 (the "**Imperial Gold Technical Report**");



- (i) the technical report of the Company and Karus entitled “Technical Report on the South Cariboo Property, British Columbia, Canada” effective November 15, 2020 and dated December 16, 2020 (the ‘**FG Gold and Gold Creek Technical Report**’); and
- (j) the Company’s material change report dated December 16, 2020 regarding the Arrangement.

Any annual information form, annual or interim financial statement and related management’s discussion and analysis, material change report (excluding confidential material change reports), business acquisition report, information circular, news releases containing financial information for financial periods more recent than the most recent annual or interim financial statements, or disclosure document filed pursuant to an undertaking to a Canadian securities regulatory authority filed by us with any securities commission or similar regulatory authority in Canada subsequent to the date of this Circular and prior to the Effective Date (as defined below) shall be deemed to be incorporated by reference into this Circular, as well as any document so filed by KORE which expressly states it is to be incorporated by reference into this Circular.

**Any statement contained herein, or in any document incorporated or deemed to be incorporated by reference herein, shall be deemed to be modified or superseded, for the purposes of this Circular, to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes that statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purpose that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of this Circular, except as so modified or superseded.**

## **REPORTING CURRENCIES AND ACCOUNTING PRINCIPLES**

This Circular contains references to U.S. dollars (“**US\$**”) and Canadian dollars (“**C\$**”). All dollar amounts referenced, unless otherwise indicated, are expressed in Canadian dollars (“**\$**”). Unless otherwise stated, any U.S. dollar amounts which have been converted from Canadian dollars have been converted at an exchange rate of U.S.\$1.00 = C\$1.30, representing the daily exchange rate for converting U.S. dollars into Canadian dollars, as quoted by the Bank of Canada on December 31, 2019. On December 18, 2020, the Bank of Canada rate was U.S.\$1.00 = C\$1.28.

The financial statements or historical financial information (that is, other than the financial statements) included or incorporated by reference in this Circular have been prepared in accordance with IFRS and IFRS applicable to interim financial reporting and are subject to Canadian auditing standards and auditor independence standards and thus are not comparable in all respects to financial statements prepared in accordance with U.S. GAAP and subject to standards of the Association of International Certified Professional Accountants. Likewise, information concerning the operations of KORE and Karus contained herein has been prepared based on Canadian disclosure standards, which are not comparable in all respects to U.S. disclosure standards.

## **GLOSSARY OF DEFINED TERMS**

In addition to the defined terms within the body of this Circular, the following is a glossary of certain terms used in this Circular, including the summary hereof and the Schedules to this Circular.

“**1933 Act**” means the U.S. Securities Act of 1933, as amended, and all rules and regulations thereunder.

“**1934 Act**” means the U.S. Securities Exchange Act of 1934, as amended, and all rules and regulations thereunder.



“**ACB**” has the meaning given to it under the heading “*Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Redesignation of KORE Shares into KORE Class A Shares*”.

“**AGM Circular**” has the meaning given to it under the heading “*Documents Incorporated By Reference*”.

“**AIF**” has the meaning given to it under the heading “*Documents Incorporated By Reference*”.

“**allowable capital loss**” has the meaning given to it under the heading “*Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Taxation of Capital Gains and Capital Losses*”.

“**Annual Financial Statements**” has the meaning given to it under the heading “*Documents Incorporated By Reference*”.

“**Annual MD&A**” has the meaning given to it under the heading “*Documents Incorporated By Reference*”.

“**Arrangement**” means the arrangement of KORE under Division 5 of Part 9 of the BCBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with the Plan of Arrangement or the Arrangement Agreement or made at the direction of the Court in the Final Order deemed acceptable to the Board for and on behalf of KORE.

“**Arrangement Agreement**” means the arrangement agreement dated December 16, 2020 between KORE and Karus, a copy of which is attached as Schedule “E”, as it may be amended or modified from time to time.

“**Arrangement Resolution**” means the special resolution to be considered by the Shareholders at the Meeting to approve the Arrangement, and which shall be in, or substantially in, the form set out at Schedule “A”.

“**Articles**” means the articles of incorporation of KORE.

“**Audit Committee**” means the audit committee of KORE, as constituted from time to time.

“**BCBCA**” means the *Business Corporations Act* (British Columbia), as amended.

“**Board**” or “**Board of Directors**” means the board of directors of KORE, as constituted from time to time.

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

“**Business Day**” means a day which is not a Saturday, Sunday or statutory holiday in Vancouver, British Columbia, Canada.

“**Chair of the Meeting**” means the chair of the Meeting, determined in accordance with the Articles.

“**Circular**” means this management information circular dated December 18, 2020, together with all schedules, appendices and exhibits hereto, as amended, supplemented or otherwise modified from time to time.

“**Computershare**” means Computershare Investor Services Inc., at its offices in Vancouver, British Columbia, in its capacity as registrar and transfer agent of the KORE Shares.

“**COO**” means chief operating officer.

“**Company**” or “**KORE**” means KORE Mining Ltd., a company existing under the BCBCA.



“**Compensation and Governance Committee**” has the meaning given to it under the heading “*Employment, Consulting and Management Agreements and Arrangements – Oversight and Description of Director and Named Executive Officer Compensation – Compensation of Directors*”.

“**Court**” means the Supreme Court of British Columbia.

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

“**CSE**” means the Canadian Securities Exchange.

“**Depository**” means Computershare Investor Services Inc., or such other depository as KORE may determine.

“**Dissent Procedures**” has the meaning given to it under the heading “*Dissent Rights*”.

“**Dissent Rights**” means the right of Registered Shareholders to exercise a right of dissent under the BCBCA in strict compliance with the Dissent Procedures.

“**Dissent Shares**” means the KORE Shares held by Dissenting Shareholders in respect of which such Dissenting Shareholders have given Notice of Dissent.

“**Dissenting Resident Holder**” has the meaning given to it under the heading “*Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Dissenting Resident Holder*”.

“**Dissenting Shareholder**” mean a Registered Shareholder who exercises Dissent Rights in respect of the Arrangement in strict compliance with the BCBCA, as modified or supplemented by the Interim Order, Plan of Arrangement or any other order(s) of the Court and who has not withdrawn or has been deemed to have withdrawn such exercise of such Dissent Rights.

“**Distribution Record Date**” means the close of business on the last trading day on the TSX-V immediately prior to the Effective Date, which Distribution Record Date is currently expected to be on or about January 22, 2021, or such other date as the Board may determine.

“**DRS**” means Direct Registration System.

“**Effective Date**” means the effective date of the Arrangement, which shall be two Business Days following the date on which all of the conditions precedent to the completion of the Arrangement have been satisfied or waived in accordance with the Arrangement Agreement (other than conditions which cannot, by their terms, be satisfied until the Effective Date, but subject to satisfaction or waiver of such conditions as of the Effective Date) or such other date as may be mutually agreed by KORE and Karus, and KORE and Karus shall execute a certificate confirming the Effective Date.

“**Effective Time**” means 12:01 a.m. (Vancouver time) on the Effective Date, or such other time on the Effective Date as may be mutually agreed by KORE and Karus.

“**Faerun**” has the meaning ascribed thereto under the heading “*Employment, Consulting and Management Agreements and Arrangements*”.

“**FG Gold Project**” or “**FG Gold**” means the 100% owned FG Gold project in British Columbia, Canada.

“**FG Gold and Gold Creek Technical Report**” has the meaning given to it under the heading “*Documents Incorporated by Reference*”.

“**Final Order**” means the order made after application to the Court pursuant to section 291(4) of the BCBCA, in a form acceptable to the parties, each acting reasonably, after a hearing upon the procedural and substantive fairness of the terms and conditions of the Arrangement, approving the Arrangement, as



such order may be amended by the Court (with the consent of the parties each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to the parties, each acting reasonably) on appeal.

**“forward-looking statements”** has the meaning given to it under the heading *“Forward-Looking Information”*.

**“GAAP”** means U.S. Generally Accepted Accounting Principles.

**“Gold Creek Project”** or **“Gold Creek”** means the 100% owned Gold Creek project in British Columbia, Canada.

**“Holder”** has the meaning given to it under the heading *“Material Income Tax Considerations – Certain Canadian Federal Income Tax Considerations”*.

**“IFRS”** means international financial reporting standards as issued by the International Accounting Standards Board.

**“Imperial Project”** means KORE’s 100% owned Imperial project in Imperial County, California, United States.

**“Imperial Gold Technical Report”** has the meaning given to it under the heading *“Documents Incorporated By Reference”*.

**“Internal Reorganization”** means the internal reorganization to be completed by KORE prior to the Arrangement, pursuant to which the following will occur: (i) KORE will incorporate Karus as a wholly-owned subsidiary of KORE (this step was completed on November 20, 2020), (ii) KORE and Karus will enter into the Loan Agreement (effective upon the closing of the Arrangement), and (iii) KORE and Karus will enter into the Royalty Agreement (effective upon the closing of the Arrangement).

**“Interim Order”** means the order made after application to the Court pursuant to section 291(2) of the BCBCA, in a form acceptable to the parties, each acting reasonably, providing for, among other things, the calling and holding of the Meeting, as such order may be amended by the Court with the consent of the parties, each acting reasonably, in respect of the Meeting and the Arrangement, a copy of which is attached as Schedule “F”.

**“Intermediary”** means an intermediary with which a Non-Registered Shareholder may deal, including banks, trust companies, securities dealers or brokers and trustees or administrators of self-directed trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans (each, as defined in the Tax Act) and similar plans, and their nominees.

**“J. Van”** has the meaning ascribed thereto under the heading *“Employment, Consulting and Management Agreements and Arrangements”*.

**“Karus”** means Karus Gold Corp.

**“Karus Advance Notice Policy”** means the proposed advance notice policy of Karus, substantially in the form attached as Schedule “O” to this Circular, which is subject to Shareholder approval.

**“Karus Advance Notice Policy Resolution”** means an ordinary resolution which will be considered by Shareholders at the Meeting to approve the Karus Advance Notice Policy, the full text of which is set out in Schedule “D” to this Circular.

**“Karus Board”** means the board of directors of Karus, as constituted from time to time.



“**Karus Omnibus Plan**” means the proposed omnibus share compensation plan of Karus, substantially in the form attached as Schedule “N” to this Circular, which is subject to Shareholder approval.

“**Karus Omnibus Plan Resolution**” means an ordinary resolution which will be considered by Shareholders to approve the Karus Omnibus Plan, the full text of which is set out in Schedule “C” to this Circular.

“**Karus Option**” means options issued pursuant to the Karus Option Plan to purchase Karus Shares.

“**Karus Option Plan**” means the proposed stock option plan of Karus, substantially in the form attached as Schedule “M” to this Circular, which is subject to Shareholder approval.

“**Karus Option Plan Resolution**” means an ordinary resolution which will be considered by Shareholders to approve the Karus Option Plan, the full text of which is set out in Schedule “B” to this Circular.

“**Karus Shareholders**” means holders of Karus Shares.

“**Karus Shares**” means no par value shares in the capital of Karus.

“**Karus Warrants**” means a share purchase warrant of Karus issued to each holder of a KORE Warrant following the closing of the Arrangement exercisable at \$0.75 per Karus Share for the same period of time as the KORE Warrant for which it was issued.

“**KORE**” or the “**Company**” means KORE Mining Ltd.

“**KORE Class A Shares**” means the renamed and redesignated KORE Shares as described in §3.1(e)(i) of the Plan of Arrangement.

“**KORE Omnibus Plan**” means the omnibus share compensation plan of KORE approved by Shareholders on October 9, 2020.

“**KORE Option Plan**” means the stock option plan of KORE dated March 11, 2008, as amended December 3, 2014, as most recently approved by Shareholders on October 9, 2020.

“**KORE Options**” means options to purchase KORE Shares granted under the KORE Option Plan.

“**KORE Shares**” means the common shares without par value in the capital of KORE, as constituted on the date hereof.

“**KORE Warrant**” means, prior to the closing of the Arrangement, a share purchase warrant of KORE exercisable to acquire KORE Shares, including warrants under terms of which are deemed exercisable for KORE Shares, and, following the closing of the Arrangement, a KORE Warrant exercisable to acquire New KORE Share, including warrants under terms of which are deemed exercisable for New KORE Shares.

“**Leduc**” has the meaning ascribed thereto under the heading “*Employment, Consulting and Management Agreements and Arrangements*”.

“**Letter of Transmittal**” means the letter of transmittal in respect of the Arrangement to be sent to the Shareholders, together with this Circular.

“**Loan Agreement**” has the meaning ascribed thereto under the heading “*The Arrangement – Sources of Funds for the Arrangement*”.

“**Long Valley Project**” means KORE’s 100% owned Long Valley Project in Mono County, California, USA.



“**Long Valley Technical Report**” has the meaning given to it under the heading “*Documents Incorporated By Reference*”.

“**Management Designees**” has the meaning given to it under the heading “*General Voting Information – Appointment of Proxyholders and Completion and Revocation of Proxies*”.

“**Meeting**” means the special meeting of Shareholders to be held January 20, 2021, and any adjournment(s) or postponement(s) thereof, held in order to, among other things, consider and, if thought fit, approve the Arrangement.

“**Meeting Materials**” means, collectively, this Circular, the form of proxy and the Letter of Transmittal.

“**MI 61-101**” means Multilateral Instrument 61-101 – *Protection of Minority Shareholders in Special Transactions*.

“**New KORE Shares**” means the new class of common shares without par value which KORE will create and issue as described in §3.1(e) of the Plan of Arrangement and for which the KORE Class A Shares are, in part, to be exchanged under the Plan of Arrangement and which, immediately after completion of the transactions comprising the Plan of Arrangement, will be identical in every relevant respect to the KORE Shares.

“**NI 43-101**” means National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* of the Canadian Securities Administrators.

“**NI 51-102**” means National Instrument 51-102 - *Continuous Disclosure Obligations*.

“**NI 52-110**” means National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators.

“**NI 54-101**” means National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*.

“**NOBOs**” has the meaning given to it under the heading “*General Voting Information – Beneficial Shareholders*”.

“**Non-Registered Shareholder**” means a beneficial Shareholder whose KORE Shares are registered in the name of an Intermediary and not the name of the beneficial Shareholder.

“**Non-Resident Holder**” has the meaning given to it under the heading “*Certain Canadian Federal Income Tax Considerations – Holders Not Resident in Canada*”.

“**Notice of Dissent**” has the meaning given to it under the heading “*Dissent Rights*”.

“**Notice of Hearing of Petition**” means the Notice of Hearing of Petition, a copy of which is attached as Schedule “G”.

“**Notice of Meeting**” means the notice of special meeting in respect of the Meeting.

“**Notice Shares**” has the meaning given to it under the heading “*Dissent Rights*”.

“**OBOs**” has the meaning given to it under the heading “*General Voting Information – Beneficial Shareholders*”.

“**Plan of Arrangement**” means the plan of arrangement of KORE, substantially in the form of Exhibit “II” to the Arrangement Agreement set forth in Schedule “E” hereto, and any amendments or variations thereto made in accordance with the Plan of Arrangement or upon the direction of the Court in the Final Order.



“**Plan Subscriber**” has the meaning given under the heading “*Certain Canadian Federal Income Tax Considerations – Eligibility for Investment – New KORE Shares and Karus Shares*”.

“**PUC**” has the meaning given to it under the heading “*Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Exchange of KORE Class A Shares for New KORE Shares and Karus Shares*”.

“**RDSP**” means a registered disability savings plan.

“**Record Date**” means the record date for notice of and voting at the Meeting, being fixed as December 17, 2020.

“**Registered Plans**” has the meaning given under the heading “*Certain Canadian Federal Income Tax Considerations – Eligibility for Investment – New KORE Shares and Karus Shares*”.

“**Registered Shareholder**” means a registered holder of KORE Shares.

“**Registrar**” means the Registrar of Companies appointed pursuant to Section 400 of the BCBCA.

“**Regulation S**” means Regulation S promulgated under the 1933 Act.

“**Regulations**” has the meaning given to it under the heading “*Material Income Tax Considerations – Certain Canadian Federal Income Tax Considerations*”.

“**Resident Holder**” has the meaning given under the heading “*Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada*”.

“**RESP**” means a registered education savings plan.

“**Rights Offering**” means the anticipated rights offering of Karus to be completed in the first half of 2021.

“**Royalty Agreement**” has the meaning ascribed thereto under the heading “*The Arrangement – Interest of KORE in Karus Post-Arrangement*”.

“**RRIF**” means a registered retirement income fund.

“**RRSP**” means a registered retirement savings plan.

“**SEC**” means the U.S. Securities and Exchange Commission.

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval of the Canadian Securities Administrators, accessible at [www.sedar.com](http://www.sedar.com).

“**Share Exchange**” has the meaning given to it under the heading “*Material Income Tax Considerations – Certain Canadian Federal Income Tax Considerations – Holders Not Resident in Canada - Exchange of KORE Class A Shares for New KORE Shares and Karus Shares*”.

“**Shareholder**” means a holder of KORE Shares at the applicable time.

“**Spin-Off Assets**” means those assets set forth in Exhibit “I” to the Arrangement Agreement.

“**Tax Act**” means the *Income Tax Act* (Canada), including the regulations promulgated thereunder, as amended.

“**Tax Proposal**” has the meaning given to it under the heading “*Material Income Tax Considerations – Certain Canadian Federal Income Tax Considerations*”.



“**Tax Treaty**” has the meaning given to it under the heading “*Material Income Tax Considerations – Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Taxation of Dividends on New KORE Shares or Karus Shares*”.

“**taxable capital gain**” has the meaning given to it under the heading “*Material Income Tax Considerations – Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Taxation of Capital Gains and Capital Losses*”.

“**TFSA**” means a tax-free savings account.

“**TSX-V**” means the TSX Venture Exchange.

“**Unaudited Interim Financial Statements**” has the meaning given to it under the heading “*Documents Incorporated By Reference*”.

“**Unaudited MD&A**” has the meaning given to it under the heading “*Documents Incorporated By Reference*”.

“**United States**” and “**U.S.**” means the United States of America.

“**VIF**” has the meaning give to it under the heading “*General Voting Information – Beneficial Shareholders – Non-Objecting Beneficial Owners*”.

“**Warrantholder**” means a holder of KORE Warrants at the applicable time.



## QUESTIONS AND ANSWERS

The following briefly addresses some questions that you may have regarding the proposed spin-off by KORE of Karus, the Spin-Off Assets and the future intentions of KORE and Karus with respect to the Spin-Off Assets, the steps taken pursuant to a court-approved plan of arrangement and certain other related matters described in this Circular. These answers are only a summary and are qualified in their entirety by the more detailed information that follows. In addition, they may not address all of the questions that may be important to you as a Shareholder. Accordingly, we urge you to review the more detailed information contained elsewhere in this Circular. Certain capitalized terms used below are defined in the Glossary of Terms. The cross-references included below are to the section identified in this Circular.

To ensure representation of your KORE Shares at the Meeting, whether or not you attend the Meeting, please complete, sign and return your proxy form or, if you are not a Registered Shareholder, please refer to question number 8 below for a description of the procedures to be followed to vote your KORE Shares.

**1) What do I need to do to ensure that my KORE Shares are voted **FOR** the items listed in the Notice of Special Meeting, including **FOR** the Arrangement Resolution?**

Your feedback and your vote are important to us. We have ensured that voting is easy and accessible. This year, in order to ensure the safety of the Shareholders, colleagues, stakeholders and the community at large and to comply with social distancing recommendations and mandates of public health authorities associated with COVID-19, KORE will hold the Meeting in a virtual only format, which will be conducted via live audio webcast.

Each Shareholder or duly appointed proxyholders can attend the Meeting online by going to <https://web.lumiagm.com/204510194>. In order to attend, participate or vote at the Meeting (including for voting and asking questions at the Meeting), Shareholders must have a valid control number. Attending the Meeting online enables Registered Shareholders and duly appointed proxyholders, including beneficial Shareholders who have duly appointed third party proxyholders, to participate at the Meeting, ask questions and vote, all in real time.

- Registered Shareholders and duly appointed proxyholders can participate in the Meeting by going to <https://web.lumiagm.com/204510194>, clicking “I have a login” and entering a username and password before the start of the Meeting. We recommend that you log in at least fifteen minutes before the Meeting starts.
- Voting at the Meeting will only be available for Registered Shareholders and duly appointed proxyholders. Beneficial Shareholders who have not appointed themselves as a proxyholder may attend the Meeting by clicking “**I am a guest**” and completing the online form, but will not be permitted to vote or ask questions through the Meeting’s live audio webcast.

If you do not wish to attend the Meeting, your proxy will be voted for or against the resolutions in accordance with your instructions as specified thereon on any ballot that may be called at the Meeting. In the absence of such instructions, including if any proxy returned has all or any instructions left blank, your KORE Shares will be voted **FOR**: (a) the approval of the Arrangement Resolution; (b) the approval of the Karus Option Plan Resolution; (c) the approval of the Karus Omnibus Plan Resolution; and (d) the approval of the Karus Advance Notice Policy Resolution. Your proxy must be submitted on the internet, by phone, by fax, by mail or by e-mail and must be executed by the Registered Shareholder or by the Registered Shareholder’s attorney authorized in writing or, if the Registered Shareholder is a Company, by an officer or attorney thereof duly authorized.

On the other hand, if you are a Registered Shareholder and wish to exercise your right to dissent in respect of the Arrangement, you must deliver your written objection to the Arrangement Resolution to KORE c/o Farris LLP, Suite 2500, 700 West Georgia Street, Vancouver, BC, Canada, V7Y 1B3, at or prior to 10:00 a.m. (Vancouver time) on January 18, 2021 or, in the event of any adjournment or postponement of the Meeting, on the Business Day that is at least two Business Days before the date of the adjourned or



postponed Meeting, a written objection to the Arrangement Resolution. Any failure to strictly comply with the Dissent Procedures set out in this Circular may result in the loss or unavailability of your right of dissent. See “*Dissent Rights*”.

If your KORE Shares are not registered in your name, but are instead registered in the name of a broker, intermediary or nominee, please see question number 8 for voting instructions.

**2) Who is entitled to vote at the Meeting?**

Shareholders as of the close of business on December 17, 2020, or their duly appointed proxies, will be entitled to attend the Meeting or register to vote on all matters to be voted on at the Meeting.

**3) Who is soliciting my proxy?**

This Circular is furnished in connection with the solicitation, by or on behalf of the management of KORE, of proxies to be used at the Meeting or at any adjournment(s) or postponement(s) thereof, to vote your KORE Shares **FOR** the Arrangement Resolution, **FOR** the Karus Option Plan Resolution, **FOR** the Karus Omnibus Plan Resolution and **FOR** the Karus Advance Notice Policy Resolution. It is expected that the solicitation of proxies will be primarily by mail, but proxies may also be solicited personally, by advertisement or by telephone, by directors, officers or employees of KORE without special compensation, or by Computershare at nominal cost. The cost of solicitation will be borne by KORE. Computershare is responsible for tabulation of proxies.

**4) What do I do with my completed form of proxy?**

Return the completed, dated and signed form of proxy in the enclosed envelope or otherwise to Company’s registrar and transfer agent, Computershare Investor Services Inc. at 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario, Canada M5J 2Y1 so that it arrives not later than 10:00 a.m. (Vancouver time) on January 18, 2021 (unless such proxy submission deadline is waived by the Board), or, if the Meeting is adjourned or postponed, not later than 10:00 a.m. (Vancouver time) on the day which is two Business Days preceding the date of the adjourned or postponed Meeting. As well, Shareholders who received these materials through Computershare may vote via the Internet or by telephone by following the instructions provided on the form of proxy. A control number is provided on the proxy form for this purpose. All KORE Shares represented by a properly executed proxy received by Computershare prior to such time will be voted in accordance with your instructions as specified in the proxy, on any ballot that may be called at the Meeting.

**5) How will my KORE Shares be voted if I return my proxy?**

The persons named in the form of proxy will vote your KORE Shares in accordance with your instructions. In the absence of such instructions, however, your KORE Shares will be voted **FOR** the Arrangement Resolution, **FOR** the Karus Option Plan Resolution, **FOR** the Karus Omnibus Plan Resolution, and **FOR** the Karus Advance Notice Policy Resolution.

**6) If I change my mind, can I take back my proxy once I have given it?**

Yes. A Registered Shareholder who has given a proxy may revoke it by depositing an instrument in writing signed by the Registered Shareholder or by the Registered Shareholder’s attorney, who is authorized in writing, or by transmitting, by telephonic or electronic means, a revocation signed by electronic signature by the Registered Shareholder or by the Registered Shareholder’s attorney, who is authorized in writing, to or at the registered office of the Company not later than 10:00 a.m. (Vancouver time) on January 18, 2021 or, if the Meeting is adjourned or postponed, not later than 10:00 a.m. (Vancouver time) on the day which is two Business Days preceding the date of the adjourned or postponed Meeting, or with the chairman of the Meeting on the day of, and prior to the start of, the Meeting or any adjournment thereof.



Note that the participation by a Registered Shareholder in a vote by ballot at the Meeting would automatically revoke any proxy that has been previously given by the Registered Shareholder in respect of business covered by that vote.

A Non-Registered Shareholder who received these materials through an Intermediary should follow the instructions provided by the Intermediary.

**7) How can I contact KORE's transfer agent?**

Computershare Investor Services Inc.  
100 University Avenue, 8<sup>th</sup> Floor,  
Toronto, Ontario, Canada M5J 2Y1  
Ph: 1-800-564-6253

**8) If my KORE Shares are not registered in my name but are held in the name of an Intermediary (a bank, trust company, securities broker, trustee or otherwise), how do I vote my KORE Shares?**

If you are a Non-Registered Shareholder who received these materials through Computershare, then follow the instructions set out in question number 4 above.

If you are a Non-Registered Shareholder who did not receive these materials through Computershare, there are, as discussed in the Circular, two ways that you can vote your KORE Shares held by your Intermediary. Applicable securities laws require your Intermediary to seek voting instructions from you in advance of the Meeting. Accordingly, you will receive or have already received from your Intermediary either a request for voting instructions or a proxy form for the number of KORE Shares you own. Every Intermediary has its own signing and return instructions, which should be carefully followed by Non-Registered Shareholders to ensure that their KORE Shares are voted at the Meeting. Accordingly, for your KORE Shares to be voted for you, please follow the voting instructions provided by your Intermediary.

See "*General Voting Information*".

**9) What am I being asked to vote on at the Meeting?**

Shareholders will be voting on the approval of the Arrangement Resolution which provides for, among other things, the reorganization of KORE into two separate companies and a number of related matters. Subject to the approval of the Arrangement Resolution, Shareholders will also be voting on the approval of the Karus Option Plan Resolution, the Karus Omnibus Plan Resolution and Karus Advance Notice Policy Resolution which will establish, respectively, a stock option plan, an omnibus share compensation plan and advance notice policy for Karus which are substantially similar to those plans and policies currently in place for KORE. Further descriptions of the matters covered by each of these resolutions are contained in the sections entitled "*The Arrangement*", "*Approval of the Karus Stock Option Plan*", "*Approval of the Karus Omnibus Plan*" and "*Approval of the Karus Advance Notice Policy*".

For more information on the Arrangement, see "*The Arrangement*"; for a description of the Karus Option Plan, see the heading "*Description of Share Capital – Karus Stock Option Plan*" in Schedule "I"; and for a description of the Karus Omnibus Plan, see the heading "*Description of Share Capital – Karus Omnibus Plan*" in Schedule "I".

**10) Why is the Arrangement being proposed?**

With a view to enhancing Shareholder value, KORE is proposing to separate into two companies. KORE will continue as a publicly-traded gold exploration and development company with properties and projects located in the United States, with the objective of becoming a mid-tier gold producer. KORE will own and develop the Imperial Project and the Long Valley Project. Karus will be a private exploration company focused on Canadian properties that will own the FG Gold Project and the Gold Creek Project, among other



assets, with plans to list on the TSX-V or other suitable Canadian stock exchange like the CSE in the first half of 2021. The Board is recommending the Arrangement and believes it enhances the long-term prospects for both KORE and Karus and provides a number of benefits to Shareholders, including, among others:

- providing Shareholders with enhanced value by creating independent investment opportunities in two gold-focused companies, one with development stage projects in the United States and the other with exploration stage projects in Canada;
- unlocking the value of the British Columbia gold assets, which are not fairly valued in the KORE portfolio;
- enabling investors, analysts and other stakeholders or potential stakeholders to more accurately value each company and compare the assets to appropriate peers;
- providing current Shareholders with 100% direct ownership of KORE and 100% direct ownership of Karus to ensure that existing Shareholders retain upside potential as the British Columbia and Yukon assets are advanced;
- providing each company with a sharper business focus, enabling them to pursue independent business and financing strategies best suited to their respective business plans;
- enabling each company to pursue independent growth and capital allocation strategies;
- allowing each company to be led by experienced executives and directors who have the appropriate skills and experience aligned with assets; and
- protecting the value of the British Columbia and Yukon assets by keeping Karus private in the near-term, which reduces costs and allows Karus to advance the properties and organize the company and the assets before bringing them back to public markets, which is planned for the first half of 2021.

See “*The Arrangement – Reasons for the Arrangement*”.

#### **11) What approvals are required for the Arrangement to become effective?**

For the Arrangement to proceed, the Arrangement Resolution must be approved by: (i) at least 66⅔% of the votes cast by Shareholders present in person or represented by proxy at the Meeting, which Shareholders are entitled to one vote for each KORE Share held; and (ii) a majority of the votes cast by Shareholders other than those required to be excluded pursuant to MI 61-101.

As well as the necessary Shareholder approval, the principal approval required will be that of the Court, which, under the BCBCA, must approve the Arrangement. It is expected that, assuming the requisite Shareholder approval is received at the Meeting, the hearing of the Court on the Arrangement will be held on January 22, 2021 at 9:45 a.m. (Vancouver time) at the Court in Vancouver, British Columbia. The Notice of Hearing of Petition (the “**Notice of Hearing of Petition**”) in connection with the Final Order is included as Schedule “G”.

The completion of the Arrangement is also subject to other customary conditions. See “*The Arrangement – Conditions to the Arrangement*”.

#### **12) What are the tax consequences to me if the Arrangement is effected?**

Pursuant to Canadian federal income tax laws, a Shareholder (other than a Dissenting Shareholder) who exchanges KORE Shares for New KORE Shares and Karus Shares pursuant to the Arrangement will be



deemed to have received a taxable dividend equal to the amount, if any, by which the fair market value of the Karus Shares distributed to the Shareholder pursuant to the Share Exchange at the time of the Share Exchange exceeds the “paid-up capital” or “PUC” (as defined in the Tax Act) of the Shareholder’s KORE Shares determined at that time. However, KORE expects that the fair market value of all Karus Shares distributed pursuant to the Share Exchange under the Arrangement will not exceed the paid-up capital of the KORE Shares. **Accordingly, at this time, KORE does not expect that any Shareholder will be deemed to receive a taxable dividend on the Share Exchange.**

Further, a Shareholder (other than a Dissenting Shareholder) who is resident in Canada and exchanges KORE Shares for New KORE Shares and Karus Shares will also realize a capital gain equal to the amount, if any, by which the fair market value of those Karus Shares at the effective time of the Share Exchange, less the amount of any taxable dividend deemed to be received by the Shareholder as described in the preceding paragraph, exceeds the “adjusted cost base” (as defined in the Tax Act) of the Shareholder’s KORE Shares determined immediately before the Share Exchange.

Pursuant to Canadian federal income tax laws in general, a Shareholder (other than a Dissenting Shareholder) who is not a resident of Canada for the purpose of the Tax Act and who holds his, her, their or its KORE Shares as capital property will not be subject to tax under the Tax Act on any capital gain arising unless such Shareholder’s KORE Shares constitute “taxable Canadian property”.

For a more detailed description of the Canadian federal income tax consequences to Shareholders as a result of the Arrangement, see the section of the Circular entitled “*Certain Canadian Federal Income Tax Considerations*”. Shareholders should consult their own tax advisors with respect to their particular circumstances.

Shareholders resident outside of Canada should consult their own tax advisors with respect to their particular circumstances.

**13) When is the Arrangement likely to occur?**

It is presently anticipated that, if all required approvals are obtained and other conditions fulfilled, the Arrangement will become effective on or about January 25, 2021. The Board may, however, decide to delay or not to proceed with the Arrangement, even if all required approvals and consents are obtained.

**14) If the Arrangement is effected, what do Shareholders receive?**

Shareholders of record as of the close of business on the Business Day immediately preceding the Effective Date will receive, for each one KORE Share held, one New KORE Share and one-half of a Karus Share. See “*The Arrangement – Proposed Timetable for the Arrangement*”.

**15) If the Arrangement is effected, what do Shareholders need to do in order to receive the New KORE Shares and Karus Shares to which they are entitled?**

Concurrently with the mailing of the Circular, KORE will mail the Letter of Transmittal to Registered Shareholders, which will be used to exchange their certificate(s)/DRS statement(s) representing KORE Shares for share certificates/DRS statements representing the New KORE Shares and certificates/DRS statements representing the Karus Shares. Until exchanged, each certificates/DRS statements representing KORE Shares will, after the Effective Time, represent only the right to receive, upon surrender, New KORE Shares and Karus Shares. Pursuant to the Plan of Arrangement, Registered Shareholders who fail to submit a duly completed Letter of Transmittal and all other documents required by the Depositary and surrender their KORE Shares within six years of the Effective Time will no longer have the right to receive New KORE Shares and Karus Shares and will not receive any compensation in lieu thereof.



**16) When must I be a Shareholder in order to receive Karus Shares?**

You must be a shareholder of record and included in the share register of Karus as of the close of business on the Business Day immediately preceding the Effective Date.

Any Shareholder who duly exercises Dissent Rights and, following the dissent process under the BCBCA, is ultimately entitled to be paid the fair value for his, her, their or its KORE Shares, will instead be entitled to the fair value of such shares and will not receive New KORE Shares or Karus Shares. See “*Dissent Rights*”.

**17) What will be the impact of the Arrangement on the market price and trading of my KORE Shares?**

Management of KORE cannot predict the short-term impact of the Arrangement on the market price and trading of KORE Shares, but believes that splitting the U.S. and Canadian assets into two separate companies is in the best long-term interest of the Shareholders. Shareholders will hold an interest in two separate companies. The New KORE Shares will remain freely tradable securities upon completion of the Arrangement and will continue trading on the TSX-V under the symbol KORE, and on the United States OTCQX Markets. The Karus Shares will not be listed on any stock exchange immediately following closing of the Arrangement. See “*The Arrangement*” and “*Certain Securities Law Matters*”.

**18) Why will the Karus Shares not be listed on any stock exchange?**

Keeping Karus as a private company in the near-term will reduce costs and give management the time to advance the properties and organize the company and the assets before potentially bringing them back to public markets. There are immediate plans to list on the TSX-V or other suitable Canadian stock exchange like the CSE, in the first half of 2021.

**19) What if I want to sell my Karus Shares?**

Until the Karus Shares are listed on a stock exchange, Karus Shareholders may not be able to easily sell their Karus Shares. Pricing of Karus Shares could be set in a secondary, non-public market. The pricing of the Karus Shares in a secondary market, should it arise, and the liquidity of the Karus Shares are not predictable. Karus Shareholders are advised to consult their legal advisors with respect to trading of the Karus Shares if they wish to do so before a public listing of Karus which is planned for the first half of 2021. Shareholders should carefully consider the risks identified in this Circular under the heading “*The Arrangement – Risk Factors Relating to the Arrangement*” and under the heading “*Risk Factors*” in Schedules “I” and “P”.

**20) Who should I contact if I have questions regarding the Arrangement?**

Answers to many of your questions may be found in the accompanying Circular. If after reviewing the Circular you have questions about voting your proxy, please contact Computershare at 1-800-564-6253. If you have questions about the Arrangement, please contact KORE at [info@KOREmining.com](mailto:info@KOREmining.com) or contact KORE’s Investor Relations team at [karusgold@koremining.com](mailto:karusgold@koremining.com) or call the Company’s dedicated support line at 1-888-455-7620. In addition, you may wish to consult your financial, tax and/or legal advisors.

**21) How can I get more information about Karus and its assets?**

If you have any questions about the information contained in the accompanying Circular or require assistance in completing the Proxy, please contact KORE’s Investor Relations team at [karusgold@koremining.com](mailto:karusgold@koremining.com) or call the Company’s dedicated support line at 1-888-455-7620. Likewise, if you have any questions about KORE’s business strategy or the activities underway at the Company’s portfolio of projects, please contact KORE at [info@koremining.com](mailto:info@koremining.com).

## SUMMARY

*The following is a summary of the principal features of the Arrangement and certain other matters and should be read together with the more detailed information and financial statements contained elsewhere in this Circular, including the schedules hereto. Capitalized terms not otherwise defined in this summary are defined in the Glossary of Defined Terms or elsewhere in this Circular. This summary is qualified in its entirety by the more detailed information appearing or referred to elsewhere in this Circular. Unless otherwise indicated, all references to dollars or “\$” are to Canadian dollars and “US\$” are to U.S. Dollars.*

### THE MEETING

KORE has fixed December 17, 2020 as the record date for determining the Shareholders entitled to receive notice of and vote at the Meeting. The Meeting will be held on January 20, 2021, at 10:00 a.m. (Vancouver time) via live audio webcast at <https://web.lumiagm.com/204510194>.

At the Meeting, Shareholders will be asked to consider the following meeting matters:

- approving, with or without amendment, the Arrangement Resolution; and
- subject to the approval of the Arrangement Resolution, approving the Karus Option Plan, approving the Karus Omnibus Plan and the Karus Advance Notice Policy.

**By passing the Arrangement Resolution, Shareholders will also be giving authority to the Board to use its best judgment to proceed with and cause KORE to complete the Arrangement in the event of any variation of, or amendments to, the Arrangement Agreement or Plan of Arrangement without any requirement to seek or obtain any further approval of the shareholders.**

For further information on voting KORE Shares at the Meeting, see the section entitled “*General Voting Information*”. For a description of the Karus Option Plan, please refer to Schedule “I” or the full text of the Karus Stock Option Plan in Schedule “M”. For a description of the Karus Omnibus Plan, please refer to Schedule “I” or the full text of the Karus Omnibus Plan in Schedule “N”.

### THE ARRANGEMENT

The purpose of the Arrangement and the related transactions is to reorganize KORE into two separate companies: (a) KORE, a publicly-traded gold company with the objective of becoming a mid-tier gold producer that is focused on developing and operating the Imperial Project and the Long Valley Project; and (b) Karus, a private exploration focused on its Canadian assets located in British Columbia and the Yukon that holds the FG Gold Project and the Gold Creek Project, among other assets. The Arrangement would result in, among other things, participating Shareholders holding, immediately following completion of the Arrangement, all of the outstanding New KORE Shares and Karus Shares in proportion to their holdings of KORE Shares at the Effective Time. For a summary of the steps of the Arrangement and related transactions, see the section entitled “*The Arrangement – Details of the Arrangement*”.

### REASONS FOR THE ARRANGEMENT

The Board believes that the creation of two separate companies, one a publicly-traded gold company with the objective of becoming a mid-tier gold producer and the other a private exploration focused British Columbia gold company, with the near term goal of going public, will provide a number of benefits including: providing Shareholders with enhanced value by creating independent investment opportunities in two gold-focused companies; one with development stage projects in the United States and the other with exploration stage projects in Canada; unlocking the value of the British Columbia and Yukon gold assets, which are not fairly valued in the KORE portfolio; enabling investors, analysts and other stakeholders or



potential stakeholders to more accurately value each company and compare the assets to appropriate peers; providing current Shareholders with 100% direct ownership of KORE and 100% direct ownership of Karus to ensure that existing Shareholders retain upside potential as the British Columbia assets are advanced; providing each company with a sharper business focus, enabling them to pursue independent business and financing strategies best suited to their respective business plans; enabling each company to pursue independent growth and capital allocation strategies; allowing each company to be led by experienced executives and directors who have the appropriate skills and experience aligned with assets; and protecting the value of the British Columbia assets by keeping Karus private in the near-term, which reduces costs and allows Karus to advance the properties and organize the company and the assets before bringing them back to public markets in the first half of 2021.

See further details under the section entitled “*The Arrangement – Reasons for the Arrangement*”.

### **RECOMMENDATION OF THE BOARD**

The Board, having reviewed the Plan of Arrangement and related transactions and considered, among other things, the reasons for the Arrangement, has unanimously determined that the Arrangement is in the best interests of KORE and the Shareholders. **The Board has unanimously approved the Arrangement and the transactions contemplated thereby and unanimously recommends that Shareholders vote FOR the Arrangement Resolution and, subject to approval of the Arrangement Resolution, that Shareholders vote FOR the Karus Option Plan Resolution, FOR the Karus Omnibus Plan Resolution, and FOR the Karus Advance Notice Policy Resolution.**

See further details under the section entitled “*The Arrangement – Recommendation of the Board*”.

### **FAIRNESS OF THE ARRANGEMENT**

The Arrangement was determined to be in the best interests of the Shareholders by the Board based upon the following factors, among others:

- the procedures by which the Arrangement will be approved, including the requirement for (i) approval at the Meeting by at least 66⅔% of the votes cast by Shareholders in person or by proxy; (ii) approval at the Meeting by a majority of the votes cast by Shareholders other than those required to be excluded pursuant to MI 61-101; and (iii) approval by the Court after a hearing at which the fairness of the Arrangement will be considered;
- each Shareholder at the Effective Time (other than Dissenting Shareholders) will participate in the Arrangement such that each Shareholder will hold, upon completion of the Arrangement, the same proportionate interest in KORE and Karus that such Shareholder held in KORE immediately prior to the Arrangement; and
- the opportunity for Shareholders who are opposed to the Arrangement, upon compliance with certain conditions, have the ability to exercise Dissent Rights under the BCBCA, as modified by the Interim Order.

See further details under the section entitled “*The Arrangement – Fairness of the Arrangement*”.

### **CONDITIONS TO CLOSING**

The Arrangement will be subject to the satisfaction or waiver, as applicable, of certain conditions, including the following:

- the Arrangement Resolution must be approved by: (i) at least 66⅔% of the votes cast by Shareholders present in person or represented by proxy at the Meeting, which Shareholders



are entitled to one vote for each KORE Share held; and (ii) a majority of the votes cast by Shareholders other than those required to be excluded pursuant to MI 61-101;

- the Arrangement must be approved by the Court and the Final Order obtained in a form and substance satisfactory to KORE; and
- all other consents, orders and approvals that are required, necessary or desirable for the completion of the Arrangement must have been obtained or received, each in a form and substance acceptable to KORE.

See further details under the section entitled “*The Arrangement – Conditions to the Arrangement*”.

## **COURT APPROVAL**

An arrangement under the BCBCA requires approval of the Court. Prior to mailing this Circular, KORE obtained the Interim Order, which provides for the calling and holding of the Meeting, Dissent Rights and certain other procedural matters. A copy of the Interim Order is attached as Schedule “F”.

Subject to the approval of the Arrangement Resolution by Shareholders at the Meeting, KORE intends to make an application to the Court for the Final Order on January 22, 2021 at 9:45 a.m. (Vancouver time), at the Law Courts, 800 Smithe Street, Vancouver, British Columbia, or as soon thereafter as is reasonably practical and in the manner directed by the Court. At the hearing, any Shareholder and any interested party who wishes to participate, to appear, to be represented and/or to present evidence or arguments may do so, subject to filing with the Court and serving upon the Company a response to petition together with an evidence or materials that such party intends to present to the Court on or before 4:00 pm (Vancouver time) on January 20, 2021, all as set out in the Interim Order and Notice of Hearing of Petition, copies of which are attached as Schedule “F” and “G”, respectively, and satisfy any other requirement of the Court.

The Court may approve the Arrangement either as proposed or as amended in any manner the Court may direct, and subject to compliance with such terms and conditions, if any, as the Court sees fit.

See further details under the section entitled “*The Arrangement – Court Approval of the Arrangement*”.

## **EFFECTIVE DATE**

Upon receipt of the Final Order, KORE will announce by news release the proposed Effective Date of the Arrangement, which is expected to be on or about January 25, 2021. The record date for determining the Shareholders entitled to participate in the Arrangement will be one Business Day immediately preceding the Effective Date.

## **STOCK EXCHANGE LISTINGS**

The KORE Shares are currently listed and traded on the TSX-V under the symbol “KORE”. The KORE Shares also trade on the OTCQX Market in the United States under the symbol “KOREF”.

## **KORE FOLLOWING THE ARRANGEMENT**

Following completion of the Arrangement, KORE will continue as a public gold company with the objective of becoming a mid-tier gold producer. KORE’s near-term focus will continue to be advancing the Imperial Project and Long Valley Project towards production, including completing program sampling on the Imperial-Picacho area, conducting follow-up detailed soil sampling and geophysics to prioritize drill targets in 2021 and drill testing highest priority targets. The ongoing 2020 mapping and sampling program will be complete by January 2021. The drill program is designed to provide an indicative first pass to the district. KORE intends to follow-up on anomalies with further detailed soil sampling grids and detailed geological



mapping, and infill geophysics in Q1 and Q2 of 2021 ahead of the planned 2021 exploration drilling program.

Following completion of the Arrangement, the New KORE Shares will continue to be traded on the TSX-V and the OTC Market.

For a more detailed description of KORE following the completion of the Arrangement, see Schedule "P".

#### **KARUS FOLLOWING THE ARRANGEMENT**

Karus is expected to operate as an exploration focused British Columbia gold company that will own the FG Gold Project and the Gold Creek Project, among other assets. The Karus Shares will not be listed on any stock exchange immediately following closing of the Arrangement but there are near-term plans to apply for listing of the Karus Shares in the first half of 2021.

For a more detailed description of Karus following the completion of the Arrangement, see Schedule "I".

#### **DISTRIBUTION OF SHARE CERTIFICATES/DRS STATEMENTS**

Concurrently with the mailing of this Circular, KORE will mail the Letter of Transmittal to Registered Shareholders, which will be used to exchange their certificates/DRS statements representing KORE Shares for share certificates/DRS statements representing New KORE Shares and Karus Shares. Each KORE Share will be exchanged for one New KORE Share and one-half of a Karus Share. Until exchange, each certificate/DRS statement representing KORE Shares will, after the Effective Time, represent only the right to receive, upon surrender, New KORE Shares and Karus Shares. Any fractional shares issuable pursuant to the Arrangement will be rounded down to the nearest whole number without any compensation in lieu thereof.

Shareholders who fail to submit their certificates/DRS statements representing KORE Shares together with a duly completed Letter of Transmittal and any other documents required by the Depositary on or before the **sixth anniversary** of the Effective Date will cease to have any right or claim against or interest of any kind or nature in KORE or Karus. **Accordingly, persons who tender certificates/DRS statements for KORE Shares after the sixth anniversary of the Effective Date will not receive any New KORE Shares or Karus Shares, will not own any interest in KORE or Karus and will not be paid any cash or other compensation in lieu thereof.**

#### **DISSENT RIGHTS**

The Interim Order provides that each Registered Shareholder may exercise Dissent Rights in accordance with section 237 to 247 of the BCBCA as modified by the Plan of Arrangement, the Interim Order and the Final Order in respect of the Arrangement. Each Dissenting Shareholder is entitled to be paid the fair value of all, but not less than all, of the holder's KORE Shares, provided that the holder duly dissents to the Arrangement Resolution and the Arrangement becomes effective.

To exercise Dissent Rights, Registered Shareholders must provide written notice to KORE c/o Farris LLP, Suite 2500 – 700 West Georgia Street, Vancouver, BC, Canada, V7Y 1B3 at or before 10:00 a.m. (Vancouver time) on January 18, 2021 (or on the Business Day that is two Business Days immediately preceding any adjourned or postponed Meeting) in the manner described under the heading "*Dissent Rights*". If a Registered Shareholder exercises Dissent Rights in strict compliance with the BCBCA and Interim Order and the Arrangement is completed, such Dissenting Shareholder is entitled to be paid the "fair value" of the KORE Shares with respect to which Dissent Rights were exercised, as calculated immediately before the passing of the Arrangement Resolution. Only Registered Shareholders are entitled to exercise Dissent Rights. Beneficial Shareholders who wish to exercise Dissent Rights must cause each Registered Shareholder holding their KORE Shares to deliver the required notice of dissent or, alternatively,



make arrangements to become Registered Shareholders. Shareholders should carefully read the section of this Circular entitled “*Dissent Rights*” and consult with their advisors if they wish to exercise Dissent Rights. Any failure to fully comply with the provisions of the BCBCA, as modified by the Plan of Arrangement, the Interim Order and the Final Order in respect of the Arrangement, may result in a loss of that holder’s Dissent Rights.

## **CANADIAN SECURITIES LAWS MATTERS**

Under MI 61-101, if a “related party” receives a “collateral benefit” in connection with the Arrangement, the Arrangement Resolution will require “minority approval” in accordance with MI 61-101. If “minority approval” is required, the Arrangement Resolution must be approved by the affirmative vote of a simple majority of the votes cast, excluding those votes beneficially owned, or over which control or direction is exercised, by the “related parties” of the Company who receive “collateral benefits” in connection with the Arrangement. The votes cast by any party acting jointly or in concert with any such related party are also required to be excluded. This approval is in addition to the Required Approval.

In the case of the Arrangement, the additional Karus Warrants to be issued to the Warranthead, 2176423 Ontario Ltd., who is an insider and control person of KORE, holding 25.75% of the Company’s current issued and outstanding shares, is a benefit which could, subject to the availability of any of the aforementioned exceptions to the definition, constitute “collateral benefits” for the purposes of MI 61-101. See “*Interests of Certain Persons in the Arrangement*”.

**Minority approval of the Arrangement Resolution will therefore be required under MI 61-101 and the votes attached to the KORE Shares that 2176423 Ontario Ltd. beneficially owns or exercises control or direction over are required to be excluded from the minority approval vote pursuant to MI 61-101.**

KORE is a reporting issuer in the following jurisdictions in Canada: British Columbia and Alberta. The KORE Shares currently trade on the TSX-V in Canada and the OTCQX in the U.S.

After the Arrangement, Karus will be a reporting issuer in British Columbia and Alberta. However, the Karus Shares will not be immediately listed for trading on any exchange.

The distribution of the Karus Shares pursuant to the Arrangement will constitute a distribution of securities which is exempt from prospectus requirements of Canadian securities legislation. With certain exceptions, the Karus Shares may generally be resold in each of the provinces of Canada provided the trade is not a “control distribution” as defined in National Instrument 45-102 — *Resale of Securities* of the Canadian Securities Administrators, no unusual effort is made to prepare the market or create a demand for those securities, no extraordinary commission or consideration is paid to a person or company in respect of the trade and, if the selling securityholder is an insider or officer of Karus, the insider or officer has no reasonable grounds to believe that Karus is in default of securities legislation.

See further details under the section entitled “*Certain Securities Law Matters – Canadian Securities Laws*”.

## **U.S. SECURITIES LAWS MATTERS**

The securities to be issued or deemed to be issued to Shareholders pursuant to the Arrangement will not be registered under the 1933 Act or the securities laws of any state of the United States and will be distributed in reliance upon the exemption from registration provided by Section 3(a)(10) of the 1933 Act and available exemptions from applicable state registration requirements. The securities issued or deemed to be issued to Shareholders pursuant to the Arrangement will generally not be subject to resale restrictions under U.S. federal securities laws for persons who are not affiliates of KORE or Karus following the Arrangement or within 90 days prior to the Arrangement.



See further details under the section entitled “*Certain Securities Law Matters – U.S. Securities Laws*”.

### **CERTAIN CANADIAN INCOME TAX CONSIDERATIONS**

A summary of certain Canadian federal income tax considerations for Shareholders who participate in the Arrangement is set out under the heading “*Certain Canadian Federal Income Tax Considerations*”.

Shareholders should carefully review the tax considerations applicable to them under the Arrangement and are urged to consult their own legal, tax and financial advisors in regard to their particular circumstances.

For Shareholders resident outside of Canada, such Shareholders should consult their own tax advisors with respect to their particular circumstances.

### **RISK FACTORS**

Shareholders should be aware that there are various known and unknown risk factors in connection with the Arrangement and the ownership of New KORE Shares and Karus Shares following the completion of the Arrangement. Shareholders should carefully consider the risks identified in this Circular under the heading “*The Arrangement – Risk Factors Relating to the Arrangement*” and under the heading “*Risk Factors*” in Schedules “I” and “P” before deciding whether or not to approve the Arrangement Resolution.



## GENERAL VOTING INFORMATION

### PERSONS MAKING THIS SOLICITATION OF PROXIES

In accordance with National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer*, arrangements have been made with brokerage houses and clearing agencies, custodians, nominees, fiduciaries or other intermediaries to forward the Company's proxy solicitation materials to the beneficial owners of the KORE Shares held of record by such parties. The Company may reimburse such parties for reasonable fees and disbursements incurred by them in doing so.

### APPOINTMENT OF PROXYHOLDERS AND COMPLETION AND REVOCATION OF PROXIES

The purpose of a proxy is to designate persons who will vote the proxy on a Shareholder's behalf in accordance with the instructions given by the shareholder in the proxy. The persons named in the enclosed proxy (the "**Management Designees**") have been selected by the directors of the Company.

**A Shareholder has the right to designate a person (whom need not be a Shareholder) other than the Management Designees to represent them at the Meeting. Such right may be exercised by inserting in the space provided for that purpose on the proxy the name of the person to be designated and by deleting therefrom the names of the Management Designees, or by completing another proper form of proxy and delivering the same to the transfer agent of the Company.** Such Shareholder should notify the nominee of the appointment, obtain the nominee's consent to act as proxyholder and provide instructions on how the shareholder's shares are to be voted. The nominee should bring personal identification with them to the Meeting. To be valid, the proxy must be dated and executed by the Shareholder or an attorney authorized in writing, with proof of such authorization attached (where an attorney executed the proxy).

### REGISTERED SHAREHOLDERS - Virtual Meeting Format

In order to ensure the safety of the Shareholders, colleagues, stakeholders and the community at large and to comply with social distancing recommendations and mandates of public health authorities associated with COVID-19, KORE will hold the Meeting in a virtual only format, which will be conducted via live audio webcast.

#### *How to Attend the Virtual Only Meeting*

The virtual Meeting will be conducted via live audio webcast. Shareholders will not be able to attend the Meeting in person. The Board has fixed December 17, 2020 as the Record Date for determining Shareholders who are entitled to vote at the Meeting. Only Shareholders whose names have been entered in the registers of the Company as at the close of business (5:00 p.m. (Pacific time)) on the Record Date will be entitled to receive notice of and vote at the Meeting.

Each Shareholder or duly appointed proxyholders can attend the Meeting online by going to <https://web.lumiagm.com/204510194>. It is recommended that you log-in at least 10 minutes before the Meeting starts. In order to attend, participate or vote at the Meeting (including for voting and asking questions at the Meeting), Shareholders must have a valid control number. Attending the Meeting online enables registered Shareholders and duly appointed proxyholders, including beneficial Shareholders who have duly appointed third party proxyholders, to participate at the Meeting, ask questions and vote, all in real time.

- Registered Shareholders and duly appointed proxyholders can participate in the Meeting by going to <https://web.lumiagm.com/204510194>, clicking "I have a login" and entering a username and password before the start of the Meeting. We recommend that you log in at least fifteen minutes before the Meeting starts.



- **Registered Shareholders:** The 15-digit control number located on the form of proxy or in the email notification you received is the username, and the password is “kore2021”. If as a registered Shareholder you are using your Username to login to the Meeting and you accept the terms and conditions, you will be revoking any and all previously submitted proxies for the Meeting and will be provided the opportunity to vote by online ballot on the matters put forth at the Meeting. If you do not wish to revoke a previously submitted proxy, as the case may be, you will not be able to participate in the Meeting online.
- **Duly appointed proxyholders:** Computershare will provide the proxyholder by email with a username after the voting deadline has passed and the proxyholder has been duly appointed AND registered as described below under “General Proxy Information – *Appointment of Proxies*”. The Password to the Meeting is “kore2021”.
- Voting at the Meeting will only be available for registered Shareholders and duly appointed proxyholders. Beneficial Shareholders who have not appointed themselves as a proxyholder may attend the Meeting by clicking “**I am a guest**” and completing the online form, but will not be permitted to vote or ask questions through the Meeting’s live audio webcast.

Shareholders who wish to appoint themselves or a third-party proxyholder to represent them at the online Meeting **must submit their proxy or voting instruction form (as applicable) prior to registering their proxyholder. Registering the proxyholder is an additional step once a Shareholder has submitted their proxy/voting instruction form. Failure to register a duly appointed proxyholder will result in the proxyholder not receiving a username to participate in the Meeting.** To register a proxyholder, Shareholders MUST visit <http://www.computershare.com/KoreMining> before 10:00 a.m. (Pacific time) on January 18, 2021 and provide Computershare with their proxyholder’s contact information, so that Computershare may provide the proxyholder with a Username via email.

**It is important that any registered Shareholder and duly appointed proxyholder is connected to the internet at all times during the Meeting in order to vote when balloting commences. In order to participate online, registered Shareholders must have a valid 15-digit control number and duly appointed proxyholders must have received an email from Computershare containing a Username.**

- **United States Beneficial Shareholders:** To attend and vote at the virtual Meeting, United States Beneficial Shareholders must first obtain a valid legal proxy from their broker, bank or other agent and then register in advance to attend the Meeting. Follow the instructions from the broker or bank included with these proxy materials, or contact the broker or bank to request a legal proxy form. After first obtaining a valid legal proxy from the broker, bank or other agent, to then register to attend the Meeting, United States Beneficial Shareholders must submit a copy of their legal proxy to Computershare. Requests for registration should be directed to:

Computershare  
100 University Avenue  
8<sup>th</sup> Floor  
Toronto, Ontario M5J 2Y1

OR

Email at [uslegalproxy@computershare.com](mailto:uslegalproxy@computershare.com)

Requests for registration must be labeled as “Legal Proxy” and be received no later than 10:00 a.m. (Pacific time) on January 18, 2021. Thereafter United States Beneficial Shareholders will receive a confirmation of their registration by email after Computershare receives their registration materials. United States Beneficial Shareholders so registered may attend the Meeting and vote their Shares at <https://web.lumiagm.com/204510194> during the Meeting. Please note that United States Beneficial Shareholders are required to register their appointment as proxyholder at <http://www.computershare.com/KoreMining>.



Regardless of whether or not a Shareholder plans to attend the Meeting via live audio webcast, the Company strongly encourages that all Registered Shareholders (a shareholder whose name appears on the records of the Company as the registered holder of Common Shares) vote by proxy. Registered Shareholders who received these materials through Computershare may vote via the Internet or by telephone by following the instructions provided on the form of proxy. A control number is provided on the proxy form for this purpose.

For votes submitted by mail, in order to be valid, a proxy must be signed by the Shareholder or the shareholder's attorney authorized in writing, or, if the shareholder is a corporation, by a duly authorized officer or attorney. Proxies must be delivered to the Company c/o Proxy Department, Computershare Investor Services Inc., 100 University Avenue, 8th Floor, by January 18, 2021 or, in the case of any adjournment or postponement of the Meeting, no later than 48 hours before the time of such reconvened meeting. Failure to properly complete or deposit a proxy may result in its invalidation.

Registered Shareholders may wish to vote by proxy whether or not they are able to attend the Meeting in person. Registered Shareholders electing to submit a proxy may do so by:

- (a) using the internet through the website of the Company's transfer agent at [www.investorvote.com](http://www.investorvote.com). Registered Shareholders must follow the instructions that appear on the screen and refer to the enclosed form of proxy for the holder's account number and the Proxy access number;
- (b) completing, dating and signing the enclosed form of proxy and returning it to the Company's transfer agent, Computershare, by mail at 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario, Canada, M5J 2Y1, attention Proxy Department; by fax within North America at 1-866-249-7775, outside North America at (416) 263-9524; or by mail or by hand to 3<sup>rd</sup> Floor, 510 Burrard Street, Vancouver, British Columbia, Canada, V6C 3B9; or
- (c) using a touch-tone phone to transmit voting choices to a toll-free number. Registered Shareholders must follow the instructions of the voice response system and refer to the enclosed form of Proxy for the toll-free number, the holder's account number and the Proxy access number.

In all cases, the proxy must be received at least 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or the adjournment thereof at which the proxy is to be used. Proxies received after that time may be accepted by the Chair of the Meeting at the Chair of the Meeting's discretion, and the Chair of the Meeting is under no obligation to accept late proxies.

## **BENEFICIAL SHAREHOLDERS**

**The information set forth in this section is of significant importance as many Shareholders do not hold KORE Shares in their own name.**

**Only Shareholders whose names appear on the records of the Company as the registered holders of KORE Shares or duly appointed proxyholders are permitted to vote at the Meeting.** Most Shareholders are Non-Registered Shareholders, because the KORE Shares they own are not registered in their names but **instead** registered in the name of an Intermediary, including a nominee such as a brokerage firm through which they purchased the KORE Shares; bank, trust company, trustee or administrator of self-administered RRSPs, RRIFs, RESPs and similar plans; or clearing agency such as the Canadian Depository for Securities Limited. If you purchased your KORE Shares through a broker, you are likely a Non-Registered Shareholder.

In accordance with securities regulatory policy, the Company has distributed copies of the Notice of Meeting and Meeting Materials, being the Notice of Meeting, this Circular and the form of proxy, to Intermediaries for distribution to Non-Registered Shareholders.



Intermediaries are required to forward the Notice of Meeting and Meeting Materials to Non-Registered Shareholders to seek their voting instructions in advance of the Meeting. KORE Shares held by Intermediaries can only be voted in accordance with the instructions of the Non-Registered Shareholder. The Intermediaries often have their own voting instruction form instead of a Proxy, have their own mailing procedures and provide their own return instructions. If you wish to vote by Proxy, you should carefully follow the instructions from your Intermediary to ensure that your shares are voted at the Meeting.

If you, as a Non-Registered Shareholder, wish to vote at the Meeting in person, you should appoint yourself as proxyholder by writing your name in the space provided on the request for voting instructions or Proxy provided by the Intermediary and you should return the form to the Intermediary in the envelope provided. Do not complete the voting section of the form as your vote will be taken at the Meeting.

There are two kinds of Non-Registered Shareholders: those who object to their identity being made known to the issuers of securities which they own (called “**OBOs**” for Objecting Beneficial Owners) and those who do not (called “**NOBOs**” for Non-Objecting Beneficial Owners).

### **Non-Objecting Beneficial Owners**

The Company is relying on the provisions of NI 54-101 that permit it to deliver proxy-related materials directly to its NOBOs. As a result, NOBOs can expect to receive a voting instruction form (“**VIF**”) from Computershare. The VIF is to be completed and returned to Computershare as set out in the instructions provided on the VIF. Computershare will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the KORE Shares represented by the VIFs they receive. These Shareholder materials are being sent to both Registered Shareholders and Non-Registered Shareholders. If you are a Non-Registered Shareholder, and the Company or its agent has sent these materials directly to you, your name and address, and information about your holdings of securities, were obtained in accordance with applicable securities regulatory requirements from the Intermediary holding securities on your behalf.

By choosing to send these materials to you directly, the Company (and not the Intermediary holding securities on your behalf) has assumed responsibility for: (i) delivering these materials to you; and (ii) carrying out your voting instructions. Please return your VIF as specified in the request for voting instructions sent to you.

### **Objecting Beneficial Owners**

Beneficial Shareholders who are OBOs should follow the instructions of their Intermediary carefully to ensure their shares are voted at the Meeting. We have elected to pay for intermediaries to distribute these materials to Beneficial Shareholders who are OBOs under NI 54-101. The form of proxy supplied to you by your Intermediary will be similar to the proxy provided to Registered Shareholders by the Company. However, its purpose is limited to instructing the Intermediary on how to vote your KORE Shares on your behalf. Most brokers delegate responsibility for obtaining instructions from clients to Broadridge in the United States and in Canada. Broadridge mails a VIF in lieu of the form of proxy provided by the Company. The VIF will name the same persons as the Company’s proxy to represent your KORE Shares at the Meeting. You have the right to appoint a person (who need not be a Shareholder, and who can be yourself), other than any of the persons designated in the VIF, to represent your KORE Shares at the Meeting. To exercise this right, insert the name of the desired representative, who may be you, in the blank space provided in the VIF. The completed VIF must then be returned to Broadridge by mail or facsimile, or provided to Broadridge by phone or over the internet, in accordance with Broadridge’s instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting and the appointment of any Shareholder’s representative. If you receive a VIF from Broadridge, it must be completed and returned to Broadridge, in accordance with Broadridge’s instructions, well in advance of the Meeting in order to have your shares voted or to have an alternate representative duly appointed to attend and vote your shares at the Meeting.



## VOTING OF PROXIES

The Board of Directors has set December 17, 2020 as the record date for determining the Shareholders entitled to receive notice of and vote at the Meeting. Each registered Shareholder and each proxyholder (representing a registered Shareholder or unregistered Shareholder) will have one vote, unless a poll is required or requested, whereupon each such Shareholder and/or proxyholder is entitled to one vote for each KORE Share held or represented. Each Shareholder may instruct their proxyholder how to vote their KORE Shares by completing the blanks on the proxy. All KORE Shares represented at the Meeting by properly executed proxies will be voted or withheld from voting when a poll is required or requested and, where a choice with respect to any matter to be acted upon has been specified in the form of proxy, the KORE Shares represented by the proxy will be voted in accordance with such specification. **In the absence of any such specification as to voting on the proxy, the Management Designees, if named as proxyholder, will vote in favour of the matters set out therein.**

**The enclosed proxy confers discretionary authority upon the Management Designees, or other person named as proxyholder, with respect to amendments to or variations of matters identified in the Notice of Meeting and any other matters which may properly come before the Meeting. As of the date hereof, the Company is not aware of any amendments to, variations of or other matters which may come before the Meeting. If other matters come before the Meeting, then the Management Designees intend to vote in accordance with the judgment of the Company.**

## REVOCATION OF PROXIES

Any Registered Shareholder who has returned a proxy may revoke it at any time before it has been exercised. A proxy may be revoked by a Registered Shareholder personally attending at the Meeting and voting their KORE Shares. A Shareholder may also revoke their proxy in respect of any matter upon which a vote has not already been cast by depositing an instrument in writing, including a proxy bearing a later date executed by the Registered Shareholder or by their authorized attorney in writing, or, if the Shareholder is a company, under its corporate seal by an officer or attorney thereof duly authorized, either at the office of the Company's registrar and transfer agent at the foregoing address or the head office of the Company at PO Box 48681 Stn Bentall, Vancouver, British Columbia, Canada, V7X 1A6 at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof at which the proxy is to be used, or by depositing the instrument in writing with the Chairman of such Meeting, or any adjournment thereof. **Only Registered Shareholders have the right to revoke a proxy. Non-Registered Shareholders who wish to change their vote must, at least seven days before the Meeting, arrange for their respective Intermediary to revoke the proxy on their behalf.**

## QUORUM

The Articles of the Company provide that a quorum for the transaction of business at any meeting of shareholders shall be one shareholder present or represented by proxy.

## VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

### VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The Company is authorized to issue an unlimited number of KORE Shares without par value. As at December 17, 2020, there were 106,074,912 KORE Shares issued and outstanding, each carrying the right to one vote per share.

The Board has fixed December 17, 2020, as the record date for the determination of Shareholders entitled to receive notice of and to vote at the Meeting and at any adjournment thereof, and only Shareholders of record at the close of business on that date are entitled to such notice and to vote at the Meeting.



To the knowledge of the directors and executive officers (as hereinafter defined in “*Executive Compensation – Named Executive Officers*”) of the Company, no person, firm or company beneficially owned, controlled or directed, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to any class of voting securities of the Company as at the Record Date other than as set below:

Name	Number of Shares	Percentage of Outstanding Shares
2176423 Ontario Ltd.	27,318,444 <sup>(1)</sup>	25.75%
1130447 BC Ltd.	22,400,485 <sup>(2)</sup>	21.12%

(1) These shares are held through 2176423 Ontario Ltd., a company owned and controlled by Eric Sprott.

(2) This company is owned and controlled by Skye Marker, the spouse of James Hynes.

## INTEREST OF CERTAIN PERSONS AND COMPANIES IN MATTERS TO BE ACTED UPON

Except as set out herein, no person who has been a director or executive officer of the Company at any time since the beginning of the Company’s last financial year, no proposed nominee of management of the Company for election as a director of the Company and no associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership or otherwise, in matters to be acted upon at the Meeting other than the approval of the Karus Option Plan and Karus Omnibus Plan.

### PARTICULARS OF MATTERS TO BE ACTED UPON

#### 1. Approval of the Arrangement

Shareholders will be asked to approve the Arrangement Resolution, the full text of which is attached as Schedule “A” to the Circular for a statutory arrangement under Division 5 of Part 9 of the BCBCA which involves, among other things, the distribution of Karus to shareholders of the Company on the basis of one Karus Share for each two KORE Shares held, as more fully described in the Circular. See “*The Arrangement*” below.

#### 2. Approval of the Karus Option Plan

As the KORE Option Plan will not carry forward to Karus, if the Arrangement Resolution is approved at the Meeting, Shareholders will also be asked to consider and, if thought appropriate, pass the Karus Option Plan Resolution. See “*Description of Share Capital*” in Schedule “I”. **Management unanimously recommends a vote “FOR” in respect of the Karus Option Plan Resolution.**

At the Meeting, assuming the Arrangement Resolution is approved, Shareholders will be asked to pass an ordinary resolution, with or without amendment, in substantially the form set forth in Schedule “B”. Approval will exclude votes cast by insiders eligible to receive awards pursuant to the Karus Option Plan and their associates.

**Unless otherwise directed, it is the intention of the Management Designees, if named as proxyholder, to vote in favour of the approval of the Karus Option Plan Resolution and to, without further Shareholder approval, make such changes to the Karus Option Plan as may be required or approved by regulatory authorities.**

#### 3. Approval of the Karus Omnibus Plan

As the KORE Omnibus Plan (Board and executive officer incentive plan) will not carry forward to Karus, if the Arrangement Resolution is approved at the Meeting, Shareholders will also be asked to consider and, if thought appropriate, pass the Karus Omnibus Plan Resolution. See “*Description*”



*of Share Capital*" in Schedule "I". **Management unanimously recommends a vote "FOR" in respect of the Karus Omnibus Plan Resolution.**

At the Meeting, assuming the Arrangement Resolution is approved, Shareholders will be asked to pass an ordinary resolution, with or without amendment, in substantially the form set forth in Schedule "C". Approval will exclude votes cast by insiders eligible to receive awards pursuant to the Karus Omnibus Plan and their associates.

**Unless otherwise directed, it is the intention of the Management Designees, if named as proxyholder, to vote in favour of the approval of the Karus Omnibus Plan Resolution and to, without further Shareholder approval, make such changes to the Karus Omnibus Plan as may be required or approved by regulatory authorities.**

#### **4. Approval of the Karus Advance Notice Policy**

If the Arrangement Resolution is approved at the Meeting, Shareholders will also be asked to consider and, if thought appropriate, pass the Karus Advance Notice Policy Resolution. See "*Corporate Governance – Advance Notice Policy*" in Schedule "I". **Management unanimously recommends a vote "FOR" in respect of the Karus Advance Notice Policy Resolution.**

At the Meeting, assuming the Arrangement Resolution is approved, Shareholders will be asked to pass an ordinary resolution, with or without amendment, in substantially the form set forth in Schedule "D".

**Unless otherwise directed, it is the intention of the Management Designees, if named as proxyholder, to vote in favour of the approval of the Karus Advance Notice Policy Resolution and to, without further Shareholder approval, make such changes to the Karus Advance Notice Policy as may be required or approved by regulatory authorities.**

## **EMPLOYMENT, CONSULTING AND MANAGEMENT AGREEMENTS AND ARRANGEMENTS**

Other than as set forth below, the Company does not have any agreement or arrangement under which compensation was provided during the most recently completed financial year or is payable in respect of services provided to the Company or any of its subsidiaries that were: (a) performed by a Named Executive Officer ("**NEO**") or director of the Company; or (b) performed by any other party which provided services that are typically provided by a NEO or a director of the Company.

Pursuant to a consulting agreement dated July 1, 2016 between 1184938 BC Ltd.(formerly KORE Mining Ltd.) and 1081646 BC Ltd., a company controlled by Mr. Hynes, 1184938 BC Ltd. agreed to pay 1081646 BC Ltd. a consulting fee of \$20,833 per month for a term of two years, which may be extended for a further two years. The agreement may be terminated at any time by the company with 60 days' notice. In the event the agreement is terminated in the 12 month period following a Change of Control (as defined in the agreement between 1081646 BC Ltd. and the Company), the Company must pay 1081646 BC Ltd. a lump sum payment equal to 24 months' fees and all unexercised and unvested stock options shall immediately vest and be exercisable by the earlier of a) the expiry date of the options or b) 12 months after the date on which the consulting agreement is terminated. In July 2019, the parties agreed that the monthly fee would be reduced to \$16,667 per month. The agreement has certain confidentiality provisions binding both 1081646 BC Ltd. and Mr. Hynes.

Pursuant to a consulting agreement made effective July 3, 2019 between the Company and Faerun Consulting Inc. ("**Faerun**"), a company controlled by Mr. Trebilcock, the Company agreed to pay Faerun a consulting fee of \$16,666 per month for a term of two years, which may be extended for a further two years at the direction of the Board. The agreement may be terminated by the Company with twelve months' written notice or payment of fees in lieu thereof, provided that all unexercised and unvested stock options shall



immediately vest and be exercisable by the earlier of a) the expiry date of the options or b) twelve months after the date on which the agreement is terminated; or for a material breach of the agreement. In the event the agreement is terminated in the twelve-month period following a Change of Control (as defined in the agreement between Faerun and the Company), the Company must pay Faerun a lump sum payment equal to twenty four months' fees and all unexercised and unvested stock options shall immediately vest and be exercisable by the earlier of a) the expiry date of the options or b) twelve months after the date on which the consulting agreement is terminated. The agreement has certain confidentiality provisions binding both Faerun and Mr. Trebilcock.

Pursuant to a consulting agreement made as of April 21, 2020 between the Company and Mark Leduc, P. Eng., ("**Leduc**"), the Company agreed to pay Leduc a consulting fee of US\$18,000 per month for a term of twelve months, which may be extended by mutual agreement. In the event the agreement is terminated in the twelve-month period following a Change of Control (as defined in the agreement between Leduc and the Company), the Company must pay Leduc a lump sum payment equal to twenty four months' fees and all unexercised and unvested stock options shall immediately vest and be exercisable by the earlier of a) the expiry date of the options or b) twelve months after the date on which the consulting agreement is terminated. In July 2020, Leduc became an employee of a wholly owned subsidiary of the Company, while all other aspects of the agreement continue. The agreement has certain confidentiality provisions binding Leduc.

Pursuant to a consulting agreement made as of January 1, 2020 between the Company and J. Van Consulting Inc. ("**J. Van**"), a company controlled by Jessica Van Den Akker, the Company agreed to pay J. Van a consulting fee of \$7,500 per month for a term of twelve months, which may be extended for additional one year terms at the direction of the Company's CEO and Board. The agreement may be terminated by the Consultant with 60 days' written notice and by the Company for any reason within 90 days written notice or payment in fees in lieu thereof or for a material breach. All unexercised and unvested stock options shall immediately vest and be exercisable by the earlier of a) the expiry date of the options or b) twelve months after the date on which the agreement is terminated. In the event the agreement is terminated in the twelve-month period following a Change of Control (as defined in the agreement between J. Van and the Company), the Company must pay J. Van a lump sum payment equal to twelve months' fees and all unexercised and unvested stock options shall immediately vest and be exercisable by the earlier of a) the expiry date of the options or b) twelve months after the date on which the consulting agreement is terminated. Effective September 1, 2020, the monthly fee was increased to \$12,000 per month. The agreement has certain confidentiality provisions binding Ms. Van Den Akker.

## **Oversight and Description of Director and Named Executive Officer Compensation**

### ***Compensation of Directors***

The Company's compensation and governance committee (the "**Compensation and Governance Committee**"), through discussions without any formal objectives, criteria or analysis, is responsible for determining all forms of compensation to be granted to the directors of the Company to be recommended to the Board of Directors for approval. The level of compensation for directors is determined after consideration of various relevant factors, including the expected nature and quantity of duties and responsibilities, past performance and the availability of financial and other resources of the Company.

Non-executive directors do not currently receive directors' fees or fees for participation on committees of the Board of Directors. Long-term incentives in the form of stock options are granted to non-executive directors from time to time, based on an existing complement of long-term incentives, corporate performance and to be competitive with other companies of similar size and scope. The Compensation and Governance Committee will annually review the Board of Directors' performance, and will report and make recommendations accordingly.

### ***Compensation of NEOs***

The Compensation and Governance Committee is responsible for determining all forms of compensation to be paid to the CEO, and for reviewing the CEO's recommendations regarding compensation of the other



NEOs of the Company, to ensure such arrangements reflect the performance of each NEO in light of the corporate goals and objectives relevant to such compensation.

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

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

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

Other than the consulting agreements described above, the Company does not currently pay any base salary compensation to its NEOs for their services in their capacity as NEOs, other than the granting of stock options.

The Board of Directors has not conducted a formal evaluation of the implications of the risks associated with the Company's compensation policies. Risk management is a consideration of the Board of Directors when implementing its compensation policies and the Board of Directors do not believe that the Company's compensation policies result in unnecessary or inappropriate risk taking including risks that are likely to have a material adverse effect on the Company.

### **Pension disclosure**

The Company does not have a pension plan, retirement plan, deferred compensation plan or similar plan.

## **AUDIT COMMITTEE**

### **The Audit Committee's Charter**

The Company's Audit Committee Charter sets out the Audit Committee's mandate and responsibilities, and is attached as Schedule "A" to the AGM Circular.

### **Composition of the Audit Committee**

The current members of the Company's Audit Committee are Messrs. Cahill, MacDonald and Pokrandt. Each member is independent within the meaning of NI 52-110. All members of the Audit Committee are financially literate within the meaning of NI 52-110.

### **Relevant Education and Experience**

The following is a summary of the education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member:

- Mr. Cahill is the President and CEO of Excellon Resources Inc. (a reporting issuer) and is a member of the Law Society of Upper Canada.



- Mr. MacDonald is the President and CEO of NorZinc Ltd. (a reporting issuer) and a Chartered Professional Accountant.
- Mr. Pokrandt is the former CEO of Hive Blockchain Technologies Inc. (a reporting issuer).

Such education and experience provides each member with:

- an understanding of the accounting principles used by the issuer to prepare its financial statements;
- the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and provisions;
- experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the issuer's financial statements, or experience actively supervising individuals engaged in such activities; and
- an understanding of internal controls and procedures for financial reporting.

### **Audit Committee Oversight**

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

### **Reliance on Certain Exemptions**

At no time since the commencement of the Company's most recently completed financial year has the Company relied on:

- (a) the exemption in section 2.4 (*De Minimis Non-audit Services*);
- (b) the exemption in subsection 6.1.1(4) (*Circumstance Affecting the Business or Operations of the Venture Issuer*);
- (c) the exemption in subsection 6.1.1(5) (*Events Outside Control of Member*);
- (d) the exemption in subsection 6.1.1(6) (*Death, Incapacity or Resignation*); or
- (e) an exemption from NI 52-110, in whole or in part, granted under Part 8 (*Exemptions*).

### **Pre-Approval Policies and Procedures**

The Audit Committee pre-approves fees for non-audit services.

### **External Auditor Service Fees**

The aggregate fees billed by the Company's auditors, being PricewaterhouseCoopers LLP, are shown in the table below.



<u>Nature of Services</u>	<u>Auditors fees for the Year Ended December 31, 2019</u>	<u>Auditors fees for the Year Ended December 31, 2018</u>
Audit Fees <sup>(1)</sup>	\$32,851	\$24,675
Audit Related Fees <sup>(2)</sup>	N/A	\$10,500
Tax Fees <sup>(3)</sup>	\$69,496	\$15,750
<b>Total</b>	<b>\$102,347</b>	<b>\$50,925</b>

Notes:

1. "Audit Fees" include fees necessary to perform the annual audit of KORE Mining Ltd. for the years ended December 31, 2019 and 2018 and quarterly review of the interim financial statements for KORE Mining Ltd. Audit Fees include accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents relating to securities filings and statutory audits.
2. "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
3. "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.

**Exemption**

The Company is a "venture issuer" as defined in NI 52-110 and is relying upon the exemption in section 6.1 of National Instrument 52-110 relating to Parts 3 (*Composition of Audit Committee*) and 5 (*Reporting Obligations*).

**STATEMENT OF CORPORATE GOVERNANCE**

Pursuant to National Instrument 58-101 - *Disclosure of Corporate Governance Practices* the Company is required to and hereby discloses its corporate governance practices as follows.

**Board of Directors**

The Board is responsible for determining whether or not each director is an independent director. To do this, the Board analyzes all the relationships of the directors with the Company and its subsidiaries. The Board facilitates its exercise of independent supervision over the Company's management through frequent meetings of the Board.

A director is independent if he or she has no direct or indirect material relationship with the Company that the Board believes could reasonably be perceived to materially interfere with his or her ability to exercise independent judgment. Applicable securities laws set out certain situations where a director is deemed to have a material relationship with the Company.

The Board is currently comprised of six directors, three of whom are considered independent under applicable securities laws, namely, Robert MacDonald, Harry Pokrandt and Brendan Cahill. Mr. Scott Trebilcock and Mr. James Hynes are officers of the Company, and Mr. Adrian Rothwell is a former officer of the Company, and the three are therefore not independent. The remaining directors of the Company are "independent" in that they are free from any direct or indirect material relationship with the Company. A material relationship is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of his independent judgment.

**Ethical Business Conduct**

The Company has implemented a Code of Business Conduct and Ethics that addresses ethical conduct in the work environment and business practises and relationships and which explains the standard of behaviour that the Company expects of its employees in their activities and in dealing with others.



In addition, the Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

Under the corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, and disclose to the Board the nature and extent of any interest of the director in any material contract or material transaction, whether made or proposed, if the director is a party to the contract or transaction, is a director or officer (or an individual acting in a similar capacity) of a party to the contract or transaction or has a material interest in a party to the contract or transaction.

The director must then abstain from voting on the contract or transaction unless the contract or transaction (i) relates primarily to their remuneration as a director, officer, employee or agent of the Company or an affiliate of the Company, (ii) is for indemnity or insurance for the benefit of the director in connection with the Company, or (iii) is with an affiliate of the Company. If the director abstains from voting after disclosure of their interest, the directors approve the contract or transaction, and the contract or transaction was reasonable and fair to the Company at the time it was entered into, the contract or transaction is not invalid and the director is not accountable to the Company for any profit realized from the contract or transaction. Otherwise, the director must have acted honestly and in good faith, the contract or transaction must have been reasonable and fair to the Company, and the contract or transaction be approved by the shareholders by a special resolution after receiving full disclosure of its terms in order for the director to avoid such liability or the contract or transaction being invalid.

### **Nomination of Directors**

The Board does not have a nominating committee and these functions are currently performed by the Compensation and Governance Committee. The Compensation and Governance Committee is made up of Robert MacDonald, Harry Pokrandt and Brendan Cahill, each of whom are independent.

The Compensation and Governance Committee is responsible for identifying individuals qualified to become new Board members and recommending to the Board new director nominees for the next annual meeting of the shareholders.

New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Company, the ability to devote the time required, shown support for the Company's mission and strategic objectives, and a willingness to serve.

### **Compensation**

The Board has appointed the Compensation and Governance Committee to oversee compensation policies and practises and to conduct reviews with regard to directors' and officers' compensation once a year. To make its recommendation on directors' and officers' compensation, the Compensation and Governance Committee relies solely on the experience and knowledge of its members.

### **Other Committees**

The Board has no committees other than the Audit Committee and the Compensation and Governance Committee.



## Assessments

The Board monitors the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and its committee(s).

## Outside Directorships

The following directors of the Company hold directorships in other reporting issuers as set out below:

<u>Name of Director</u>	<u>Name of Other Reporting Issuer</u>
Brendan Cahill	Excellon Resources Inc., Group Eleven Resources Corp.
James Hynes	None
Robert J. (Don) Macdonald	NorZinc Ltd.
Harry Pokrandt	Baltic I Acquisition Corp.
Adrian Rothwell	Fireweed Zinc Ltd., Lucky Minerals Inc.
Scott Trebilcock	None

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed below and herein, no informed person (as defined in NI 51-102) or proposed director of the Company and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which in either such case has materially affected or would materially affect the Company or any of its subsidiaries.

Certain directors and officers of KORE are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations to other engaged companies in the resource sector may give rise to conflicts of interest from time to time. As a result, opportunities provided to a director of KORE may not be made available to KORE but, rather, may be offered to a company with competing interests. The directors and senior officers of KORE are required by law to act honestly and in good faith with a view to the best interests of KORE and to disclose any personal interest which they may have in any project or opportunity of KORE, and to abstain from voting on such matters.

The directors and officers of KORE are aware of the existence of laws governing the accountability of directors and officers for corporate opportunity and requiring disclosure by the directors of conflicts of interest and KORE will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors and officers.

## THE ARRANGEMENT

### GENERAL

The purpose of the Arrangement is to reorganize KORE and its assets and operations into two separate companies: KORE and Karus. Upon the Arrangement becoming effective, Shareholders of record as of the close of business on the Distribution Record Date will become shareholders in both companies and will receive one New KORE Share and one-half of a Karus Share for each KORE Share held by such Shareholder on such date.



## REASONS FOR THE ARRANGEMENT

With a view to enhancing Shareholder value, KORE is proposing to separate into two companies. KORE will continue as a publicly-traded gold exploration and development company with properties and projects located in the United States, with the objective of becoming a mid-tier gold producer. KORE will own and develop the Imperial Project and the Long Valley Project. Karus will be a private exploration company focused on Canadian properties that will own the FG Gold Project and the Gold Creek Project, among other assets, with plans to list on the TSX-V or other suitable Canadian stock exchange like the CSE in the first half of 2021. The Board is recommending the Arrangement and believes it enhances the long-term prospects for both KORE and Karus and provides a number of benefits to Shareholders, including, among others:

- providing Shareholders with enhanced value by creating independent investment opportunities in two gold-focused companies; one with development stage projects in the United States and the other with exploration stage projects in Canada;
- unlocking the value of the British Columbia gold assets, which are not fairly valued in the KORE portfolio;
- enabling investors, analysts and other stakeholders or potential stakeholders to more accurately value each company and compare the assets to appropriate peers;
- providing current Shareholders with 100% direct ownership of KORE and 100% direct ownership of Karus to ensure that existing Shareholders retain upside potential as the British Columbia assets are advanced;
- providing each company with a sharper business focus, enabling them to pursue independent business and financing strategies best suited to their respective business plans;
- enabling each company to pursue independent growth and capital allocation strategies;
- allowing each company to be led by experienced executives and directors who have the appropriate skills and experience aligned with assets; and
- protecting the value of the British Columbia assets by keeping Karus private in the near-term, which reduces costs and allows Karus to advance the properties and organize the company and the assets before bringing them back to public markets in the first half of 2021.

## RECOMMENDATION OF THE BOARD

The Board approved the Arrangement and recommended and authorized the submission of the Arrangement to the Shareholders and the Court for approval. **The Board has concluded that the Arrangement is in the best interests of KORE and its Shareholders and recommends that Shareholders vote FOR the Arrangement Resolution proposed to be passed at the Meeting.**

In reaching this conclusion, the Board considered, among other things, the benefits to KORE and its Shareholders, as well as the financial position, opportunities and outlook for the future potential and operating performance of KORE and Karus, respectively.

## FAIRNESS OF THE ARRANGEMENT

The Arrangement was determined to be in the best interests of the Shareholders by the Board based upon the following factors, among others:

- the procedures by which the Arrangement will be approved, including the requirement for: (i) approval at the Meeting by at least 66% of the votes cast by Shareholders in person or by



proxy; (ii) approval at the Meeting by a majority of the votes cast by Shareholders other than those required to be excluded pursuant to MI 61-101; and (iii) approval by the Court after a hearing at which the fairness of the Arrangement will be considered;

- each Shareholder at the Effective Time (other than Dissenting Shareholders) will participate in the Arrangement such that each Shareholder will hold, upon completion of the Arrangement, the same proportionate interest in KORE and Karus that such Shareholder held in KORE immediately prior to the Arrangement; and
- the opportunity for Shareholders who are opposed to the Arrangement, upon compliance with certain conditions, to exercise Dissent Rights under the BCBCA, as modified by the Interim Order.

## **DETAILS OF THE ARRANGEMENT**

The following description is qualified in its entirety by reference to the full text of the Plan of Arrangement, a copy of which is attached as Exhibit "II" to the Arrangement Agreement attached as Schedule "E" to this Circular. Shareholders are urged to carefully read the Plan of Arrangement in its entirety.

Commencing at the Effective Time, the following shall occur and be deemed to occur in the following chronological order without further act or formality notwithstanding anything contained in the provisions attaching to any of the securities of KORE or Karus:

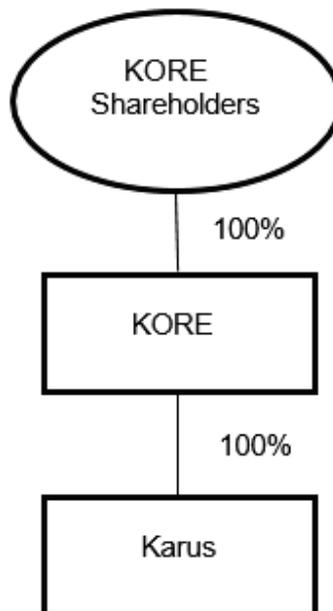
- Each KORE Share in respect of which Dissent Rights are validly exercised and for which the Dissenting Shareholder is ultimately entitled to be paid fair market value shall be directly transferred and assigned by such Dissenting Shareholder to KORE, without any further act or formality and free and clear of any liens, charges and encumbrances of any nature whatsoever, and will be cancelled and cease to be outstanding and such Dissenting Shareholders will cease to have any rights as Shareholders other than the right to be paid the fair value for their KORE Shares by KORE in accordance with the Plan of Arrangement;
- KORE will transfer its entire legal and beneficial right, title and interest and to the Spin-Off Assets to Karus and in consideration therefor, Karus will issue approximately 53,037,456 Karus Shares, having a fair market value equal to the fair market value of the Spin-Off Assets, to KORE;
- KORE will be added to the securities register of Karus in respect of such Karus Shares issued to KORE;
- KORE will jointly elect with Karus, in the prescribed form and within the time referred to in subsection 85(6) of the Tax Act, to have the provisions of subsection 85(1) of the Tax Act apply to the transfer of the Spin-Off Assets;
- The authorized share structure of KORE will be reorganized and altered by:
  - renaming and redesignating all of the issued and unissued Kore Shares as Kore Class A Shares and amending the special rights and restrictions attached to those shares to provide the holders thereof with two votes in respect of each share held, being the "KORE Class A Shares"; and
  - creating the New KORE Shares, with rights and restrictions identical to those of the KORE Shares immediately prior to the Effective Time;
- KORE's Notice of Articles will be amended to reflect the above alterations to its share structure;
- The holder of the KORE Warrants shall be issued 1,750,000 Karus Warrants where each Karus Warrant will entitle the Warrantholder to acquire one Karus Share at an exercise price of \$0.75 per share, exercisable for the same period of time as the KORE Warrant;

- Each KORE Class A Share will be exchanged for: (i) one New KORE Share; and (ii) one-half of one Karus Share (provided that, while each Shareholder's fractional Karus Shares will be combined, no fractional shares shall be issued and no compensation will be received in lieu thereof), and the holders of KORE Class A Shares will be removed from KORE's central security register with respect to the KORE Class A Shares and shall be added to KORE's central securities register as the holder of such number of New KORE Shares and to Karus's central securities register as the holder of such number of Karus Shares;
- All of the KORE Class A Shares will be cancelled and the aggregate paid-up capital of the New KORE Shares will be equal to that of the KORE Shares immediately prior to the Effective Time less the fair market value of the Karus Shares distributed pursuant to the Plan of Arrangement;
- The authorized share structure of KORE will be changed by eliminating the KORE Class A Shares; and
- The Notice of Articles of KORE will be amended to reflect such alteration.

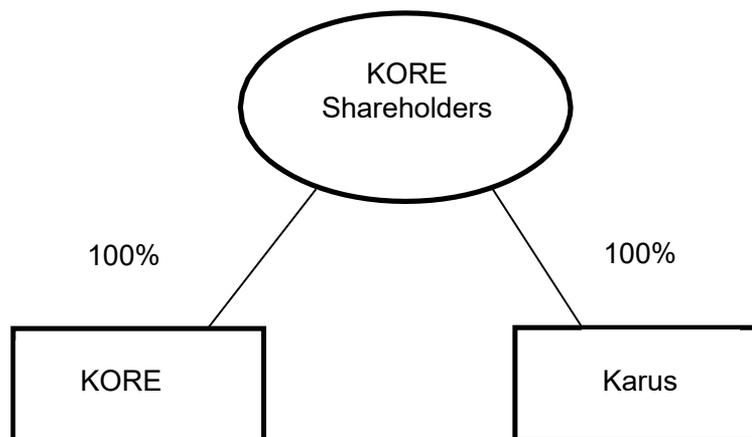
No fractional KORE Shares will be distributed to the KORE Shareholders and no fractional KORE Warrants shall be distributed to the holder of the KORE Warrants, and, as a result, all fractional amounts arising under the Arrangement shall be rounded down to the next whole number without any compensation therefor. Any KORE Shares not distributed as a result of so rounding down shall be cancelled by KORE.

The effect of the Arrangement can be summarized by the following diagrams:

Structure immediately prior to the Arrangement:



Structure following completion of Arrangement:



#### **AUTHORITY OF THE BOARD**

By passing the Arrangement Resolution, the Shareholders will also be giving authority to the Board to use its judgment to proceed with and cause KORE to complete the Arrangement or to abandon the Arrangement without any requirement to seek or obtain any further approval of the Shareholders.

The Arrangement Resolution also provides that the terms of the Plan of Arrangement may be amended by the Board before or after the Meeting without further notice to Shareholders, unless directed by the Court. Although the Board has no current intention to amend the terms of the Plan of Arrangement, it is possible that the Board may determine that certain amendments are appropriate, necessary or desirable.

#### **CONDITIONS TO THE ARRANGEMENT**

The Arrangement Agreement provides that the consummation of the Arrangement will be subject to the fulfilment or waiver of certain conditions, including the following:

- the Interim Order shall have been granted in form and substance satisfactory to KORE;
- the Arrangement Resolution with or without amendment, shall have been approved and adopted at the KORE Meeting in accordance with the Arrangement Provisions, the constating documents of KORE, the Interim Order and the requirements of any applicable regulatory authorities;
- the Final Order shall have been obtained in form and substance satisfactory to each of KORE and Karus;
- the TSX-V shall have conditionally approved the Arrangement, including the listing of the New KORE Shares in substitution for the KORE Shares and the delisting of the KORE Shares and, in substitution therefor, all as of the Effective Date, subject to compliance with the requirements of the TSX-V;
- all other consents, orders, regulations and approvals, including regulatory and judicial approvals and orders, required, necessary or desirable for the completion of the transactions provided for in the Arrangement and the Plan of Arrangement will have been obtained or received, each in form acceptable to each of KORE and Karus;



- there shall not be in force any order or decree restraining or enjoining the consummation of the transactions contemplated by the Plan of Arrangement;
- no law, regulation or policy will have been proposed, enacted, promulgated or applied which interferes or is inconsistent with the completion of the Arrangement and Plan of Arrangement, including any material change to the income tax laws of Canada, which would reasonably be expected to have a material adverse effect on any of KORE, the Shareholders or Karus if the Arrangement is completed;
- Shareholders shall not have exercised Dissent Rights with respect to greater than 10% of the outstanding KORE Shares; and
- the Arrangement Agreement will not have been terminated as provided for therein.

If any of the conditions set forth in the Arrangement Agreement are not fulfilled or performed, on or prior to the Effective Time, KORE may terminate the Arrangement Agreement or waive, in its discretion, the applicable condition in whole or in part. As soon as practicable after the fulfilment (or waiver) of the conditions contained in the Arrangement Agreement, the Board intends to cause a copy of the Final Order to be filed with the Registrar under the BCBCA, together with such other material as may be required by the Registrar in order that the Arrangement will become effective.

Management of KORE expects that any material consents, orders and approvals required for the completion of the Arrangement will be obtained prior to the Effective Date in the ordinary course upon application therefor.

#### **COURT APPROVAL AND COMPLETION OF THE ARRANGEMENT**

The Arrangement requires the approval of the Court under the BCBCA. Prior to mailing this Circular, KORE obtained the Interim Order authorizing the calling and holding of the Meeting and providing for certain other procedural matters. The Interim Order is attached as Schedule "F". The Notice of Hearing of Petition in respect of the Final Order is attached as Schedule "G".

Assuming approval of the Arrangement Resolution by the Shareholders at the Meeting, KORE intends to make an application to the Court for the Final Order on January 22, 2021 at 9:45 a.m. (Vancouver time) at 800 Smithe Street, Vancouver, British Columbia or as soon thereafter as is reasonably practicable and in the manner directed by the Court.

At the hearing, any Shareholder or other interested party who wishes to participate, to appear, to be represented, and/or to present evidence or arguments may do so, subject to filing with the Court and serving upon the Company a response to petition together with any evidence or materials that such party intends to present to the Court on or before 4:00 p.m. (Pacific time) on January 20, 2021. Service of such notice shall be effected by service upon the solicitors for the Company: Farris LLP, 25<sup>th</sup> Floor, 700 West Georgia Street, Vancouver, British Columbia V7Y 1B3, Attention: Jay Sujir.

The Court has broad discretion under the BCBCA when making orders in respect of arrangements, and the Court may approve the Arrangement as proposed or as amended in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court thinks appropriate. The Court, in hearing the application for the Final Order, will consider, among other things, the fairness of the terms and conditions of the Arrangement to Shareholders. The Court will be advised prior to the hearing for the Final Order that if the terms and conditions of the Arrangement are approved by the Court, such approval will be relied upon in seeking an exemption from the registration requirements of the 1933 Act, pursuant to Section 3(a)(10) thereof, with respect to the offer and sale of the securities to be issued or distributed pursuant to the Arrangement.



For further information regarding the Court hearing and your rights in connection with the Court hearing, see the Notice of Hearing of Petition attached as Schedule “G” to this Circular. The Notice of Hearing of Petition constitutes notice of the Court hearing of the application for the Final Order and is your only notice of the Court hearing.

It is currently anticipated that the Effective Date of the Arrangement will occur at the end of January 2021, but it is not possible to state with certainty when or if the closing of the Arrangement will occur.

Although the Company’s objective is to have the Effective Date occur as soon as possible after the Meeting, the Effective Date could be delayed for a number of reasons, including, but not limited to, an objection before the Court at the hearing of the application for the Final Order or any delay in obtaining any required approvals or clearances. The Company may determine not to complete the Arrangement without prior notice to or action on the part of KORE Shareholders.

### **SHAREHOLDER APPROVAL OF THE ARRANGEMENT**

Subject to any further order(s) of the Court, the Arrangement must be approved by: (i) at least 66⅔% of the votes cast by Shareholders present, in person or by proxy, and entitled to vote at the Meeting; and (ii), a majority of the votes cast by Shareholders other than those required to be excluded pursuant to MI 61-101.

In the absence of any instruction to the contrary, the KORE Shares represented by proxies appointing the management designees named in the form of proxy will be voted in favour of the Arrangement Resolution.

### **PROPOSED TIMETABLE FOR THE ARRANGEMENT**

The anticipated timetable for the completion of the Arrangement and the key dates proposed are as follows:

Special Meeting:	January 20, 2021
Final Court approval:	January 22, 2021
Distribution Record Date:	On or about January 22, 2021
Effective Date:	On or about January 25, 2021
Mailing of New KORE Shares & Karus Shares:	On or about January 28, 2021

Notice of the actual Distribution Record Date and Effective Date will be made through one or more news releases issued by KORE. The Board will determine each of the Distribution Record Date and Effective Date upon satisfaction or waiver of the conditions to the Arrangement.

### **DISTRIBUTION OF SHARE CERTIFICATES**

Concurrently with the mailing of the Circular, KORE will mail the Letter of Transmittal to Registered Shareholders, which will be used to exchange their certificates/DRS statements representing KORE Shares for share certificates/DRS statements representing the New KORE Shares and share certificates/DRS statements representing the Karus Shares. Until exchanged, each share certificate/DRS statement representing KORE Shares will, after the Effective Time, represent only the right to receive, upon surrender, share certificates/DRS statements representing the requisite numbers of New KORE Shares and Karus Shares. Shareholders will not receive any fractional Karus Shares. Any fractional Karus Shares will be rounded down to the nearest whole number and Shareholders will not receive any compensation in lieu thereof.



## **CANCELLATION OF RIGHTS AFTER SIX YEARS**

Any certificate/DRS statement which immediately prior to the Effective Time represented KORE Shares and which has not been surrendered with all other documents required by the Depository, on or prior to the **sixth anniversary** of the Effective Date, will cease to represent any claim against or interest of any kind or nature in either KORE or Karus. **Accordingly, Registered Shareholders who tender certificates/DRS statements for KORE Shares after the sixth anniversary of the Effective Date will not receive New KORE Shares or Karus Shares, will not own any interest in KORE or Karus and will not be paid any cash or other compensation in lieu thereof.**

## **EXPENSES OF THE ARRANGEMENT**

The costs relating to the Arrangement, including, without limitation, financial advisory, accounting and legal fees, will be borne by Karus.

### **Sources of Funds for the Arrangement**

As part of the Internal Reorganization, KORE and Karus will enter into a Loan Agreement (the "**Loan Agreement**") prior to the Effective Date pursuant to which KORE has agreed, subject to the closing of the Arrangement, to make available up to \$500,000 by way of a secured loan with interest at a rate of 8% per annum free for a period of one year, repayable upon the completion of a minimum financing of \$4,000,000 by Karus, which is anticipated to occur in the first half of 2021 by way of the Rights Offering.

### **Interest of KORE in KARUS Post-Arrangement**

As part of the Internal Reorganization, KORE and Karus will enter into a royalty agreement (the "**Royalty Agreement**") effective upon the closing of the Arrangement, whereby all mineral claims included in the Spin-Off Assets that are wholly-owned by KORE which are not otherwise encumbered by another agreement will be subject to a 1% net smelter royalty held by KORE effective upon the closing of the Arrangement.

As part of the Internal Reorganization, the Loan Agreement will also include security granted by Karus in favour of KORE.

## **RISK FACTORS RELATING TO THE ARRANGEMENT**

The following risk factors should be considered by Shareholders in evaluating whether to approve the Arrangement. These risk factors should be considered in conjunction with the other information included in this Circular and the risk factors disclosed under the heading "*Risk Factors*" in Schedules "I" and "P".

### **Termination of the Arrangement Agreement or Failure to Obtain Required Approvals**

Each of KORE and Karus has the right to terminate the Arrangement Agreement in certain circumstances. Accordingly, there is no certainty, nor can KORE provide any assurance, that the Arrangement Agreement will not be terminated before the completion of the Arrangement. In addition, the completion of the Arrangement is subject to a number of conditions, certain of which are outside the control of KORE, including Shareholders approving the Arrangement and required regulatory approvals, including of the Court, being obtained. There is no certainty, nor can KORE provide any assurance, that these conditions will be satisfied. If for any reason the Arrangement is not completed, the market price of KORE Shares may be adversely affected and Shareholders will lose the prospective benefits of the Arrangement. Moreover, if the Arrangement Agreement is terminated, there is no assurance that KORE will pursue or be able to complete an alternative transaction to spin-out or realize the value of its Canadian assets, and Shareholders will continue to be subject to the risk factors of both KORE and Karus as disclosed in this Circular.



### **Karus Shares Not Listed on Stock Exchange**

There is no certainty of the listing of the Karus Shares on any stock exchange. Until the Karus Shares are listed on a stock exchange, Karus Shareholders may not be able to sell their Karus Shares, although there is an intent to list in the first half of 2021. Even if a listing is obtained, the holding of Karus Shares will involve a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity of their investment.

### **Karus has Limited Financial Resources**

Karus presently does not have sufficient financial resources to undertake all of its currently planned activities beyond completion of the Arrangement, other than the \$500,000 inter-company loan that will be made available to KORE on certain terms and conditions upon completion of the Internal Reorganization. In the event that the Arrangement is completed, Karus will need to obtain further financing, whether through equity or other means. There can be no assurance that Karus will be able to raise the balance of the financing required or that such financing can be obtained without substantial dilution to its shareholders. Failure to obtain additional financing on a timely basis could cause Karus to reduce or terminate its operations.

Subject to the completion of the Arrangement, Karus's current intentions are to complete the Rights Offering to raise initial capital for Karus in the first half of 2021. There can be no assurance that Karus will close the Rights Offering in the amount or in the time frame required to undertake all of its currently planned activities.

### **Karus Shares Will Not Be "Qualified Investments"**

The Karus Shares distributed to KORE Shareholders pursuant to the Arrangement will not qualify as "qualified investments" under the Tax Act for Registered Plans (as defined below) unless, on or before its filing due date for its first taxation year, the Karus Shares are listed on a "designated stock exchange" as defined in the Tax Act (or Karus otherwise satisfies the conditions to be a "public corporation" for purposes of the Tax Act) and Karus validly elects to be a "public corporation" for purposes of the Tax Act from the commencement of its first taxation year. No assurance can be given as to whether Karus will qualify as a "public corporation".

Where a Registered Plan acquires a Karus Share in circumstances where the Karus Shares are not a qualified investment under the Tax Act for the Registered Plan, adverse tax consequences may arise for the Registered Plan and the holder, annuitant or subscriber under the Registered Plan, including that the Registered Plan or the controlling individual of the Registered Plan may become subject to penalty taxes.

See "*Material Income Tax Considerations - Eligibility for Investment – New KORE Shares and Karus Shares*".

### **Income Tax**

The Arrangement may give rise to adverse tax consequences to Shareholders, and each Shareholder is urged to consult with his, her, their or its own tax advisor. See "*Material Income Tax Considerations*".

### **Costs of the Arrangement**

There are certain costs related to the Arrangement, such as legal and accounting fees incurred, that must be paid even if the Arrangement is not completed.

### **Exercise of Dissent Rights**

Registered Shareholders have the right to exercise Dissent Rights and demand payment equal to the fair value of their KORE Shares in cash. If Dissent Rights are exercised in respect of a significant number of KORE Shares, a substantial cash payment may be required to be made to such Shareholders, which could



have an adverse effect on KORE's financial condition and cash resources. KORE may elect, in its sole discretion, not to complete the Arrangement if a significant number of Shareholders exercise Dissent Rights.

### **Impacts of the COVID-19 Pandemic**

The COVID-19 pandemic has caused, and is expected to continue to cause, severe disruptions in regional economies and the world economy and financial and commodity markets in general. The transmission of COVID-19 and efforts to contain its spread have resulted in international, national and local border closings, travel restrictions, significant disruptions to business operations, supply chains and customer activity and demand, service cancellations, workforce reductions and other changes, significant challenges in healthcare service provision and delivery, mandated closures and quarantines, as well as considerable general concern and uncertainty, all of which have negatively affected the economic environment and may in the future have further and larger impacts. The full extent of the impact of the pandemic on the economy and commodity prices, including gold prices, is not known at this time and it is not known what measures will be implemented by governmental authorities in the future and how long these measures, or the measures currently in effect, will be in place.

While the impact of the COVID-19 pandemic is not expected to last indefinitely, the circumstances relating to the pandemic are dynamic and its impacts on the Company's business and operations, including the timing and ability to close the Arrangement due to any unforeseen Court delays, etc., cannot be reasonably estimated at this time.

## **DISSENT RIGHTS**

The following is a summary of the provisions of the BCBCA relating to a Shareholder's dissent and appraisal rights in respect of the Arrangement Resolution. Such summary is not a comprehensive statement of the procedures to be followed by a Dissenting Shareholder who seeks payment of the fair value of his, her, their or its KORE Shares and is qualified in its entirety by reference to the full text of sections 237 to 247 of the BCBCA, as modified by the Plan of Arrangement, the Interim Order and the Final Order (collectively, the "**Dissent Procedures**").

The statutory provisions dealing with the right of dissent are technical and complex. Any Dissenting Shareholders should seek independent legal advice, as failure to comply strictly with the provisions of sections 237 to 247 of the BCBCA, which is attached to this Circular as Schedule "H", as modified by the Plan of Arrangement, the Interim Order and the Final Order, may result in the loss of all Dissent Rights.

The Interim Order expressly provides Registered Shareholders with the right to dissent with respect to the Arrangement Resolution. Each Dissenting Shareholder is entitled to be paid the fair value (determined as of the close of business on the day before the Effective Date of all but not less than all, of the holder's KORE Shares), provided that the holder duly dissents to the Arrangement Resolution and the Arrangement becomes effective.

In many cases, KORE Shares beneficially owned by a holder are registered either (a) in the name of an Intermediary that the Non-Registered Shareholder deals with in respect of such shares, such as, among others, banks, trust companies, securities brokers, trustees and other similar entities, or (b) in the name of a depository, such as CDS & Co., of which the Intermediary is a participant. Accordingly, a Non-Registered Shareholder will not be entitled to exercise his, her, their or its rights of dissent directly (unless the KORE Shares are re-registered in the Non-Registered Shareholder's name).

With respect to KORE Shares in connection to the Arrangement, pursuant to the Interim Order, a Registered Shareholder may exercise rights of dissent under Division 2 of Part 8 of the BCBCA, as modified by the Plan of Arrangement, the Interim Order and the Final Order, provided that, notwithstanding section 242(2) of the BCBCA, the written objection to the Arrangement Resolution must be sent to KORE c/o Farris LLP, 2500 – 700 West Georgia Street, Vancouver, British Columbia, V7Y 1B3, Canada, Attention: Jay Sujir, by not later



than 10:00 a.m. (Vancouver time) on January 18, 2021, or two Business Days prior to any adjournment or postponement of the Meeting.

To exercise Dissent Rights, a Shareholder must dissent with respect to all KORE Shares of which it is the registered and beneficial owner. A Registered Shareholder who wishes to dissent must deliver written notice of dissent (“**Notice of Dissent**”) to KORE as set forth above and such Notice of Dissent must strictly comply with the requirements of section 242 of the BCBCA. Any failure by a Shareholder to fully comply with the provisions of the BCBCA, as modified by the Plan of Arrangement, the Interim Order and the Final Order, may result in the loss of that holder’s Dissent Rights. Non-Registered Shareholders who wish to exercise Dissent Rights must cause each Registered Shareholder holding their KORE Shares to deliver the Notice of Dissent, or, alternatively, make arrangements to become a Registered Shareholder.

To exercise Dissent Rights, a Registered Shareholder must prepare a separate Notice of Dissent for himself, herself or itself, if dissenting on his, her or its own behalf, and for each other Non-Registered Shareholder who beneficially owns KORE Shares registered in the Shareholder’s name and on whose behalf the Shareholder is dissenting; and must dissent with respect to all of the KORE Shares registered in his, her or its name or if dissenting on behalf of a Non-Registered Shareholder, with respect to all of the KORE Shares registered in his, her, their or its name and beneficially owned by the Non-Registered Shareholder on whose behalf the Shareholder is dissenting. The Notice of Dissent must set out the number of KORE Shares in respect of which the Dissent Rights are being exercised (the “**Notice Shares**”) and: (a) if such KORE Shares constitute all of the KORE Shares of which the Shareholder is the registered and beneficial owner and the Shareholder owns no other KORE Shares beneficially, a statement to that effect; (b) if such KORE Shares constitute all of the KORE Shares of which the Shareholder is both the registered and beneficial owner, but the Shareholder owns additional KORE Shares beneficially, a statement to that effect and the names of the Registered Shareholders, the number of KORE Shares held by each such Registered Shareholder and a statement that written notices of dissent are being or have been sent with respect to such other KORE Shares; or (c) if the Dissent Rights are being exercised by a Registered Shareholder who is not the beneficial owner of such KORE Shares, a statement to that effect and the name of the Non-Registered Shareholder and a statement that the Registered Shareholder is dissenting with respect to all KORE Shares of the Non-Registered Shareholder registered in such registered holder’s name.

If the Arrangement Resolution is approved by Shareholders, and KORE notifies a registered holder of Notice Shares of KORE’s intention to act upon the Arrangement Resolution pursuant to section 243 of the BCBCA, in order to exercise Dissent Rights such Shareholder must, within one month after KORE gives such notice, send to KORE a written notice that such holder requires the purchase of all of the Notice Shares in respect of which such holder has given Notice of Dissent. Such written notice must be accompanied by the certificate or certificates representing those Notice Shares (including a written statement prepared in accordance with section 244(1)(c) of the BCBCA if the dissent is being exercised by the Shareholder on behalf of a Non-Registered Shareholder), whereupon, subject to the provisions of the BCBCA relating to the termination of Dissent Rights, the Shareholder becomes a Dissenting Shareholder, and is bound to sell and KORE is bound to purchase those KORE Shares. Such Dissenting Shareholder may not vote, or exercise or assert any rights of a Shareholder in respect of such Notice Shares, other than the rights set forth in Division 2 of Part 8 of the BCBCA, as modified by the Plan of Arrangement, the Interim Order and the Final Order. A vote against the Arrangement Resolution, an abstention, or the execution of a proxy to vote against the Arrangement Resolution, does not constitute a Dissent Notice.

Dissenting Shareholders who are:

- (a) ultimately are entitled to be paid fair value for their KORE Shares, will be entitled to be paid the fair value of such KORE Shares, and will not be entitled to any other payment or consideration, including any payment that would be payable under the Arrangement had such holders not exercised their Dissent Rights in respect of such KORE Shares; or
- (b) ultimately are not entitled, for any reason, to be paid fair value for such KORE Shares shall be deemed to have participated in the Arrangement on the same basis as a non-dissenting holder of



KORE Shares; but in no case will KORE be required to recognize such persons as holding KORE Shares on or after the Effective Date.

If a Dissenting Shareholder is ultimately entitled to be paid for their Dissent Shares, such Dissenting Shareholder may enter into an agreement for the fair value of such Dissent Shares. If such Dissenting Shareholder does not reach an agreement, such Dissenting Shareholder, or KORE, may apply to the Court, and the Court may determine the payout value of the Dissent Shares and make consequential orders and give directions as the Court considers appropriate. There is no obligation on KORE to make an application to the Court. The Dissenting Shareholder will be entitled to receive the fair value that the KORE Shares had as of the close of business on the day before the Effective Date. After a determination of the fair value of the Dissent Shares, KORE must then promptly pay that amount to the Dissenting Shareholder.

In no case will KORE, the Depositary or any other person be required to recognize Dissenting Shareholders as Shareholders after the Effective Time, and the names of such Dissenting Shareholders will be deleted from the central securities register as Shareholders at the Effective Time.

In no circumstances will KORE or any other person be required to recognize a person as a Dissenting Shareholder: (i) unless such person is the holder of the KORE Shares in respect of which Dissent Rights are purported to be exercised immediately prior to the Effective Time; (ii) if such person has voted or instructed a proxy holder to vote such Notice Shares in favour of the Arrangement Resolution; or (iii) unless such person has strictly complied with the procedures for exercising Dissent Rights set out in Division 2 of Part 8 of the BCBCA, as modified by the Plan of Arrangement, the Interim Order and the Final Order and does not withdraw such Notice of Dissent prior to the Effective Time.

Dissent Rights with respect to Notice Shares will terminate and cease to apply to the Dissenting Shareholder if, before full payment is made for the Notice Shares, the Arrangement in respect of which the Notice of Dissent was sent is abandoned or by its terms will not proceed, a court permanently enjoins or sets aside the corporate action approved by the Arrangement Resolution, or the Dissenting Shareholder withdraws the Notice of Dissent with KORE's written consent. If any of these events occur, KORE must return the share certificates or DRS statements representing the KORE Shares to the Dissenting Shareholder and the Dissenting Shareholder regains the ability to vote and exercise its rights as a Shareholder.

If you dissent there can be no assurance that the amount you receive as fair value for your KORE Shares will be more than or equal to the Consideration under the Arrangement.

Each Shareholder wishing to avail himself, herself or itself of the Dissent Rights should carefully consider and comply with the provisions of the Interim Order and sections 237 to 247 of the BCBCA, which are attached to this Circular as Schedules "F" and "H", respectively, and seek his, her, their or its own legal advice.

The Arrangement Agreement provides that, unless otherwise waived, it is a condition to the obligations of KORE and Karus to complete the Arrangement that, on or before the Effective Date, holders of not more than an aggregate of 10% of the issued and outstanding KORE Shares shall have exercised Dissent Rights. If the number of outstanding KORE Shares in respect of which Dissent Rights have been exercised exceeds 10%, the Arrangement will not proceed unless KORE waives such condition.

**The above is only a summary of the Dissent Procedures which are technical and complex. If you are a Registered Shareholder and wish to exercise your Dissent Rights, you should seek your own legal advice as failure to strictly comply with the Dissent Procedures, will result in the loss of your Dissent Rights. For a general summary of certain income tax implications to a Dissenting Shareholder, see "*Material Income Tax Considerations – Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Dissenting Resident Holders*" and "*Material Income Tax Considerations – Certain Canadian Federal Income Tax Considerations – Holders Not Resident in Canada – Dissenting Non-Resident Holders*".**



## INTERESTS OF CERTAIN PERSONS IN THE ARRANGEMENT

In considering the Arrangement and the recommendations of the Board with respect to the Arrangement, KORE Shareholders should be aware that 2176423 Ontario Ltd., who is an insider and control person of KORE, holding 25.75% of the Company's current issued and outstanding shares, has certain interests that are, in addition to, the interests of other KORE Shareholders generally, which may present it with actual or potential conflicts of interest in connection with the Arrangement. The Board is aware of these interests and considered them along with the other matters described above in "*The Arrangement – Reasons for the Arrangement*". These interests include those described below.

To the knowledge of KORE, as of December 18, 2020, 2176423 Ontario Ltd. owns an aggregate of 3,500,000 KORE Warrants exercisable at a price of \$1.50 per KORE Warrant which expire in July 2022.

Pursuant to a determination of the Board under the terms of the Warrant certificates and under the Arrangement, the KORE Warrantholder will be issued 1,750,000 Karus warrants at an exercise price of \$0.75 per Karus Share, exercisable for the same period of time as the KORE warrants, expiring in July 2022.

It should be noted that as of the date of the Circular, 2176423 Ontario Ltd. intends to vote in favour of the Arrangement Resolution.

## CERTAIN SECURITIES LAW MATTERS

**The following discussion is only a general overview of certain requirements of Canadian and U.S. securities laws applicable to trades in securities of KORE or Karus. All holders of securities are urged to consult with their own legal counsel to ensure that any resale of their securities of KORE or Karus complies with applicable securities legislation.**

### CANADIAN SECURITIES LAWS

#### ***Minority Approval under MI 61-101***

The Company is a reporting issuer in the Provinces of British Columbia and Alberta (where MI 61-101 is in force) and accordingly is subject to MI 61-101. MI 61-101 is intended to regulate certain transactions to ensure equality of treatment among security holders, generally requiring enhanced disclosure, approval by a majority of security holders excluding interested or related parties and, in certain instances, independent valuations and approval and oversight of the transaction by a special committee of independent directors. The protections of MI 61-101 generally apply to "business combinations" (as defined in MI 61-101) that terminate the interests of security holders without their consent. A plan of arrangement will constitute a "business combination" if, at the time the transaction is entered into, a related party of the issuer (such as a control person, director or senior officer, among other parties) is entitled to receive a "collateral benefit" (as defined in MI 61-101), directly or indirectly as a consequence of the transaction, or if a related party of the issuer is a party to any "connected transaction" (as defined in MI 61-101) to the main transaction.

A "collateral benefit", as defined in MI 61-101, includes any benefit that a related party of the Company (which includes the control persons, directors and senior officers of the Company, among others) is entitled to receive, directly or indirectly, as a consequence of the Arrangement, including, without limitation, an increase in salary, a lump sum payment, a payment for surrendering securities or other enhancement in benefits related to past or future services as an employee, director or consultant of the Company. However, such a benefit will be deemed not to constitute a "collateral benefit" provided that certain conditions are satisfied.

Under MI 61-101, if a "related party" receives a "collateral benefit" in connection with the Arrangement, the Arrangement Resolution will require "minority approval" in accordance with MI 61-101. If "minority approval" is required, the Arrangement Resolution must be approved by the affirmative vote of a simple majority of the votes cast, excluding those votes beneficially owned, or over which control or direction is exercised, by the



“related parties” of the Company who receive “collateral benefits” in connection with the Arrangement. The votes cast by any party acting jointly or in concert with any such related party are also required to be excluded. This approval is in addition to the Required Approval.

In the case of the Arrangement, the additional Karus Warrants to be issued to the Warrantholder, 2176423 Ontario Ltd., who is an insider and control person of KORE, holding 25.75% of the Company’s current issued and outstanding shares, is a benefit which could, subject to the availability of any of the aforementioned exceptions to the definition, constitute “collateral benefits” for the purposes of MI 61-101. See *“Interests of Certain Persons in the Arrangement”*.

Following disclosure to the Board by each of the control persons, directors and senior officers of KORE regarding the number of KORE Shares beneficially owned, and the total consideration that such control persons, directors or senior officers expects to be beneficially entitled to receive, in exchange for their KORE Shares under the Arrangement, the only party who (i) beneficially owns or exercises control or direction over 1% or more of the KORE Shares and (ii) will receive a benefit net of offsetting cost equal to 10% or more of the consideration he expects to receive for his KORE Shares under the Arrangement is 2176423 Ontario Ltd., one of the control persons of the Company.

**Accordingly, 2176423 Ontario Ltd. is receiving a “collateral benefit” for the purposes of MI 61-101. Minority approval of the Arrangement Resolution will therefore be required under MI 61-101 and the votes attached to the KORE Shares that 2176423 Ontario Ltd. beneficially owns or exercises control or direction over are required to be excluded from the minority approval vote pursuant to MI 61-101.**

KORE is not required to obtain a formal valuation under MI 61-101 as no “interested party” (as defined in MI 61-101) of the Company is: (i) as a consequence of the Arrangement, directly or indirectly acquiring KORE or its business or combining with KORE; or (ii) a party to any “connected transaction” (as such term is defined in MI 61-101) to the Arrangement which is a “related party transaction” (as such term is defined in MI 61-101) for which the Company would be required to obtain a formal valuation under MI 61-101.

See *“Interests of Certain Persons in the Arrangement”*.

#### **Other**

To the knowledge of the directors and senior officers of KORE, after reasonable enquiry, there have been no “prior valuations” (as defined in MI 61-101) prepared in respect of the Company within the 24 months preceding the date of this Circular.

To the knowledge of the directors and senior officers of KORE, after reasonable enquiry, except as disclosed elsewhere in this Circular, there has been no *bona fide* prior offer capable of acceptance and relating to the subject matter of, or otherwise relevant to, the Arrangement that has been received by the Company within the 24 months preceding the date of this Circular.

#### **Stock Exchange Listing and Reporting Issuer Status**

KORE is a reporting issuer in the following jurisdictions in Canada: British Columbia and Alberta. The KORE Shares currently trade on the TSX-V in Canada. After the Arrangement, Karus will be a reporting issuer in British Columbia and Alberta. However, the Karus Shares will not be listed and posted for trading on any exchange. Current intention is to list Karus Shares later in the first half of 2021.

The distribution of the Karus Shares pursuant to the Arrangement will constitute a distribution of securities which is exempt from prospectus requirements of Canadian securities legislation. With certain exceptions, the Karus Shares may generally be resold in each of the provinces of Canada provided the trade is not a “control distribution” as defined in National Instrument 45-102 – *Resale of Securities* of the Canadian Securities Administrators, no unusual effort is made to prepare the market or create a demand for those securities, no extraordinary commission or consideration is paid to a person or company in respect of the



trade and, if the selling security holder is an insider or officer of Karus, the insider or officer has no reasonable grounds to believe that Karus is in default of securities legislation.

## **U.S. SECURITIES LAWS**

The securities issued or deemed to be issued to Shareholders pursuant to the Arrangement will not be registered under the 1933 Act or the securities laws of any state of the United States, and will be distributed in reliance upon the exemption from registration under the 1933 Act provided by Section 3(a)(10) thereof and available exemptions from applicable state registration requirements. Section 3(a)(10) of the 1933 Act provides an exemption from registration under the 1933 Act for offers and sales of securities issued in exchange for one or more outstanding securities where the terms and conditions of the issuance and exchange of such securities have been approved by a court authorized to grant such approval after a hearing upon the fairness of the terms and conditions of the issuance and exchange at which all persons to whom the securities will be issued have the right to appear. The Court is authorized to conduct a hearing at which the fairness of the terms and conditions of the Arrangement will be considered. The Court issued the Interim Order on December 18, 2020 and, subject to the approval of the Arrangement by the Shareholders at the Meeting, it is expected that a hearing on the Arrangement will be held on January 22, 2021 at 9:45 a.m. (Vancouver time), at the Law Courts, 800 Smithe Street, Vancouver, British Columbia, or as soon thereafter as is reasonably practical and in the manner directed by the Court. At the hearing, any Shareholder and any interested party who wishes to participate, to appear, to be represented and/or to present evidence or arguments may do so, subject to filing with the Court and serving upon the Company a response to petition together with an evidence or materials that such party intends to present to the Court on or before 4:00 pm (Vancouver time) on January 20, 2021. The Final Order will constitute a basis for the exemption from the registration requirements of the 1933 Act provided by Section 3(a)(10) thereof with respect to the securities to be issued pursuant to the Arrangement. Prior to the hearing on the Final Order, the Court will be informed of this effect of the Final Order.

The securities issued or deemed to be issued to Shareholders pursuant to the Arrangement will be freely tradable under the U.S. Securities Act, except by persons who are “affiliates” of KORE or Karus after the Arrangement or were affiliates of KORE or Karus within 90 days prior to completion of the Arrangement. Persons who may be deemed to be “affiliates” of an issuer include individuals or entities that control, are controlled by, or are under common control with, the issuer, whether through ownership of voting securities, by contract or otherwise, and generally include executive officers and directors of the issuer as well as principal shareholders of the issuer.

Any resale of such securities by such an affiliate (or, if applicable, former affiliate) may be subject to the registration requirements of the U.S. Securities Act, absent an exemption therefrom. Subject to certain limitations, such affiliates (and former affiliates) may immediately resell such securities outside the United States without registration under the U.S. Securities Act pursuant to and in accordance with Regulation S under the U.S. Securities Act. Such securities may also be resold in transactions completed in accordance with Rule 144 under the U.S. Securities Act, if available.

The foregoing discussion is only a general overview of certain requirements of the U.S. Securities Act applicable to the resale of the securities issued or deemed to be issued to Shareholders pursuant to the Arrangement. All holders of such securities are urged to consult with counsel to ensure that the resale of their securities complies with applicable securities legislation.

## **MATERIAL INCOME TAX CONSIDERATIONS**

**THE TAX CONSEQUENCES OF THE ARRANGEMENT MAY VARY DEPENDING UPON THE PARTICULAR CIRCUMSTANCES OF EACH SHAREHOLDER AND OTHER FACTORS. ACCORDINGLY, SHAREHOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS TO DETERMINE THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE ARRANGEMENT.**



## CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Farris LLP, counsel to KORE, the following is as of the date hereof a general summary of the principal Canadian federal income tax considerations under the *Income Tax Act* (Canada) and the regulations thereunder (collectively, the “**Tax Act**”) relating to the Arrangement generally applicable to a beneficial owner of KORE Shares who, for the purposes of the Tax Act and at all relevant times: (i) acquires and holds KORE Shares, and will hold KORE Class A Shares, New KORE Shares and Karus Shares, as capital property, and (ii) is not affiliated with and deals at arm’s length with KORE, Karus and any subsequent purchasers of New KORE Shares and Karus Shares (a “**Holder**”). A KORE Share, KORE Class A Share, New KORE Share or Karus Share generally will be capital property to a Holder unless such share is held in the course of carrying on a business of trading in or dealing in securities, or it has been acquired in a transaction or transactions considered to be an adventure or concern in the nature of trade.

This summary is based on the current provisions of the Tax Act, all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) (“**Tax Proposals**”) before the date of this Circular, and the current published administrative policies and assessing practices of the CRA. No assurance can be given that the Tax Proposals will be enacted in the form proposed or at all. Except as mentioned above, this summary does not take into account or anticipate any changes in law, whether by legislative, administrative or judicial decision or action, nor does it take into account provincial, territorial or foreign income tax legislation or considerations, which may differ significantly from the Canadian federal income tax considerations discussed herein.

**This summary is not exhaustive of all possible Canadian federal income tax considerations, is of a general nature only, and is not intended, nor should it be construed, to be legal or tax advice to any particular Holder. Accordingly, Holders should consult their own tax advisors about the specific tax consequences to them of the Arrangement and of holding and disposing of New KORE Shares or Karus Shares.**

### Holders Resident in Canada

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

Resident Holders that might not otherwise be considered to hold their KORE Shares, KORE Class A Shares, New KORE Shares or Karus Shares as capital property may, in certain circumstances, be entitled to have such shares and all other “Canadian securities” (as defined in the Tax Act) owned in the taxation year of the election and all subsequent taxation years deemed to be capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Such Resident Holders should consult their own tax advisors as to whether an election under subsection 39(4) of the Tax Act is available and/or advisable in their particular circumstances.

This summary does not apply to a Resident Holder: (i) that is a “financial institution” for purposes of the Tax Act, (ii) that is a “specified financial institution” as defined for purposes of the Tax Act, (iii) that is a corporation that is, or becomes as part of a transaction or event or series of transactions or events that includes the Arrangement, controlled by a non-resident for the purposes of the “foreign affiliate dumping rules” in section 212.3 of the Tax Act, (iv) to which the “functional currency” reporting rules in section 261 of the Tax Act apply, (v) that enters into or has entered into, with respect to the New KORE Shares or Karus Shares, a “synthetic disposition arrangement” or “derivative forward arrangement”, as such terms are defined in the Tax Act, (vi) who has acquired KORE Shares upon the exercise of an employee stock option, or (vii) an interest in which is a “tax shelter investment” for purposes of the Tax Act. Such Resident Holders should consult their own tax advisors.



### Redesignation of KORE Shares into KORE Class A Shares

The redesignation of the KORE Shares into KORE Class A Shares should not cause a Resident Holder to recognize a capital gain or a capital loss. The “adjusted cost base” (as defined in the Tax Act) (“ACB”) to a Resident Holder of the KORE Class A Shares should be equal to the ACB that the Resident Holder had in the KORE Shares.

### Exchange of KORE Class A Shares for New KORE Shares and Karus Shares

A Resident Holder who exchanges KORE Class A Shares for New KORE Shares and Karus Shares pursuant to the Arrangement (the “**Share Exchange**”) will be deemed to have received a taxable dividend equal to the amount, if any, by which the fair market value of the Karus Shares distributed to the Resident Holder pursuant to the Share Exchange at the time of the Share Exchange exceeds the “paid- up capital” (as defined in the Tax Act) (“**PUC**”) of the Resident Holder’s KORE Class A Shares determined at that time. Any such taxable dividend will be taxable as described below under “*Holders Resident in Canada – Taxation of Dividends on New KORE Shares or Karus Shares*”. However, KORE expects that the fair market value of all Karus Shares distributed pursuant to the Share Exchange under the Arrangement will not exceed the PUC of the KORE Shares. Accordingly, KORE does not expect that any Resident Holder will be deemed to receive a taxable dividend on the Share Exchange.

A Resident Holder who exchanges KORE Class A Shares for New KORE Shares and Karus Shares on the Share Exchange will realize a capital gain equal to the amount, if any, by which the fair market value of those Karus Shares at the effective time of the Share Exchange, less the amount of any taxable dividend deemed to be received by the Resident Holder as described in the preceding paragraph, exceeds the ACB of the Resident Holder’s KORE Class A Shares determined immediately before the Share Exchange. Any capital gain so realized will be taxable as described below under “*Holders Resident in Canada – Taxation of Capital Gains and Capital Losses*”.

The Resident Holder will acquire the Karus Shares received on the Share Exchange at a cost equal to their fair market value as at the effective time of the Share Exchange, and the New KORE Shares received on the Share Exchange at a cost equal to the amount, if any, by which the ACB of the Resident Holder’s KORE Class A Shares immediately before the Share Exchange exceeds the fair market value of the Karus Shares as at the effective time of the Share Exchange.

### Taxation of Dividends on New KORE Shares or Karus Shares

Dividends received or deemed to be received on New KORE Shares or Karus Shares by a Resident Holder that is an individual (other than certain trusts) will be included in computing the individual’s income and will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received by an individual from a taxable Canadian corporation. Taxable dividends received or deemed to be received by such individual which are designated by the Company as “eligible dividends” in accordance with the Tax Act will be subject to enhanced gross-up and dividend tax credit rules under the Tax Act.

Taxable dividends received by an individual (including certain trusts) may give rise to a liability for alternative minimum tax as calculated under the detailed rules set out in the Tax Act.

Dividends received or deemed to be received on New KORE Shares or Karus Shares by a Resident Holder that is a corporation will be included in computing that corporation’s income and generally will be deductible in computing the taxable income of that corporation. In certain circumstances, a taxable dividend received by a Resident Holder that is a corporation may be treated as proceeds of disposition or a capital gain pursuant to the rules in subsection 55(2) of the Tax Act. In addition, a Resident Holder that is a “private corporation” or a “subject corporation” for purposes of the Tax Act will generally be liable to pay a refundable tax under Part IV of the Tax Act on dividends received or deemed to be received to the extent such dividends are deductible in computing such Resident Holder’s taxable income.



### Disposition of New KORE Shares and Karus Shares

On a disposition or a deemed disposition of New KORE Shares or Karus Shares (other than to KORE or Karus, respectively, unless purchased by KORE or Karus on the open market in the manner in which shares are normally purchased by any member of the public in the open market), a Resident Holder generally will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of such share exceed (or are exceeded by) the aggregate of the Resident Holder's adjusted cost base thereof and any reasonable costs of disposition. The tax treatment of any such capital gain (or capital loss) is described under the heading "*Holders Resident in Canada - Taxation of Capital Gains and Capital Losses*".

### Taxation of Capital Gains and Capital Losses

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

The amount of any capital loss realized on the disposition or deemed disposition of a New KORE Share or a Karus Share by a Resident Holder that is a corporation may be reduced by the amount of dividends received or deemed to have been received by it on the New KORE Share or Karus Share, respectively, (or on a share for which such share has been substituted) to the extent and in the circumstances prescribed by the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns New KORE Shares or Karus Shares, directly, or indirectly through a partnership or a trust. Resident Holders to which these rules may be relevant should consult their own tax advisors.

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

Capital gains realized by an individual (including certain trusts) may give rise to a liability for alternative minimum tax as calculated under the detailed rules set out in the Tax Act.

### Dissenting Resident Holders

A Resident Holder who validly exercises Dissent Rights (a "**Dissenting Resident Holder**") and who consequently transfers or is deemed to transfer KORE Shares to KORE for payment by KORE will be deemed to receive a taxable dividend in the taxation year of payment equal to the amount, if any, by which the payment (excluding interest) exceeds the PUC of the Dissenting Resident Holder's KORE Shares determined immediately before the Arrangement. Any such taxable dividend will be taxable as described above under "*Holders Resident in Canada – Taxation of Dividends on New KORE Shares or Karus Shares*". The Dissenting Resident Holder will also realize a capital gain (or capital loss) equal to the amount, if any, by which the payment (excluding interest), less any such deemed taxable dividend, exceeds (is exceeded by) the ACB of the Dissenting Resident Holder's KORE Shares determined immediately before the Arrangement. Any such capital gain or loss will generally be taxable or deductible as described above under "*Holders Resident in Canada – Taxation of Capital Gains and Capital Losses*".

The Dissenting Resident Holder will be required to include any portion of the payment that is on account of interest in income in the year received.



## HOLDERS NOT RESIDENT IN CANADA

The following portion of the summary is generally applicable to a Holder that, at all relevant times for purposes of the Tax Act, is (i) neither a resident nor deemed to be a resident of Canada (including as a consequence of an applicable income tax treaty or convention) and (ii) does not use or hold, and is not deemed to use or hold KORE Shares, KORE Class A Shares, New KORE Shares, or Karus Shares in connection with carrying on a business in Canada (a “**Non-Resident Holder**”). Special rules, which are not discussed in this summary, may apply to a Non-Resident Holder that is an insurer carrying on business in Canada and elsewhere, or an “authorized foreign bank” as defined in the Tax Act. Such Non-Resident Holders should consult their own tax advisers with respect to the Arrangement.

### *Redesignation of KORE Shares into KORE Class A Shares, and Exchange of KORE Class A Shares for New KORE Shares and Karus Shares*

The discussion of the tax consequences of the redesignation of the KORE Shares into KORE Class A Shares and Share Exchange for Resident Holders under the headings “*Holdings Resident in Canada – Redesignation of KORE Shares into KORE Class A Shares*” and “*Holdings Resident in Canada - Exchange of KORE Class A Shares for New KORE Shares and Karus Shares*”, respectively, generally will also apply to Non-Resident Holders. The general taxation rules applicable to Non-Resident Holders in respect of a deemed taxable dividend or capital gain arising on the Share Exchange are discussed below under the headings “*Holdings Not Resident in Canada – Taxation of Dividends on New KORE Shares or Karus Shares*” and “*Holdings Not Resident in Canada – Taxation of Capital Gains and Capital Losses*” respectively.

### *Taxation of Dividends on New KORE Shares or Karus Shares*

A Non-Resident Holder to whom KORE or Karus pays or credits (or is deemed to pay or credit) an amount as a dividend in respect of the Arrangement (if at all), or otherwise in respect of the Non-Resident Holder’s New KORE Shares or Karus Shares, will be subject to Canadian withholding tax equal to 25% (or such lower rate as may be available under an applicable income tax convention, if any) of the gross amount of the dividend. Under the Canada-U.S. Tax Convention (1980) as amended (the “**Tax Treaty**”), the withholding tax rate for dividends is reduced to 5% for US Non-Resident Holders that are corporations that hold at least 10% of the voting shares of KORE or Karus, as applicable, and reduced to 15% for other U.S. Non-Resident Holders.

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

A Non-Resident Holder will not be subject to Canadian federal income tax in respect of any capital gain arising on an actual or deemed disposition of a KORE Share, KORE Class A Share, New KORE Share or Karus Share unless, at the time of disposition, the share is “taxable Canadian property” as defined in the Tax Act, and is not “treaty-protected property” as so defined.

Generally, a KORE Share, KORE Class A Share, New KORE Share or Karus Share will not be “taxable Canadian property” (within the meaning of the Tax Act) of a Non-Resident Holder at a particular time provided that share is listed on a “designated stock exchange” (which currently includes the TSX-V) unless, at any time during the 60-month period preceding the particular time, (a) that share derived more than 50% of its fair market value directly or indirectly from one or any combination of: (i) real or immovable properties situated in Canada, (ii) Canadian resource properties, (iii) timber resource properties (as such terms are defined in the Tax Act), and (iv) options in respect of, or interests in, or for civil law rights in, property described in (i) to (iii), whether or not the property exists; and (b) 25% or more of the issued shares of any class or series of KORE’s or Karus’s shares, as applicable, were owned by one or any combination of (i) the Non-Resident Holder, (ii) persons with whom the Non-Resident Holder did not deal at “arm’s length” (within the meaning of the Tax Act), and (iii) partnerships in which the Non-Resident Holder or a person described in (ii) holds a membership interest directly or indirectly through one or more partnerships.

Further, a Karus Share of a Non-Resident Holder will not be taxable Canadian property of the Non-Resident Holder at any time at which the share is **not** listed on a “designated stock exchange” unless, at any time



during the 60 months immediately preceding the disposition of the share, the share derived more than 50% of its fair market value directly or indirectly from, or from any combination of, real property situated in Canada, “Canadian resource properties”, “timber resource properties” (as those terms are defined in the Tax Act), and interest, rights or options in or in respect of any of the foregoing.

Shares may also be deemed to be “taxable Canadian property” under other provisions of the Tax Act.

A Non-Resident Holder who disposes or is deemed to dispose of a KORE Share, KORE Class A Share, New KORE Share or Karus Share that, at the time of disposition, is taxable Canadian property and is not treaty-protected property will realize a capital gain (or capital loss) equal to the amount, if any, by which the Non-Resident Holder’s proceeds of disposition of the share exceeds (or is exceeded by) the Non-Resident Holder’s ACB in the share and reasonable costs of disposition. The Non-Resident Holder generally will be required to include one-half of any such capital gain (taxable capital gain) in the Non-Resident Holder’s taxable income earned in Canada for the year of disposition, and be entitled to deduct one half of any such capital loss (allowable capital loss) against taxable capital gains included in the Non-Resident Holder’s taxable income earned in Canada for the year of disposition and, to the extent not so deductible, against such taxable capital gains realized in any of the three preceding taxation years or any subsequent taxation year, to the extent and in the circumstances set out in the Tax Act.

Non-Resident Holders for which a KORE Share, KORE Class A Share, New KORE Share or Karus Share may constitute “taxable Canadian property” should consult their own tax advisors for advice having regard to their particular circumstances.

#### Dissenting Non-Resident Holders

The discussion above applicable to Resident Holders under the heading “*Holdings Resident in Canada – Dissenting Resident Holders*” will generally also apply to a Non-Resident Holder who validly exercises Dissent Rights in respect of the Arrangement. In general terms, the Non-Resident Holder will be subject to Canadian federal income tax in respect of any deemed taxable dividend arising as a consequence of the exercise of Dissent Rights generally as discussed above under the heading “*Holdings Not Resident in Canada – Taxation of Dividends on New KORE Shares and Karus Shares*” and subject to the Canadian federal income tax treatment in respect of any capital gain or loss arising as a consequence of the exercise of Dissent Rights generally as discussed above under the heading “*Holdings Not Resident in Canada – Taxation of Capital Gains and Capital Losses*”.

## **ELIGIBILITY FOR INVESTMENT – NEW KORE SHARES AND KARUS SHARES**

In the opinion of Farris LLP, counsel to KORE, provided that the New KORE Shares remain listed on a designated stock exchange under the Tax Act (which currently includes the TSX-V), the New KORE Shares, if issued on the date hereof, would be qualified investments under the Tax Act for a trust governed by a registered retirement savings plan (“RRSP”), registered retirement income fund (“RRIF”), registered education savings plan (“RESP”), registered disability savings plan (“RDSP”), deferred profit sharing plan (“DPSP”) and a tax-free savings account (“TFSA”) (each a “Registered Plan”).

A Karus Share will not be a qualified investment for a Registered Plan from the date of issuance unless the Karus Shares are listed on a “designated stock exchange” as defined in the Tax Act on or before its filing due date for its first taxation year and Karus validly elects to be a “public corporation” for purposes of the Tax Act from the commencement of its first taxation year.

**Current intent is to list Karus Shares on the TSX-V or alternate exchange such as the CSE, in the first half of 2021. If this occurs, Karus Shares will be eligible for Registered Plans.**

**There can be no assurance as to if, or when, the Karus Shares will be listed or traded on any stock exchange and, therefore, no assurance Karus will be able to make the election to be a public corporation. Should the Karus Shares be distributed to or otherwise acquired by a Registered Plan**



**other than as “qualified investments”, adverse tax consequences not described in this summary should be expected to arise for the Registered Plan and the annuitant thereunder. Resident Holders that hold KORE Shares and will or may hold Karus Shares within a Registered Plan should consult with their own tax advisors in this regard.**

Notwithstanding the foregoing, if the New KORE Shares and/or Karus Shares are a “prohibited investment” (as defined in the Tax Act) for a particular RRSP, RRIF, RESP, DPSP or TFSA, the annuitant of an RRSP or RRIF, holder of a TFSA or DPSP or subscriber of a RESP (each such person referred to as a “**Plan Subscriber**”), as the case may be, will be subject to a penalty tax as set out in the Tax Act. New KORE Shares and/or Karus Shares will not be a “prohibited investment” for such Registered Plan provided that the Plan Subscriber deals at arm’s length with KORE or Karus, as applicable for purposes of the Tax Act and does not have a “significant interest” (within the meaning of the Tax Act for purposes of the prohibited investment rules) in KORE or Karus, as applicable. In addition, the New KORE Shares and/or Karus Shares will generally not be a prohibited investment if such securities are “excluded property” as defined in the Tax Act for purposes of the prohibited investment rules. Plan Subscribers should consult with their own tax advisors as to whether New KORE Shares and/or Karus Shares will be a prohibited investment for such Registered Plans in their particular circumstances.

### **INFORMATION CONCERNING KORE POST-ARRANGEMENT**

For further information concerning KORE post-Arrangement, see Schedule “P” to this Circular. Additional information relating to KORE is available on SEDAR at [www.sedar.com](http://www.sedar.com).

### **INFORMATION CONCERNING KARUS POST-ARRANGEMENT**

For further information concerning Karus post-Arrangement, see Schedule “I” to this Circular.

### **MANAGEMENT CONTRACTS**

There are no management functions of the Company which are to any substantial degree performed by a person other than the directors or executive officers of the Company.

### **AUDITORS**

The auditors of the Company are PricewaterhouseCoopers LLP, 250 Howe Street, Suite 1400, Vancouver, British Columbia V6C 2S7 and they have been auditors for the Company from 2018 to present.

PricewaterhouseCoopers LLP have confirmed that they are independent within the meaning of the Chartered Professional Accountants of British Columbia Code of Professional Conduct. This supersedes the auditor independence description in the AIF.

### **ADDITIONAL INFORMATION**

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com) or on the Company’s website at [www.koremining.com](http://www.koremining.com). Shareholders may contact the Company’s CFO at PO Box 48681 Stn Bentall Centre, Vancouver BC, V7X 1AJ and 1-888-407-5450 to request copies of the Company’s financial statements and related management’s discussion and analysis.

Financial information is provided in the Company’s comparative consolidated financial statements and management’s discussion and analysis for its most recently completed financial year ended December 31, 2019, which are filed on SEDAR and incorporated by reference into this Circular. The Company’s comparative unaudited interim consolidated financial statements and related management’s discussion and analysis for its third quarter ended September 30, 2020 are also filed on SEDAR and incorporated by reference into this Circular.



Previous Names

The Company's previous name upon incorporation was Eureka Resources, Inc. The Company amalgamated with Hawthorne Gold Corporation, with the amalgamated company continuing as Eureka Resources, Inc. On October 30, 2018, the Company completed its acquisition of 1065591 B.C. Ltd. (then KORE Mining Ltd., a private company) by way of a three-cornered amalgamation under the BCBCA. The transaction constituted a reverse takeover under the policies of the TSX-V and, in connection with the transaction, the Company changed its name to "KORE Mining Ltd."

**OTHER MATTERS**

As of the date of this Circular, management of the Company is not aware of any other matter to come before the Meeting other than as set forth in the Notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote the KORE Shares represented thereby in accordance with their best judgment on such matter.

**DIRECTORS' APPROVAL**

The contents of this Circular and the sending thereof to the KORE Shareholders have been approved by the Board.

DATED this 18<sup>th</sup> day of December, 2020.

**BY ORDER OF THE BOARD OF DIRECTORS**

***"James Hynes"***

James Hynes  
Executive Chair



## SCHEDULE A ARRANGEMENT RESOLUTION

**BE IT RESOLVED** as a special resolution of the shareholders of KORE Mining Ltd. (the "**Company**"), that:

- 1) The arrangement (the "**Arrangement**") under Section 288 of the *Business Corporations Act* (British Columbia) (the "**BCBCA**") involving the Company and Karus Gold Corp. ("**Karus**"), as more particularly described and set forth in the notice of special meeting and management information circular of the Company dated December 18, 2020 (the "**Circular**"), (as the Arrangement may be, or may have been, modified or amended), is hereby authorized, approved and adopted.
- 2) The plan of arrangement, as it may be or has been amended (the "**Plan of Arrangement**"), involving the Company and Karus, and implementing the Arrangement, the full text of which is set out in Exhibit "II" to Schedule "E" to the Circular (as the Plan of Arrangement may be, or may have been, modified or amended in accordance with its terms), is hereby authorized, approved and adopted.
- 3) The arrangement agreement (the "**Arrangement Agreement**") between the Company and Karus dated December 16, 2020 and all the transactions contemplated therein, the actions of the directors of the Company in approving the Arrangement and any amendments thereto and the actions of the directors and officers of the Company in executing and delivering the Arrangement Agreement and any amendments thereto are hereby confirmed, ratified, authorized and approved.
- 4) Notwithstanding that these resolutions have been passed (and the Arrangement adopted) or that the Arrangement has been approved by the Supreme Court of British Columbia, the directors of the Company are hereby authorized and empowered, without further notice to, or approval of, any securityholders of the Company:
  - a) to amend the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement or the Plan of Arrangement;
  - b) or subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement.
- 5) Any one or more directors or officers of the Company is hereby authorized, for and on behalf and in the name of the Company, to execute and deliver, all such agreements, applications, forms, waivers, notices, certificates, confirmations and other documents and instruments and to do or cause to be done all such other acts and things as in the opinion of such director or officer may be necessary, desirable or useful for the purpose of giving effect to these resolutions, the Arrangement Agreement and the completion of the Plan of Arrangement in accordance with the terms of the Arrangement Agreement, including:
  - a) all actions required to be taken by or on behalf of the Company, and all necessary filings and obtaining the necessary approvals, consents and acceptances of appropriate regulatory authorities; and
  - b) the signing of the certificates, consents and other documents or declarations required under the Arrangement Agreement or otherwise to be entered into by the Company,

such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.



**SCHEDULE B  
KARUS OPTION PLAN RESOLUTION**

**BE IT RESOLVED** that:

- 1) Subject to the completion of the arrangement involving KORE Mining Ltd. (the "**Company**") and Karus Gold Corp. ("**Karus**"), as more particularly described in the notice of special meeting and management information circular (the "**Circular**") of the Company dated effective December 18, 2020, the stock option plan substantially in the form attached as Schedule "M" to the Circular is hereby authorized, approved and ratified on behalf of Karus and Karus's shareholders as the stock option plan for Karus; and
- 2) Any one director or officer of Karus is hereby authorized, for and on behalf of Karus, to execute and deliver, whether under the corporate seal of Karus or otherwise, all documents, filings and instruments and take all such other actions as may be necessary or desirable to implement this ordinary resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such documents, filings or instruments and the taking of any such actions.



**SCHEDULE C  
KARUS OMNIBUS PLAN RESOLUTION**

**BE IT RESOLVED** that:

- 1) Subject to the completion of the arrangement involving KORE Mining Ltd. (the "**Company**") and Karus Gold Corp. ("**Karus**"), as more particularly described in the notice of special meeting and management information circular (the "**Circular**") of the Company dated effective December 18, 2020, the omnibus share compensation plan substantially in the form attached as Schedule "N" to the Circular is hereby authorized, approved and ratified on behalf of Karus and Karus's shareholders as the omnibus plan for Karus; and
- 2) Any one director or officer of Karus is hereby authorized, for and on behalf of Karus, to execute and deliver, whether under the corporate seal of Karus or otherwise, all documents, filings and instruments and take all such other actions as may be necessary or desirable to implement this ordinary resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such documents, filings or instruments and the taking of any such actions.



**SCHEDULE D  
KARUS ADVANCE NOTICE POLICY RESOLUTION**

**BE IT RESOLVED** that:

- 1) Subject to the completion of the arrangement involving KORE Mining Ltd. (the "**Company**") and Karus Gold Corp. ("**Karus**"), as more particularly described in the notice of special meeting and management information circular (the "**Circular**") of the Company dated effective December 18, 2020, the advance notice policy substantially in the form attached as Schedule "O" to the Circular is hereby authorized, approved and ratified on behalf of Karus and Karus's shareholders as the advance notice policy for Karus (the "**Karus Advance Notice Policy**");
- 2) The Board of Directors of Karus be authorized in its absolute discretion to administer the Karus Advance Notice Policy in accordance with its terms and conditions to the extent needed to reflect changes required by securities regulatory agencies or, if applicable, stock exchanges, so as to meet industry standards, or as otherwise determined to be in the best interests of Karus and its shareholders; and
- 3) Any one director or officer of Karus is hereby authorized, for and on behalf of Karus, to execute and deliver, whether under the corporate seal of Karus or otherwise, all documents, filings and instruments and take all such other actions as may be necessary or desirable to implement this ordinary resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such documents, filings or instruments and the taking of any such actions.



**SCHEDULE E**  
**ARRANGEMENT AGREEMENT, INCLUDING PLAN OF ARRANGEMENT**

(Attached)

## ARRANGEMENT AGREEMENT

**THIS ARRANGEMENT AGREEMENT** is dated as of the 16<sup>th</sup> day of December, 2020.

**BETWEEN:**

**KORE MINING LTD.**, a company existing under the *Business Corporations Act* (British Columbia)

(“**KORE**”)

**AND:**

**KARUS GOLD CORP.**, a corporation existing under the *Business Corporations Act* (British Columbia)

(“**Karus**”)

**WHEREAS:**

- A. KORE is the registered and beneficial owner of all of the issued and outstanding Karus Shares;
- B. KORE and Karus wish to proceed with a corporate restructuring by way of a statutory arrangement under the BCBCA, pursuant to which:
  - (i) certain assets of KORE (the “**Spin-Off Assets**”) will be transferred to Karus in exchange for shares of Karus;
  - (ii) the share capital of KORE will be reorganized to create the New KORE Shares and to rename the existing common shares as Class A common shares without par value (the “**KORE Class A Shares**”);
  - (iii) the holders of KORE Shares (other than Dissenting Shareholders) will exchange their renamed KORE Class A Shares for the New KORE Shares and Karus Shares such that they will become holders of 100% of the issued and outstanding Karus Shares and have the same percentage shareholding in each of KORE and Karus at the Effective Time (as hereinafter defined); and
  - (iv) the holders of KORE Warrants will receive Karus Warrants.
- C. KORE proposes to convene a meeting of the KORE Shareholders to consider the Arrangement pursuant to Part 9, Division 5 of the BCBCA, on the terms and conditions set forth in the Plan of Arrangement attached as Exhibit I hereto; and
- D. Each of the parties to this Agreement has agreed to participate in and support the Arrangement.

**NOW THEREFORE**, in consideration of the premises and the respective covenants and agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto, the parties hereto hereby covenant and agree as follows:

**ARTICLE 1**  
**DEFINITIONS, INTERPRETATION AND EXHIBIT**

1.1 **Definitions.** In this Agreement, unless there is something in the subject matter or context inconsistent therewith, the following capitalized words and terms shall have the following meanings:

- (a) “**Agreement**” means this arrangement agreement, including the exhibits attached hereto as the same may be supplemented or amended from time to time;
- (b) “**Arrangement**” means the arrangement pursuant to the Arrangement Provisions as contemplated by the provisions of this Agreement and the Plan of Arrangement;
- (c) “**Arrangement Provisions**” means Part 9, Division 5 of the BCBCA;
- (d) “**Arrangement Resolutions**” means the special resolutions of the KORE Shareholders to approve the Arrangement, as required by the Interim Order and the BCBCA;
- (e) “**BCBCA**” means the *Business Corporations Act*, S.B.C. 2002, c. 57, as amended;
- (f) “**Board of Directors**” means the current and existing board of directors of KORE;
- (g) “**Business Day**” means a day which is not a Saturday, Sunday or statutory holiday in Vancouver, British Columbia;
- (h) “**Constituting Documents**” means the Articles and related Notice of Articles under the BCBCA of each of KORE and Karus;
- (i) “**Court**” means the Supreme Court of British Columbia;
- (j) “**Dissent Procedures**” means the rules pertaining to the exercise of Dissent Rights as set forth in Division 2 of Part 8 of the BCBCA and Article 5 of the Plan of Arrangement;
- (k) “**Dissent Rights**” means the right of a registered KORE Shareholder to dissent from the Arrangement Resolutions in accordance with the provisions of the BCBCA, as modified by the Interim Order, and to be paid the fair value of the KORE Shares in respect of which the holder dissents;
- (l) “**Dissenting Shareholder**” means a registered holder of KORE Shares who dissents in respect of the Arrangement in strict compliance with the Dissent Procedures and who has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights;
- (m) “**Effective Date**” shall be the date of the closing of the Arrangement;
- (n) “**Effective Time**” means 12:01 a.m. (Vancouver time) on the Effective Date or such other time on the Effective Date as agreed to in writing by KORE and Karus;
- (o) “**Final Order**” means the final order of the Court approving the Arrangement;
- (p) “**Information Circular**” means the management information circular, including all schedules thereto, to be sent to the KORE Shareholders in connection with the KORE Meeting, together with any amendments or supplements thereto;

- (q) “**Interim Order**” means the interim order of the Court providing advice and directions in connection with the KORE Meeting and the Arrangement;
- (r) “**Karus Omnibus Plan**” means the omnibus plan to be adopted by Karus pursuant to this Agreement and the Plan of Arrangement, in substantially the form set forth in the Information Circular to be sent to KORE Shareholders in connection with the KORE Meeting;
- (s) “**Karus Shares**” means the no par value common shares which Karus is authorized to issue as the same are constituted on the date hereof;
- (t) “**Karus Stock Option Plan**” means the stock option plan to be adopted by Karus pursuant to this Agreement and the Plan of Arrangement, in substantially the form set forth in the Information Circular to be sent to KORE Shareholders in connection with the KORE Meeting;
- (u) “**Karus Warrants**” means common share purchase warrants issued pursuant to §3.1(g) of the Plan of Arrangement;
- (v) “**KORE Class A Shares**” has the meaning set out in the recitals hereto;
- (w) “**KORE Meeting**” means the special meeting of the KORE Shareholders and any adjournments or postponements thereof to be held to, among other things, consider and, if deemed advisable, approve the Arrangement;
- (x) “**KORE Shareholder**” means a holder of KORE Shares;
- (y) “**KORE Shares**” means the common shares without par value which KORE is authorized to issue as the same are constituted on the date hereof;
- (z) “**KORE Warrants**” means the share purchase warrants of KORE exercisable to acquire KORE Shares, including warrants under the terms of which are deemed exercisable for KORE Shares, that are outstanding immediately prior to the Effective Time;
- (aa) “**MI 61-101**” means Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions*;
- (bb) “**New KORE Shares**” means the new class of common shares without par value which KORE will create and issue as described in §3.1(e)(ii) of the Plan of Arrangement and for which the KORE Class A Shares are, in part, to be exchanged under the Plan of Arrangement and which, immediately after completion of the transactions comprising the Plan of Arrangement, will be identical in every relevant respect to the KORE Shares;
- (cc) “**party**” means either KORE or Karus and “**parties**” means, collectively, KORE and Karus;
- (dd) “**Person**” means and includes an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, a trustee, executor, administrator or other legal representative and the Crown or any agency or instrumentality thereof;
- (ee) “**Plan of Arrangement**” means the plan of arrangement attached to this Agreement as Exhibit II, as the same may be amended from time to time;

- (ff) “**Registrar**” means the Registrar of Companies under the BCBCA;
- (gg) “**Spin-Off Assets**” means the assets of KORE described in Exhibit I hereto which are to be transferred to Karus under the Arrangement, subject to a 1% NSR on those assets that are not otherwise encumbered;
- (hh) “**Tax Act**” means the *Income Tax Act* (Canada), R.S.C. 1985 (5th Supp.) c.1, as amended;
- (ii) “**TSXV**” means the TSX Venture Exchange Inc.; and
- (jj) “**U.S. Securities Act**” means the *United States Securities Act of 1933*, as amended.

1.2 **Currency.** All amounts of money which are referred to in this Agreement are expressed in lawful money of Canada unless otherwise specified.

1.3 **Interpretation Not Affected by Headings.** The division of this Agreement into articles, sections, subsections, paragraphs and subparagraphs and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of the provisions of this Agreement. The terms “this Agreement”, “hereof”, “herein”, “hereunder” and similar expressions refer to this Agreement and the exhibits hereto as a whole and not to any particular article, section, subsection, paragraph or subparagraph hereof and include any agreement or instrument supplementary or ancillary hereto.

1.4 **Number and Gender.** In this Agreement, unless the context otherwise requires, words importing the singular shall include the plural and vice versa and words importing the use of either gender shall include all genders and neuter and words importing persons shall include firms and corporations.

1.5 **Date for any Action.** In the event that any date on which any action is required to be taken hereunder by KORE or Karus is not a Business Day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a Business Day in such place.

1.6 **Meaning.** Words and phrases used herein and defined in the BCBCA shall have the same meaning herein as in the BCBCA unless the context otherwise requires.

1.7 **Exhibits.** Attached hereto and deemed to be incorporated into and form part of this Agreement as Exhibit I is a description of the Spin-Off Assets and as Exhibit II is the Plan of Arrangement.

## **ARTICLE 2 ARRANGEMENT**

2.1 **Arrangement.** The parties agree to effect the Arrangement pursuant to the Arrangement Provisions on the terms and subject to the conditions contained in this Agreement and the Plan of Arrangement.

2.2 **Implementation Steps.** In connection with the Arrangement, the parties will:

- (a) apply to the Court, as soon as reasonably practicable, taking into account the mailing date for the Information Circular, under Part 9, Division 5 of the BCBCA for the Interim Order, providing for, among other things, the calling and holding of the KORE Meeting for the purposes of, among other things, considering and, if deemed advisable, approving the Arrangement and the granting of the Dissent Rights, and thereafter proceed with and diligently pursue the Interim Order;

- (b) subject to receipt of the Interim Order and the distribution of the Information Circular to the KORE Shareholders, call and hold the Meeting for the purpose of, among other things, considering the Arrangement;
- (c) subject to obtaining such securityholder approval as required by the Interim Order, apply to the Court under Part 9, Division 5 of the BCBCA for the Final Order approving the Arrangement; and
- (d) subject to obtaining the Final Order, and provided all conditions of the Parties to this Agreement as set forth in Article apply to the Court, as soon as reasonably practicable, taking into account the mailing date for the Information Circular, under Part 9, Division 5 of the BCBCA for the Interim Order, providing for, among other things, the calling and holding of the Meeting for the purposes of, among other things, considering and, if deemed advisable, approving the Arrangement and the granting of the Dissent Rights, and thereafter proceed with and diligently pursue the Interim Order.

2.3 **Interim Order.** The petition for the Interim Order will request that the Interim Order provide:

- (a) that the KORE Shareholders will be the class of Persons to whom notice is to be provided in respect of the Meeting and for the manner in which such notice is to be provided;
- (b) each KORE Shareholder shall be entitled to one vote for each KORE Share held by such holder;
- (c) that the requisite approval for the Arrangement will be: (a) at least two-thirds of the votes cast on the appropriate special resolution by the KORE Shareholders present in person or represented by proxy at the Meeting and entitled to vote thereat; and (b) a majority of the votes attached to KORE Shares held by KORE Shareholders present in person or represented by proxy at the Meeting excluding for this purpose votes attached to KORE Shares held by persons described in items (a) through (d) of section 8.1(2) of MI 61-101;
- (d) that KORE will call and hold the Meeting in accordance with the BCBCA and the articles of KORE; and
- (e) for the grant of the Dissent Rights.

2.4 **Effective Date of Arrangement.** The Arrangement shall become effective on the Effective Date as set out in the Plan of Arrangement.

2.5 **Commitment to Effect.** Subject to termination of this Agreement pursuant to Article 6 hereof, the parties shall each use all reasonable efforts and do all things reasonably required to cause the Plan of Arrangement to become effective by no later than March 1, 2021, or by such other date as KORE and Karus may determine, and in conjunction therewith to cause the conditions described in Section 5.1 to be complied with prior to the Effective Date. Without limiting the generality of the foregoing, the parties shall proceed forthwith to apply for the Interim Order and KORE shall call the KORE Meeting and mail the Information Circular to the KORE Shareholders.

2.6 **Filing of Final Order.** Subject to the rights of termination contained in Article 6 hereof, upon the KORE Shareholders approving the Arrangement Resolutions in accordance with the provisions of the Interim Order and the BCBCA, KORE obtaining the Final Order and the other conditions contained in Article 5 hereof being complied with or waived, KORE on its behalf and on behalf of Karus shall file with the Registrar:

- (a) the records and information required by the Registrar pursuant to the Arrangement Provisions; and
- (b) a copy of the Final Order.

2.7 **U.S. Securities Law Matters.** The parties agree that the Arrangement will be carried out with the intention that the New KORE Shares and the Karus Shares delivered upon completion of the Arrangement to KORE Shareholders will be issued by KORE and Karus in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) thereof. In order to ensure the availability of the exemption under Section 3(a)(10) of the U.S. Securities Act, the parties agree that the Arrangement will be carried out on the following basis:

- (a) the Arrangement will be subject to the approval of the Court and the Court will hold a hearing approving the fairness of the terms and conditions of the Arrangement;
- (b) prior to the hearing required to approve the Arrangement, the Court will be advised as to the intention of the Parties to rely on the exemption under Section 3(a)(10) of the U.S. Securities Act;
- (c) the Court will be required to satisfy itself as to the substantive and procedural fairness of the terms and conditions of the Arrangement to the KORE Shareholders subject to the Arrangement;
- (d) KORE will ensure that each KORE Shareholder entitled to receive New KORE Shares and Karus Shares on completion of the Arrangement will be given adequate notice advising them of their right to attend the hearing of the Court to give approval of the Arrangement and providing them with sufficient information necessary for them to exercise that right;
- (e) the KORE Shareholder entitled to receive New KORE Shares and Karus Shares on completion of the Arrangement will be advised that the New KORE Shares and Karus Shares issued in the Arrangement have not been registered under the U.S. Securities Act and will be issued in reliance on the exemption under Section 3(a)(10) of the U.S. Securities Act;
- (f) the Final Order approving the Arrangement that is obtained from the Court will expressly state that the terms and conditions of the Arrangement is approved by the Court as being fair, substantively and procedurally, to the KORE Shareholders;
- (g) the Interim Order approving the KORE Meeting will specify that each KORE Shareholder will have the right to appear before the Court at the hearing of the Court to give approval of the Arrangement so long as the KORE Shareholder enters a response to petition within a reasonable time and in accordance with the requirements of Section 3(a)(10) under the U.S. Securities Act; and
- (h) the Final Order shall include a statement substantially to the following effect:

“This Order will serve as a basis of a claim to an exemption, pursuant to Section 3(a)(10) of the United States Securities Act of 1933, as amended, from the registration requirements otherwise imposed by that Act, regarding the issuance of shares pursuant to the Plan of Arrangement.”.

### ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.1 **Mutual Representations and Warranties.** Each of the parties hereby represents and warrants to the other party that:

- (a) it is a corporation duly incorporated and validly subsisting under the laws of its jurisdiction of incorporation, and has full capacity and authority to enter into this Agreement and to perform its covenants and obligations hereunder;
- (b) it has taken all corporate actions necessary to authorize the execution and delivery of this Agreement and to consummate the transactions contemplated herein and this Agreement has been duly executed and delivered by it;
- (c) neither the execution and delivery of this Agreement nor the performance of any of its covenants and obligations hereunder will constitute a material default under, or be in any material contravention or breach of (i) any provision of its Constatting Documents or other governing corporate documents, (ii) any judgment, decree, order, law, statute, rule or regulation applicable to it, or (iii) any agreement or instrument to which it is a party or by which it is bound; and
- (d) no dissolution, winding up, bankruptcy, liquidation or similar proceedings has been commenced or are pending or proposed in respect of it.

3.2 **Representations and Warranties of KORE.** KORE represents and warrants to Karus as follows and acknowledges that Karus is relying upon such representations and warranties in connection with the entering into of this Agreement and the completion of the transactions contemplated hereby:

- (a) Share Capital. KORE is authorized to issue an unlimited number of KORE Shares of which 106,074,912 fully paid and non-assessable. KORE Shares are issued and outstanding as of the date of this Agreement;
- (b) Title to Spin-Off Assets. KORE holds either freehold title, mining leases, mineral tenures or other conventional property, proprietary or contractual interests or rights, recognized in the jurisdiction in which a particular property is located, in respect of the minerals located in the Spin-Off Assets under valid, subsisting and enforceable title documents or other recognized and enforceable agreements or instruments sufficient to permit KORE to explore the minerals relating thereto. The Spin-Off Assets have been validly located and recorded in accordance with all applicable laws and are valid and subsisting, KORE has all necessary surface rights, access rights and other necessary rights and interests relating to the Spin-Off Assets granting KORE the right and ability to explore for minerals and metals for development purposes as are appropriate in view of the rights and interest therein of KORE, with only such exceptions as do not materially interfere with the use made by KORE of the rights or interests so held and each of the proprietary interests or rights and each of the documents, agreements and instruments and obligations relating thereto referred to above is currently in good standing in the name of KORE; and
- (c) Reporting Issuer. KORE is a reporting issuer in British Columbia and Alberta and is not in default in any material respect of any of its filing obligations under Applicable Securities Laws and the KORE Shares are listed and posted for trading on the Exchange. No order ceasing, halting or suspending trading in the securities of KORE or prohibiting the distribution of such securities has been issued to and is outstanding against KORE and no

investigations or proceedings for such purposes are, to the knowledge of KORE, pending or threatened.

None of the representations, warranties or statements of fact made in Section 3.1 and this Section 3.2 in relation to KORE contains or will contain at the Effective Time any untrue statement of a material fact or omit or will omit at the Effective Time to state any material fact necessary to make any such warranty or representation not misleading.

3.3 **Representations and Warranties of Karus.** Karus represents and warrants to KORE as follows and acknowledges that KORE is relying upon such representations and warranties in connection with the entering into of this Agreement and the completion of the transactions contemplated hereby:

- (a) **Share Capital.** Karus is authorized to issue an unlimited number of Karus Shares of which one (1) fully paid and non-assessable Karus Share is issued and outstanding as of the date of this Agreement; and
- (b) **No Additional Issue.** As of the date hereof, no Person or entity has any agreement, option, understanding or commitment (including convertible securities, warrants or convertible obligations of any nature), for the purchase of any unissued shares in the capital of Karus, or to require Karus to purchase, redeem, or otherwise acquire any Karus Shares.

None of the representations, warranties or statements of fact made in Section 3.1 and this Section 3.3 in relation to Karus contains or will contain at the Effective Time any untrue statement of a material fact or omit or will omit at the Effective Time to state any material fact necessary to make any such warranty or representation not misleading.

#### **ARTICLE 4 COVENANTS**

4.1 **Covenants.** Each of the parties covenants with the other that it will do and perform all such acts and things, and execute and deliver all such agreements, assurances, notices and other documents and instruments, as may reasonably be required to facilitate the carrying out of the intent and purpose of this Agreement.

4.2 **Interim Order and Final Order.** The parties acknowledge that KORE will apply to and obtain from the Court, pursuant to the Arrangement Provisions, the Interim Order providing for, among other things, the calling and holding of the KORE Meeting for the purpose of considering and, if deemed advisable, approving and adopting the Arrangement Resolutions. The parties each covenant and agree that if the approval of the Arrangement by the KORE Shareholders as set out in Section 5.1(b) hereof is obtained, KORE will thereafter (subject to the exercise of any discretionary authority granted to KORE's directors) take the necessary actions to submit the Arrangement to the Court for approval and apply for the Final Order and, subject to compliance with any of the other conditions provided for in Article 5 hereof and to the rights of termination contained in Article 6 hereof, file the material described in Section 2.6 with the Registrar.

4.3 **Karus Stock Option Plan.** In connection with, but prior to, the Effective Time, Karus shall adopt the Karus Stock Option Plan, which shall be substantially in the form attached to the Information Circular.

4.4 **Karus Omnibus Plan.** In connection with, but prior to, the Effective Time, Karus shall adopt the Karus Omnibus Plan, which shall be substantially in the form attached to the Information Circular.

4.5 **KORE Warrants.** The parties acknowledge that pursuant to the Arrangement, each KORE Warrant then outstanding to acquire one KORE Share shall be issued one-half of one Karus Warrant to

acquire one Karus Share at an exercise price of \$0.75 per share, exercisable for the same period of time as the KORE Warrant.

## **ARTICLE 5 CONDITIONS**

5.1 **Conditions Precedent.** The respective obligations of the parties to complete the transactions contemplated by this Agreement shall be subject to the satisfaction of the following conditions:

- (a) the Interim Order shall have been granted in form and substance satisfactory to KORE;
- (b) the Arrangement Resolutions, with or without amendment, shall have been approved and adopted at the KORE Meeting in accordance with the Arrangement Provisions, the Constatng Documents of KORE, the Interim Order and the requirements of any applicable regulatory authorities;
- (c) the Final Order shall have been obtained in form and substance satisfactory to each of KORE and Karus;
- (d) the TSXV shall have conditionally approved the Arrangement, including the listing of the New KORE Shares in substitution for the KORE Shares and the delisting of the KORE Shares and, in substitution therefor, all as of the Effective Date, subject to compliance with the requirements of the TSXV;
- (e) all other consents, orders, regulations and approvals, including regulatory and judicial approvals and orders required or necessary or desirable for the completion of the transactions provided for in this Agreement and the Plan of Arrangement shall have been obtained or received from the Persons, authorities or bodies having jurisdiction in the circumstances each in form acceptable to KORE and Karus;
- (f) there shall not be in force any order or decree restraining or enjoining the consummation of the transactions contemplated by this Agreement and the Plan of Arrangement;
- (g) no law, regulation or policy shall have been proposed, enacted, promulgated or applied which interferes or is inconsistent with the completion of the Arrangement and Plan of Arrangement, including any material change to the Tax Act, which would reasonably be expected to have a material adverse effect on any of KORE, the KORE Shareholders or Karus if the Arrangement is completed;
- (h) notices of dissent pursuant to Article 5 of the Plan of Arrangement shall not have been delivered by KORE Shareholders holding greater than 10% of the outstanding KORE Shares; and
- (i) this Agreement shall not have been terminated under Article 6 hereof.

Except for the conditions set forth in Sections 5.1(a), (b), (c), (d), (e) and (i), which may not be waived, any of the other conditions in this Section 5.1 may be waived by either KORE or Karus at its discretion.

5.2 **Pre-Closing.** Unless this Agreement is terminated earlier pursuant to the provisions hereof, the parties shall meet at the offices of Farris LLP, Suite 2500, 700 West Georgia Street, Vancouver, British Columbia V7Y 1B3, at 9:00 a.m. on the Business Day immediately preceding the Effective Date, or at such other location or at such other time or on such other date as they may mutually agree, and each of them shall deliver to the other of them:

- (a) the documents required to be delivered by it hereunder to complete the transactions contemplated hereby, provided that each such document required to be dated the Effective Date shall be dated as of, or become effective on, the Effective Date and shall be held in escrow to be released upon the occurrence of the Effective Date; and
- (b) written confirmation as to the satisfaction or waiver by it of the conditions in its favour contained in this Agreement.

5.3 **Merger of Conditions.** The conditions set out in Section 5.1 hereof shall be conclusively deemed to have been satisfied, waived or released upon the occurrence of the Effective Date.

5.4 **Merger of Representations, Warranties and Covenants.** The representations and warranties in Section 3.1 shall be conclusively deemed to be correct as of the Effective Date and the covenants in Section 4.1 hereof shall be conclusively deemed to have been complied with in all respects as of the Effective Date, and each shall accordingly merge in and not survive the effectiveness of the Arrangement.

## ARTICLE 6 AMENDMENT AND TERMINATION

6.1 **Amendment.** Subject to any mandatory applicable restrictions under the Arrangement Provisions or the Final Order, this Agreement, including the Plan of Arrangement, may at any time and from time to time before or after the holding of the KORE Meeting, but prior to the Effective Date, be amended by the written agreement of the parties hereto without, subject to applicable law, further notice to or authorization on the part of the KORE Shareholders.

6.2 **Termination.** Subject to Section 6.3, this Agreement may at any time before or after the holding of the KORE Meeting, and before or after the granting of the Final Order, but in each case prior to the Effective Date, be terminated by direction of the Board of Directors of KORE without further action on the part of the KORE Shareholders and nothing expressed or implied herein or in the Plan of Arrangement shall be construed as fettering the absolute discretion by the Board of Directors of KORE to elect to terminate this Agreement and discontinue efforts to effect the Arrangement for whatever reasons it may consider appropriate.

6.3 **Cessation of Right.** The right of KORE or Karus or any other party to amend or terminate the Plan of Arrangement pursuant to Section 6.1 and Section 6.2 shall be extinguished upon the occurrence of the Effective Date.

## ARTICLE 7 GENERAL

7.1 **Notices.** All notices which may or are required to be given pursuant to any provision of this Agreement shall be given or made in writing and shall be delivered or sent by email, addressed as follows:

in the case of KORE:

PO Box 48681 Stn Bentall Centre  
Vancouver BC  
V7X 1AJ

Attention: Scott Trebilcock, President, Chief Executive Officer  
Email: [scott@koremining.com](mailto:scott@koremining.com)

in the case of Karus:

PO Box 48681 Stn Bentall Centre  
Vancouver BC  
V7X 1AJ

Attention: James Hynes, Interim Chief Executive Officer  
Email: [james@koremining.com](mailto:james@koremining.com)

in each case with a copy to:

Farris LLP  
Suite 2500, 700 West Georgia Street  
Vancouver, British Columbia  
V7Y 1B3

Attention: Jay Sujir  
Email: [jsujir@farris.com](mailto:jsujir@farris.com)

7.2 **Assignment.** Neither of the parties may assign its rights or obligations under this Agreement or the Arrangement without the prior written consent of the other.

7.3 **Binding Effect.** This Agreement and the Arrangement shall be binding upon and shall enure to the benefit of the parties and their respective successors and permitted assigns.

7.4 **Waiver.** Any waiver or release of the provisions of this Agreement, to be effective, must be in writing and executed by the party granting such waiver or release.

7.5 **Governing Law.** This Agreement shall be governed by and be construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

7.6 **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

7.7 **Expenses.** All expenses incurred by a party in connection with this Agreement, the Arrangement and the transactions contemplated hereby and thereby shall be borne by the party that incurred the expense or as otherwise mutually agreed by the parties.

7.8 **Entire Agreement.** This Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and supersedes all prior and contemporaneous agreements, understandings, negotiations and discussions, whether oral or written, of the parties.

7.9 **Time of Essence.** Time is of the essence of this Agreement.

*[Remainder of the page intentionally left blank]*

**IN WITNESS WHEREOF** the parties have executed this Agreement as of the date first above written.

**KORE MINING LTD.**

Per: "Scott Trebilcock"  
Scott Trebilcock,  
President & Chief Executive Officer

**KARUS GOLD CORP.**

Per: "James Hynes"  
James Hynes  
Interim Chief Executive Officer

## EXHIBIT I

TO THE ARRANGEMENT AGREEMENT  
DATED AS OF THE 16TH DAY OF DECEMBER, 2020 BETWEEN  
KORE MINING LTD. AND KARUS GOLD CORP.

### SPIN-OFF ASSETS

#### Mineral Tenures – British Columbia

<b>Title Number</b>	<b>Agreement<sup>(1)(2)</sup></b>	<b>Owner</b>	<b>Issue Date</b>	<b>Good To Date</b>	<b>Area (ha)</b>
204214	Southlands	KORE	1979/OCT/19	2022/DEC/13	225.00
204347	Southlands	KORE	1980/SEP/25	2022/DEC/13	150.00
204348	Southlands	KORE	1980/SEP/25	2022/DEC/13	50.00
204887	KORE	KORE	1984/JUL/16	2022/DEC/13	25.00
204896	KORE	KORE	1984/JUL/27	2022/DEC/13	25.00
378209	KORE	KORE	2000/JUN/18	2022/DEC/13	25.00
402366	Southlands	KORE	2003/MAY/09	2022/DEC/13	375.00
402367	KORE	KORE	2003/MAY/09	2022/DEC/13	450.00
404351	Hen	Victor Guinet	2003/JUL/27	2020/SEP/15	500.00
405520	KORE	KORE	2003/OCT/04	2022/DEC/13	100.00
405682	KORE	KORE	2003/SEP/26	2022/DEC/13	500.00
408756	Bullion	KORE	2004/MAR/13	2020/DEC/01	25.00
408757	Bullion	KORE	2004/MAR/13	2020/DEC/01	25.00
408758	Bullion	KORE	2004/MAR/13	2020/DEC/01	25.00
408759	Bullion	KORE	2004/MAR/13	2020/DEC/01	25.00
413226	KORE	KORE	2004/AUG/17	2022/DEC/15	150.00
514859	Bullion	KORE	2005/JUN/20	2020/DEC/01	392.37
514935	Bullion	KORE	2005/JUN/21	2020/DEC/01	411.75
517995	KORE	KORE	2005/JUL/18	2022/DEC/13	59.31
517996	KORE	KORE	2005/JUL/18	2022/DEC/13	494.31
519042	Bullion	KORE	2005/AUG/14	2020/DEC/01	294.11
519043	Bullion	KORE	2005/AUG/14	2020/DEC/01	470.45
519044	Bullion	KORE	2005/AUG/14	2020/DEC/01	470.46
519056	Bullion	KORE	2005/AUG/14	2020/DEC/01	235.23
519576	Bullion	KORE	2005/AUG/31	2020/DEC/01	450.73
519613	KORE	KORE	2005/SEP/01	2020/DEC/01	19.63
524992	KORE	KORE	2006/JAN/10	2022/DEC/13	296.52
537740	Bullion	KORE	2006/JUL/24	2020/DEC/01	470.87
537744	Bullion	KORE	2006/JUL/24	2020/DEC/01	490.44
537745	Bullion	KORE	2006/JUL/24	2020/DEC/01	490.26
537746	Bullion	KORE	2006/JUL/24	2020/DEC/01	470.73
537747	Bullion	KORE	2006/JUL/24	2020/DEC/01	451.30
537748	Bullion	KORE	2006/JUL/24	2020/DEC/01	470.65
537749	Bullion	KORE	2006/JUL/24	2020/DEC/01	490.21
537750	Bullion	KORE	2006/JUL/24	2020/DEC/01	451.00
544520	Bullion	KORE	2006/OCT/27	2020/DEC/01	529.90
544763	KORE	KORE	2006/NOV/01	2022/DEC/13	98.81
544765	KORE	KORE	2006/NOV/01	2022/DEC/13	59.29

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<b>Title Number</b>	<b>Agreement<sup>(1)(2)</sup></b>	<b>Owner</b>	<b>Issue Date</b>	<b>Good To Date</b>	<b>Area (ha)</b>
544767	KORE	KORE	2006/NOV/01	2022/DEC/13	19.76
544769	KORE	KORE	2006/NOV/01	2022/DEC/13	19.76
547367	KORE	KORE	2006/DEC/14	2022/DEC/13	19.77
547369	KORE	KORE	2006/DEC/14	2022/DEC/13	59.32
547372	KORE	KORE	2006/DEC/14	2022/DEC/13	79.11
547374	KORE	KORE	2006/DEC/14	2022/DEC/13	59.34
548514	KORE	KORE	2007/JAN/03	2022/DEC/13	19.77
586636	Bullion	KORE	2008/JUN/21	2020/DEC/01	78.44
586750	Bullion	KORE	2008/JUN/23	2020/DEC/01	58.84
587427	Bullion	KORE	2008/JUL/05	2020/DEC/01	196.31
587428	Bullion	KORE	2008/JUL/05	2020/DEC/01	314.31
587737	Bullion	KORE	2008/JUL/09	2020/DEC/01	137.52
587739	Bullion	KORE	2008/JUL/09	2020/DEC/01	157.12
587741	Bullion	KORE	2008/JUL/09	2020/DEC/01	157.12
587743	Bullion	KORE	2008/JUL/09	2020/DEC/01	157.12
587744	Bullion	KORE	2008/JUL/09	2020/DEC/01	255.21
590114	Bullion	KORE	2008/AUG/17	2020/DEC/01	392.71
593917	Bullion	KORE	2008/NOV/06	2020/DEC/01	314.08
593919	Bullion	KORE	2008/NOV/06	2020/DEC/01	19.63
782663	Bullion	KORE	2010/MAY/31	2020/DEC/01	274.76
806924	KORE	KORE	2010/JUL/02	2022/NOV/15	58.93
806963	KORE	KORE	2010/JUL/02	2022/NOV/15	491.17
807002	KORE	KORE	2010/JUL/02	2022/NOV/15	216.17
1035771	KORE	KORE	2015/APR/29	2022/DEC/13	138.32
1035789	Hawk	Glen J. Prior	2015/APR/29	2020/APR/29	434.46
1035812	KORE	KORE	2015/APR/30	2022/DEC/13	118.50
1035932	Tep	John Bernard Kreft	2015/MAY/06	2020/AUG/15	19.70
1035943	Tep	John Bernard Kreft	2015/MAY/06	2020/AUG/15	19.70
1035962	Tep	John Bernard Kreft	2015/MAY/06	2020/AUG/15	59.11
1035963	Tep	John Bernard Kreft	2015/MAY/06	2020/AUG/15	39.40
1035964	Tep	John Bernard Kreft	2015/MAY/06	2020/AUG/15	19.70
1037119	KORE	KORE	2015/JUL/06	2022/DEC/13	19.75
1041967	KORE	KORE	2016/FEB/11	2022/DEC/13	237.17
1041968	KORE	KORE	2016/FEB/11	2022/DEC/13	59.29
1044575	KORE	KORE	2016/JUN/05	2022/DEC/13	1820.10
1044576	KORE	KORE	2016/JUN/05	2022/DEC/13	1977.25
1044577	KORE	KORE	2016/JUN/05	2022/DEC/13	1978.56
1045754	KORE	KORE	2016/AUG/03	2022/DEC/13	592.71
1045755	KORE	KORE	2016/AUG/03	2022/DEC/13	98.89
1060580	KORE	KORE	2018/MAY/14	2022/DEC/13	1935.68
1060581	KORE	KORE	2018/MAY/14	2022/DEC/13	672.10
1074865	Scott	James Hynes	2020/FEB/27	2021/FEB/27	19.80
1074877	KORE	KORE	2020/FEB/28	2021/FEB/28	59.38
1077066	KORE	KORE	2020/JUL/03	2021/JUL/03	1975.34
1077084	Tep	Kreft	2020/JUL/04	2021/JUL/04	19.71
1077246	Tep	Kreft	2020/JUL/16	2021/JUL/16	1064.33
1077247	Tep	Kreft	2020/JUL/16	2021/JUL/16	1065.49
1077463	KORE	KORE	2020/JUL/22	2021/JUL/22	1978.59
1077464	KORE	KORE	2020/JUL/22	2021/JUL/22	1965.67
1077465	KORE	KORE	2020/JUL/22	2021/JUL/22	1977.21

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<b>Title Number</b>	<b>Agreement<sup>(1)(2)</sup></b>	<b>Owner</b>	<b>Issue Date</b>	<b>Good To Date</b>	<b>Area (ha)</b>
1077466	KORE	KORE	2020/JUL/22	2021/JUL/22	1966.94
1077467	KORE	KORE	2020/JUL/22	2021/JUL/22	1968.17
1077468	KORE	KORE	2020/JUL/22	2021/JUL/22	1978.35
1077469	KORE	KORE	2020/JUL/22	2021/JUL/22	1969.69
1077470	KORE	KORE	2020/JUL/22	2021/JUL/22	1970.85
1077471	KORE	KORE	2020/JUL/22	2021/JUL/22	1971.10
1077472	KORE	KORE	2020/JUL/22	2021/JUL/22	1969.14
1077473	KORE	KORE	2020/JUL/22	2021/JUL/22	1969.88
1077474	KORE	KORE	2020/JUL/22	2021/JUL/22	1968.62
1077475	KORE	KORE	2020/JUL/22	2021/JUL/22	1970.30
1077476	KORE	KORE	2020/JUL/22	2021/JUL/22	1955.00
1077477	KORE	KORE	2020/JUL/22	2021/JUL/22	1969.30
1077478	KORE	KORE	2020/JUL/22	2021/JUL/22	1969.98
1077479	KORE	KORE	2020/JUL/22	2021/JUL/22	1971.48
1077480	KORE	KORE	2020/JUL/22	2021/JUL/22	1973.84
1077481	KORE	KORE	2020/JUL/22	2021/JUL/22	1952.93
1077482	KORE	KORE	2020/JUL/22	2021/JUL/22	1976.06
1077483	KORE	KORE	2020/JUL/22	2021/JUL/22	1971.87
1077484	KORE	KORE	2020/JUL/22	2021/JUL/22	1972.41
1077485	KORE	KORE	2020/JUL/22	2021/JUL/22	1974.90
1077486	KORE	KORE	2020/JUL/22	2021/JUL/22	1973.51
1077487	KORE	KORE	2020/JUL/22	2021/JUL/22	1974.03
1077488	KORE	KORE	2020/JUL/22	2021/JUL/22	1978.39
1077489	KORE	KORE	2020/JUL/22	2021/JUL/22	1980.31
1077490	KORE	KORE	2020/JUL/22	2021/JUL/22	1980.40
1077491	KORE	KORE	2020/JUL/22	2021/JUL/22	1976.21
1077492	KORE	KORE	2020/JUL/22	2021/JUL/22	1981.83
1077493	KORE	KORE	2020/JUL/22	2021/JUL/22	1982.76
1077494	KORE	KORE	2020/JUL/23	2021/JUL/23	1980.71
1077495	KORE	KORE	2020/JUL/23	2021/JUL/23	1983.47
1077496	KORE	KORE	2020/JUL/23	2021/JUL/23	1966.21
1077497	KORE	KORE	2020/JUL/23	2021/JUL/23	1984.39
1077498	KORE	KORE	2020/JUL/23	2021/JUL/23	1979.82
				Total	99778.40

Notes:

<sup>(1)</sup>KORE denotes claims wholly-owned by KORE without being the subject of another agreement<sup>(2)</sup>All claims wholly-owned by KORE which are not otherwise encumbered by another agreement will be subject to a 1% NSR held by KORE upon the Arrangement becoming effective.

**Property Agreements**

<b>Agreement</b>	<b>Interest Earned</b>	<b>Earn-in Date</b>	<b>Cash</b>	<b>Expenditures</b>	<b>Shares</b>	<b>Royalty</b>
Scott	100%	20-Jul-20	C\$7,500	None	0	2% NSR <sup>1</sup>
Earl	100%	08-Oct-20	C\$7,500	None	0	None
Hen	100%	01-Oct-24	C\$410,000	None	\$410,000 <sup>2</sup>	2% NSR <sup>1</sup>
Hawk	100%	01-Oct-24	C\$150,000	None	0	1% NSR <sup>3</sup>
Teq	100%	20-Jul-22	C\$92,500 <sup>4</sup>	C\$75,000	0	2% NSR <sup>5,6</sup>
Southlands	100%	22-Sep-89	None	None	None	3% NSR <sup>7</sup>
Bullion	100%	31-Aug-18	None	C\$130,000	150,000	1% NSR <sup>8</sup>

Notes:

<sup>1</sup>1% NSR can be purchased for C\$1,000,000<sup>2</sup>Value of shares to be issued<sup>3</sup>0.5% NSR can be purchased for C\$500,000<sup>4</sup>Plus bonus payments totalling C\$35,000 plus C\$1.50 for each ounce of gold in initial resource<sup>5</sup>1% NSR can be purchased for C\$500,000<sup>6</sup>Includes an Area of Interest extending 0.5 km from property boundary, applicable to claims acquired after July 20, 2020<sup>7</sup>3% NSR can be purchased for C\$2.6 million in 1989 dollars, adjusted annually for inflation by the Consumer Price Index<sup>8</sup>0.5% NSR can be purchased for C\$1,000,000**Yukon Mineral Tenures**

<b>Grant Number</b>	<b>Claim Name</b>	<b>Claim Number</b>	<b>Operation Recording Date</b>	<b>Staking Date</b>	<b>Claim Expiry Date</b>
YE32676	Sheba	1	10/06/2016	23/05/2016	10/06/2025
YE32677	Sheba	2	10/06/2016	23/05/2016	10/06/2026
YE32678	Sheba	3	10/06/2016	23/05/2016	10/06/2025
YE32679	Sheba	4	10/06/2016	23/05/2016	10/06/2026
YE32680	Sheba	5	10/06/2016	23/05/2016	10/06/2025
YE32681	Sheba	6	10/06/2016	23/05/2016	10/06/2026
YE32682	Sheba	7	10/06/2016	23/05/2016	10/06/2025
YE32683	Sheba	8	10/06/2016	23/05/2016	10/06/2026
YE32684	Sheba	9	10/06/2016	23/05/2016	10/06/2025
YE32685	Sheba	10	10/06/2016	23/05/2016	10/06/2025
YE32686	Sheba	11	10/06/2016	23/05/2016	10/06/2025
YE32687	Sheba	12	10/06/2016	23/05/2016	10/06/2025
YE32688	Sheba	13	10/06/2016	23/05/2016	10/06/2025
YE32689	Sheba	14	10/06/2016	23/05/2016	10/06/2025
YE32690	Sheba	15	10/06/2016	23/05/2016	10/06/2025
YE32691	Sheba	16	10/06/2016	23/05/2016	10/06/2025
YE32692	Sheba	17	10/06/2016	23/05/2016	10/06/2025
YE32693	Sheba	18	10/06/2016	23/05/2016	10/06/2025
YE32694	Sheba	19	10/06/2016	23/05/2016	10/06/2025
YE32695	Sheba	20	10/06/2016	23/05/2016	10/06/2025
YE32550	Sheba	21	10/06/2016	23/05/2016	10/06/2026
YE32551	Sheba	22	10/06/2016	23/05/2016	10/06/2026
YE32552	Sheba	23	10/06/2016	23/05/2016	10/06/2026
YE32553	Sheba	24	10/06/2016	23/05/2016	10/06/2026
YE32554	Sheba	25	10/06/2016	23/05/2016	10/06/2026

<b>Grant Number</b>	<b>Claim Name</b>	<b>Claim Number</b>	<b>Operation Recording Date</b>	<b>Staking Date</b>	<b>Claim Expiry Date</b>
YE32555	Sheba	26	10/06/2016	23/05/2016	10/06/2026
YE32556	Sheba	27	10/06/2016	23/05/2016	10/06/2026
YE32557	Sheba	28	10/06/2016	23/05/2016	10/06/2026
YE32558	Sheba	29	10/06/2016	23/05/2016	10/06/2026
YE32559	Sheba	30	10/06/2016	23/05/2016	10/06/2026
YE32560	Sheba	31	10/06/2016	23/05/2016	10/06/2025
YE32561	Sheba	32	10/06/2016	23/05/2016	10/06/2025
YE32562	Sheba	33	10/06/2016	23/05/2016	10/06/2025
YE32563	Sheba	34	10/06/2016	23/05/2016	10/06/2025
YE32564	Sheba	35	10/06/2016	23/05/2016	10/06/2025
YE32565	Sheba	36	10/06/2016	23/05/2016	10/06/2025
YE32566	Sheba	37	10/06/2016	23/05/2016	10/06/2025
YE32567	Sheba	38	10/06/2016	23/05/2016	10/06/2025
YE32568	Sheba	39	10/06/2016	23/05/2016	10/06/2025
YE32569	Sheba	40	10/06/2016	23/05/2016	10/06/2025
YE32725	Sheba	41	10/06/2016	23/05/2016	10/06/2025
YE32726	Sheba	42	10/06/2016	23/05/2016	10/06/2025
YE32727	Sheba	43	10/06/2016	23/05/2016	10/06/2025
YE32728	Sheba	44	10/06/2016	23/05/2016	10/06/2025
YE32729	Sheba	45	10/06/2016	23/05/2016	10/06/2025
YE32730	Sheba	46	10/06/2016	23/05/2016	10/06/2025
YE32731	Sheba	47	10/06/2016	23/05/2016	10/06/2025
YE32732	Sheba	48	10/06/2016	23/05/2016	10/06/2025
YE32733	Sheba	49	10/06/2016	23/05/2016	10/06/2025
YE32734	Sheba	50	10/06/2016	23/05/2016	10/06/2025
YE32735	Sheba	51	10/06/2016	23/05/2016	10/06/2025
YE32736	Sheba	52	10/06/2016	23/05/2016	10/06/2025
YE32737	Sheba	53	10/06/2016	23/05/2016	10/06/2025
YE32738	Sheba	54	10/06/2016	23/05/2016	10/06/2025
YE32739	Sheba	55	10/06/2016	23/05/2016	10/06/2025
YE32740	Sheba	56	10/06/2016	23/05/2016	10/06/2025
YE32741	Sheba	57	10/06/2016	23/05/2016	10/06/2025
YE32742	Sheba	58	10/06/2016	23/05/2016	10/06/2025
YE32743	Sheba	59	10/06/2016	23/05/2016	10/06/2025
YE32744	Sheba	60	10/06/2016	23/05/2016	10/06/2025
YE32792	Sheba	61	10/06/2016	23/05/2016	10/06/2025
YE32793	Sheba	62	10/06/2016	23/05/2016	10/06/2025
YE32794	Sheba	63	10/06/2016	23/05/2016	10/06/2025
YE32795	Sheba	64	10/06/2016	23/05/2016	10/06/2025
YE32796	Sheba	65	10/06/2016	23/05/2016	10/06/2025
YE32797	Sheba	66	10/06/2016	23/05/2016	10/06/2025
YE32798	Sheba	67	10/06/2016	23/05/2016	10/06/2025
YE32799	Sheba	68	10/06/2016	23/05/2016	10/06/2025

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YE32800	Sheba	69	10/06/2016	23/05/2016	10/06/2025
YE32501	Sheba	70	10/06/2016	23/05/2016	10/06/2025
YE32502	Sheba	71	10/06/2016	23/05/2016	10/06/2025
YE32503	Sheba	72	10/06/2016	23/05/2016	10/06/2025
YE32504	Sheba	73	10/06/2016	23/05/2016	10/06/2025
YE32505	Sheba	74	10/06/2016	23/05/2016	10/06/2025
YE32506	Sheba	75	10/06/2016	23/05/2016	10/06/2025
YE32507	Sheba	76	10/06/2016	23/05/2016	10/06/2025
YE32508	Sheba	77	10/06/2016	23/05/2016	10/06/2025
YE32509	Sheba	78	10/06/2016	23/05/2016	10/06/2025
YE32510	Sheba	79	10/06/2016	23/05/2016	10/06/2025
YE32511	Sheba	80	10/06/2016	23/05/2016	10/06/2025
YE32512	Sheba	81	10/06/2016	24/05/2016	10/06/2025
YE32513	Sheba	82	10/06/2016	24/05/2016	10/06/2025
YE32514	Sheba	83	10/06/2016	24/05/2016	10/06/2025
YE32515	Sheba	84	10/06/2016	24/05/2016	10/06/2025
YE32516	Sheba	85	10/06/2016	24/05/2016	10/06/2025
YE32517	Sheba	86	10/06/2016	24/05/2016	10/06/2025
YE32518	Sheba	87	10/06/2016	24/05/2016	10/06/2025
YE32519	Sheba	88	10/06/2016	24/05/2016	10/06/2025
YE32520	Sheba	89	10/06/2016	24/05/2016	10/06/2025
YE32521	Sheba	90	10/06/2016	24/05/2016	10/06/2025
YE32522	Sheba	91	10/06/2016	24/05/2016	10/06/2025
YE32523	Sheba	92	10/06/2016	24/05/2016	10/06/2025
YE32524	Sheba	93	10/06/2016	24/05/2016	10/06/2025
YE32525	Sheba	94	10/06/2016	24/05/2016	10/06/2025
YE32526	Sheba	95	10/06/2016	24/05/2016	10/06/2025
YE32527	Sheba	96	10/06/2016	24/05/2016	10/06/2025
YE32528	Sheba	97	10/06/2016	24/05/2016	10/06/2025
YE32529	Sheba	98	10/06/2016	24/05/2016	10/06/2025
YE32530	Sheba	99	10/06/2016	24/05/2016	10/06/2025
YE32531	Sheba	100	10/06/2016	24/05/2016	10/06/2025
YE32745	Sheba	101	10/06/2016	24/05/2016	10/06/2025
YE32746	Sheba	102	10/06/2016	24/05/2016	10/06/2025
YE32747	Sheba	103	10/06/2016	24/05/2016	10/06/2025
YE32748	Sheba	104	10/06/2016	24/05/2016	10/06/2025
YE32749	Sheba	105	10/06/2016	24/05/2016	10/06/2025
YE32750	Sheba	106	10/06/2016	24/05/2016	10/06/2025
YE32751	Sheba	107	10/06/2016	24/05/2016	10/06/2025
YE32752	Sheba	108	10/06/2016	24/05/2016	10/06/2025
YE32402	Sheba	109	10/06/2016	24/05/2016	10/06/2025
YE32403	Sheba	110	10/06/2016	24/05/2016	10/06/2025
YE32404	Sheba	111	10/06/2016	24/05/2016	10/06/2025

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YE32405	Sheba	112	10/06/2016	24/05/2016	10/06/2025
YE32406	Sheba	113	10/06/2016	24/05/2016	10/06/2025
YE32407	Sheba	114	10/06/2016	24/05/2016	10/06/2025
YE32408	Sheba	115	10/06/2016	24/05/2016	10/06/2025
YE32409	Sheba	116	10/06/2016	24/05/2016	10/06/2025
YE32410	Sheba	117	10/06/2016	24/05/2016	10/06/2025
YE32411	Sheba	118	10/06/2016	24/05/2016	10/06/2025
YE32412	Sheba	119	10/06/2016	24/05/2016	10/06/2025
YE32413	Sheba	120	10/06/2016	24/05/2016	10/06/2025
YE32696	Sheba	121	10/06/2016	24/05/2016	10/06/2025
YE32697	Sheba	122	10/06/2016	24/05/2016	10/06/2025
YE32698	Sheba	123	10/06/2016	24/05/2016	10/06/2025
YE32699	Sheba	124	10/06/2016	24/05/2016	10/06/2025
YE32700	Sheba	125	10/06/2016	24/05/2016	10/06/2025
YE32435	Sheba	126	10/06/2016	24/05/2016	10/06/2025
YE32436	Sheba	127	10/06/2016	24/05/2016	10/06/2025
YE32437	Sheba	128	10/06/2016	24/05/2016	10/06/2025
YE32438	Sheba	129	10/06/2016	24/05/2016	10/06/2025
YE32439	Sheba	130	10/06/2016	24/05/2016	10/06/2025
YE32440	Sheba	131	10/06/2016	24/05/2016	10/06/2025
YE32441	Sheba	132	10/06/2016	24/05/2016	10/06/2025
YE32442	Sheba	133	10/06/2016	24/05/2016	10/06/2025
YE32443	Sheba	134	10/06/2016	24/05/2016	10/06/2025
YE32444	Sheba	135	10/06/2016	24/05/2016	10/06/2025
YE32445	Sheba	136	10/06/2016	24/05/2016	10/06/2025
YE32446	Sheba	137	10/06/2016	24/05/2016	10/06/2025
YE32447	Sheba	138	10/06/2016	24/05/2016	10/06/2025
YE32448	Sheba	139	10/06/2016	24/05/2016	10/06/2025
YE32449	Sheba	140	10/06/2016	24/05/2016	10/06/2025
YE32570	Sheba	141	10/06/2016	24/05/2016	10/06/2025
YE32571	Sheba	142	10/06/2016	24/05/2016	10/06/2025
YE32572	Sheba	143	10/06/2016	24/05/2016	10/06/2025
YE32573	Sheba	144	10/06/2016	24/05/2016	10/06/2025
YE32574	Sheba	145	10/06/2016	24/05/2016	10/06/2025
YE32575	Sheba	146	10/06/2016	24/05/2016	10/06/2025
YE32576	Sheba	147	10/06/2016	24/05/2016	10/06/2025
YE32577	Sheba	148	10/06/2016	24/05/2016	10/06/2025
YE32578	Sheba	149	10/06/2016	24/05/2016	10/06/2025
YE32579	Sheba	150	10/06/2016	24/05/2016	10/06/2025
YE32580	Sheba	151	10/06/2016	24/05/2016	10/06/2025
YE32581	Sheba	152	10/06/2016	24/05/2016	10/06/2025
YE32582	Sheba	153	10/06/2016	24/05/2016	10/06/2025
YE32583	Sheba	154	10/06/2016	24/05/2016	10/06/2025

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YE32584	Sheba	155	10/06/2016	24/05/2016	10/06/2025
YE32585	Sheba	156	10/06/2016	24/05/2016	10/06/2025
YE32586	Sheba	157	10/06/2016	24/05/2016	10/06/2025
YE32587	Sheba	158	10/06/2016	24/05/2016	10/06/2025
YE32588	Sheba	159	10/06/2016	24/05/2016	10/06/2025
YE32589	Sheba	160	10/06/2016	24/05/2016	10/06/2025
YE32701	Ophir	1	10/06/2016	22/05/2016	10/06/2022
YE32702	Ophir	2	10/06/2016	22/05/2016	10/06/2022
YE32703	Ophir	3	10/06/2016	22/05/2016	10/06/2022
YE32704	Ophir	4	10/06/2016	22/05/2016	10/06/2022
YE32705	Ophir	5	10/06/2016	22/05/2016	10/06/2022
YE32706	Ophir	6	10/06/2016	22/05/2016	10/06/2022
YE32707	Ophir	7	10/06/2016	22/05/2016	10/06/2021
YE32708	Ophir	8	10/06/2016	22/05/2016	10/06/2021
YE32709	Ophir	9	10/06/2016	22/05/2016	10/06/2021
YE32710	Ophir	10	10/06/2016	22/05/2016	10/06/2021
YE32711	Ophir	11	10/06/2016	22/05/2016	10/06/2021
YE32712	Ophir	12	10/06/2016	22/05/2016	10/06/2021
YE32713	Ophir	13	10/06/2016	22/05/2016	10/06/2021
YE32714	Ophir	14	10/06/2016	22/05/2016	10/06/2021
YE32715	Ophir	15	10/06/2016	22/05/2016	10/06/2021
YE32716	Ophir	16	10/06/2016	22/05/2016	10/06/2021
YE32717	Ophir	17	10/06/2016	22/05/2016	10/06/2021
YE32718	Ophir	18	10/06/2016	22/05/2016	10/06/2021
YE32719	Ophir	19	10/06/2016	22/05/2016	10/06/2021
YE32720	Ophir	20	10/06/2016	22/05/2016	10/06/2021
YE32721	Ophir	21	10/06/2016	22/05/2016	10/06/2021
YE32722	Ophir	22	10/06/2016	22/05/2016	10/06/2021
YE32723	Ophir	23	10/06/2016	22/05/2016	10/06/2021
YE32724	Ophir	24	10/06/2016	22/05/2016	10/06/2021
YE32635	Ophir	25	10/06/2016	25/05/2016	10/06/2021
YE32636	Ophir	26	10/06/2016	25/05/2016	10/06/2021
YE32637	Ophir	27	10/06/2016	25/05/2016	10/06/2021
YE32638	Ophir	28	10/06/2016	25/05/2016	10/06/2021
YE32639	Ophir	29	10/06/2016	25/05/2016	10/06/2021
YE32640	Ophir	30	10/06/2016	25/05/2016	10/06/2021
YE32641	Ophir	31	10/06/2016	25/05/2016	10/06/2021
YE32642	Ophir	32	10/06/2016	25/05/2016	10/06/2021
YE32601	Ophir	33	10/06/2016	21/05/2016	10/06/2022
YE32602	Ophir	34	10/06/2016	21/05/2016	10/06/2022
YE32603	Ophir	35	10/06/2016	21/05/2016	10/06/2022
YE32604	Ophir	36	10/06/2016	21/05/2016	10/06/2022
YE32605	Ophir	37	10/06/2016	21/05/2016	10/06/2022

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YE32606	Ophir	38	10/06/2016	21/05/2016	10/06/2022
YE32607	Ophir	39	10/06/2016	21/05/2016	10/06/2021
YE32608	Ophir	40	10/06/2016	21/05/2016	10/06/2021
YE32609	Ophir	41	10/06/2016	21/05/2016	10/06/2021
YE32610	Ophir	42	10/06/2016	21/05/2016	10/06/2021
YE32611	Ophir	43	10/06/2016	21/05/2016	10/06/2021
YE32612	Ophir	44	10/06/2016	21/05/2016	10/06/2021
YE32613	Ophir	45	10/06/2016	21/05/2016	10/06/2021
YE32614	Ophir	46	10/06/2016	21/05/2016	10/06/2021
YE32615	Ophir	47	10/06/2016	22/05/2016	10/06/2021
YE32616	Ophir	48	10/06/2016	22/05/2016	10/06/2021
YE32617	Ophir	49	10/06/2016	22/05/2016	10/06/2021
YE32618	Ophir	50	10/06/2016	22/05/2016	10/06/2021
YE32619	Ophir	51	10/06/2016	22/05/2016	10/06/2021
YE32620	Ophir	52	10/06/2016	22/05/2016	10/06/2021
YE32621	Ophir	53	10/06/2016	22/05/2016	10/06/2021
YE32622	Ophir	54	10/06/2016	22/05/2016	10/06/2021
YE32623	Ophir	55	10/06/2016	22/05/2016	10/06/2021
YE32624	Ophir	56	10/06/2016	22/05/2016	10/06/2021
YE32625	Ophir	57	10/06/2016	22/05/2016	10/06/2021
YE32626	Ophir	58	10/06/2016	22/05/2016	10/06/2021
YE32627	Ophir	59	10/06/2016	22/05/2016	10/06/2021
YE32628	Ophir	60	10/06/2016	22/05/2016	10/06/2021
YE32629	Ophir	61	10/06/2016	22/05/2016	10/06/2021
YE32630	Ophir	62	10/06/2016	22/05/2016	10/06/2021
YE32631	Ophir	63	10/06/2016	22/05/2016	10/06/2021
YE32632	Ophir	64	10/06/2016	22/05/2016	10/06/2021
YE32648	Ophir	65	10/06/2016	21/05/2016	10/06/2021
YE32649	Ophir	66	10/06/2016	21/05/2016	10/06/2021
YE32650	Ophir	67	10/06/2016	21/05/2016	10/06/2022
YE32651	Ophir	68	10/06/2016	21/05/2016	10/06/2021
YE32652	Ophir	69	10/06/2016	21/05/2016	10/06/2022
YE32653	Ophir	70	10/06/2016	21/05/2016	10/06/2021
YE32654	Ophir	71	10/06/2016	21/05/2016	10/06/2022
YE32655	Ophir	72	10/06/2016	21/05/2016	10/06/2021
YE32656	Ophir	73	10/06/2016	21/05/2016	10/06/2022
YE32657	Ophir	74	10/06/2016	21/05/2016	10/06/2021
YE32658	Ophir	75	10/06/2016	22/05/2016	10/06/2021
YE32659	Ophir	76	10/06/2016	22/05/2016	10/06/2021
YE32660	Ophir	77	10/06/2016	22/05/2016	10/06/2021
YE32661	Ophir	78	10/06/2016	22/05/2016	10/06/2021
YE32662	Ophir	79	10/06/2016	22/05/2016	10/06/2021
YE32663	Ophir	80	10/06/2016	22/05/2016	10/06/2021

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YE32664	Ophir	81	10/06/2016	22/05/2016	10/06/2021
YE32665	Ophir	82	10/06/2016	22/05/2016	10/06/2021
YE32666	Ophir	83	10/06/2016	22/05/2016	10/06/2021
YE32667	Ophir	84	10/06/2016	22/05/2016	10/06/2021
YE32668	Ophir	85	10/06/2016	22/05/2016	10/06/2021
YE32669	Ophir	86	10/06/2016	22/05/2016	10/06/2021
YE32670	Ophir	87	10/06/2016	22/05/2016	10/06/2021
YE32671	Ophir	88	10/06/2016	22/05/2016	10/06/2021
YE32672	Ophir	89	10/06/2016	22/05/2016	10/06/2021
YE32673	Ophir	90	10/06/2016	22/05/2016	10/06/2021
YE32674	Ophir	91	10/06/2016	22/05/2016	10/06/2021
YE32675	Ophir	92	10/06/2016	22/05/2016	10/06/2021
YE32786	Ophir	93	10/06/2016	22/05/2016	10/06/2021
YE32787	Ophir	94	10/06/2016	22/05/2016	10/06/2021
YE32788	Ophir	95	10/06/2016	22/05/2016	10/06/2021
YE32789	Ophir	96	10/06/2016	22/05/2016	10/06/2021
YE32790	Ophir	97	10/06/2016	22/05/2016	10/06/2021
YE32791	Ophir	98	10/06/2016	22/05/2016	10/06/2021
YE32754	Ophir	99	10/06/2016	21/05/2016	10/06/2021
YE32755	Ophir	100	10/06/2016	21/05/2016	10/06/2021
YE32756	Ophir	101	10/06/2016	21/05/2016	10/06/2021
YE32757	Ophir	102	10/06/2016	21/05/2016	10/06/2021
YE32758	Ophir	103	10/06/2016	21/05/2016	10/06/2021
YE32759	Ophir	104	10/06/2016	21/05/2016	10/06/2021
YE32760	Ophir	105	10/06/2016	21/05/2016	10/06/2021
YE32761	Ophir	106	10/06/2016	21/05/2016	10/06/2021
YE32762	Ophir	107	10/06/2016	21/05/2016	10/06/2021
YE32763	Ophir	108	10/06/2016	21/05/2016	10/06/2021
YE32764	Ophir	109	10/06/2016	21/05/2016	10/06/2021
YE32765	Ophir	110	10/06/2016	21/05/2016	10/06/2021
YE32766	Ophir	111	10/06/2016	21/05/2016	10/06/2021
YE32767	Ophir	112	10/06/2016	21/05/2016	10/06/2021
YE32768	Ophir	113	10/06/2016	22/05/2016	10/06/2021
YE32769	Ophir	114	10/06/2016	22/05/2016	10/06/2021
YE32770	Ophir	115	10/06/2016	22/05/2016	10/06/2021
YE32771	Ophir	116	10/06/2016	22/05/2016	10/06/2021
YE32772	Ophir	117	10/06/2016	22/05/2016	10/06/2021
YE32773	Ophir	118	10/06/2016	22/05/2016	10/06/2021
YE32774	Ophir	119	10/06/2016	22/05/2016	10/06/2021
YE32775	Ophir	120	10/06/2016	22/05/2016	10/06/2021
YE32776	Ophir	121	10/06/2016	22/05/2016	10/06/2021
YE32777	Ophir	122	10/06/2016	22/05/2016	10/06/2021
YE32778	Ophir	123	10/06/2016	22/05/2016	10/06/2021

<b>Grant Number</b>	<b>Claim Name</b>	<b>Claim Number</b>	<b>Operation Recording Date</b>	<b>Staking Date</b>	<b>Claim Expiry Date</b>
YE32779	Ophir	124	10/06/2016	22/05/2016	10/06/2021
YE32780	Ophir	125	10/06/2016	22/05/2016	10/06/2021
YE32781	Ophir	126	10/06/2016	22/05/2016	10/06/2021
YE32782	Ophir	127	10/06/2016	22/05/2016	10/06/2021
YE32783	Ophir	128	10/06/2016	22/05/2016	10/06/2021
YE32784	Ophir	129	10/06/2016	22/05/2016	10/06/2021
YE32785	Ophir	130	10/06/2016	22/05/2016	10/06/2021
YE32475	Hav	1	10/06/2016	25/05/2016	10/06/2021
YE32476	Hav	2	10/06/2016	25/05/2016	10/06/2021
YE32477	Hav	3	10/06/2016	25/05/2016	10/06/2021
YE32478	Hav	4	10/06/2016	25/05/2016	10/06/2021
YE32479	Hav	5	10/06/2016	25/05/2016	10/06/2021
YE32480	Hav	6	10/06/2016	25/05/2016	10/06/2021
YE32481	Hav	7	10/06/2016	25/05/2016	10/06/2021
YE32482	Hav	8	10/06/2016	25/05/2016	10/06/2021
YE32483	Hav	9	10/06/2016	25/05/2016	10/06/2021
YE32484	Hav	10	10/06/2016	25/05/2016	10/06/2021
YE32485	Hav	11	10/06/2016	25/05/2016	10/06/2021
YE32486	Hav	12	10/06/2016	25/05/2016	10/06/2021
YE32487	Hav	13	10/06/2016	25/05/2016	10/06/2021
YE32488	Hav	14	10/06/2016	25/05/2016	10/06/2021
YE32489	Hav	15	10/06/2016	25/05/2016	10/06/2021
YE32490	Hav	16	10/06/2016	25/05/2016	10/06/2021
YE32491	Hav	17	10/06/2016	25/05/2016	10/06/2021
YE32492	Hav	18	10/06/2016	25/05/2016	10/06/2021
YE32450	Hav	19	10/06/2016	25/05/2016	10/06/2021
YE32451	Hav	20	10/06/2016	25/05/2016	10/06/2021
YE32452	Hav	21	10/06/2016	25/05/2016	10/06/2021
YE32453	Hav	22	10/06/2016	25/05/2016	10/06/2021
YE32454	Hav	23	10/06/2016	25/05/2016	10/06/2021
YE32455	Hav	24	10/06/2016	25/05/2016	10/06/2021
YE32456	Hav	25	10/06/2016	25/05/2016	10/06/2021
YE32457	Hav	26	10/06/2016	25/05/2016	10/06/2021
YE32458	Hav	27	10/06/2016	25/05/2016	10/06/2021
YE32459	Hav	28	10/06/2016	25/05/2016	10/06/2021
YE32460	Hav	29	10/06/2016	25/05/2016	10/06/2021
YE32461	Hav	30	10/06/2016	25/05/2016	10/06/2021
YE32462	Hav	31	10/06/2016	25/05/2016	10/06/2021
YE32463	Hav	32	10/06/2016	25/05/2016	10/06/2021
YE32464	Hav	33	10/06/2016	25/05/2016	10/06/2021
YE32465	Hav	34	10/06/2016	25/05/2016	10/06/2021
YE32466	Hav	35	10/06/2016	25/05/2016	10/06/2021
YE32467	Hav	36	10/06/2016	25/05/2016	10/06/2021

<b>Grant Number</b>	<b>Claim Name</b>	<b>Claim Number</b>	<b>Operation Recording Date</b>	<b>Staking Date</b>	<b>Claim Expiry Date</b>
YE32532	Hav	37	10/06/2016	25/05/2016	10/06/2021
YE32533	Hav	38	10/06/2016	25/05/2016	10/06/2022
YE32534	Hav	39	10/06/2016	25/05/2016	10/06/2021
YE32535	Hav	40	10/06/2016	25/05/2016	10/06/2022
YE32536	Hav	41	10/06/2016	25/05/2016	10/06/2021
YE32537	Hav	42	10/06/2016	25/05/2016	10/06/2022
YE32538	Hav	43	10/06/2016	25/05/2016	10/06/2021
YE32539	Hav	44	10/06/2016	25/05/2016	10/06/2021
YE32540	Hav	45	10/06/2016	25/05/2016	10/06/2021
YE32541	Hav	46	10/06/2016	25/05/2016	10/06/2021
YE32542	Hav	47	10/06/2016	25/05/2016	10/06/2021
YE32543	Hav	48	10/06/2016	25/05/2016	10/06/2021
YE32544	Hav	49	10/06/2016	25/05/2016	10/06/2021
YE32545	Hav	50	10/06/2016	25/05/2016	10/06/2021
YE32546	Hav	51	10/06/2016	25/05/2016	10/06/2021
YE32547	Hav	52	10/06/2016	25/05/2016	10/06/2021
YE32548	Hav	53	10/06/2016	25/05/2016	10/06/2021
YE32549	Hav	54	10/06/2016	25/05/2016	10/06/2021
YE32414	Hav	55	10/06/2016	25/05/2016	10/06/2022
YE32415	Hav	56	10/06/2016	25/05/2016	10/06/2022
YE32416	Hav	57	10/06/2016	25/05/2016	10/06/2022
YE32417	Hav	58	10/06/2016	25/05/2016	10/06/2022
YE32418	Hav	59	10/06/2016	25/05/2016	10/06/2022
YE32419	Hav	60	10/06/2016	25/05/2016	10/06/2022
YE32420	Hav	61	10/06/2016	25/05/2016	10/06/2022
YE32421	Hav	62	10/06/2016	25/05/2016	10/06/2022
YE32422	Hav	63	10/06/2016	25/05/2016	10/06/2022
YE32423	Hav	64	10/06/2016	25/05/2016	10/06/2022
YE32424	Hav	65	10/06/2016	25/05/2016	10/06/2022
YE32425	Hav	66	10/06/2016	25/05/2016	10/06/2022
YE32426	Hav	67	10/06/2016	25/05/2016	10/06/2022
YE32427	Hav	68	10/06/2016	25/05/2016	10/06/2022
YE32428	Hav	69	10/06/2016	25/05/2016	10/06/2022
YE32429	Hav	70	10/06/2016	25/05/2016	10/06/2022
YE32201	Etta	1	10/05/2017	07/05/2017	10/05/2023
YE32202	Etta	2	10/05/2017	07/05/2017	10/05/2023
YE32203	Etta	3	10/05/2017	07/05/2017	10/05/2023
YE32204	Etta	4	10/05/2017	07/05/2017	10/05/2023
YE32205	Etta	5	10/05/2017	07/05/2017	10/05/2023
YE32206	Etta	6	10/05/2017	07/05/2017	10/05/2023
YE32207	Etta	7	10/05/2017	07/05/2017	10/05/2023
YE32208	Etta	8	10/05/2017	07/05/2017	10/05/2023
YE32209	Etta	9	10/05/2017	07/05/2017	10/05/2023

<b>Grant Number</b>	<b>Claim Name</b>	<b>Claim Number</b>	<b>Operation Recording Date</b>	<b>Staking Date</b>	<b>Claim Expiry Date</b>
YE32210	Etta	10	10/05/2017	07/05/2017	10/05/2023
YE32211	Etta	11	10/05/2017	07/05/2017	10/05/2023
YE32212	Etta	12	10/05/2017	07/05/2017	10/05/2023
YE32213	Etta	13	10/05/2017	07/05/2017	10/05/2023
YE32214	Etta	14	10/05/2017	07/05/2017	10/05/2023
YE32215	Etta	15	10/05/2017	07/05/2017	10/05/2023
YE32216	Etta	16	10/05/2017	07/05/2017	10/05/2023
YE32217	Etta	17	10/05/2017	07/05/2017	10/05/2023
YE32218	Etta	18	10/05/2017	07/05/2017	10/05/2023
YE32219	Etta	19	10/05/2017	07/05/2017	10/05/2023
YE32220	Etta	20	10/05/2017	07/05/2017	10/05/2023
YE32221	Etta	21	10/05/2017	07/05/2017	10/05/2023
YE32222	Etta	22	10/05/2017	07/05/2017	10/05/2023
YE32223	Etta	23	10/05/2017	07/05/2017	10/05/2023
YE32224	Etta	24	10/05/2017	07/05/2017	10/05/2023
YC95227	Tak	1	05/06/2009	04/06/2009	01/03/2022
YC95228	Tak	2	05/06/2009	04/06/2009	01/03/2022
YC95229	Tak	3	05/06/2009	04/06/2009	01/03/2022
YC95230	Tak	4	05/06/2009	04/06/2009	01/03/2022
YC95231	Tak	5	05/06/2009	04/06/2009	01/03/2022
YC95232	Tak	6	05/06/2009	04/06/2009	01/03/2022
YC95233	Tak	7	05/06/2009	04/06/2009	01/03/2022
YC95234	Tak	8	05/06/2009	04/06/2009	01/03/2022
YC95235	TAK	9	05/06/2009	04/06/2009	01/03/2022
YC95236	TAK	10	05/06/2009	04/06/2009	01/03/2022
YC95237	TAK	11	05/06/2009	04/06/2009	01/03/2022
YC95238	TAK	12	05/06/2009	04/06/2009	01/03/2022
YC95239	TAK	13	05/06/2009	04/06/2009	01/03/2022
YC95240	TAK	14	05/06/2009	04/06/2009	01/03/2022
YC95241	TAK	15	05/06/2009	04/06/2009	01/03/2022
YC95242	TAK	16	05/06/2009	04/06/2009	01/03/2022
YC98334	TAK	39	02/07/2009	24/06/2009	01/03/2023
YC98335	TAK	40	02/07/2009	24/06/2009	01/03/2023
YC98336	TAK	41	02/07/2009	24/06/2009	01/03/2023
YC98337	TAK	42	02/07/2009	24/06/2009	01/03/2023
YC98338	TAK	43	02/07/2009	24/06/2009	01/03/2023
YC98339	TAK	44	02/07/2009	24/06/2009	01/03/2023
YC98340	TAK	45	02/07/2009	24/06/2009	01/03/2023
YC98341	TAK	46	02/07/2009	24/06/2009	01/03/2023
YC98342	TAK	47	02/07/2009	24/06/2009	01/03/2023
YC98343	TAK	48	02/07/2009	24/06/2009	01/03/2023
YC98344	TAK	49	02/07/2009	24/06/2009	01/03/2023
YC98345	TAK	50	02/07/2009	24/06/2009	01/03/2023

<b>Grant Number</b>	<b>Claim Name</b>	<b>Claim Number</b>	<b>Operation Recording Date</b>	<b>Staking Date</b>	<b>Claim Expiry Date</b>
YC98346	TAK	52	02/07/2009	24/06/2009	01/03/2023
YC98347	TAK	51	02/07/2009	24/06/2009	01/03/2023
YC98348	TAK	53	02/07/2009	24/06/2009	01/03/2023
YC98349	TAK	54	02/07/2009	24/06/2009	01/03/2022
YC98350	TAK	55	02/07/2009	24/06/2009	01/03/2022
YC98351	TAK	56	02/07/2009	24/06/2009	01/03/2022
YC98352	TAK	57	02/07/2009	24/06/2009	01/03/2022
YC98353	TAK	58	02/07/2009	24/06/2009	01/03/2022
YC98354	TAK	59	02/07/2009	24/06/2009	01/03/2022
YC98355	TAK	60	02/07/2009	24/06/2009	01/03/2022
YC95281	TAK	61	02/07/2009	25/06/2009	01/03/2022
YC95282	TAK	62	02/07/2009	25/06/2009	01/03/2022
YC95283	TAK	63	02/07/2009	25/06/2009	01/03/2022
YC95284	TAK	64	02/07/2009	25/06/2009	01/03/2022
YC95285	TAK	65	02/07/2009	25/06/2009	01/03/2022
YC95286	TAK	66	02/07/2009	25/06/2009	01/03/2022
YC95287	TAK	67	02/07/2009	25/06/2009	01/03/2022
YC95288	TAK	68	02/07/2009	25/06/2009	01/03/2022
YC95289	TAK	69	02/07/2009	25/06/2009	01/03/2022
YC95290	TAK	70	02/07/2009	25/06/2009	01/03/2022
YC95291	TAK	71	02/07/2009	25/06/2009	01/03/2022
YC95292	TAK	72	02/07/2009	25/06/2009	01/03/2022
YC95293	TAK	73	02/07/2009	25/06/2009	01/03/2022
YC95294	TAK	74	02/07/2009	25/06/2009	01/03/2022
YC95295	TAK	75	02/07/2009	25/06/2009	01/03/2022
YC95296	TAK	76	02/07/2009	25/06/2009	01/03/2022
YC95297	TAK	77	02/07/2009	25/06/2009	01/03/2022
YC95298	TAK	78	02/07/2009	25/06/2009	01/03/2022
YC95299	TAK	79	02/07/2009	25/06/2009	01/03/2022
YC95300	TAK	80	02/07/2009	25/06/2009	01/03/2022
YC95301	TAK	81	02/07/2009	25/06/2009	01/03/2022
YC98333	TAK	82	02/07/2009	25/06/2009	01/03/2022
YC98356	TAK	38	02/07/2009	24/06/2009	01/03/2022
YC98357	TAK	37	02/07/2009	24/06/2009	01/03/2022
YC98358	TAK	36	02/07/2009	24/06/2009	01/03/2022
YC98359	TAK	35	02/07/2009	24/06/2009	01/03/2022
YC98360	TAK	34	02/07/2009	24/06/2009	01/03/2022
YC98361	TAK	33	02/07/2009	24/06/2009	01/03/2022
YC98362	TAK	32	02/07/2009	24/06/2009	01/03/2023
YC98363	TAK	31	02/07/2009	24/06/2009	01/03/2022
YC98364	TAK	30	02/07/2009	24/06/2009	01/03/2022
YC98365	TAK	29	02/07/2009	24/06/2009	01/03/2022
YC98366	TAK	28	02/07/2009	24/06/2009	01/03/2022

<b>Grant Number</b>	<b>Claim Name</b>	<b>Claim Number</b>	<b>Operation Recording Date</b>	<b>Staking Date</b>	<b>Claim Expiry Date</b>
YC98367	TAK	27	02/07/2009	24/06/2009	01/03/2022
YC98368	TAK	26	02/07/2009	24/06/2009	01/03/2022
YC98369	TAK	25	02/07/2009	24/06/2009	01/03/2022
YC98370	TAK	24	02/07/2009	24/06/2009	01/03/2022
YC98371	TAK	23	02/07/2009	24/06/2009	01/03/2022
YC98372	TAK	22	02/07/2009	24/06/2009	01/03/2023
YC98373	TAK	21	02/07/2009	24/06/2009	01/03/2022
YC98374	TAK	20	02/07/2009	24/06/2009	01/03/2023
YC98375	TAK	19	02/07/2009	24/06/2009	01/03/2022
YC98376	TAK	18	02/07/2009	24/06/2009	01/03/2023
YC98377	TAK	17	02/07/2009	24/06/2009	01/03/2022

**Equipment**

- 2014 Grey Cargo Mate Trailer
- 2 Corewise saws

## EXHIBIT II

TO THE ARRANGEMENT AGREEMENT  
DATED AS OF THE 16TH DAY OF DECEMBER, 2020 BETWEEN  
KORE MINING LTD. AND KARUS GOLD CORP.

**PLAN OF ARRANGEMENT**  
UNDER PART 9, DIVISION 5 OF  
THE *BUSINESS CORPORATIONS ACT* (BRITISH COLUMBIA)

### ARTICLE 1 DEFINITIONS AND INTERPRETATION

1.1 **Definitions.** In this plan of arrangement, unless there is something in the subject matter or context inconsistent therewith, the following capitalized words and terms shall have the following meanings:

- (a) “**Arrangement**” means the arrangement pursuant to the Arrangement Provisions on the terms and conditions set out herein;
- (b) “**Arrangement Agreement**” means the arrangement agreement dated as of December 16, 2020 between KORE and Karus, as may be supplemented or amended from time to time;
- (c) “**Arrangement Provisions**” means Part 9, Division 5 of the BCBCA;
- (d) “**Arrangement Resolutions**” means the special resolutions of the KORE Shareholders to approve the Arrangement, as required by the Interim Order and the BCBCA;
- (e) “**BCBCA**” means the *Business Corporations Act*, S.B.C. 2002, c. 57, as amended;
- (f) “**Board of Directors**” means the current and existing board of directors of KORE;
- (g) “**Business Day**” means a day which is not a Saturday, Sunday or statutory holiday in Vancouver, British Columbia;
- (h) “**Court**” means the Supreme Court of British Columbia;
- (i) “**Depository**” means Computershare Investor Services Inc., or such other depository as KORE may determine;
- (j) “**Dissent Procedures**” means the rules pertaining to the exercise of Dissent Rights as set forth in Division 2 of Part 8 of the BCBCA and Article 5 of this Plan of Arrangement;
- (k) “**Dissent Rights**” means the rights of dissent granted in favour of registered holders of KORE Shares in accordance with Article 5 of this Plan of Arrangement;
- (l) “**Dissenting Share**” has the meaning given in §3.1(a) of this Plan of Arrangement;
- (m) “**Dissenting Shareholder**” means a registered holder of KORE Shares who dissents in respect of the Arrangement in strict compliance with the Dissent Procedures and who has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights;
- (n) “**Effective Date**” shall be the date of the closing of the Arrangement;

- (o) “**Effective Time**” means 12:01 a.m. (Vancouver time) on the Effective Date or such other time on the Effective Date as agreed to in writing by KORE and Karus;
- (p) “**Final Order**” means the final order of the Court approving the Arrangement;
- (q) “**Information Circular**” means the management information circular of KORE, including all schedules thereto, to be sent to the KORE Shareholders in connection with the KORE Meeting, together with any amendments or supplements thereto;
- (r) “**Interim Order**” means the interim order of the Court providing advice and directions in connection with the KORE Meeting and the Arrangement;
- (s) “**Karus**” means Karus Gold Corp., a company existing under the BCBCA;
- (t) “**Karus Omnibus Plan**” means the omnibus plan to be adopted by Karus pursuant to this Agreement and the Plan of Arrangement, in substantially the form set forth in the Information Circular to be sent to KORE Shareholders in connection with the KORE Meeting;
- (u) “**Karus Shareholder**” means a holder of Karus Shares;
- (v) “**Karus Shares**” means the no par value shares which Karus is authorized to issue as the same are constituted on the date hereof;
- (w) “**Karus Stock Option Plan**” means the stock option plan to be adopted by Karus pursuant to the Arrangement Agreement and this Plan of Arrangement, in substantially the form set forth in the Information Circular to be sent to KORE Shareholders in connection with the KORE Meeting;
- (x) “**Karus Warrants**” means common share purchase warrants issued pursuant to §3.1(g) of the Plan of Arrangement;
- (y) “**KORE**” means KORE Mining Ltd., a corporation existing under the BCBCA;
- (z) “**KORE Class A Shares**” means the renamed and redesignated KORE Shares as described in §3.1(e)(i) of this Plan of Arrangement;
- (aa) “**KORE Meeting**” means the special meeting of the KORE Shareholders and any adjournments thereof to be held to, among other things, consider and, if deemed advisable, approve the Arrangement;
- (bb) “**KORE Shareholder**” means a holder of KORE Shares;
- (cc) “**KORE Shares**” means the common shares without par value which KORE is authorized to issue as the same are constituted on the date hereof;
- (dd) “**KORE Warrants**” means the share purchase warrants of KORE exercisable to acquire KORE Shares, including warrants under the terms of which are deemed exercisable for KORE Shares, that are outstanding immediately prior to the Effective Time;
- (ee) “**Letter of Transmittal**” means the letter of transmittal in respect of the Arrangement to be sent to KORE Shareholders, together with the Information Circular;

- (ff) “**New KORE Shares**” means a new class of voting common shares without par value which KORE will create and issue as described in §3.1(e)(ii) of this Plan of Arrangement and for which the KORE Shares are, in part, to be exchanged under the Plan of Arrangement and which, immediately after completion of the transactions comprising the Plan of Arrangement, will be identical in every relevant respect to the KORE Shares;
- (gg) “**Plan of Arrangement**” means this plan of arrangement, as the same may be amended from time to time;
- (hh) “**Registrar**” means the Registrar of Companies under the BCBCA;
- (ii) “**Share Distribution Record Date**” means the close of business on the Business Day immediately preceding the Effective Date for the purpose of determining the KORE Shareholders entitled to receive New KORE Shares and Karus Shares pursuant to this Plan of Arrangement or such other date as the Board of Directors may select;
- (jj) “**Spin-Off Assets**” means the assets of KORE described in Exhibit I to the Arrangement Agreement;
- (kk) “**Tax Act**” means the *Income Tax Act* (Canada), R.S.C. 1985 (5th Supp.) c.1, as amended;
- (ll) “**TSXV**” means the TSX Venture Exchange Inc.; and
- (mm) “**U.S. Securities Act**” means the United States Securities Act of 1933, as amended.

1.2 **Interpretation Not Affected by Headings.** The division of this Plan of Arrangement into articles, sections, subsections, paragraphs and subparagraphs and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement. Unless otherwise specifically indicated, the terms “this Plan of Arrangement”, “hereof”, “hereunder” and similar expressions refer to this Plan of Arrangement as a whole and not to any particular article, section, subsection, paragraph or subparagraph and include any agreement or instrument supplementary or ancillary hereto.

1.3 **Number and Gender.** Unless the context otherwise requires, words importing the singular number only shall include the plural and vice versa, words importing the use of either gender shall include both genders and neuter and words importing persons shall include firms and corporations.

1.4 **Meaning.** Words and phrases used herein and defined in the BCBCA shall have the same meaning herein as in the BCBCA, unless the context otherwise requires.

1.5 **Date for any Action.** If any date on which any action is required to be taken under this Plan of Arrangement is not a Business Day, such action shall be required to be taken on the next succeeding Business Day.

1.6 **Governing Law.** This Plan of Arrangement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

## **ARTICLE 2 ARRANGEMENT AGREEMENT**

2.1 **Arrangement Agreement.** This Plan of Arrangement is made pursuant and subject to the provisions of the Arrangement Agreement.

2.2 **Arrangement Effectiveness.** The Arrangement and this Plan of Arrangement shall become final and conclusively binding on KORE, the KORE Shareholders (including Dissenting Shareholders), and Karus Shareholders at the Effective Time without any further act or formality as required on the part of any person, except as expressly provided herein.

### **ARTICLE 3 THE ARRANGEMENT**

3.1 **The Arrangement.** Commencing at the Effective Time, the following shall occur and be deemed to occur in the following chronological order without further act or formality notwithstanding anything contained in the provisions attaching to any of the securities of KORE or Karus, but subject to the provisions of Article 5:

- (a) each KORE Share outstanding in respect of which a Dissenting Shareholder has validly exercised his, her or its Dissent Rights (each, a “**Dissenting Share**”) shall be directly transferred and assigned by such Dissenting Shareholder to KORE, without any further act or formality and free and clear of any liens, charges and encumbrances of any nature whatsoever, and will be cancelled and cease to be outstanding and such Dissenting Shareholders will cease to have any rights as Shareholders other than the right to be paid the fair value for their KORE Shares by KORE;
- (b) KORE will transfer its entire legal and beneficial right, title and interest to the Spin-Off Assets to Karus and in consideration therefor, Karus will issue approximately 53,037,456 Karus Shares, having a fair market value equal to the fair market value of the Spin-Off Assets, to KORE;
- (c) KORE will be added to the securities register of Karus in respect of such Karus Shares issued to KORE;
- (d) KORE will jointly elect with Karus, in the prescribed form and within the time referred to in subsection 85(6) of the Tax Act, to have the provisions of subsection 85(1) of the Tax Act apply to the transfer of the Spin-Off Assets;
- (e) the authorized share structure of KORE shall be altered by:
  - (i) renaming and redesignating all of the issued and unissued KORE Shares as “Class A common shares without par value” and amending the special rights and restrictions attached to those shares to provide the holders thereof with two votes in respect of each share held, being the “KORE Class A Shares”; and
  - (ii) creating a new class consisting of an unlimited number of “common shares without par value” with terms and special rights and restrictions identical to those of the KORE Shares immediately prior to the Effective Time, being the “New KORE Shares”;
- (f) KORE’s Notice of Articles shall be amended to reflect the alterations in §3.1(e);
- (g) the holder of the KORE Warrants shall be issued one-half of one Karus Warrant to acquire one Karus Share at an exercise price of \$0.75 per share, exercisable for the same period of time as the KORE Warrant;
- (h) each issued and outstanding KORE Class A Share outstanding on the Share Distribution Record Date shall be exchanged for: (i) one New KORE Share; and (ii) one Karus Share, the holders of the KORE Class A Shares will be removed from the central securities register

of KORE as the holders of such and will be added to the central securities register of KORE as the holders of the number of New KORE Shares that they have received on the exchange set forth in this §3.1(h), and the Karus Shares transferred to the then holders of the KORE Class A Shares will be registered in the name of the former holders of the KORE Class A Shares and KORE will provide Karus and its registrar and transfer agent notice to make the appropriate entries in the central securities register of Karus;

- (i) all of the issued KORE Class A Shares shall be cancelled with the appropriate entries being made in the central securities register of KORE, and the aggregate legal stated capital and paid-up capital (as that term is used for purposes of the Tax Act) of the New KORE Shares will be equal to that of the KORE Shares immediately prior to the Effective Time less the fair market value of the Karus Shares distributed on the exchange of KORE Class A Shares pursuant to §3.1(h);
- (j) the KORE Class A Shares, none of which will be issued or outstanding once the steps in §3.1(h) to §3.1(i) are completed, will be cancelled and the authorized share structure of KORE will be changed by eliminating the KORE Class A Shares; and
- (k) the Notice of Articles of KORE shall be amended to reflect the alterations in §3.1(j);

3.2 **No Fractional Shares or Warrants.** Notwithstanding any other provision of this Arrangement, while each KORE Shareholder's fractional shares, and each holder of KORE Warrant's fractional warrants, respectively, will be combined, no fractional Karus Shares shall be distributed to the KORE Shareholders, and no fractional Karus Warrants shall be distributed to the holders of KORE Warrants, and, as a result, all fractional amounts arising under this Plan of Arrangement shall be rounded down to the next whole number without any compensation therefor. Any Karus Shares not distributed as a result of so rounding down shall be cancelled by Karus.

3.3 **Share Distribution Record Date.** In §3.1(h), the reference to a KORE Shareholder shall mean a person who is a KORE Shareholder on the Share Distribution Record Date, subject to the provisions of Article 5.

3.4 **Deemed Time for Redemption.** In addition to the chronological order in which the transactions and events set out in §3.1 shall occur and shall be deemed to occur, the time on the Effective Date for the exchange of KORE Class A Shares for New KORE Shares and Karus Shares set out in §3.1(h) shall occur and shall be deemed to occur immediately after the time of listing of the New KORE Shares on the TSXV on the Effective Date.

3.5 **Deemed Fully Paid and Non-Assessable Shares.** All New KORE Shares, KORE Class A Shares and Karus Shares issued pursuant hereto shall be deemed to be validly issued and outstanding as fully paid and non-assessable shares for all purposes of the BCBCA.

3.6 **Supplementary Actions.** Notwithstanding that the transactions and events set out in §3.1 shall occur and shall be deemed to occur in the chronological order therein set out without any act or formality, each of KORE and Karus shall be required to make, do and execute or cause and procure to be made, done and executed all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may be required to give effect to, or further document or evidence, any of the transactions or events set out in §3.1, including, without limitation, any resolutions of directors authorizing the issue, transfer or redemption of shares, any share transfer powers evidencing the transfer of shares and any receipt therefor, any necessary additions to or deletions from share registers, and agreements for warrant certificates.

3.7 **Withholding.** Each of KORE, Karus and the Depositary shall be entitled to deduct and withhold from any cash payment or any issue, transfer or distribution of New KORE Shares, Karus Shares or Karus Warrants made pursuant to this Plan of Arrangement such amounts as may be required to be

deducted and withheld pursuant to the Tax Act or any other applicable law, and any amount so deducted and withheld will be deemed for all purposes of this Plan of Arrangement to be paid, issued, transferred or distributed to the person entitled thereto under the Plan of Arrangement. Without limiting the generality of the foregoing, any New KORE Shares or Karus Shares so deducted and withheld may be sold on behalf of the person entitled to receive them for the purpose of generating cash proceeds, net of brokerage fees and other reasonable expenses, sufficient to satisfy all remittance obligations relating to the required deduction and withholding, and any cash remaining after such remittance shall be paid to the person forthwith.

3.8 **No Liens.** Any exchange or transfer of securities pursuant to this Plan of Arrangement shall be free and clear of any liens, restrictions, adverse claims or other claims of third parties of any kind.

3.9 **U.S. Securities Law Matters.** The Court is advised that the Arrangement will be carried out with the intention that all securities issued on completion of the Arrangement will be issued in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) of the U.S. Securities Act.

#### **ARTICLE 4 CERTIFICATES**

4.1 **KORE Class A Shares.** Recognizing that the KORE Shares shall be renamed and redesignated as KORE Class A Shares pursuant to §3.1(e)(i) and that the KORE Class A Shares shall be exchanged partially for New KORE Shares pursuant to §3.1(h), KORE shall not issue replacement share certificates representing the KORE Class A Shares.

4.2 **KORE Karus Shares.** Recognizing that the Karus Shares issued to KORE under §3.1(b) shall be distributed by KORE to the KORE Shareholders as partial consideration for the exchange of the KORE Class A Shares pursuant to the provisions of §3.1(h), Karus shall issue one share certificate representing all of the Karus Shares registered in the name of KORE, which share certificate shall be held by KORE until the Karus Shares are distributed by KORE to the KORE Shareholders and such certificate shall then be cancelled.

To facilitate the transfer of the Karus Shares to the KORE Shareholders as of the Distribution Record Date, KORE shall execute and deliver to the Depositary an irrevocable power of attorney, authorizing them to distribute and transfer the Karus Shares to such KORE Shareholders in accordance with the terms of this Plan of Arrangement.

4.3 **Karus Share Certificates.** As soon as practicable following the Effective Date, Karus shall deliver or cause to be delivered to the Depositary certificates representing the Karus Shares required to be issued to registered holders of KORE Shares as at immediately prior to the Effective Time in accordance with the provisions of §3.1(h) of this Plan of Arrangement, which certificates shall be held by the Depositary as agent and nominee for such holders for distribution thereto in accordance with the provisions of §6.1 hereof.

4.4 **New KORE Share Certificates.** As soon as practicable following the Effective Date, KORE shall deliver or cause to be delivered to the Depositary certificates representing the New KORE Shares required to be issued to registered holders of KORE Shares as at immediately prior to the Effective Time in accordance with the provisions of §3.1(h) of this Plan of Arrangement, which certificates shall be held by the Depositary as agent and nominee for such holders for distribution thereto in accordance with the provisions of §6.1 hereof.

4.5 **Interim Period.** Any KORE Shares traded after the Share Distribution Record Date will represent New KORE Shares as of the Effective Date and shall not carry any rights to receive Karus Shares.

4.6 **Warrant Certificates.** Karus shall issue warrant certificates for the Karus Warrants issued pursuant to §3.1(g) of this Plan of Arrangement.

## **ARTICLE 5 RIGHTS OF DISSENT**

5.1 **Dissent Right.** Registered holders of KORE Shares may exercise Dissent Rights with respect to their KORE Shares in connection with the Arrangement pursuant to the Interim Order and in the manner set forth in the Dissent Procedures, as they may be amended by the Interim Order, Final Order or any other order of the Court, and provided that such Dissenting Shareholder delivers a written notice of dissent to KORE at least two Business Days before the day of the KORE Meeting or any adjournment or postponement thereof.

5.2 **Dealing with Dissenting Shares.** KORE Shareholders who duly exercise Dissent Rights with respect to their Dissenting Shares and who:

- (a) are ultimately entitled to be paid fair value for their Dissenting Shares shall be deemed to have transferred their Dissenting Shares to KORE for cancellation as of the Effective Time pursuant to §3.1(a); or
- (b) for any reason are ultimately not entitled to be paid for their Dissenting Shares, shall be deemed to have participated in the Arrangement on the same basis as a non-dissenting KORE Shareholder and shall receive New KORE Shares and Karus Shares on the same basis as every other non-dissenting KORE Shareholder,

but in no case shall KORE be required to recognize such persons as holding KORE Shares on or after the Effective Date.

5.3 **Reservation of Karus Shares.** If a KORE Shareholder exercises Dissent Rights, KORE shall, on the Effective Date, set aside and not distribute that portion of the Karus Shares which is attributable to the KORE Shares for which Dissent Rights have been exercised. If the dissenting KORE Shareholder is ultimately not entitled to be paid for their Dissenting Shares, KORE shall distribute to such KORE Shareholder his or her pro rata portion of the Karus Shares. If a KORE Shareholder duly complies with the Dissent Procedures and is ultimately entitled to be paid for their Dissenting Shares, then KORE shall retain the portion of the Karus Shares attributable to such KORE Shareholder and such shares will be dealt with as determined by the Board of Directors of KORE in its discretion.

## **ARTICLE 6 DELIVERY OF SHARES**

6.1 **Delivery of Shares.**

- (a) Upon surrender to the Depositary for cancellation of a certificate that immediately before the Effective Time represented one or more outstanding KORE Shares, together with a duly completed and executed Letter of Transmittal and such additional documents and instruments as the Depositary may reasonably require, the holder of such surrendered certificate will be entitled to receive in exchange therefor, and the Depositary shall deliver to such holder following the Effective Time, a certificate representing the New KORE Shares and a certificate representing the Karus Shares that such holder is entitled to receive in accordance with §3.1 hereof.
- (b) After the Effective Time and until surrendered for cancellation as contemplated by §6.1(a) hereof, each certificate that immediately prior to the Effective Time represented one or more KORE Shares shall be deemed at all times to represent only the right to receive in exchange

therefor a certificate representing the New KORE Shares and a certificate representing the Karus Shares that such holder is entitled to receive in accordance with §3.1 hereof.

6.2 **Lost Certificates.** If any certificate that immediately prior to the Effective Time represented one or more outstanding KORE Shares that were exchanged for New KORE Shares and Karus Shares in accordance with §3.1 hereof, shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the holder claiming such certificate to be lost, stolen or destroyed, the Depository shall deliver in exchange for such lost, stolen or destroyed certificate, the New KORE Shares and Karus Shares that such holder is entitled to receive in accordance with §3.1 hereof. When authorizing such delivery of New KORE Shares and Karus Shares that such holder is entitled to receive in exchange for such lost, stolen or destroyed certificate, the holder to whom such securities are to be delivered shall, as a condition precedent to the delivery of such New KORE Shares and Karus Shares give a bond satisfactory to KORE, Karus and the Depository in such amount as KORE, Karus and the Depository may direct, or otherwise indemnify KORE, Karus and the Depository in a manner satisfactory to KORE, Karus and the Depository, against any claim that may be made against KORE, Karus or the Depository with respect to the certificate alleged to have been lost, stolen or destroyed and shall otherwise take such actions as may be required by the articles of KORE.

6.3 **Distributions with Respect to Unsurrendered Certificates.** No dividend or other distribution declared or made after the Effective Time with respect to New KORE Shares or Karus Shares with a record date after the Effective Time shall be delivered to the holder of any unsurrendered certificate that, immediately prior to the Effective Time, represented outstanding KORE Shares unless and until the holder of such certificate shall have complied with the provisions of §6.1 or §6.2 hereof. Subject to applicable law and to §3.7 hereof, at the time of such compliance, there shall, in addition to the delivery of the New KORE Shares and Karus Shares to which such holder is thereby entitled, be delivered to such holder, without interest, the amount of the dividend or other distribution with a record date after the Effective Time theretofore paid with respect to such New KORE Shares and/or Karus Shares, as applicable.

6.4 **Limitation and Proscription.** To the extent that a former KORE Shareholder shall not have complied with the provisions of §6.1 or §6.2 hereof, as applicable, on or before the date that is six (6) years after the Effective Date (the “**Final Proscription Date**”), then the New KORE Shares and Karus Shares that such former KORE Shareholder was entitled to receive shall be automatically cancelled without any repayment of capital in respect thereof and the New KORE Shares and Karus Shares to which such KORE Shareholder was entitled, shall be delivered to Karus (in the case of the Karus Shares) or KORE (in the case of the New KORE Shares) by the Depository and certificates representing such New KORE Shares and Karus Shares shall be cancelled by KORE and Karus, as applicable, and the interest of the former KORE Shareholder in such New KORE Shares and Karus Shares or to which it was entitled shall be terminated as of such Final Proscription Date.

6.5 **Paramourty.** From and after the Effective Time: (i) this Plan of Arrangement shall take precedence and priority over any and all KORE Shares or KORE Warrants issued prior to the Effective Time; and (ii) the rights and obligations of the registered holders of KORE Shares or KORE Warrants and of KORE, Karus, the Depository and any transfer agent or other depository therefor, shall be solely as provided for in this Plan of Arrangement.

## ARTICLE 7 AMENDMENTS & WITHDRAWAL

7.1 **Amendments.** KORE, in its sole discretion, reserves the right to amend, modify and/or supplement this Plan of Arrangement from time to time at any time prior to the Effective Time provided that any such amendment, modification or supplement must be contained in a written document that is filed with the Court and, if made following the KORE Meeting, approved by the Court.

7.2 **Amendments Made Prior to or at the KORE Meeting.** Any amendment, modification or supplement to this Plan of Arrangement may be proposed by KORE at any time prior to or at the KORE

Meeting with or without any prior notice or communication, and if so proposed and accepted by the KORE Shareholders voting at the KORE Meeting, shall become part of this Plan of Arrangement for all purposes.

7.3 **Amendments Made After the KORE Meeting.** Any amendment, modification or supplement to this Plan of Arrangement may be proposed by KORE after the KORE Meeting but prior to the Effective Time and any such amendment, modification or supplement which is approved by the Court following the KORE Meeting shall be effective and shall become part of the Plan of Arrangement for all purposes. Notwithstanding the foregoing, any amendment, modification or supplement to this Plan of Arrangement may be made following the granting of the Final Order unilaterally by KORE, provided that it concerns a matter which, in the reasonable opinion of KORE, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the financial or economic interests of any holder of New KORE Shares or Karus Shares.

7.4 **Withdrawal.** Notwithstanding any prior approvals by the Court or by KORE Shareholders, the Board of Directors may decide not to proceed with the Arrangement and to revoke the Arrangement Resolutions at any time prior to the Effective Time, without further approval of the Court or the KORE Shareholders.



**SCHEDULE F  
INTERIM ORDER**

(Attached)



S 2013396

No.  
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF SECTION 288 OF THE  
*BUSINESS CORPORATIONS ACT*, S.B.C. 2002, c. 57, AS AMENDED

IN THE MATTER OF A PROPOSED ARRANGEMENT AMONG  
KORE MINING LTD., ITS SHAREHOLDERS AND WARRANTHOLDER  
AND KARUS GOLD CORP.

KORE MINING LTD. AND KARUS GOLD CORP.

PETITIONERS

ORDER MADE AFTER APPLICATION

BEFORE MASTER SCARTH )  
)  
) The 18<sup>th</sup> day of December, 2020  
)  
)

ON THE APPLICATION of the Petitioners, KORE Mining Ltd. (“KORE” or the “Company”) and Karus Gold Corp. (“Karus”), dated December 16, 2020 without notice, coming on for hearing at 800 Smithe Street, Vancouver, British Columbia, via video conference, on December 18, 2020 and on hearing Teresa M. Tomchak, counsel for the Petitioners.

THIS COURT ORDERS that:

Definitions

1. All definitions used in this Interim Order, unless otherwise defined herein, shall have the meaning ascribed thereto in the Petition (including terms defined by reference therein).

The Meeting

2. The Company be permitted to convene, hold and conduct the special meeting (the “Meeting”) of the Shareholders on or about January 20, 2021 to, *inter alia*, consider and, if deemed advisable, pass, with or without amendment, a special resolution (the “Arrangement Resolution”), authorizing, approving and agreeing to adopt a plan of arrangement (the “Arrangement”) among the Company and Karus, as described in a

plan of arrangement (the “**Plan of Arrangement**”) which is attached as Exhibit II to the Arrangement Agreement which is attached as Schedule E to the draft management information circular (the “**Circular**”) and which is attached as Exhibit A to the Affidavit #1 of Jessica Van Den Akker (the “**Van Den Akker Affidavit #1**”), and to transact such other business as may properly come before the Meeting. The Meeting may be held by electronic communications medium only and the Meeting shall be deemed to be held in British Columbia and the Shareholders or proxy holders entitled to participate in, and vote at, the Meeting and who are participating by electronic communications medium are deemed to be present at the Meeting.

3. The Meeting shall be called, held and conducted in accordance with the provisions of the *Business Corporations Act* (British Columbia) (the “**BCBCA**”), the Company’s articles, applicable securities legislation and the Circular, all subject to the terms of this Interim Order, and any further order of this Court, and the rulings and directions of the Chair of the Meeting, such rulings and directions not to be inconsistent with this Interim Order.
4. The record date (the “**Record Date**”) for determination of the Shareholders entitled to notice of, and to vote at, the Meeting shall be December 17, 2020. The Record Date will not change in respect of any adjournment of postponement of the Meeting.

**Notice of Meeting**

5. The following information (the “**Meeting Materials**”):
  - (a) Circular;
  - (b) Form of Proxy, as applicable; and
  - (c) Letter of Transmittal,

in substantially the same form referred to in the Van Den Akker Affidavit #1, with such amendments and inclusions thereto as counsel for the Petitioners may advise are necessary or desirable, provided that such amendments and inclusions are not inconsistent with the terms of this Interim Order, shall be sent to the following:

- (i) the Registered Shareholders at the close of business on the Record Date, at least 21 days prior to the date of the Meeting, excluding the date of sending and the date of the Meeting, by one or more of the following methods:
  - (A) by pre-paid ordinary or first class mail at the addresses of the Shareholders as they appear on the central securities register of KORE, or its registrar and transfer agent, at the close of business on the Record Date;
  - (B) by delivery, in person or by recognized courier service, to the address specified in (A) above; or

- (C) by facsimile or electronic transmission to any Shareholder;
  - (ii) non-registered holders of KORE Shares by providing sufficient copies of the Meeting Materials, as applicable, to intermediaries and registered nominees in a timely manner; and
  - (iii) the respective directors and auditors of KORE by delivery in person, by recognized courier service, by pre-paid ordinary or first class mail or, by facsimile or electronic transmission, at least 21 days prior to the date of the Meeting, excluding the date of sending and the date of the Meeting.
6. In the event of an interruption in or cessation of postal services due to strike or otherwise, the Petitioners shall be authorized, in addition to or as an alternative to the methods of delivery specified in paragraph 5 above, to communicate notice of the Meeting to the Shareholders by publishing notice of the Meeting one time only in one of the following newspapers:
- (i) The Globe and Mail (National edition); or
  - (ii) The National Post,

which publication shall include specific reference to locations (including [www.sedar.com](http://www.sedar.com)) at which copies of the Meeting Materials will be available.

7. Good and sufficient notice of the Meeting for all purposes will be given by the Company by the sending of the Meeting Materials in accordance with paragraphs 5 or 6 of this Interim Order. The Circular is hereby deemed to represent sufficient and adequate disclosure, including for the purpose of section 290(1)(a) of the BCBCA, and the Company shall not be required to send to the Shareholders any other or additional statement pursuant to section 290(1)(a) of the BCBCA or otherwise.
8. The sending of the Meeting Materials, which includes the Notice of Hearing of Petition and the Interim Order (collectively the “**Court Materials**”), in accordance with paragraphs 5 or 6 of this Interim Order shall constitute good and sufficient service of the Court Materials and the within proceedings and such service shall be effective on the business day after the said Court Materials are mailed, whether those persons reside within the jurisdiction of British Columbia or within another jurisdiction, and no other form of service need be made and no other material, including the Petition and supporting Affidavits, need be served on such persons in respect of these proceedings except upon written request to the solicitors for the Petitioners at their address for delivery set out in the Petition. The Petitioners are authorized to send an un-entered Interim Order to the Shareholders due to timing constraints.
9. Accidental failure or omission by the Company to give notice of the Meeting or to distribute the Meeting Materials or the Court Materials to any person entitled by this Interim Order to receive notice, or any failure or omission to give such notice as a result of events beyond the reasonable control of the Company, or the non-receipt of such

notice shall, subject to further order of this Honourable Court, not constitute a breach of this Interim Order nor shall it invalidate any resolution passed or proceedings taken at the Meeting. If any such failure or omission is brought to the attention of the Company, it shall use its best efforts to rectify it by the method and in the time most reasonably practicable in the circumstances.

10. Notice of any amendments, modifications, updates or supplements to any of the information provided in the Meeting Materials may be communicated, at any time prior to the Meeting, to the Shareholders by press release, news release or newspaper advertisement or by notice sent to the Shareholders by any of the means set forth in paragraphs 5 or 6 of this Interim Order, as determined to be the most appropriate method of communication by the board of directors of the Company.

#### **Amendments to the Arrangement and Plan of Arrangement**

11. Subject to the terms and conditions of the Plan of Arrangement, after the date of this Interim Order and prior to the time of the Meeting, the Petitioners are authorized to make such amendments, revisions or supplements to the Plan of Arrangement as they may determine, without any additional notice to the Shareholders, and the Plan of Arrangement as so amended, revised and supplemented shall be the Plan of Arrangement submitted to the Meeting, and the subject of the Arrangement Resolution.
12. If any amendments, revisions or supplements to the Arrangement or Plan of Arrangement as referred to in paragraph 11 above would, if disclosed, reasonably be expected to affect a Shareholders' decision to vote for or against the Arrangement Resolution, notice of such amendment, revision or supplement shall be distributed, subject to further order of this Court, by news release, newspaper advertisement, or by notice sent to Shareholders by one of the methods specified in paragraph 5 or 6 of this Interim Order.

#### **Chair of the Meeting**

13. The Chair of the Meeting shall be an officer or director of the Company or such other person as may be appointed by the Shareholders for that purpose.
14. The Chair of the Meeting is at liberty to call on the assistance of legal counsel at any time and from time to time, as the Chair of the Meeting may deem necessary or appropriate, during the Meeting, and such legal counsel is entitled to attend the Meeting for this purpose.
15. The only people entitled to attend the Meeting are the Shareholders, the Warrantholder, directors of the Company, auditors of the Company, the Company's legal and financial advisors, or other such persons as may be approved by the Chair of the Meeting.
16. The Chair of the Meeting shall be permitted to ask questions of, and demand the production of evidence, from Shareholders or such other persons in attendance or represented at the Meeting, as he, she, they or it considers appropriate having regard to the orderly conduct of the Meeting, the authority of any person to vote at the Meeting,

and the validity and propriety of the votes cast and the proxies submitted in respect of the Arrangement Resolution.

17. The Chair of the Meeting may, in the Chair's sole discretion, waive the deadline specified in the Form of Proxy for the deposit of proxies, provided that if the Chair waives the deadline, the Chair must accept all proxies deposited after this deadline.
18. The Chair or another representative of the Company present at the Meeting shall, in due course after the Meeting, file with the Court an affidavit verifying the actions taken and the decisions reached at the Meeting with respect to the Arrangement.

### **Adjournments and Postponements**

19. The Company, if it deems advisable, is specifically authorized to adjourn or postpone the Meeting for any reason on one or more occasions, subject to the terms of the Arrangement Agreement, without the necessity of first convening the Meeting, or first obtaining any vote of the Shareholders respecting the adjournment or postponement. Notice of any such adjournments or postponements shall be given by such method and in the time that is reasonable in the circumstances, as the Company may determine appropriate. This provision shall not limit the authority of the Chair of the Meeting in respect of adjournments and postponements.

### **Quorum**

20. A quorum for the Meeting is as set out in the Company's Articles, namely, one or more Shareholders present in person or represented by proxy.

### **Voting**

21. The vote required to pass the Arrangement Resolution shall be (i) at least 66 $\frac{2}{3}$ % of the votes cast by Shareholders present in person or represented by proxy at the Meeting, which Shareholders are entitled to one vote for each KORE Share held; and (ii) a majority of the votes cast by Shareholders other than those required to be excluded pursuant to Multilateral Instrument 61-101- *Protection of Minority Security Holders in Special Transactions*.
22. The only persons entitled to vote in person or by proxy on the Arrangement Resolution, or such other business as may be properly brought before the Meeting, shall be the registered Shareholders who hold KORE Shares as of the close of business on the Record Date. Illegible votes, spoiled votes, defective votes and abstentions shall be deemed to be votes not cast. Proxies that are properly signed and dated but which do not contain voting instructions on one or more resolutions (including the Arrangement Resolution) shall be voted in favour of such resolution (including the Arrangement Resolution).

### Solicitation of Proxies

23. The Company is authorized to use the form of proxy (the “**Form of Proxy**”), substantially in the form of the draft attached to the Van Den Akker Affidavit #1, with such amendments, revisions or supplemental information as the Company may determine are necessary or desirable. The Company is authorized at its expense to solicit proxies, directly or through its officers, directors or employees, and through such agents or representatives, including proxy advisory firms, as they may retain for the purpose, by mail or such other forms of personal or electronic communication as it may determine. The Company may waive generally, in its discretion, the time limits set for the deposit or revocation of proxies, if the Company considers it advisable to do so.

### Dissent Rights

24. Registered holders of KORE Shares may exercise Dissent Rights with respect to their KORE Shares in connection with the Arrangement pursuant to the Interim Order and in the manner set forth in the dissent procedures set forth in Division 2 of Part 8 of the BCBCA and Article 5 of the Plan of Arrangement, as they may be amended by the Interim Order, Final Order or any other order of the Court, and provided that such Dissenting Shareholder delivers a written notice of dissent to KORE at least two Business Days before the day of the Meeting or any adjournment or postponement thereof.

25. Shareholders who duly exercise Dissent Rights with respect to their Dissenting Shares and who:

- (a) are ultimately entitled to be paid fair value for their Dissenting Shares shall be deemed to have transferred their Dissenting Shares to KORE for cancellation as of the Effective Time; or
- (b) for any reason are ultimately not entitled to be paid for their Dissenting Shares, shall be deemed to have participated in the Arrangement on the same basis as a non-dissenting Shareholder and shall receive New KORE Shares and Karus Shares on the same basis as every other non-dissenting Shareholder,

but in no case shall KORE be required to recognize such persons as holding KORE Shares on or after the Effective Date.

26. If a Shareholder exercises Dissent Rights, KORE shall, on the Effective Date, set aside and not distribute that portion of the Karus Shares which is attributable to the KORE Shares for which Dissent Rights have been exercised. If the dissenting Shareholder is ultimately not entitled to be paid for their Dissenting Shares, KORE shall distribute to such Shareholder his or her pro rata portion of the Karus Shares. If a Shareholder duly complies with the Dissent Procedures and is ultimately entitled to be paid for their Dissenting Shares, then KORE shall retain the portion of the Karus Shares attributable to such Shareholder and such shares will be dealt with as determined by the Board of Directors of KORE in its discretion.

27. In no event shall KORE or any other Person be required to recognize a Person as exercising Dissent Rights unless such person is a registered holder of those KORE Shares in respect of which such Dissent Rights are sought to be exercised.
28. No Person shall be entitled to exercise Dissent Rights with respect to a KORE Share in respect of which a Person has voted or has instructed a proxyholder to vote in favour of the Arrangement Resolution.

#### **Application for Final Order**

29. Upon obtaining, in the manner set forth in this Interim Order, the approval of the Arrangement required by this Interim Order, the Petitioners may apply to this Court for a final order approving the Arrangement contemplated by the Plan of Arrangement (the “**Final Order**”), which includes a finding of fairness of the terms and conditions of the Arrangement, and the hearing shall be set down for hearing before the presiding Judge in Chambers at the Courthouse at 800 Smithe Street, Vancouver, British Columbia, on January 22, 2021 at 9:45 a.m. (Vancouver time), or as soon thereafter as the hearing of the Final Order can be heard, or at such other date and time as this Court may direct and in the manner directed by the Court.
30. Any Shareholder or holder of KORE Warrants may appear and make submissions at the application for the Final Order provided that such person shall file a Response to Petition, in the form prescribed by the Rules of Court of the Supreme Court of British Columbia, with this Court and deliver a copy of the filed Response to Petition, together with a copy of all material on which such person intends to rely at the application for the Final Order to the solicitors for the Petitioners at their address for delivery as set out in the Petition, on or before 4:00 p.m. (Vancouver time) on January 20, 2021, or as the Court may otherwise direct.
31. If the application for the Final Order is adjourned, only those persons who have filed and delivered a Response to Petition in accordance with this Interim Order need to be served and provided with notice of the adjourned date.

#### **Precedence**

32. To the extent of any inconsistency or discrepancy between this Interim Order and the articles, the Circular, the BCBCA or applicable securities laws, this Interim Order shall govern.

#### **Variance and Direction**

33. The Petitioners shall, and hereby do, have liberty to seek leave to vary this Interim Order or apply for such further order or orders or to seek such directions as may be appropriate.

**Extra-Territorial Assistance**

34. This Court seeks and requests the aid and recognition of any court or any judicial, regulatory or administrative body in any province of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province and any court or any judicial, regulatory or administrative body of the United States or other country to act in aid of and to assist this Court in carrying out the terms of this Interim Order.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:



Signature

Party     Lawyer for the Petitioner

**Teresa M. Tomchak**



By the Court

Registrar





**SCHEDULE G  
NOTICE OF HEARING OF PETITION**

(Attached)

No. S2013396  
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

**IN THE MATTER OF SECTION 288 OF THE  
*BUSINESS CORPORATIONS ACT*, S.B.C. 2002, c. 57, AS AMENDED**

**IN THE MATTER OF A PROPOSED ARRANGEMENT AMONG  
KORE MINING LTD., ITS SHAREHOLDERS AND WARRANTHOLDER  
AND KARUS GOLD CORP.**

**KORE MINING LTD. AND KARUS GOLD CORP.**

PETITIONERS

**NOTICE OF HEARING OF PETITION**

**TO:** The holders of common shares (the “**Shareholders**”) of KORE Mining Ltd. (“**KORE**”) and the holder of warrants (the “**KORE Warrants**”)

**NOTICE IS HEREBY GIVEN** that a Petition has been filed by KORE and Karus Gold Corp. (“**Karus**”) in the Supreme Court of British Columbia for approval of an arrangement (the “**Arrangement**”) pursuant to Section 288 of the *Business Corporations Act*, S.B.C. 2002, c. 57, as amended, between KORE, the Shareholders, the holder of the KORE Warrants and Karus.

**AND NOTICE IS FURTHER GIVEN** that by an Interim Order of the Supreme Court of British Columbia pronounced on December 18, 2020, the Court has given directions as to the calling of a meeting of the Shareholders for the purpose of considering and voting on the Arrangement.

**AND NOTICE IS FURTHER GIVEN** that if the Arrangement is approved at the meeting, the Petitioners intend to apply for an order approving the Arrangement and declaring it to be fair and reasonable (the “**Final Order**”) at a hearing before a Judge of the Supreme Court of British Columbia at the Courthouse, at 800 Smithe Street, in the City of Vancouver, in the Province of British Columbia, on or about January 22, 2021 at 9:45 a.m. (PT), or so soon thereafter as counsel may be heard, or at such later date as the Court may direct and in the manner directed by the Court.

**IF YOU WISH TO BE HEARD AT THE HEARING OF THE PETITION OR WISH TO BE NOTIFIED OF ANY FURTHER PROCEEDINGS, YOU MUST GIVE NOTICE OF YOUR INTENTION** by filing a form entitled “Response to Petition”, in the form prescribed by the Rules of Court of the Supreme Court of British Columbia, along with any

evidence or materials which you intend to present to the Court, at the Vancouver Registry of the Court and **YOU MUST ALSO DELIVER** a copy of the filed Response to Petition, together with a copy of all evidence or materials on which you intend to rely at the application for the Final Order, to the solicitors for the Petitioner at their address for delivery, which is set out below, on or before 4:00 p.m. (PT) on January 20, 2021, or as the Court may otherwise direct.

**YOU OR YOUR SOLICITOR** may file the Response to Petition. You may obtain a form of "Response to Petition" at the Registry, or on the Court's website at <https://www.supremecourtbc.ca/sites/default/files/web/forms/Form-67.pdf>. The address of the Registry is: 800 Smithe Street, Vancouver, British Columbia, V6Z 2E1

**IF YOU DO NOT FILE A RESPONSE TO PETITION** and do not attend either in person or by counsel at the time of such hearing, the Court may approve the Arrangement, as presented at that time, or may approve it subject to such terms and conditions as the Court deems fit, all without further notice to you. If the Arrangement is approved, it will significantly affect the rights of the Shareholders.

A copy of the said Petition and other documents in the proceedings will be furnished to any Shareholder upon request in writing addressed to the solicitors of the Petitioners at their address for delivery set out below.

The Petitioners' address for delivery is:

Farris LLP  
Barristers & Solicitors  
2500 – 700 West Georgia Street  
Vancouver, British Columbia  
V7Y 1B3  
**Attention: Teresa M. Tomchak**

DATED this 18<sup>th</sup> day of December, 2020.



Signature

Party     Lawyer for the Petitioners

**Teresa M. Tomchak**

**SCHEDULE H**  
**DISSENT PROVISIONS OF THE *BUSINESS CORPORATIONS ACT* (BRITISH COLUMBIA)**

237(1) In this Division:

“**dissenter**” means a shareholder who, being entitled to do so, sends written notice of dissent when and as required by section 242;

“**notice shares**” means, in relation to a notice of dissent, the shares in respect of which dissent is being exercised under the notice of dissent;

“**payout value**” means,

- (a) in the case of a dissent in respect of a resolution, the fair value that the notice shares had immediately before the passing of the resolution,
- (b) in the case of a dissent in respect of an arrangement approved by a court order made under section 291 (2) (c) that permits dissent, the fair value that the notice shares had immediately before the passing of the resolution adopting the arrangement,
- (c) in the case of a dissent in respect of a matter approved or authorized by any other court order that permits dissent, the fair value that the notice shares had at the time specified by the court order, or
- (d) in the case of a dissent in respect of a community contribution company, the value of the notice shares set out in the regulations,

excluding any appreciation or depreciation in anticipation of the corporate action approved or authorized by the resolution or court order unless exclusion would be inequitable.

- (2) This Division applies to any right of dissent exercisable by a shareholder except to the extent that
  - (a) the court orders otherwise, or
  - (b) in the case of a right of dissent authorized by a resolution referred to in section 238 (1) (g), the court orders otherwise or the resolution provides otherwise.

**Right to dissent**

238(1) A shareholder of a company, whether or not the shareholder’s shares carry the right to vote, is entitled to dissent as follows:

- (a) under section 260, in respect of a resolution to alter the articles
  - (i) to alter restrictions on the powers of the company or on the business the company is permitted to carry on, or
  - (ii) without limiting subparagraph (i), in the case of a community contribution company, to alter any of the company’s community purposes within the meaning of section 51.91;
- (b) under section 272, in respect of a resolution to adopt an amalgamation agreement;
- (c) under section 287, in respect of a resolution to approve an amalgamation under Division 4 of Part 9;
- (d) in respect of a resolution to approve an arrangement, the terms of which arrangement permit dissent;
- (e) under section 301 (5), in respect of a resolution to authorize or ratify the sale, lease or other disposition of all or substantially all of the company’s undertaking;
- (f) under section 309, in respect of a resolution to authorize the continuation of the company into a jurisdiction other than British Columbia;
- (g) in respect of any other resolution, if dissent is authorized by the resolution;

- (h) in respect of any court order that permits dissent.
- (2) A shareholder wishing to dissent must
  - (a) prepare a separate notice of dissent under section 242 for
    - (i) the shareholder, if the shareholder is dissenting on the shareholder's own behalf, and
    - (ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is dissenting,
  - (b) identify in each notice of dissent, in accordance with section 242 (4), the person on whose behalf dissent is being exercised in that notice of dissent, and
  - (c) dissent with respect to all of the shares, registered in the shareholder's name, of which the person identified under paragraph (b) of this subsection is the beneficial owner.
- (3) Without limiting subsection (2), a person who wishes to have dissent exercised with respect to shares of which the person is the beneficial owner must
  - (a) dissent with respect to all of the shares, if any, of which the person is both the registered owner and the beneficial owner, and
  - (b) cause each shareholder who is a registered owner of any other shares of which the person is the beneficial owner to dissent with respect to all of those shares.

#### **Waiver of right to dissent**

- 239 (1) A shareholder may not waive generally a right to dissent but may, in writing, waive the right to dissent with respect to a particular corporate action.
- (2) A shareholder wishing to waive a right of dissent with respect to a particular corporate action must
    - (a) provide to the company a separate waiver for
      - (i) the shareholder, if the shareholder is providing a waiver on the shareholder's own behalf, and
      - (ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is providing a waiver, and
    - (b) identify in each waiver the person on whose behalf the waiver is made.
  - (3) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on the shareholder's own behalf, the shareholder's right to dissent with respect to the particular corporate action terminates in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and this Division ceases to apply to
    - (a) the shareholder in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and
    - (b) any other shareholders, who are registered owners of shares beneficially owned by the first mentioned shareholder, in respect of the shares that are beneficially owned by the first mentioned shareholder.
  - (4) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on behalf of a specified person who beneficially owns shares registered in the name of the shareholder, the right of shareholders who are registered owners of shares beneficially owned by that specified person to dissent on behalf of that specified person with respect to the particular corporate action terminates and this Division ceases to apply to those shareholders in respect of the shares that are beneficially owned by that specified person.

### Notice of resolution

- 240 (1) If a resolution in respect of which a shareholder is entitled to dissent is to be considered at a meeting of shareholders, the company must, at least the prescribed number of days before the date of the proposed meeting, send to each of its shareholders, whether or not their shares carry the right to vote,
- (a) a copy of the proposed resolution, and
  - (b) a notice of the meeting that specifies the date of the meeting, and contains a statement advising of the right to send a notice of dissent.
- (2) If a resolution in respect of which a shareholder is entitled to dissent is to be passed as a consent resolution of shareholders or as a resolution of directors and the earliest date on which that resolution can be passed is specified in the resolution or in the statement referred to in paragraph (b), the company may, at least 21 days before that specified date, send to each of its shareholders, whether or not their shares carry the right to vote,
- (a) a copy of the proposed resolution, and
  - (b) a statement advising of the right to send a notice of dissent.
- (3) If a resolution in respect of which a shareholder is entitled to dissent was or is to be passed as a resolution of shareholders without the company complying with subsection (1) or (2), or was or is to be passed as a directors' resolution without the company complying with subsection (2), the company must, before or within 14 days after the passing of the resolution, send to each of its shareholders who has not, on behalf of every person who beneficially owns shares registered in the name of the shareholder, consented to the resolution or voted in favour of the resolution, whether or not their shares carry the right to vote,
- (a) a copy of the resolution,
  - (b) a statement advising of the right to send a notice of dissent, and
  - (c) if the resolution has passed, notification of that fact and the date on which it was passed.
- (4) Nothing in subsection (1), (2) or (3) gives a shareholder a right to vote in a meeting at which, or on a resolution on which, the shareholder would not otherwise be entitled to vote.

### Notice of court orders

- 241 If a court order provides for a right of dissent, the company must, not later than 14 days after the date on which the company receives a copy of the entered order, send to each shareholder who is entitled to exercise that right of dissent
- (a) a copy of the entered order, and
  - (b) a statement advising of the right to send a notice of dissent.

### Notice of dissent

- 242 (1) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (a), (b), (c), (d), (e) or (f) must,
- (a) if the company has complied with section 240 (1) or (2), send written notice of dissent to the company at least 2 days before the date on which the resolution is to be passed or can be passed, as the case may be,
  - (b) if the company has complied with section 240 (3), send written notice of dissent to the company not more than 14 days after receiving the records referred to in that section, or
  - (c) if the company has not complied with section 240 (1), (2) or (3), send written notice of dissent to the company not more than 14 days after the later of
    - (i) the date on which the shareholder learns that the resolution was passed, and

- (ii) the date on which the shareholder learns that the shareholder is entitled to dissent.
- (2) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (g) must send written notice of dissent to the company
  - (a) on or before the date specified by the resolution or in the statement referred to in section 240 (2) (b) or (3) (b) as the last date by which notice of dissent must be sent, or
  - (b) if the resolution or statement does not specify a date, in accordance with subsection (1) of this section.
- (3) A shareholder intending to dissent under section 238 (1) (h) in respect of a court order that permits dissent must send written notice of dissent to the company
  - (a) within the number of days, specified by the court order, after the shareholder receives the records referred to in section 241, or
  - (b) if the court order does not specify the number of days referred to in paragraph (a) of this subsection, within 14 days after the shareholder receives the records referred to in section 241.
- (4) A notice of dissent sent under this section must set out the number, and the class and series, if applicable, of the notice shares, and must set out whichever of the following is applicable:
  - (a) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner and the shareholder owns no other shares of the company as beneficial owner, a statement to that effect;
  - (b) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner but the shareholder owns other shares of the company as beneficial owner, a statement to that effect and
    - (i) the names of the registered owners of those other shares,
    - (ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and
    - (iii) a statement that notices of dissent are being, or have been, sent in respect of all of those other shares;
  - (c) if dissent is being exercised by the shareholder on behalf of a beneficial owner who is not the dissenting shareholder, a statement to that effect and
    - (i) the name and address of the beneficial owner, and
    - (ii) a statement that the shareholder is dissenting in relation to all of the shares beneficially owned by the beneficial owner that are registered in the shareholder's name.
- (5) The right of a shareholder to dissent on behalf of a beneficial owner of shares, including the shareholder, terminates and this Division ceases to apply to the shareholder in respect of that beneficial owner if subsections (1) to (4) of this section, as those subsections pertain to that beneficial owner, are not complied with.

#### **Notice of intention to proceed**

- 243 (1) A company that receives a notice of dissent under section 242 from a dissenter must,
- (a) if the company intends to act on the authority of the resolution or court order in respect of which the notice of dissent was sent, send a notice to the dissenter promptly after the later of
    - (i) the date on which the company forms the intention to proceed, and
    - (ii) the date on which the notice of dissent was received, or
  - (b) if the company has acted on the authority of that resolution or court order, promptly send a notice to the dissenter.



- (2) A notice sent under subsection (1) (a) or (b) of this section must
  - (a) be dated not earlier than the date on which the notice is sent,
  - (b) state that the company intends to act, or has acted, as the case may be, on the authority of the resolution or court order, and
  - (c) advise the dissenter of the manner in which dissent is to be completed under section 244.

### **Completion of dissent**

- 244 (1) A dissenter who receives a notice under section 243 must, if the dissenter wishes to proceed with the dissent, send to the company or its transfer agent for the notice shares, within one month after the date of the notice,
  - (a) a written statement that the dissenter requires the company to purchase all of the notice shares,
  - (b) the certificates, if any, representing the notice shares, and
  - (c) if section 242 (4) (c) applies, a written statement that complies with subsection (2) of this section.
- (2) The written statement referred to in subsection (1) (c) must
  - (a) be signed by the beneficial owner on whose behalf dissent is being exercised, and
  - (b) set out whether or not the beneficial owner is the beneficial owner of other shares of the company and, if so, set out
    - (i) the names of the registered owners of those other shares,
    - (ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and
    - (iii) that dissent is being exercised in respect of all of those other shares.
- (3) After the dissenter has complied with subsection (1),
  - (a) the dissenter is deemed to have sold to the company the notice shares, and
  - (b) the company is deemed to have purchased those shares, and must comply with section 245, whether or not it is authorized to do so by, and despite any restriction in, its memorandum or articles.
- (4) Unless the court orders otherwise, if the dissenter fails to comply with subsection (1) of this section in relation to notice shares, the right of the dissenter to dissent with respect to those notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares.
- (5) Unless the court orders otherwise, if a person on whose behalf dissent is being exercised in relation to a particular corporate action fails to ensure that every shareholder who is a registered owner of any of the shares beneficially owned by that person complies with subsection (1) of this section, the right of shareholders who are registered owners of shares beneficially owned by that person to dissent on behalf of that person with respect to that corporate action terminates and this Division, other than section 247, ceases to apply to those shareholders in respect of the shares that are beneficially owned by that person.
- (6) A dissenter who has complied with subsection (1) of this section may not vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, other than under this Division.

### **Payment for notice shares**

- 245 (1) A company and a dissenter who has complied with section 244 (1) may agree on the amount of the payout value of the notice shares and, in that event, the company must
  - (a) promptly pay that amount to the dissenter, or

- (b) if subsection (5) of this section applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.
- (2) A dissenter who has not entered into an agreement with the company under subsection (1) or the company may apply to the court and the court may
  - (a) determine the payout value of the notice shares of those dissenters who have not entered into an agreement with the company under subsection (1), or order that the payout value of those notice shares be established by arbitration or by reference to the registrar, or a referee, of the court,
  - (b) join in the application each dissenter, other than a dissenter who has entered into an agreement with the company under subsection (1), who has complied with section 244 (1), and
  - (c) make consequential orders and give directions it considers appropriate.
- (3) Promptly after a determination of the payout value for notice shares has been made under subsection (2) (a) of this section, the company must
  - (a) pay to each dissenter who has complied with section 244 (1) in relation to those notice shares, other than a dissenter who has entered into an agreement with the company under subsection (1) of this section, the payout value applicable to that dissenter's notice shares, or
  - (b) if subsection (5) applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.
- (4) If a dissenter receives a notice under subsection (1) (b) or (3) (b),
  - (a) the dissenter may, within 30 days after receipt, withdraw the dissenter's notice of dissent, in which case the company is deemed to consent to the withdrawal and this Division, other than section 247, ceases to apply to the dissenter with respect to the notice shares, or
  - (b) if the dissenter does not withdraw the notice of dissent in accordance with paragraph (a) of this subsection, the dissenter retains a status as a claimant against the company, to be paid as soon as the company is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the company but in priority to its shareholders.
- (5) A company must not make a payment to a dissenter under this section if there are reasonable grounds for believing that
  - (a) the company is insolvent, or
  - (b) the payment would render the company insolvent.

### **Loss of right to dissent**

- 246 The right of a dissenter to dissent with respect to notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares, if, before payment is made to the dissenter of the full amount of money to which the dissenter is entitled under section 245 in relation to those notice shares, any of the following events occur:
- (a) the corporate action approved or authorized, or to be approved or authorized, by the resolution or court order in respect of which the notice of dissent was sent is abandoned;
  - (b) the resolution in respect of which the notice of dissent was sent does not pass;
  - (c) the resolution in respect of which the notice of dissent was sent is revoked before the corporate action approved or authorized by that resolution is taken;
  - (d) the notice of dissent was sent in respect of a resolution adopting an amalgamation agreement and the amalgamation is abandoned or, by the terms of the agreement, will not proceed;
  - (e) the arrangement in respect of which the notice of dissent was sent is abandoned or by its terms will not proceed;

- (f) a court permanently enjoins or sets aside the corporate action approved or authorized by the resolution or court order in respect of which the notice of dissent was sent;
- (g) with respect to the notice shares, the dissenter consents to, or votes in favour of, the resolution in respect of which the notice of dissent was sent;
- (h) the notice of dissent is withdrawn with the written consent of the company;
- (i) the court determines that the dissenter is not entitled to dissent under this Division or that the dissenter is not entitled to dissent with respect to the notice shares under this Division.

**Shareholders entitled to return of shares and rights**

- 247 If, under section 244 (4) or (5), 245 (4) (a) or 246, this Division, other than this section, ceases to apply to a dissenter with respect to notice shares,
- (a) the company must return to the dissenter each of the applicable share certificates, if any, sent under section 244 (1) (b) or, if those share certificates are unavailable, replacements for those share certificates,
  - (b) the dissenter regains any ability lost under section 244 (6) to vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, and
  - (c) the dissenter must return any money that the company paid to the dissenter in respect of the notice shares under, or in purported compliance with, this Division.



## SCHEDULE I INFORMATION CONCERNING KARUS POST-ARRANGEMENT

### FORWARD LOOKING INFORMATION

This Schedule “I” includes and incorporates statements that are prospective in nature that constitute forward-looking information and/or forward-looking statements within the meaning of applicable securities laws (collectively, “**forward-looking statements**”). Forward-looking statements include, but are not limited to, statements concerning the completion and proposed terms of, and matters relating to, the Arrangement and the expected timing related thereto; the tax treatment of the Arrangement; the expected operations, financial results and condition of Karus following the Arrangement; Karus’ future objectives and strategies to achieve those objectives, including the future prospects of Karus as an independent company; the estimated cash flow, capitalization and adequacy thereof for Karus following the Arrangement; the expected benefits of the Arrangement to, and resulting treatment of, shareholders of Karus (“**Karus Shareholders**”); the anticipated effects of the Arrangement; the estimated costs of the Arrangement; the satisfaction of the conditions to consummate the Arrangement; as well as other statements with respect to management’s beliefs, plans, estimates and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts.

Forward-looking statements generally can be identified by the use of forward-looking terminology such as “outlook”, “objective”, “may”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “should”, “plans”, “continue”, or similar expressions suggesting future outcomes or events. Forward-looking statements reflect management’s current beliefs, expectations and assumptions and are based on information currently available to management, management’s historical experience, perception of trends and current business conditions, expected future developments and other factors which management considers appropriate. With respect to the forward-looking statements included in or incorporated into this Schedule “I”, Karus has made certain assumptions with respect to, among other things, the anticipated approval of the Arrangement by KORE Shareholders and the Court; the anticipated receipt of any required regulatory approvals and consents; the expectation that each of KORE and Karus will comply with the terms and conditions of the Arrangement Agreement; the expectation that no event, change or other circumstance will occur that could give rise to the termination of the Arrangement Agreement; that no unforeseen changes in the legislative and operating framework for Karus will occur; that all of the conditions precedent to the closing of the Internal Reorganization will be satisfied or waived by the expected closing of the Arrangement; that Karus will meet its future objectives and priorities; that Karus will have access to adequate capital to fund its future projects and plans, including that KORE will transfer funds as part of the Internal Reorganization; and that Karus’ future projects and plans will proceed as anticipated; as well as assumptions concerning general economic and industry growth rates, commodity prices, currency exchange and interest rates, and competitive intensity.

Readers are cautioned not to place undue reliance on forward-looking statements, as there can be no assurance that the future circumstances, outcomes or results anticipated or implied by such forward-looking statements will occur or that plans, intentions or expectations upon which the forward-looking statements are based will occur. By their nature, forward-looking statements involve known and unknown risks and uncertainties and other factors that could cause actual results to differ materially from those contemplated by such statements. Factors that could cause such differences include, but are not limited to: conditions precedent or approvals required for the Arrangement not being obtained; the potential benefits of the Arrangement not being realized; the potential value for the New KORE Shares and the Karus Shares after the Arrangement being less than the trading price of KORE Shares immediately prior to the Arrangement; there being no immediate plan to list Karus Shares on any stock exchange; there being no established market for the Karus Shares; Karus Shares may not be “Qualified Investments” as defined in Canadian federal income tax law; the potential inability or unwillingness of current Shareholders to hold New KORE Shares and/or Karus Shares following the Arrangement; KORE’s ability to delay or amend the implementation of all or part of the Arrangement or to proceed with the Arrangement even if certain consents



and approvals are not obtained on a timely basis; future factors that may arise making it inadvisable to proceed with, or advisable to delay, all or part of the Arrangement; the reduced diversity of KORE and Karus as separate companies; the costs related to the Arrangement that must be paid even if the Arrangement is not completed; general business and economic uncertainties and adverse market conditions (including as a result of the ongoing COVID-19 pandemic); risks related to Karus' status as an independent reporting issuer following the Arrangement; and risks related to the achievement of Karus' business objectives.

For a further description of these and other factors that could cause actual results to differ materially from the forward-looking statements included in or incorporated into this Schedule "I", see the risk factors discussed under the heading "*Risk Factors*" in this Schedule "I", in the Circular and in Schedule "P", as well as the risk factors included in KORE's management's discussion and analysis for the year ended December 31, 2019 and as described from time to time in the reports and disclosure documents filed by KORE with the Canadian securities regulatory agencies and commissions. This list is not exhaustive of the factors that may impact Karus' forward-looking statements. These and other factors should be considered carefully and readers should not place undue reliance on Karus' forward-looking statements. As a result of the foregoing and other factors, there can be no assurance that actual results will be consistent with these forward-looking statements.

All forward-looking statements included in and incorporated into this Schedule "I" are qualified by these cautionary statements. The forward-looking statements contained herein are made as of the date of the Circular and except as required by applicable law, KORE and Karus undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Readers are cautioned that the actual results achieved will vary from the information provided herein and that such variations may be material. Consequently, there are no representations by KORE or Karus that actual results achieved will be the same in whole or in part as those set out in the forward-looking statements. Reference should also be made to the section entitled "Forward-Looking Information" in the Circular.

All capitalized terms not defined herein have the same meanings ascribed to them in the Circular.

All currency in this Schedule "I" is stated in Canadian dollars unless otherwise indicated.

### **CORPORATE STRUCTURE**

Karus was incorporated under the BCBCA on November 20, 2020 as "1275702 B.C. Ltd." and changed its name to "Karus Gold Corp." on December 11, 2020. Its head office is located at PO Box 48681 Stn Bentall, Vancouver, British Columbia, Canada, V7X 1A6 and its registered and records office is located at 2500 – 700 West Georgia Street, Vancouver, British Columbia, Canada, V7Y 1B3.

Karus is currently a wholly-owned subsidiary of KORE. Following the Arrangement and distribution of the New KORE Shares and Karus Shares, Karus will no longer be a wholly-owned subsidiary of the Company and Karus will be owned by the Karus Shareholders, who are the current KORE Shareholders.

### **PRE-ARRANGEMENT TRANSACTIONS**

Prior to the closing of the Arrangement, Karus expects to complete the Internal Reorganization, whereby the following will occur:

1. KORE will incorporate Karus as a wholly-owned subsidiary of KORE (this step was completed on November 20, 2020);



2. KORE and Karus will enter into the Loan Agreement (effective upon the closing of the Arrangement), and
3. KORE and Karus will enter into the Royalty Agreement (effective upon the closing of the Arrangement).

## **DESCRIPTION OF THE BUSINESS**

### **OVERVIEW**

Karus is a newly incorporated wholly-owned subsidiary of KORE. Upon completion of the Arrangement, Karus will be a private exploration-focused British Columbia gold company that will own a dominant position in the Cariboo Gold District with 1,000 km<sup>2</sup> of claims including the FG Gold Project and the Gold Creek Project, among other assets. Karus has a near term goal of raising capital by a rights offering to shareholders and then going public by listing on the TSX Venture or an equivalent exchange in the first half of 2021.

Prior to the completion of the Arrangement, Karus is not a reporting issuer and the Karus Shares are not listed on any stock exchange. Upon completion of the Arrangement, Karus expects that it will be a reporting issuer in each of the provinces of Alberta and British Columbia. Karus Shares will not be listed or posted for trading on any stock exchange. Until the Karus Shares are listed on a stock exchange, which is expected in the first half of 2021, Karus Shareholders may not be able to sell their Karus Shares. No assurance can be given as to if, or when, the Karus Shares will be listed or traded on any such stock exchange, including whether such listing will be completed on or before the date for Karus' first income tax return. See "Risk Factors" in this Schedule "I" for more information.

### **KARUS' STRATEGY**

Karus' strategy is to focus on creating value for stakeholders through the development of its existing mineral properties for the purpose of mineral exploration and exploitation. At present, Karus is an exploration-stage company with no producing properties and consequently has no current operating income, cash flow or revenues. There is no assurance that a commercially viable mineral deposit exists on any of Karus' properties. Karus' goals include expanding mineralization, making new discoveries and completing technical studies on its large claim area in the Cariboo Gold District, including FG Gold and Gold Creek.

### **FG Project, British Columbia, Canada**

#### *Work Program Summary*

KORE drilled 8 holes in a successful drill program from March through April 2020, testing a new exploration strategy for the FG Gold Property. The program generated higher-grade intercepts than historic drilling, discovered a new lower zone below known mineralization and provided further definition of structural controls for higher-grade mineralization. Some program highlights include:

- 10 metres of 3.9 g/t gold starting at 237 metres in FG-20-369 including 1.0 metre of 33.9 g/t at 239.0 metres (lower zone discovery);
- 32.0 metres of 3.0 g/t gold starting at 22.0 metres in FG-20-369 (upper zone); and
- 11 metres of 10.0 g/t gold at 44.0 metres in drill hole FG-20-373 (upper zone).

In June 2020, KORE recommenced drilling with the continued objective to define and delineate structural controls on existing higher-grade gold mineralization and target new discoveries at depth and on-strike. KORE subsequently completed 15 holes for 5,746 metres. Assays are pending for 14 of 15 holes as of the date of this Circular.



Hole FG-20-377 generated a major 215 metre step-out downdip from the lower zone discovery hole FG-20-369 and an extension to the upper zone mineralization. Results included the following highlights:

- 31.3 metres of 3.2 g/t gold at 369 metres downhole including;
- 14.3 metres of 6.4 g/t gold at 386 metres downhole including;
- 1.0 metres of 61.2 g/t gold at 387 metres downhole and
- 5.8 metres of 4.2 g/t gold at 394 metres downhole.

KORE started a soils program to delineate drill targets on the south-eastern limb and hinge of the 20-km trend on the FG Gold Property. The program was halted due to early snow fall and Karus is planning to recommence after spring melt in 2021. Karus is planning a follow-up drill program in 2021.

### **Gold Creek, British Columbia, Canada**

#### **Work Program Summary**

At Gold Creek, Karus plans to build on Camp Zone discovery (2018/2019 drilling) with additional drilling to expand the discovery. In a subsequent event, KORE had announced an extension to the 2020 drill program targeting 10 holes for a total of 2,000 metres. Drilling is expected to continue through mid-December 2020. Karus is planning a follow-up drill program in 2021

KORE has not planned 2020 prospecting or follow up work on the other gold projects on 1,000 km square claims making up the South Cariboo Gold District. This is a future opportunity for Karus.

In addition to the exploration at the FG Gold and Gold Creek Projects, Karus may evaluate other prospects worthy of exploration and development.

The ability of Karus to do work in 2021 is contingent upon its ongoing ability to raise the capital required.

### **PRINCIPAL MARKETS**

As described more fully under “*Description of the Business – Overview*” above, Karus is an exploration-stage company with no producing properties. Karus’ principal goal is to become a producer of gold. There is a worldwide market for gold and other base and precious metals into which Karus could sell. As a result, Karus would not be dependent on a particular purchaser with regard to the sale of gold or other metals which it produces, if and when it reaches production.

### **SPECIALIZED SKILLS AND KNOWLEDGE**

Many aspects of Karus’ business require specialized skill and knowledge. Such skills and knowledge include the areas of geology, drilling, logistical planning and implementation of exploration programs and accounting. Karus retains executive officers and consultants with experience in mining, metallurgy, geology, exploration and development in Canada, as well as executive officers and consultants with relevant accounting experience. See “*Directors and Executive Officers*” for details as to the specific skills and knowledge of Karus’ directors and management.

### **COMPETITIVE CONDITION**

Competition in the mineral exploration industry is intense. Karus competes with other mining companies, many of which have greater financial resources and technical facilities for the acquisition and development of mineral concessions, claims, leases and other interests, as well as for the recruitment and retention of qualified employees and consultants.



Karus will be required to compete for the acquisition of mineral permits, claims, leases and other mineral interests for exploration and development projects. As a result of this competition, Karus may not be able to acquire or retain attractive properties in the future on terms it considers acceptable. The ability of Karus to acquire and retain mineral properties in the future will depend on its ability to operate and develop its existing properties and also on its ability to obtain additional financing to fund further exploration activities. Karus also competes with other mining companies for investment capital with which to fund such projects and for the recruitment and retention of qualified employees. See “*Risk Factors*”.

## **COMPONENTS**

Over the past several years, increased mineral exploration activity on a global scale combined with the recent COVID-19 pandemic has made some services difficult to procure, particularly skilled and experienced contract drilling personnel. It is possible that delays or increased costs may be experienced in order to proceed with drilling activities during the current period. Such delays could significantly affect Karus if, for example, commodity prices fall significantly, thereby reducing the opportunity Karus may have had to develop a particular project had such tests been completed in a timely manner before the fall of such prices. In addition, assay labs are often significantly backlogged, thus significantly increasing the time that Karus waits for assay results. Such delays can slow down work programs, thus increasing field expenses or other costs.

## **BUSINESS CYCLES**

Karus’ business, at its current exploration and development phase, is cyclical. Exploration activities cannot be conducted year-round at either the FG Gold or Gold Creek Projects. See “*Risk Factors*”.

## **ECONOMIC DEPENDENCE**

Karus’ business is not dependent on any contract to sell the major part of its products or services or to purchase the major part of its requirements for goods, services or raw materials, or on any franchise or license or other agreement to use a patent, formula, trade secret, process or trade name upon which its business depends. It is not expected that Karus’ business will be affected in the current financial year by the renegotiation or termination of contracts or subcontracts.

## **ENVIRONMENTAL PROTECTION**

All aspects of Karus’ field operations will be subject to environmental regulations and generally will require approval by appropriate regulatory authorities prior to commencement. Any failure to comply could result in fines and penalties. Karus’ operations are presently primarily focused in British Columbia and are subject to national and local laws and regulations. Specific statutory and regulatory requirements and standards must be met throughout the exploration, development and operation stages of a mining property with regard to air quality, water quality, fisheries and wildlife protection, solid and hazardous waste management and disposal, noise, land use and reclamation.

Given that Karus’ projects are still at the exploration stage, the financial and operational impact of environmental protection requirements is minimal. Should any of the Karus’ projects advance to the production stage, then more time and money would be involved in satisfying environmental protection requirements.

## **EMPLOYEES**

Karus currently has no employees. On the Effective Date, Karus expects to have no employees.

## MINERAL PROJECTS

Following the Arrangement, the Cariboo Gold Property, including both the FG Gold Project and Gold Creek Project, will be Karus' material properties for the purposes of NI 43-101.

### **FG Gold Project, British Columbia, Canada**

The 100% owned FG Gold Project hosts an orogenic gold and early stage gold-copper porphyry deposit located in the Cariboo region of British Columbia, approximately 100 km east of Williams Lake. The FG Project is located at the headwaters of the Horsefly River, 50 kms east of Horsefly, B.C. and consists of 35 contiguous claims (13,008 ha). The FG Gold Project is part of the district scale claim block 100% owned by KORE, the South Cariboo Gold District.

The FG Gold Project is at low elevation and accessible by forestry roads. The FG Gold Project hosts an orogenic gold deposit on the northeast limb of the Eureka syncline. The syncline is 20km and defined by gold in soils and geophysics with the southwest limb and hinge zone underexplored. The FG Gold Project has only been shallowly drilled where the mineralized rock group comes to surface. Past drilling averages only 93m deep into a steeply plunging sedimentary host rock. Mineralization is open at depth and along almost the entire syncline.

Historic drilling targeted stratigraphic controls on mineralization and did not test the bulk of the host-rock stratigraphy. Drilling was largely done with reverse circulation ("RC") drilling and narrow core to generate shallow bulk-disseminated gold intercept models. Within the current resource there appears to be mineralized corridors or chutes that are open at depth in the host rock.

The FG Gold Project has the potential to host copper-gold porphyry style mineralization at the Nova Zone, discovered by KORE in 2018.

### **Winter 2020 Drill Program**

The drill program was designed to define and delineate structural controls on existing higher-grade gold mineralization and target new discoveries at depth and on-strike. Eight (8) core drill holes for a total of 1,577 metres were completed. Assays for all eight holes resulted in the following highlights:

- Lower Zone discovered below known mineralization
  - 10 metres of 3.9 g/t gold starting at 237 metres in FG-20-369 including:
    - 1.0 metre of 33.9 g/t at 239.0 metres
  - 10 metres of 0.8 g/t at 185 metres in same zone in FG-20-368
  - 52.5 metres of 1.1 g/t gold at 122.5 metres in FG-20-375
    - Hole terminated in mineralization @ 2.6 g/t gold; open at depth
  - New Lower Zone thickness remains open
- Upper Zone (current mineralization) upgrading and structural drilling highlights:
  - 76.5 metres of 1.1 g/t gold starting at 5.5 metres in FG-20-368
  - 32.0 metres of 3.0 g/t gold starting at 22.0 metres in FG-20-369
  - 51.0 metres of 1.6 g/t gold at 19.0 metres downhole in FG-20-370
  - 98.0 metres of 1.0 g/t gold at 24.0 metres downhole in FG-20-372
  - 11.0 metres of 10.0 g/t gold at 44.0 metres downhole in FG-20-373



- Silver assays, rarely assayed for historically, as high as 116 g/t over 1 metre in metallic screens indicate some silver potential
- Mineralization remains open at depth and along almost the entire 20-kilometre trend representing a district scale exploration opportunity for further discovery and resource expansion

KORE subsequently announced completion of an additional 15 holes for 5,746 metres. As of the date of this Circular, 14 of 15 assays are pending. Hole FG-20-377 generated a major 215 metre step-out downdip from the Lower Zone discovery hole FG-20-369 and an extension to the Upper Zone mineralization. Results included the following highlights:

- 31.3 metres of 3.2 g/t gold at 369 metres downhole including:
- 14.3 metres of 6.4 g/t gold at 386 metres downhole including:
- 1.0 metres of 61.2 g/t gold at 387 metres downhole
- 5.8 metres of 4.2 g/t gold at 394 metres downhole

The FG Gold Project also hosts prospective gold-copper porphyry targets within an intrusion called the Nova Zone. The Nova Zone, potentially 3.5 km by 1 km, was discovered in 2018 through compilation of historic soil geochemistry, and airborne geophysical studies. 2018 drilling demonstrated semi-massive and massive copper and iron sulphides and intersected (hole DDH-18-002) over 32 metres of 0.52% copper equivalent, including 8.65 metres of 1.1% copper equivalent.<sup>1</sup> Gold grades as high as 5.70 g/t gold, copper grades as high as 1.01%, and silver grades as high as 4.98 g/t were encountered in drill core.

In July 2020, KORE announced it had increased its land holding in the Cariboo Gold District of British Columbia by 330% to ~1,000 square kilometres. KORE is now the dominant land holder of the southern half of the Cariboo Gold District with Osisko Gold Royalties Ltd.'s (TSX:OR) Barkerville / Cariboo Gold Project controlling the north. The South Cariboo Gold District hosts the FG Gold, Gold Creek, Hen, Teps, Forks, Jamboree and McKee gold projects. FG Gold is the most advanced and the Gold Creek Project is the second highest priority in the Cariboo Gold District.

#### Existing Option Agreements

As part of the increase in land holdings, KORE entered into certain mineral property agreements, including certain option agreements to acquire nearby and contiguous properties, as well as staking significant additional claims, making cash payments in the nine-month period ended September 30, 2020 of \$134,227. The option agreements collectively have annual payments of \$87,500 payable in 2021 up to \$150,000 in 2025, for total payments (inclusive of 2020 payments made) of \$652,500.

One option agreement provides for the issuance of shares with a fair market value at the time of issuance of \$25,000 in 2021 increasing to \$160,000 in 2025, for total share consideration of \$410,000 and one option agreement also requires annual expenditures of \$35,000 in 2021 and an additional \$40,000 in 2022.

In addition, one option agreement provides that within 30 days of commencing a mechanical trenching on the property, a one-time payment of \$10,000 will be made to the optionor; within 30 days of commencing a drilling program of any nature on the property, a one-time payment of \$25,000 will be made to the optionor; and within 30 days of filing a technical report in a form that is compliant with NI 43-101 that discloses that there is an "inferred mineral resources", "indicated mineral resource" or a "measured mineral resource" on the property, a one-time payment of an amount equal to  $(Z \times \$1.50)$  will be made to the optionor, where "Z"

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<sup>1</sup> Cu equivalent calculated using metals prices at April 29, 2019: USD\$1,278/oz Au, US\$14.77/oz Ag, US\$2.90/lb Cu.



is equal to the total number of ounces of gold inferred, indicated or measured in such technical report as being on the property.

These agreements also impose a 1%-2% NSR, of which a portion can be repurchased in certain cases.

### **Gold Creek, British Columbia, Canada**

The 100% owned Gold Creek Project is located 2 km northeast of the town of Likely in the Cariboo region of British Columbia. Gold Creek consists of 34 claims totalling 9,673 ha and approximately 8 km to the northwest of the Spanish Mountain deposit. Gold Creek is part of the district scale claim block 100% owned by KORE, the South Cariboo Gold District.

The site has well developed infrastructure and is just 70km NE of Williams Lake, a major regional centre serviced by an airport and railway.

Compilation of historical drilling, soil sampling, and geophysics were completed by KORE in 2018. The Company determined that gold mineralization is closely correlated with elevated arsenic and contained within a greywacke rock unit. The higher-grade gold intercepts in drill holes within the projects "Camp Zone" show similarities to the high-grade zone of the nearby Spanish Mountain Gold Deposit (TSX Venture: SPA). A large portion of the resource and the highest grades at Spanish Mountain occur at the contact between the greywacke and argillites, similar to mineralization at Gold Creek.

Historic drilling at the Camp Zone, based on gold in soils anomalies, from 2011 and 2017 confirmed large widths of mineralization in the silicified greywacke from surface with multiple higher-grade vein intercepts within a lower-grade halo. Intercepts included 1.5m of 13.4 g/t (GC11-27 10.7m to 12.2m), 9m of 5.5g/t (GC17-34 16.0m to 25.0m), including 1.5m of 18.0g/t, and 84.65m of 1.0g/t (GC17-35 85.85m to 170.50m).

Arsenic in soils indicates an 8.5km long NW-SE trend that is coincident with the NW-SE trending Camp Zone. KORE tested several arsenic anomaly targets in 2018 with four drill holes for 940 metres. All four of the holes encountered broad zones of alteration and mineralization within the greywacke, interbedded with argillites, mudstones, and conglomerates. Hole GC18-36 intercepted 25.7m of 1.3g/t, including 3 metres of 8.6g/t gold near surface and Hole GC18-39 intercepted 1.5m of 32.2 g/t gold, within an overall intercept of 9.0m of 5.8 g/t gold. Visible gold was observed in the 3rd (GC18-038) and 4th (GC18-039) hole.

The 2018 KORE drilling combined with historical trenching extends the Camp Zone to over 400 metres along strike and is open along both strike and at depth.

KORE and Karus currently plan to drill 2,000 metres in 10 holes to expand the mineralization at Gold Creek.

## **AVAILABLE FUNDS AND PRINCIPAL PURPOSES**

### **AVAILABLE FUNDS**

Karus and KORE will enter into the Loan Agreement as part of the Internal Reorganization prior to the Effective Date pursuant to which KORE has agreed, subject to the closing of the Arrangement, to make available up to \$500,000 by way of a secured loan with interest at a rate of 8% per annum for a period of one year, repayable upon the completion of a cumulative financing(s) of \$4,000,000 by Karus, which is anticipated to occur in the first half of 2021 by way of the Rights Offering.

### **PRINCIPAL PURPOSES**

The following table summarizes the expenditures anticipated by Karus required to achieve its business objectives during the 12 months following completion of the Arrangement (assuming that a minimum of



\$2,000,000 is raised pursuant to the Rights Offering, which is anticipated to be between \$2,000,000 - \$4,000,000):

<b>Principal Purpose</b>	<b>Cost</b>
Exploration, Development and Social Programs (Phase 1)	\$770,000
Expenses relating to the Arrangement and Rights Offering	\$350,000
Working Capital and General Corporate Purposes	\$880,000
<b>Total</b>	<b>\$2,000,000</b>

Karus intends to spend the funds available to it as stated in the table above and intends to arrange for a future financing when additional funds are required. However, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary for Karus to achieve its objectives or to pursue other opportunities that management believes are in the interests of Karus. See “*Risk Factors*” in this Schedule “I”.

### **Business Objectives and Milestones**

At present, Karus is an exploration-stage company with no producing properties and consequently has no current operating income, cash flow or revenues. There is no assurance that a commercially viable mineral deposit exists on any of Karus’ properties. Karus’ goals include exploration with the objective of expanding mineral resources, completing technical studies on its projects and advancing the FG Gold Project and Gold Creek Project with the funds available to it as described above under the heading “*Available Funds*”.

### **DIVIDENDS OR DISTRIBUTIONS**

Karus has not paid any dividends since its incorporation and does not currently have a policy with respect to the payment of dividends. For the immediate future Karus does not envisage any earnings arising from which dividends could be paid. The payment of dividends in the future will depend on the earnings, if any, and Karus’ financial condition and such other factors as the Karus Board considers appropriate. See “*Risk Factors – Risks Relating to Karus’ Business*” in this Schedule “I”.

### **SUMMARY HISTORICAL AND CONSOLIDATED FINANCIAL INFORMATION**

#### **Cautionary Note**

The historical carve-out financial information has been prepared for illustrative purposes only and may not be indicative of the operating results or the financial condition that would have been achieved if the Arrangement had been completed on the date or for the periods noted above, nor do they purport to project the results of operations or financial position for any future period or as of any future date.

Included as Schedule “J” to this Circular are the carve-out financial statements of the Spin-Out Exploration Assets of KORE Mining Ltd., which include primarily the FG Gold Project and Gold Creek Project, which, prior to the Arrangement, were controlled by KORE, consisting of: (A) carve-out statements of financial position as at December 31, 2019 and 2018; (B) carve-out statements of loss and comprehensive loss for the years then ended; and (C) the notes thereto.

Included as Schedule “K” to this Circular are the unaudited carve-out condensed interim financial statements of the Spin-Out Exploration Assets of KORE Mining Ltd., which include primarily the FG Gold



Project and Gold Creek Project, which, prior to the Arrangement, were controlled by KORE, consisting of: (A) carve-out condensed interim statement of financial position as at September 30, 2020; (B) carve-out condensed interim statements of loss and comprehensive loss for the nine months ended September 30, 2020 and 2019; and (C) the notes thereto.

## **Annual and Interim Management's Discussion and Analysis**

The carve-out annual MD&A for the year ended December 31, 2019 and 2018 and interim MD&A for the period ended September 30, 2020 are attached as Schedules "J" and "K" to this Circular. The attached carve-out annual MD&A, and carve-out interim MD&A should be read in conjunction with the annual carve-out financial statements of the Spin-Out Exploration Assets of KORE Mining Ltd. for the years ended December 31, 2019 and 2018 and the unaudited carve-out condensed interim financial statements of the Spin-Out Exploration Assets of KORE Mining Ltd. for the nine-month period ended September 30, 2020, together with the notes thereto.

## **DESCRIPTION OF SHARE CAPITAL**

### **AUTHORIZED CAPITAL**

Karus is authorized to issue an unlimited number of common shares with no par value. As at the date of this Circular, one Karus Share is issued and outstanding.

### **KARUS SHARES**

Karus Shareholders are entitled to receive notice of and to attend and vote at all meetings of the Karus Shareholders and each of the Karus Shares confers the right to one vote in person or by proxy at all meetings of Karus Shareholders. Karus Shareholders are entitled to receive such dividends in any financial year as the Karus Board and Karus Shareholders may by resolution determine. The capital and assets of Karus on a winding-up or other return of capital shall be applied in repaying to Karus Shareholders the amounts paid up or credited as paid up on their Karus Shares and subject thereto shall belong to and be distributed accordingly to the number of such Karus Shares held by them respectively. The Karus Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions. When fully paid, the Karus Shares will not be liable to further call or assessment.

### **KARUS WARRANTS**

As of the date of this Circular, Karus does not have any warrants outstanding.

Pursuant to the Arrangement, the KORE Warrantholder will receive 1,750,000 Karus Warrants exercisable at a price of \$0.75 per share, exercisable for the same period of time as the existing KORE Warrants.

### **KARUS OPTIONS**

As of the date of this Circular, there are no stock options of Karus ("**Karus Options**") outstanding.

### **KARUS STOCK OPTION PLAN**

The following is a summary of certain material terms of the Karus Stock Option Plan and is qualified in its entirety by the full text of the Karus Stock Option Plan, a copy of which is attached as Schedule "M" in this Circular. The Karus Stock Option Plan will be administered by the Karus Board. Pursuant to the Karus Stock Option Plan, Karus may issue a rolling number of Karus Options equal to 10% of the issued and outstanding common shares of Karus from time to time.



The following is a summary of key elements of the Karus Option Plan:

- the Karus Option Plan reserves, for issue pursuant to stock options, a maximum number of common shares equal to 10% of the outstanding common shares of Karus from time to time;
- the number of common shares reserved for issue to any one person in any 12 month period under the Karus Option Plan may not exceed 5% of the outstanding common shares at the time of grant without Disinterested Shareholder Approval (as defined in Policy 4.4 of the TSX-V);
- the number of common shares reserved for issue to any persons performing Investor Relations Activities on behalf of Karus in any 12 month period under the Karus Option Plan may not exceed 2% of the outstanding common shares at the time of grant;
- stock options granted to Consultants performing Investor Relations Activities must vest (and not otherwise be exercisable) in stages over a minimum of 12 months with no more than  $\frac{1}{4}$  of the options vesting in any 3 month period;
- the grant to Insiders within a 12 month period, of a number of options may not exceed 10% of the outstanding common shares at the time of exercise without Disinterested Shareholder Approval;
- the issuance to any one optionee within a 12 month period, of a number of shares exceeding 5% of the outstanding common shares at the time of granting the options without Disinterested Shareholder Approval;
- the exercise price per common share for a stock option may not be less than the Discounted Market Price (as calculated pursuant to the policies of the TSX-V), subject to a minimum price of \$0.10;
- stock options may have a term not exceeding five years;
- if an optionee dies prior to the expiry of his option, his heirs, administrators or legal representatives may, by the earlier of (a) one year from the date of the optionee's death (or such lesser period as may be specified by the Board at the time of granting the option); and (b) the expiry date of the option, exercise any portion of such option;
- if an optionee ceases to be a Director, Officer, Employee or Consultant for any reason other than death, such optionee's option will terminate within a reasonable period;
- stock options are non-assignable and non-transferable; and
- the Karus Option Plan contains provisions for adjustment in the number of common shares or other property issuable on exercise of stock options in the event of a share consolidation or subdivision of Karus' common shares, or if Karus is a party to a reorganization, merger, dissolution or its common shares are exchanged or reclassified in any way.

In connection with the Arrangement, KORE Shareholders are being asked to consider, and if thought fit, pass the Karus Option Plan Resolution to approve the Karus Option Plan.

### **KARUS OMNIBUS PLAN**

The following is a summary of certain material terms of the Karus Omnibus Plan and is qualified in its entirety by the full text of the Karus Omnibus Plan, a copy of which is attached as Schedule "N" to this Circular.



## Purpose

The purpose of the Karus Omnibus Plan is to assist Karus and its affiliates in attracting and retaining individuals to serve as employees, directors, consultants or advisors who are expected to contribute to Karus' success and to achieve long-term objectives that will benefit shareholders of Karus.

## Types of Awards

The Karus Omnibus Plan provides for the grant of restricted share units ("**Restricted Share Units**"), deferred share units ("**Deferred Share Units**"), performance awards ("**Performance Awards**") and other share-based awards ("**Other Share-Based Awards**") (each an "**Award**" and, collectively, the "**Awards**"). All Awards are granted by an agreement, certificate or other instrument or document evidencing the Award granted under the Karus Omnibus Plan (an "**Award Agreement**").

A Restricted Share Unit is an Award that is valued by reference to a Karus Share, which value may be paid to the participant in Karus Shares or cash as determined by the Board in its sole discretion upon the satisfaction of vesting restrictions as the Board may establish, which restrictions may lapse separately or in combination at such time or times, in installments or otherwise, as the Board may deem appropriate, all as set out in the applicable Award Agreement.

A Deferred Share Unit is essentially a Restricted Share Unit with deferred delivery, being an Award that is valued by reference to a Karus Share, which value may be paid to the Participant in Karus Shares or cash as determined by the Board in its sole discretion upon the satisfaction of vesting restrictions as the Board may establish, which restrictions may lapse separately or in combination at such time or times, in installments or otherwise, as the Board may deem appropriate, all as set out in the applicable Award Agreement.

A Performance Award is any: (i) cash incentives payable to the participant upon the achievement of such performance goals as the Board shall establish, as set out in the applicable Award Agreement; (ii) unit valued by reference to a designated number of Karus Shares, which value may be paid to the Participant upon achievement of such performance goals as the Board shall establish, as set out in the applicable Award Agreement; or (iii) unit valued by reference to a designated amount of cash or property other than Karus Shares, which value may be paid to the participant upon achievement of such performance goals during the performance period as the Board shall establish, as set out in the applicable Award Agreement.

Other Share-Based Awards are other Awards that are valued in whole or in part by reference to, or are otherwise based on, Karus Shares or other property.

## Plan Administration

The Karus Omnibus Plan will be administered by the Board or a subcommittee thereof formed by the Board.

## Shares Available for Awards

Subject to adjustments as provided for under the Karus Omnibus Plan, and the ultimate number of shares issued on close of the Arrangement, the maximum number of Karus Shares issuable upon the exercise or redemption and settlement of all Awards under the Karus Omnibus Plan is not expected to exceed 5,303,746.

## Limitation on Grants

The Karus Omnibus Plan provides the follow limitations on grants:



1. The maximum number of Karus Shares issuable upon the exercise or redemption and settlement of all Awards granted under the Omnibus Plan is not expected to exceed 5,303,746.
2. Karus cannot grant Awards:
  - (a) to any one person in any 12 month period which could, when exercised, result in the issuance of Karus Shares to such person exceeding 5% of the issued and outstanding Karus Shares unless Karus has obtained the requisite approval to the grant;
  - (b) to any one consultant in any 12 month period which could, when exercised, result in the issuance of Karus Shares to such person exceeding 2% of the issued and outstanding Karus Shares; or
  - (c) in any 12 month period, to persons employed or engaged by Karus to perform investor relations activities which could, when exercised, result in the issuance of Karus Shares to such persons exceeding, in aggregate, 2% of the issued and outstanding Karus Shares.

#### Eligible Participants

Any employee, director, or consultant of Karus or any of its Affiliates is eligible to be selected to receive an Award under the Omnibus Plan. Eligibility for the grant of Awards and actual participation in the Omnibus Plan is determined by the Board in its discretion.

#### Effect of Termination

Unless otherwise provided for in an Award Agreement or determined by the Board on an individual basis, in the event of the Participant's:

1. **Termination for Cause:** All of the participant's vested and unvested Awards immediately terminate;
2. **Termination not for Cause:** All of the participant's unvested Awards immediately terminate and any vested Awards remain exercisable until the earlier of 90 days following the termination date and the expiry date of the Award;
3. **Voluntary Resignation:** All of the participant's unvested Awards are immediately forfeited on the termination date and any vested Awards remain exercisable until the earlier of 90 days following the termination date and the expiry date of the Award;
4. **Termination due to Disability or Retirement:** All of the participant's unvested Awards immediately terminate and become void and any vested Awards remain exercisable until the earlier of 90 days following the date of retirement or the date on which the participant ceases his or her employment or service relationship with Karus or any Affiliate by reason of permanent disability and the expiry date of the Award;
5. **Termination Due to Death:** Any vested Award granted to such a participant may be exercised by the liquidator, executor or administrator, as the case may be, of the estate of the participant for that number of Karus Shares only which such participant was entitled to acquire under the respective Award (the "**Vested Awards**") on the date of such participant's death. Such Vested Awards shall only be exercisable or redeemable within six months after the participant's death or prior to the expiration of the original term of the Award whichever occurs earlier; or



6. **Termination due to Extended Leave of Absence:** The Board may determine, at its sole discretion but subject to applicable laws, that such participant's participation in the Omnibus Plan shall be terminated, provided that all vested Awards granted to the participant shall remain outstanding and in effect until the applicable exercise or redemption date, or an earlier date determined by the Board at its sole discretion.

The date of termination of a participant's employment or services will be determined by the Board, which determination will be final.

#### Change of Control

In the event of a Change of Control (as defined in the Omnibus Plan), unless otherwise provided in an Award Agreement or any other written agreement between Karus and the participant, the Board will take one or more of the following actions with respect to Awards, contingent upon the closing or completion of the Change of Control:

- (a) arrange for the surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company) to assume or continue the Award or to substitute a similar award (including, but not limited to, an award to acquire the same consideration paid to the shareholders of Karus pursuant to the Change of Control);
- (b) arrange for the assignment of any reacquisition or repurchase rights held by Karus in respect of Karus Shares issued pursuant to the Award to the surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company);
- (c) accelerate the vesting, in whole or in part, of the Award (and, if applicable, the time at which the Award may be exercised) to a date prior to the effective time of such Change of Control as the Board determines (or, if the Board does not determine such a date, to the date that is five days prior to the effective date of the Change of Control), with such Award terminating if not exercised (if applicable) at or prior to the effective time of the Change of Control in accordance with the exercise procedures determined by the Board (in all cases with such acceleration of vesting and exercisability still contingent upon the closing or completion of the Change of Control as provided above, and with any such acceleration of vesting and/or exercise to be unwound if the Change of Control does not actually occur);
- (d) arrange for the lapse, in whole or in part, of any reacquisition or repurchase rights held by Karus with respect to the Award;
- (e) cancel or arrange for the cancellation of the Award, to the extent not vested or not exercised prior to the effective time of the Change of Control, in exchange for no consideration or such consideration, if any, as the Board, in its sole discretion, may consider appropriate; or
- (f) cancel or arrange for the cancellation of the Award, to the extent not vested or not exercised prior to the effective time of the Change of Control, in exchange for a payment, in such form as may be determined by the Board, equal to the excess, if any, of (a) the per share amount (or value of property per share) payable to holders of common shares in connection with the Change of Control, over (b) the per share exercise price under the applicable Award, multiplied by the number of Shares subject to the Award. For clarity, this payment may be \$0 if the amount per share (or value of property per share) payable to the holders of the Common Shares is equal to or less than the per share exercise price of the Award. In addition, any escrow, holdback, earnout or similar provisions in the definitive agreement for the Change of Control may apply to such payment to the holder of the Award to the same extent and in the same manner as such provisions apply to the holders of Common Shares.



### Assignment

Except as specifically provided in an Award Agreement approved by the Board, each Award granted under the Omnibus Plan is personal to the Participant and shall not be assignable or transferable by the participant, whether voluntarily or by operation of law, except by will or by the laws of succession of the domicile of the deceased participant.

Notwithstanding the foregoing, to the extent and under such terms and conditions as determined by the Board, a participant may assign or transfer an Award without consideration (each transferee thereof, a “**Permitted Assignee**”) (i) to a trust which the Participant is a beneficiary of; (ii) to a holding entity (as such term is defined in National Instrument 45-106 - *Prospectus Exemptions*) of such Participant; or (iii) to an RRSP, RRIF or TFSA of such Participant; provided that such Permitted Assignee shall be bound by and subject to all of the terms and conditions of the Omnibus Plan and the Award Agreement relating to the transferred Award and shall execute an agreement satisfactory to the Company evidencing such obligations; and provided further that such Participant shall remain bound by the terms and conditions of the Omnibus Plan. The Company shall cooperate with any Permitted Assignee and the Company’s transfer agent in effectuating any such permitted transfer. No Award may be pledged, hypothecated, charged, transferred, assigned or otherwise encumbered or disposed of on pain of nullity.

### Amendment

The Board may suspend or terminate the Karus Omnibus Plan at any time, or from time to time amend or revise the terms of the Karus Omnibus Plan or any granted Award without the consent of the participants provided that such suspension, termination, amendment or revision shall:

- (a) not adversely alter or impair the rights of any participant, without the consent of such participant except as permitted by the provisions of the Karus Omnibus Plan;
- (b) be in compliance with applicable law; and
- (c) be subject to shareholder approval where required by law or the requirements of any applicable stock exchange that Karus is then listed on.

The Board may, from time to time, in its absolute discretion and without approval of the shareholders of the Company but subject to applicable laws and the rules of any applicable stock exchange that Karus is then listed on, make the following amendments to the Karus Omnibus Plan:

- (a) any amendment to the vesting provisions, if applicable, or assignability provisions of any Awards;
- (b) any amendment regarding the effect of termination of a participant’s employment or engagement;
- (c) any amendment necessary to comply with applicable law or the requirements of any applicable stock exchange that Karus is then listed on or any other regulatory body;
- (d) any amendment of a “housekeeping” nature, including to clarify the meaning of an existing provision of the Karus Omnibus Plan, correct or supplement any provision of the Karus Omnibus Plan that is inconsistent with any other provision of the Karus Omnibus Plan, correct any grammatical or typographical errors or amend the definitions in the Karus Omnibus Plan;
- (e) any amendment regarding the administration of the Karus Omnibus Plan;



- (f) any amendment to add provisions permitting the grant of Awards settled otherwise than with Common Shares issued from treasury, or adopt a clawback provision applicable to equity compensation; and
- (g) any other amendment that does not require the approval of the shareholders of Karus under the Karus Omnibus Plan.

Shareholder approval or Disinterested Shareholder Approval (as defined in the Karus Omnibus Plan) is required to make the following amendments:

- (a) any amendment which extends the expiry date of any Award, except in accordance with provisions of the Omnibus Plan;
- (b) any amendment which increases the maximum number of restricted share units, deferred share units, performance awards, or other Awards which may be granted pursuant to the Karus Omnibus Plan;
- (c) any amendment that would permit an Award to be transferable or assignable other than for normal estate settlement purposes or in accordance with the Karus Omnibus Plan; and
- (d) any amendment to the amendment provisions of the Karus Omnibus Plan; or
- (e) any other amendment required to be approved by shareholders under applicable law or required by any applicable stock exchange that Karus is then listed on.

#### Awards Issued under Karus Omnibus Plan

As of the date hereof, there have been no Awards issued under the Karus Omnibus Plan.

In connection with the Arrangement, KORE Shareholders are being asked to consider, and if thought fit, pass the Karus Omnibus Plan Resolution to approve the Karus Omnibus Plan.

#### **NO STOCK EXCHANGE LISTING**

Immediately following the closing of the Arrangement, the Karus Shares will not be listed or posted for trading on any stock exchange. As at the date of the Circular, there is no market through which the Karus Shares to be distributed pursuant to the Arrangement may be sold and Shareholders may not be able to resell the Karus Shares to be distributed to them pursuant to the Arrangement. This may affect the pricing of the Karus Shares in the secondary market and the liquidity of the Karus Shares. See "*Risk Factors*".

#### **PRIOR SALES**

As of the date of this Circular, the sole Karus Share issued and outstanding is held by KORE. Immediately following the Effective Time, it is expected that 53,037,456 Karus Shares will be outstanding pursuant to the Arrangement (assuming no KORE Warrants, KORE Options or KORE RSUs are exercised between the date of this Circular and the Effective Date) or 58,937,457 Karus Shares (assuming all KORE Warrants, KORE Options and KORE RSUs are exercised prior to the Effective Date).

#### **ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFERS**

To the knowledge of Karus, as of the date of the Circular no securities of any class of securities of Karus are held in escrow or subject to contractual restrictions on transfer or are anticipated to be held in escrow



or subject to contractual restrictions on transfer following the completion of the Arrangement. It is expected that KORE Shareholders who are currently subject to the TSX-V Value Escrow on their KORE Shares will continue to have their Karus Shares subject to the same escrow terms, where 7,040,732 Karus Shares will be subject to TSXV Tier 2 Value Escrow, with 3,520,366 being released on each of April 30, 2021 and October 30, 2021.

### PRINCIPAL SHAREHOLDERS

To the knowledge of management of KORE and Karus, no person, firm or company will beneficially own, control or direct, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to any class of voting securities of Karus immediately following the Effective Time other than as set below:

Name	Number of Shares	Percentage of Outstanding Shares
2176423 Ontario Ltd.	13,659,222 <sup>(1)</sup>	25.75%
1130447 BC Ltd.	11,200,243 <sup>(2)</sup>	21.12%

(1) These shares are held through 2176423 Ontario Ltd., a company owned and controlled by Eric Sprott.

(2) This company is owned and controlled by Skye Marker, the spouse of James Hynes.

### DIRECTORS AND EXECUTIVE OFFICERS

The names, municipality of residence and positions with Karus of the individuals who will serve as the directors and executive officers of Karus after giving effect to the Arrangement are set out below.

Name, and Province or County and Country of Residence	Director Since	Occupation, Business or Employment <sup>(1)</sup>	Karus Shares Beneficially Owned or Controlled on the Effective Date of the Arrangement <sup>(2)</sup>
James Hynes <sup>(3)</sup> British Columbia, Canada <i>Director and Chief Executive Officer</i>	Incorporation (November 20, 2020)	Chief Operating Officer (“COO”) and Chairman of KORE until July 2019, Executive Chair of KORE since 2019; Businessman and former Director, Vice President, Operations at Reperio Resources Corp. from December 2006 to September 2016.	2,044,581 <sup>(4)</sup>
Scott Trebilcock <sup>(3)</sup> British Columbia, Canada <i>Director</i>	Incorporation (November 20, 2020)	CEO of KORE since July 2019, former Chief Development Officer of Nevsun Resources (from October 2009 to December 2018) and VP Corporate Development for Nautilus Minerals from 2007 to 2009.	922,500 <sup>(5)</sup>

Name, and Province or County and Country of Residence	Director Since	Occupation, Business or Employment <sup>(1)</sup>	Karus Shares Beneficially Owned or Controlled on the Effective Date of the Arrangement <sup>(2)</sup>
Marc Leduc Colorado, United States <i>Director</i>	Incorporation (November 20, 2020)	COO of KORE since October 2019, former Executive Vice President of US Operations for Equinox Gold (from January 2018 to March 2019), former COO and Interim CEO and President of NewCastle Gold (from October 2016 to December 2017), and former President and COO of Luna Gold (from January 2015 to August 2016)	Nil
Jessica Van Den Akker <sup>(3)</sup> British Columbia, Canada <i>Director and Chief Financial Officer</i>	Incorporation (November 20, 2020)	CFO of KORE since February 2019; CFO and Vice President of Corporate Finance at Fiore Management & Advisory Corp. (a private financial advisory firm) from Jan 2017 to Jan 2020; Fund Accountant at Sentient Asset Management Australia Pty Ltd. from Apr 2016 to Dec 2016, VP Finance at Ferrometals Management Services Canada Ltd. (a private mining solutions firm) from Sep 2014 to Mar 2016.	14,500

Notes:

1. The information as to principal occupation, business or employment may not be within the knowledge of the management of Karus and has been furnished by the respective nominees.
2. The information as to Karus Shares expected to be beneficially owned, or controlled or directed, directly or indirectly, is not within the knowledge of management of Karus and has been furnished to Karus by the respective nominees.
3. Members of the Company's Audit Committee.
4. 3,575 shares expected to be owned directly, 1,275,312 shares expected to be held by 1081646 BC Ltd. (a company owned and controlled by Mr. Hynes), and 7,656,694 shares expected to be held by 1125974 BC Ltd. (a company owned and controlled by Mr. Hynes). Mr. Hynes' spouse is expected to beneficially own, or have control and direction over, 11,200,242 shares held by 1130447 B.C. Ltd., (a company owned and controlled by Mr. Hynes' spouse).
5. 340,500 shares expected to be owned directly and an additional 582,000 shares expected to be owned by Mr. Trebilcock's spouse, Anna Him Loa.

As of the date of this Circular, the proposed directors and executive officers do not beneficially own, control or direct, directly or indirectly any Karus Shares. Following completion of the Arrangement, the directors and executive officers, as a group, will beneficially own, control or direct, directly or indirectly, 14,196,323 Karus Shares representing approximately 26.77% of the issued and outstanding Karus Shares.



By approving the Arrangement Resolution, Shareholders will be deemed to have approved the proposed directors of Karus. The directors of Karus will thereafter be elected by the shareholders of Karus at each annual meeting of shareholders and will hold office until the next annual meeting of Karus, or until his or her successor is duly elected or appointed, unless: (i) his or her office is earlier vacated in accordance with the articles of Karus; or (ii) he or she becomes disqualified to act as a director.

### **CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS**

Except as otherwise disclosed, to the knowledge of Karus, no proposed director or executive officer:

- (a) is, as at the date of this Circular, or has been, within 10 years before the date of this Circular, a director, chief executive officer ("**CEO**") or chief financial officer ("**CFO**") of any company (including KORE or Karus) that:
  - (i) was the subject, while the proposed director or executive officer was acting in the capacity as director, CEO or CFO of such company, of a cease trade, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days; or
  - (ii) was subject to a cease trade, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the proposed director or executive officer ceased to be a director, CEO or CFO but which resulted from an event that occurred while the proposed director or executive officer was acting in the capacity as director, CEO or CFO of such company; or

Except as otherwise disclosed, to the knowledge of Karus, no proposed director or executive officer or a shareholder holding a sufficient number of securities of Karus to affect materially the control of Karus:

- (a) is, as at the date of this Circular, or has been within 10 years before the date of the Circular, a director or executive officer of any company (including the KORE or Karus) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director executive officer or shareholder; or
- (c) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (d) has been subject to any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.



## **DIRECTOR AND EXECUTIVE OFFICER COMPENSATION**

### **COMPENSATION DISCUSSION AND ANALYSIS**

At this time, no compensation has been paid to any of the officers or directors of Karus and Karus executive officers will not receive salaried compensation until closing of the Arrangement and subsequent financing.

Following completion of the Arrangement, it is anticipated that Karus will adopt a compensation structure for its executive officers that is appropriate for its size and the nature of its operations, while also providing an incentive for growth. Karus expects that the initial compensation structure will reflect its intention to keep general and administrative costs low and as a cash-preserving measure, Karus may emphasize compensation through Karus Options and Awards under the Karus Omnibus Plan. Depending on the future development of Karus and other factors that may be considered relevant by the Karus Board from time to time, it may be determined in the future to emphasize increased base salaries and rely to a lesser extent on share options or other incentives.

Karus has not established an annual retainer fee or meeting attendance fee for directors. However, Karus expects to establish directors' fees in the future and each director will be entitled to participate in any security-based compensation arrangement or other plan adopted by Karus, from time to time, with the approval of the Karus Board.

### **TERMINATION OF EMPLOYMENT, CHANGES IN RESPONSIBILITY AND EMPLOYMENT CONTRACTS**

Karus and its subsidiaries have no contract, agreement, plan or arrangement that provides for payments to an NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control of Karus or its subsidiaries or a change in responsibilities of the NEO following a change in control.

There are no termination clauses or change of control benefits in employment agreements, or any other contract, agreement, plan or arrangement with named executive officers.

### **OPTION-BASED AWARDS**

The Karus Option Plan will be administered by the Karus Board, which will designate, in each year, the recipients of options and the terms and conditions of each grant, in each case in accordance with applicable securities laws and stock exchange requirements. The options and shares available to be issued under the Karus Option Plan will be used to retain and motivate current directors, officers, employees, consultants and attract new directors, officers, employees and consultants.

See "*Karus Options*" and "*Karus Stock Option Plan*".

### **OTHER SHARE-BASED AWARDS**

The Karus Omnibus Plan will be administered by the Karus Board, which will designate Karus Eligible Persons who shall be granted Karus Awards and the terms and conditions of such grants, in each case in accordance with the Karus Omnibus Plan and applicable securities laws and stock exchange requirements. The Karus Awards will be used as part of Karus' overall executive compensation plan to align the interests of Karus Award holders with those of the shareholders and to assist in the retention of qualified and experienced persons by rewarding those individuals who make a long-term commitment.

See "*Karus Omnibus Plan*".



## **INDEBTEDNESS OF DIRECTORS, OFFICERS AND EMPLOYEES**

No individual who is a director or executive officer of Karus, or an associate or affiliate of such an individual, is, or has been since Karus' incorporation, indebted to Karus. The Karus Board will periodically review the adequacy and form of the compensation of directors and ensure that the compensation realistically reflects the responsibilities and risks involved in being an effective director.

### **AUDIT COMMITTEE**

NI 52-110 requires that Karus' Audit Committee ("**Audit Committee**") meet certain requirements. It also requires Karus to disclose in this Circular certain information regarding the Audit Committee. That information is disclosed below.

#### **OVERVIEW**

The Audit Committee is responsible for monitoring Karus' systems and procedures for financial reporting and internal control, reviewing certain public disclosure documents and monitoring the performance and independence of Karus' external auditors. The committee is also responsible for reviewing Karus' annual audited financial statements, unaudited quarterly financial statements and management's discussion and analysis of financial results of operations for both annual and interim financial statements and review of related operations prior to their approval by the Board.

#### **THE AUDIT COMMITTEE'S CHARTER**

It is anticipated that the Karus Board will adopt an audit committee charter (the "**Charter**") following the Arrangement, substantially in the form attached as Exhibit "A" to this Schedule "I" mandating the role of the Audit Committee in supporting the Karus Board in meeting its responsibilities to Karus Shareholders.

#### **COMPOSITION OF THE AUDIT COMMITTEE**

The Audit Committee will consist of at least three directors as determined by the Karus Board.

At least one member of the Audit Committee shall have accounting or related financial management expertise. All members of the Audit Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Charter, the definition of "financially literate" is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by Karus' financial statements.

If Karus ceases to be a "venture issuer" (as that term is defined in NI 52-110), then: (i) the Audit Committee shall be composed of a minimum of three (3) directors of Karus and (ii) all of the members of the Audit Committee shall be required to be free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Audit Committee.

If Karus ceases to be a "venture issuer" then all members of the Audit Committee shall be financially literate. All members of the Audit Committee who are not financially literate will work toward becoming financially literate to obtain a working familiarity with basic finance and accounting practices.

The members of the Audit Committee shall be elected by the Karus Board at its first meeting following the Meeting. It is currently anticipated that James Hynes, Scott Trebilcock and Jessica Van Den Akker will be appointed as the initial members of the Audit Committee. Unless a Chair is appointed by the Board, the



members of the Audit Committee may designate a Chair by a majority vote of the full Audit Committee membership.

### **RELEVANT EDUCATION AND EXPERIENCE**

The following summarizes the education and experience of each member of the Audit Committee relevant to the performance of his responsibilities as an Audit Committee member and, in particular, any education or experience that would provide the member with:

- (a) an understanding of the accounting principles used by Karus to prepare its financial statements;
- (b) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves;
- (c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by Karus' financial statements, or experience actively supervising one or more persons engaged in such activities; and
- (d) an understanding of internal controls and procedures for financial reporting.

### **PRE-APPROVAL POLICIES AND PROCEDURES**

The Karus Board anticipates adopting the Charter, substantially in the form attached as Exhibit "A" to this Schedule "I" of this Circular, which contains policies and procedures for the engagement of non-audit services. The Audit Committee will be responsible for the pre-approval of all audit services and permissible non-audit services to be provided to Karus by the external auditors subject to any exceptions provided in NI 52-110.

### **EXTERNAL AUDITORS SERVICE FEES (BY CATEGORY)**

Karus has not paid any fees to PricewaterhouseCoopers LLP in respect of audit fees, audit-related fees, tax fees or other fees for in each of the last two fiscal years and any such fees incurred to date will be paid by KORE.

### **EXEMPTION IN SECTION 6.1 OF NI 52-110**

Karus is relying on the exemption in Section 6.1 of NI 52-110 from the requirement of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) as it is a "venture issuer" as that term is defined under NI 52-110.

## **CORPORATE GOVERNANCE**

National Policy 58-201 - *Corporate Governance Guidelines* ("NP 58-201") establishes corporate governance guidelines which apply to all reporting issuers. The guidelines deal with such matters as the constitution and independence of corporate boards, their functions, the effectiveness and education of board members and other items dealing with sound corporate governance practices. The Karus Board considers that some of the guidelines in NP 58-201 are not suitable for Karus at its current stage of development and therefore these guidelines have not been adopted. National Instrument 58-101 - *Disclosure of Corporate Governance Practices* mandates disclosure of corporate governance practices, which disclosure is set out below.



## 1. Board of Directors

The proposed Karus Board has determined that none of the proposed directors are independent based upon the tests for independence set forth in NI 52-110.

## 2. Directorships

Certain of our proposed directors are presently directors of other reporting issuers (or equivalent) in Canada, as set out below:

<u>Name of Director</u>	<u>Name of Other Reporting Issuer</u>
Marc Leduc	Silver Elephant Mining Corp., South Star Mining Corp., South Atlantic Gold Inc.
Jessica Van Den Akker	Heatherdale Resources Ltd., Northway Resources Corp.

## 3. Orientation and Continuing Education

Karus has not yet developed a formal orientation and training program for directors. If and when new directors are added, they will be provided with:

- (a) information respecting the functioning of the Board, committees and copies of Karus' corporate governance policies;
- (b) access to recent, publicly filed documents of Karus, technical reports and Karus' internal financial information;
- (c) access to management and technical experts and consultants; and
- (d) a summary of significant corporate and securities responsibilities.

Karus Board members will be encouraged to communicate with management, auditors and technical consultants, to keep themselves current with industry trends and developments and changes in legislation with management's assistance, and to attend related industry seminars and visit Karus' properties. Karus Board members will have full access to Karus' records.

## 4. Ethical Business Conduct

The Karus Board has responsibility for the stewardship of Karus, including responsibility for strategic planning, identification of the principal risks of Karus' business and implementation of appropriate systems to manage these risks, succession planning (including appointing, training and monitoring senior management) and the integrity of Karus' internal control and management information systems. To facilitate meeting this responsibility, the Karus Board seeks to foster a culture of ethical conduct by striving to ensure that Karus carries out its business in line with high business and moral standards and applicable legal and financial requirements.

In that regard, the Karus Board:

- (a) will adopt a written Code of Conduct for its directors, officers, employees and consultants. A copy of which will be posted under its profile on SEDAR at [www.sedar.com](http://www.sedar.com) and at its future website at [www.karusgold.com](http://www.karusgold.com);



- (b) encourages management to consult with legal and financial advisors to ensure that Karus is meeting those requirements;
- (c) is cognizant of Karus' timely disclosure obligations upon becoming a reporting issuer under Canadian securities laws and will review material disclosure documents such as financial statements, MD&A and press releases prior to their distribution;
- (d) will rely on its Audit Committee to annually review the systems of internal financial control and discuss such matters with Karus' external auditor; and
- (e) will actively monitor Karus' compliance with the Karus Board's directives and ensure that all material transactions are thoroughly reviewed and authorized by the Karus Board before being undertaken by management.

## **5. Nomination of Directors**

Karus does not have a stand-alone nomination committee. The full Karus Board will have responsibility for identifying potential Karus Board candidates. The Karus Board will assess potential Karus Board candidates to fill perceived needs on the Karus Board for required skills, expertise, independence and other factors. Members of the Karus Board and representatives of the mining industry will be consulted for possible candidates.

## **6. Compensation**

The full Board of Directors of Karus has the responsibility for determining compensation for the directors and senior management.

To determine future compensation payable, the Karus Board will review compensation paid to directors and CEOs of companies of similar size and stage of development in the mineral exploration/mining industry and determine an appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the directors and senior management while taking into account the financial and other resources of Karus. In setting the compensation, the Karus Board will annually review the performance of the CEO, in light of Karus' objectives, and consider other factors that may have impacted the success of Karus in achieving its objectives.

As previously discussed in this Circular, Karus has no current arrangements, standard or otherwise, pursuant to which directors are compensated by Karus for their services in their capacity as directors, or for committee participation, involvement in special assignments or for services as a consultant or expert.

## **7. Board Committees**

The Company plans to initially have one committee upon closing of the Arrangement, being the Audit Committee. It is anticipated that the Audit Committee will be comprised of three of Karus' directors: James Hynes, Scott Trebilcock and Jessica Van Den Akker.

As the directors are expected to be actively involved in the operations of Karus and the size of Karus' operations does not warrant a larger board of directors, the Karus Board has determined that additional standing committees are not necessary at this stage of Karus' development.

## **8. Assessments**

The Karus Board does not consider that formal assessments would be useful at this stage of Karus' development. The Karus Board will conduct informal annual assessments of the Karus Board's



effectiveness, the individual directors and each of its committees. To assist in its review, the Karus Board expects to conduct informal surveys of its directors.

## **9. Advance Notice Policy**

### *Purpose of the Advance Notice Policy*

The Board of Karus is committed to: (i) facilitating an orderly and efficient annual general or, where the need arises, special meeting, process; (ii) ensuring that all shareholders receive adequate notice of the director nominations and sufficient information with respect to all nominees; and (iii) allowing shareholders to register an informed vote.

The purpose of the Advance Notice Policy is to provide shareholders, directors and management of Karus with a clear framework for nominating directors. The Advance Notice Policy fixes a deadline by which holders of record of common shares of Karus must submit director nominations to Karus prior to any annual or special meeting of shareholders and sets forth the information that a shareholder must include in the notice to Karus for notice to be in proper written form in order for any director nominee to be eligible for election at any annual or special meeting of shareholders.

### *Terms of the Advance Notice Policy*

The following information is intended as a brief description of the Advance Notice Policy and is qualified in its entirety by the full text of the Advance Notice Policy, a copy of which is attached as Schedule "O" to the Circular.

Among other things, the Advance Notice Policy fixes a deadline by which holders of record of common shares of Karus must submit director nominations to the Corporate Secretary of Karus prior to any annual or special meeting of shareholders and sets forth the specific information that a shareholder must include in the written notice to the Secretary of the Company for an effective nomination to occur. No person will be eligible for election as a director of Karus unless nominated in accordance with the provisions of the Advance Notice Policy.

In the case of an annual meeting of shareholders, notice to Karus must be made not less than 30 days prior to the date of the annual meeting; provided however, that in the event that the annual meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice may be made not later than the close of business on the 10th day following the later of: (i) the date of the public announcement of the Advance Notice Policy; and (ii) the notice date in respect of such meeting.

In the case of a special meeting of shareholders (which is not also an annual meeting), notice to Karus must be made not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting was made.

The chair of any meeting of shareholders of Karus has the power to determine whether any proposed nomination is made in accordance with the Advance Notice Policy. If any proposed nomination is not in compliance with the Advance Notice Policy, the chair must declare that such defective nomination shall not be considered at any meeting of the shareholders.

The Board may, in its sole discretion, waive any requirement of the Advance Notice Policy.



## RISK FACTORS

Below are certain risk factors relating to Karus that Shareholders should carefully consider in connection with and following the Arrangement. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information that appears elsewhere in the Circular. Additional risk factors relating to Karus and its shareholders in connection with the Arrangement are set out in the Circular under the heading entitled “*Risk Factors*”.

### ***Risks relating to Karus’ ability to raise funding to continue its exploration, development and mining activities***

Karus has no revenues from operations and has recorded losses since inception. Karus expects to incur operating losses in future periods due to continuing expenses associated with general and administrative costs, costs of seeking new business opportunities, and advancing the FG Gold and Gold Creek Projects. Karus has finite financial resources and its ability to achieve and maintain profitability and positive cash flow is dependent upon its ability to:

- generate revenues in excess of expenditures;
- reduce costs in the event revenues are insufficient; and
- secure near and long-term financing.

Karus may rely on a combination of equity and debt financing to meet its capital requirements. Additional funds raised by Karus through the issuance of equity or convertible debt securities will cause current Karus Shareholders to experience dilution. Such securities may grant rights, preferences or privileges senior to those of the Karus Shareholders.

Karus does not have any contractual restrictions on its ability to incur debt and accordingly, Karus could incur significant amounts of indebtedness to finance its operations. Any such indebtedness could contain covenants, which would restrict Karus’ operations.

Karus may need to pursue alternative ways to finance its future operations as it develops the FG Gold and Gold Creek Projects and seeks new business opportunities. There are no assurances or guarantees that any financing alternative will be successful. There is no certainty that additional financing either through traditional equity and debt financing arrangements or an alternative transaction, or any combination thereof, will be available at all or on acceptable terms.

### ***Anticipated Rights Offering may not close or may not raise the anticipated amount of funds***

Karus is planning to complete the Rights Offering in the first half of 2021. However, there is no guarantee that the Rights Offering will be successful and if not successful, Karus may have difficulty in financing its anticipated business objectives during the 12 months following completion of the Arrangement.

### ***Karus Shares will not immediately be listed on any stock exchange***

Karus Shares are not currently listed on any stock exchange and the current plan to list the Karus Shares on a stock exchange may be delayed or not successful. There is no guarantee the Karus Shares will be listed within the timeframe currently anticipated in the first half of 2021. Until the Karus Shares are listed on a stock exchange, Karus Shareholders may not be able to sell their Karus Shares. This may affect the pricing of the Karus Shares in the secondary market and the liquidity of the Karus Shares. Karus Shareholders are advised to consult their legal advisors with respect to trading of the Karus Shares. Even if a listing is obtained, the holding of Karus Shares will involve a high degree of risk and should be



undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment.

***Karus Shares may not be "qualified investments"***

The Karus Shares distributed to KORE Shareholders pursuant to the Arrangement will not qualify as "qualified investments" under the Tax Act for Registered Plans unless, on or before its filing due date for its first taxation year, the Karus Shares are listed on a "designated stock exchange" as defined in the Tax Act and Karus validly elects to be a "public corporation" for purposes of the Tax Act from the commencement of its first taxation year. No assurance can be given as to whether Karus will qualify as a "public corporation".

Where a Registered Plan acquires a Karus Share in circumstances where the Karus Shares are not a qualified investment under the Tax Act for the Registered Plan, adverse tax consequences may arise for the Registered Plan and the holder, annuitant or subscriber under the Registered Plan, including that the Registered Plan or controlling individual of the Registered Plan may become subject to penalty taxes.

See "*Material Income Tax Considerations – Holders Resident in Canada – Eligibility for Investment – New KORE Shares and Karus Shares*" in the Circular.

***Following the Arrangement, Karus may be unable to make the changes necessary to operate as an independent entity and may incur greater costs.***

Following the Arrangement, the separation of Karus from the other business of KORE may materially affect Karus. Karus may not be able to implement successfully the changes necessary to operate independently. Karus may incur additional costs relating to operating independently from KORE that could materially negatively affect its cash flows and results of operations. Karus may require KORE to provide Karus with certain services, facilities and/or financing on a transitional basis. Karus may, as a result, be dependent on such services and facilities until it is able to provide or obtain its own services, facilities and/or capital.

***Karus has not had a separate operating history as a stand-alone entity***

Upon the Arrangement becoming effective, Karus will become an independent company. The operating history of KORE cannot be regarded as the operating history of Karus. The ability of Karus to raise capital, satisfy its obligations and provide a return to its shareholders will be dependent on future performance. It will not be able to rely on the capital resources and cash flows of KORE.

***Karus has not defined any proven or probable reserves and none of its mineral properties are in production or under development***

Karus is an exploration and development company and all of its properties are in the exploration stage. Karus has not defined or delineated any measured resources or proven or probable reserves on any of its properties. The properties to be held by Karus are less explored than those properties retained by KORE.

***Political and regulatory risks***

Any changes in government policy may result in changes to laws affecting ownership of assets, mining policies, monetary policies, taxation, royalty rates, rates of exchange, environmental regulations, labour relations and return of capital. This may affect both Karus' ability to undertake exploration and development activities in respect of present and future properties in the manner currently contemplated, as well as its ability to continue to explore, develop and operate those properties in which it has an interest or in respect of which it has obtained exploration and development rights to date. The possibility that future governments may adopt substantially different policies, which might extend to expropriation of assets, cannot be ruled out.



### ***Speculative nature of mining exploration and development***

The exploration for and development of mineral deposits involves significant risks. Few properties that are explored are ultimately developed into producing mines. Major expenses are typically required to locate and establish mineral reserves. Substantial expenditures are required to establish reserves through drilling, to develop processes to extract the resources and, in the case of new properties, to develop the extraction and processing facilities and infrastructure at any site chosen for extraction. Development of Karus' mineral projects will only follow upon obtaining satisfactory results, which there are no guarantee will occur or be obtained. Exploration and development of natural resources involves a high degree of risk and few properties which are explored are ultimately developed into producing properties. There is no assurance that Karus' exploration and development activities will result in any discoveries of commercial bodies of ore. There is also no assurance that, even if commercial quantities of ore are discovered, any of Karus' mineral projects will be brought into commercial production. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as attributes of the deposit, accuracy of estimated size, continuity of mineralization, average grade, proximity to infrastructure, availability and cost of water and power, cost of labour, anticipated climatic conditions, commodity prices which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted but the combination of these factors may result in Karus being unable to receive an adequate return on invested capital. The processes of exploration, development and operations also involve risks and hazards, including environmental hazards, industrial accidents, labour disputes, unusual or unexpected geological conditions or acts of nature. These risks and hazards could lead to events or circumstances, which could result in the complete loss of a project or could otherwise result in damage or impairment to, or destruction of, mineral properties and future production facilities, environmental damage, delays in exploration and development interruption, and could result in personal injury or death. Although Karus evaluates the risks and carries insurance policies to mitigate the risk of loss where economically feasible, not all of these risks are reasonably insurable and insurance coverages may contain limits, deductibles, exclusions and endorsements. Karus cannot assure that its coverage will be sufficient to meet its needs. Such a loss may have a material adverse effect on Karus.

### ***Mining is a high-risk business***

Karus' principal operation will be the exploration for and the mining of base metals. Its operations will be subject to all of the hazards and risks normally encountered in the mining and processing of minerals. These include unusual and unexpected geological formations, rock falls, flooding and other conditions involved in the extraction of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to or loss of life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, operations are subject to hazards, which may result in environmental pollution and consequent liability which could have a material adverse effect on the business, operations and financial performance of Karus. As is common with all mining operations, there is uncertainty and therefore risk associated with Karus' operating parameters and costs. These can be difficult to predict and are often affected by factors outside Karus' control.

### ***Government regulation risk***

The development and exploration activities of Karus are subject to various laws governing prospecting, development, production, exports, imports, taxes, labour standards and occupational health and safety, mine safety, toxic substances, waste disposal, environmental protection and remediation, protection of endangered and protected species, land use, water use, land claims of local people and other matters. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could have an adverse effect on Karus' financial position. Amendments to current laws, regulations and permits governing development activities and activities of mining and exploration companies, or more stringent or different implementation, could have a material



adverse impact on Karus' financial position, or could require abandonment or delays in the development of new mining properties. Failure to comply with any applicable laws, regulations or permitting requirements may result in enforcement actions against Karus, including orders issued by regulatory or judicial authorities causing development or exploration activities to cease or be curtailed or suspended, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Karus could be forced to compensate those suffering loss or damage by reason of its processing, development or exploration activities and could face civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Any such regulatory or judicial action could materially increase Karus' operating costs and delay or curtail or otherwise negatively impact Karus' activities.

### ***Permitting***

Karus' development and exploration activities are subject to receiving and maintaining licenses, permits and approvals (collectively, "**permits**") from appropriate governmental authorities. Before any development on any of its properties Karus must receive numerous permits. Karus may be unable to obtain on a timely basis or maintain in the future all necessary permits to explore and develop its properties, commence construction or operation of mining facilities and properties or maintain continued operations. Delays may occur in connection with obtaining necessary renewals of permits for Karus' existing operations and activities, additional permits for existing or future operations or activities, or additional permits associated with new legislation. It is possible that previously issued permits may become suspended or revoked for a variety of reasons, including through government or court action. Karus can provide no assurance that it will continue to hold or obtain, if required to, all permits necessary to develop or continue operating at any particular site, which could adversely affect its operations.

### ***Title defects or claims may affect development projects and future acquisitions***

Title to Karus' properties may be challenged or impugned. Karus' mining properties may be subject to prior unregistered agreements, transfers or subject to challenge by private parties. Claims and title may be affected by, among other things, undetected defects. A determination of defective title or a challenge to title rights could impact Karus' existing exploration and development projects and future acquisitions.

Indigenous Peoples' claims and rights to consultation and accommodation may affect Karus' existing properties as well as future acquisitions.

Governments in many jurisdictions may consult with Indigenous Peoples' with respect to grants of mineral rights and the issuance or amendment of project authorizations. These requirements are subject to change from time to time. As an example, the Government of British Columbia has recently introduced legislation to implement the United Nations Declaration on the Rights of Indigenous Peoples in British Columbia. Consultation and other rights of Indigenous Peoples may require accommodations, including undertakings regarding financial compensation, employment and other matters in impact and benefit agreements. This may affect the Company's ability to acquire within a reasonable time frame effective mineral titles or environmental permits in these jurisdictions, including in some parts of Canada in which Aboriginal title is claimed, and may affect the timetable and costs of development of mineral properties in these jurisdictions. The risk of unforeseen Indigenous Peoples' claims or grievances also could affect existing operations as well as development projects and future acquisitions. These legal requirements and the risk of Indigenous Peoples' opposition may increase our operating costs and affect our ability to expand or transfer existing operations or to develop new projects.

### ***Environmental risks and hazards***

All phases of Karus' exploration and mining operations are subject to environmental regulation in the jurisdictions in which they operate. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set out limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in



a manner which will likely, in the future, require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the mining operations. Environmental hazards may exist on the properties which are unknown at present which have been caused by previous or existing owners or operators of the properties. Karus may become liable for such environmental hazards caused by previous owners or operators of the properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

### ***Commodity price risk***

The price of Karus' common shares, financial results and exploration, and development and mining activities in the future may be materially adversely affected by declines in the price gold which price fluctuates widely and are affected by numerous factors beyond Karus' control.

### ***No history of dividends***

Karus has not paid a dividend on the Karus Shares since incorporation. Karus intends to continue to retain earnings and other cash resources for its business. Any future determination to pay dividends will be at the discretion of the Karus Board and will depend upon the capital requirements of Karus, results of operations and such other factors as the Karus Board considers relevant.

### ***Uncertainty of mineral resource estimates***

Mineral resource figures are only estimates. Such estimates are expressions of judgment based on knowledge, mining experience, analysis of drilling results and industry practices. While Karus believes that the mineral resource estimates included are established and reflect management's best estimates, the estimating of mineral resources is a subjective process and the accuracy of mineral resource estimates is a function of the quantity and quality of available data, the accuracy of statistical computations, and the assumptions used and judgments made in interpreting available engineering and geological information. There is significant uncertainty in any mineral resource estimate and the actual deposits encountered and the economic viability of a deposit may differ materially from Karus' estimates. Estimated mineral resources may have to be re-estimated based on changes in gold prices, copper prices, further exploration or development activity or actual production experience. This could materially and adversely affect estimates of the volume or grade of mineralization, estimated recovery rates or other important factors that influence mineral resource estimates. Mineral resources are not mineral reserves and there is no assurance that any mineral resource estimate will ultimately be reclassified as proven or probable mineral reserves. Mineral resources which are not mineral reserves do not have demonstrated economic viability.

### ***Joint ventures***

Karus may enter into joint venture arrangements with regard to future exploration, development and production properties (including potentially Karus' concessions). There is a risk any future joint venture partner does not meet its obligations and Karus may therefore suffer additional costs or other losses. It is also possible that the interests of Karus or future joint venture partners are not aligned resulting in project delays or additional costs and losses. Karus may have minority interests in the companies, partnerships



and ventures in which it invests and may be unable to exercise control over the operations of such companies.

### ***Infrastructure***

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

### ***Competition***

Karus faces competition from a number of large established companies with greater financial and technical resources than Karus. Karus competes with these other mining companies for the recruitment and retention of qualified directors, professional management, employees and contractors. There is also significant and increasing competition for a limited number of suitable properties and resource acquisition opportunities and, as a result, Karus may be unable to acquire such mining properties which it desires on terms it considers acceptable.

### ***Dependence on good relations with employees***

The success of Karus' operations depends on the skills and abilities of its employees. There is intense competition for engineers, geologists and persons with mining expertise. The ability of Karus to hire and retain engineers, geologists and persons with mining expertise is key to the mining operations. Further, relations with employees may be affected by changes in the scheme of labour relations that may be introduced by the relevant governmental authorities in the jurisdictions in which the mining operations are conducted. Changes in such legislation or otherwise in Karus' relationships with its employees may result in strikes, lockouts or other work stoppages, any of which could have a material adverse effect on the mining operations, results of operations and financial condition.

### ***Lack of availability of resources***

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

### ***Management***

The success of Karus will be largely dependent on the performance of its board of directors and its senior management. Many of Karus' senior management are employed directly by KORE and provide services through their existing employment and consulting agreements. The loss of any of these individuals or the termination of the existing employment and consulting agreements with KORE may have a materially adverse effect on Karus' business and prospects. There is no assurance Karus can maintain the services of its board of directors and management or other qualified personnel required to operate its business. Failure to do so could have material adverse effects on Karus and its prospects.

### ***Key personnel***

Recruiting and retaining qualified personnel is critical to Karus' success. The number of persons skilled in the acquisition, exploration and development of mining properties is limited and competition for such persons is intense. As Karus' business activity grows, it will require additional key financial, administrative, mining, marketing and public relations personnel as well as additional staff on the operations side. Although



Karus believes that it will be successful in attracting and retaining qualified personnel, there can be no assurance of such success

### ***Property commitments***

The properties to be held by Karus may be subject to various land payments, royalties and/or work commitments. Failure by Karus to meet its payment obligations or otherwise fulfill its commitments under these agreements could result in the loss of related property interests.

### ***Karus' financial statements may not reflect what its financial position, results of operations or cash flows would have been had Karus operated as a stand-alone company or what Karus' financial position, results of operations or cash flows will be in the future***

The financial statements included in Schedules "J", "K" and "L" to the Circular have been derived from the consolidated financial statements of KORE as if Karus and the Spin-Off Exploration Assets had been operating as a stand-alone company for the periods presented. Karus believes management has made reasonable assumptions underlying Karus' financial statements, including reasonable allocations of corporate expenses from KORE, such as expenses related to employee benefits, finance, human resources, legal, information technology and executive management. However, because Karus' and the Spin-Off Exploration Assets carve-out financial statements are based on certain assumptions and include allocations of corporate expenses from KORE, these financial statements may not reflect what Karus' financial position, results of operations or cash flows would have been had Karus operated as a stand-alone company during the historical periods presented or what Karus' financial position, results of operations or cash flows will be in the future.

### ***Reporting Issuer obligations***

Karus' business is subject to evolving corporate governance and public disclosure regulations that have increased both Karus' compliance costs and the risk of non-compliance, which could adversely impact Karus' share price.

Karus is subject to changing rules and regulations promulgated by a number of governmental and self-regulated organizations, including the Canadian Securities Administrators and the International Accounting Standards Board. These rules and regulations continue to evolve in scope and complexity creating many new requirements.

### ***Income tax considerations***

The fair market value of the Karus Shares immediately following the exchange of Class A Shares for New KORE Shares and Karus Shares cannot be determined precisely and will impact the tax consequences of participating in the Arrangement.

No tax ruling has been received from the authorities in Canada or the United States in respect of tax consequences of participating in the Arrangement.

### ***Change in climate conditions***

Governments are moving to introduce climate change legislation and treaties at the international, national, state/province and local levels. Regulation relating to emission levels (such as carbon taxes) and energy efficiency is becoming more stringent. If the current regulatory trend continues, Karus expects that this will result in increased costs. In addition, physical risk of climate change may also have an adverse effect on Karus' operations. These risks include: extreme weather events, and resource shortages due to disruption of equipment and supplies required on site. Karus can provide no assurance that efforts to mitigate the



risks of climate changes will be effective and that the physical risks of climate change will not have an adverse effect on its operations.

### ***Information systems***

Targeted attacks on Karus' systems (or on systems of third parties that Karus relies on), failure or non-availability of a key information technology ("IT") systems or a breach of security measures designed to protect Karus' IT systems could result in disruptions to Karus' operations, extensive personal injury, property damage or financial or reputational risks. Karus has engaged IT consultants to implement and test system controls and disaster recovery infrastructure for certain IT systems. As the threat landscape is ever-changing, Karus must make continuous mitigation efforts, including: risk prioritized controls to protect against known and emerging threats; tools to provide automate monitoring and alerting and backup and recovery systems to restore systems and return to normal operations.

### ***Conflicts of interest***

Certain of the directors and/or officers of Karus also serve as directors and/or officers of other companies, including KORE, involved in natural resource exploration, development and mining operations and consequently there exists the possibility for such directors to be in a position of conflict. Any decision made by any of such directors and/or officer will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of Karus and Karus Shareholders. In addition, each director is required to declare and refrain from voting on any matter in which such director may have a conflict of interest in accordance with the procedures set forth in the BCBCA and other applicable laws.

### ***The possible issuance of additional Karus Shares may impact the value of Karus Shares***

Karus is authorized to issue an unlimited number of Karus Shares without par value. Sales of substantial amounts of Karus Shares, or the perception that such sales could occur, could materially adversely affect the value of Karus Shares, particularly when no existing public market for trading such securities exists.

### ***Additional financings may result in dilution***

Karus may require additional funds to further its activities and objectives. To obtain such funds, Karus may issue additional securities, including Karus Shares or securities convertible into or exchangeable for Karus Shares. As a result, Karus' shareholders could be substantially diluted. In addition, there can be no assurance that Karus will be able to obtain sufficient financing in the future on terms favourable to Karus or at all.

## **PROMOTER**

Under applicable Canadian securities laws, KORE may be considered a promoter of Karus in that it took initiative in substantially reorganizing the business of Karus.

As of the date of this Circular, KORE is the registered holder of 1 Karus Share representing all of the issued and outstanding Karus Shares.

Immediately following the Effective Time, KORE is not expected to beneficially own, control and direct, directly or indirectly, any Karus Shares.



## **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

### **Legal Proceedings**

Karus is not aware of any actual or pending material legal proceedings to which Karus is or is likely to be party or of which any of its business or property is or is likely to be subject.

### **Regulatory Actions**

There are no (a) penalties or sanctions imposed against Karus by a court relating to securities legislation or by a securities regulatory authority during its most recently completed financial year; (b) other penalties or sanctions imposed by a court or regulatory body against Karus that would likely be considered important to a reasonable investor in making an investment decision in Karus; or (c) settlement agreements Karus entered into before a court relating to securities legislation or with a securities regulatory authority during its most recently completed financial year..

## **INTERESTS OF CERTAIN PERSONS IN MATERIAL TRANSACTIONS**

Except as set out elsewhere in this Circular, none of the proposed directors or executive officers of Karus, or any person that is expected to beneficially own or control or direct more than 10% of any class or series of shares of Karus, or any associate or affiliate of any of the foregoing persons, has or has had any material interest in any past transaction within the three years before the date of this Circular, or any proposed transaction, that has materially affected or would materially affect Karus or any of its subsidiaries.

Certain proposed directors and officers of Karus are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations to other engaged companies in the resource sector may give rise to conflicts of interest from time to time. As a result, opportunities provided to a director of Karus may not be made available to Karus but, rather, may be offered to a company with competing interests. The directors and senior officers of Karus are required by law to act honestly and in good faith with a view to the best interests of Karus and to disclose any personal interest which they may have in any project or opportunity of Karus, and to abstain from voting on such matters.

## **AUDITORS, TRANSFER AGENT AND REGISTRAR**

Effective on completing the Arrangement, PricewaterhouseCoopers LLP, 250 Howe Street, Suite 1400, Vancouver, British Columbia V6C 2S7, will be the auditors of Karus. PricewaterhouseCoopers LLP are the auditors for KORE and were appointed in 2018.

The transfer agent and registrar for the Karus Shares is Computershare. The register of transfers of the Karus Shares is maintained by Computershare at its offices in Vancouver, British Columbia.

## **MATERIAL CONTRACTS**

Following the completion of the Arrangement, other than contracts entered into in the ordinary course of business, the only material contract of Karus is the Arrangement Agreement dated as of December 16, 2020 among KORE and Karus, as described under "*The Arrangement – Details of the Arrangement*" in this Circular.

Copies of the above material contract are available under KORE's profile on SEDAR at [www.sedar.com](http://www.sedar.com).



## **EXPERTS**

PricewaterhouseCoopers LLP, prepared an auditors' report to KORE, the sole shareholder of Karus, of the annual financial statements of Karus as at and for the period from incorporation on November 20, 2020 to November 30, 2020. PricewaterhouseCoopers LLP has advised KORE that it is independent with respect to Karus within the meaning of the Chartered Professional Accountants of British Columbia Code of Professional Conduct.

The technical information contained in this Schedule "I" has been reviewed and approved by Marc Leduc, P. Eng., the Company's COO is a Qualified Person under NI 43-101 and has approved the technical and scientific disclosure contained herein.

## **FINANCIAL STATEMENTS DISCLOSURE**

See Schedule "L" to the Circular for the annual financial statements of Karus as at and for the period from incorporation on November 20, 2020 to November 30, 2020.



## Exhibit A to Schedule I

### AUDIT COMMITTEE CHARTER

#### **A. OVERVIEW AND PURPOSE**

The Audit Committee of Karus Gold Corp. (“**Karus**”) has been formed to enable the Board of Directors of Karus to perform its obligations with respect to compliance with applicable securities laws and the rules of the Exchange.

The Audit Committee is responsible to the Board of Directors of Karus. The primary objective of the Audit Committee is to assist the Board of Directors in fulfilling its responsibilities with respect to:

- (a) disclosure of financial and related information;
- (b) the relationship with and expectations of the external auditors of Karus, including the establishment of the independence of the external auditors;
- (c) the oversight of Karus’ internal controls; and
- (d) any other matters that the Audit Committee feels are important to its mandate or that the Board of Directors of Karus chooses to delegate to it.

The Audit Committee will approve, monitor, evaluate, advise or make recommendations in accordance with this Charter, with respect to the matters set out above.

#### **B. ORGANIZATION**

##### **1. Size and Membership Criteria**

The Audit Committee will consist of three or more Directors of Karus. A majority of the members of the Audit Committee must be independent of management and free from any interest, business or other relationship, other than interests and relationships arising from holding Shares of Karus or other securities which are exchangeable into Shares of Karus, which could, or could reasonably be perceived to, materially interfere with the director’s ability to act in the best interests of Karus.

All members of the Audit Committee should be financially literate and be able to read and understand basic financial statements, or should strive to become financially literate within a reasonable period of time after being appointed as a member of the Audit Committee. At least one member of the Audit Committee must have accounting or related financial expertise and should be able to analyze and interpret a full set of financial statements, including notes, in accordance with generally accepted accounting principles.

##### **2. Appointment and Vacancies**

The members of the Audit Committee are appointed or reappointed by the Board of Directors following each annual meeting of the shareholders of Karus. Each member of the Audit Committee will continue to be a member of the Audit Committee until his or her successor is appointed unless he or she resigns or is removed by the Board of Directors of Karus or ceases to be a Director of Karus. Where a vacancy occurs at any time in the membership of the Audit Committee the Board of Directors of Karus may appoint a qualified individual to fill such vacancy and must appoint a qualified individual if the membership of the Audit Committee is less than three Directors as a result of any such vacancy.



## **C. MEETINGS**

### **1. Frequency**

The Audit Committee will meet at least four times per year on a quarterly basis, or more frequently as circumstances require. In addition, the Audit Committee may also meet at least once per year with management and the external auditors of Karus in separate executive sessions to discuss any matters that the Audit Committee or each of these groups believes should be discussed privately.

### **2. Chair**

The Board of Directors of Karus or, in the event of its failure to do so, the members of the Audit Committee, will appoint a Chair from amongst their number. If the Chair of the Audit Committee is not present at any meeting of the Audit Committee, the Chair of the meeting will be chosen by the Audit Committee from among the members present. The Audit Committee will also appoint a secretary who need not be a Director of Karus.

### **3. Time and Place of Meetings**

The time and place of meetings of the Audit Committee and the procedure at such meeting will be determined from time to time by the members of the Audit Committee, provided that:

- (a) a quorum for meetings of the Audit Committee will be two members present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and hear each other, and
- (b) notice of the time and place of every meeting will be given in writing or facsimile to each member of the Audit Committee, the internal auditors, the external auditors and the corporate secretary of Karus at least 24 hours prior to the time fixed for such meeting.

Any person entitled to notice of a meeting of the Audit Committee may waive such notice (an attendance at a meeting is a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called). A meeting of the Audit Committee may be called by the corporate secretary of Karus on the direction of the President of Karus, by any member of the Audit Committee or the external auditors. Notwithstanding the foregoing, the Audit Committee will at all times have the right to determine who will and will not be present at any part of the meeting of the Audit Committee.

### **4. Agenda**

The Chairman will ensure that the agenda for each upcoming meeting of the Audit Committee is circulated to each member of the Audit Committee as well as each of the external auditors and corporate secretary of Karus in advance of the meeting of the Audit Committee not later than three business days prior to each meeting.

### **5. Resources**

The Audit Committee will have the authority to retain independent legal, accounting and other consultants to advise the Audit Committee, and to set the pay and compensation for such consultants. The Audit Committee may request any officer or employee of Karus or its subsidiaries or the legal counsel to Karus or the external auditors of Karus to attend any meeting of the Audit Committee or to meet with any members of, or consultants to, the Audit Committee.



## **D. DUTIES AND RESPONSIBILITIES**

The Board of Directors of Karus has delegated the following duties and responsibilities to the Audit Committee and the Audit Committee shall have the sole authority and responsibility to carry out these duties and responsibilities.

### **1. Review and Reporting Procedures**

The Audit Committee will make regular reports to the Board of Directors of Karus. The Audit Committee will review and re-assess the Audit Committee Charter on an annual basis and make recommendations for changes to this Charter. The Audit Committee will also periodically perform a self- assessment of its performance against its mandate.

### **2. Financial Reporting**

The Audit Committee will review and discuss with management, the internal auditors (as applicable) and the external auditors of Karus the following financial statements and related information prior to filing or public dissemination:

- (a) annual audited financial statements of Karus, including notes;
- (b) interim financial statements of Karus;
- (c) management discussion and analysis ("MD&A") relating to each of the annual audited financial statements and the interim financial statements of Karus;
- (d) news releases and material change reports announcing annual or interim financial results or otherwise disclosing the financial performance of Karus, including the use of non-GAAP earnings measures;
- (e) the annual report of Karus;
- (f) all financial-related disclosure to be included in management proxy circulars of Karus in connection with meetings of shareholders; and
- (g) all financial-related disclosure to be included in or incorporated by reference into any prospectus or other offering documents that may be prepared by Karus.

As part of this review process, the Audit Committee will meet with the external auditors without management present to receive input from the external auditors with respect to the acceptability and quality of the relevant financial information.

The Audit Committee will also review the following items in relation to the above listed documents:

- (a) significant accounting and reporting issues or plans to change accounting practices or policies and the financial impact thereof;
- (b) any significant or unusual transactions;
- (c) significant management estimates and judgments; and
- (d) monthly financial statements.



Following the review by the Audit Committee of the documents set out above, the Audit Committee will recommend to the Board of Directors that such documents be approved by the Board of Directors and filed with all applicable securities regulatory bodies and/or be sent to shareholders.

### **3. External Auditors**

The Audit Committee is directly responsible for the appointment, compensation and oversight of the work of the external auditors of Karus (including resolution of disagreements between management and the external auditors regarding financial reporting) for the purpose of preparing or issuing its audit report or performing other audit, review or attest services. As a result, the Audit Committee will review and recommend the appointment of the external auditors and the remuneration of the external auditors.

The Audit Committee will review on an annual basis the performance of the external auditors of Karus. The Audit Committee will discuss with the external auditors any disclosed relationships or non-audit services that the external auditors propose to provide to Karus or any of its subsidiaries that may impact the objectivity and independence of the external auditors in order to satisfy itself of the independence of the external auditors.

In addition, the Audit Committee will review on an annual basis the scope and plan of the work to be done by the external auditors of Karus for the coming financial year.

Prior to the release of the annual financial statements of Karus, the Audit Committee will discuss certain matters required to be communicated to the Audit Committee by the external auditors in accordance with the standards established by the Chartered Professional Accountants of Canada. The Committee will also consider the external auditors' judgment about the quality and appropriateness of Karus' accounting principles as applied in the Karus' financial reporting.

### **4. Legal and Compliance**

The Audit Committee is responsible for reviewing with management of Karus the following:

- (a) any off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of Karus and its subsidiaries which would have a material current or future effect on the financial condition of Karus;
- (b) major risk exposures facing Karus and the steps that management has taken to monitor, control and manage such exposures, including Karus' risk assessment and risk management guidelines and policies;
- (c) any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of Karus and its subsidiaries and the manner in which these matters have been disclosed in the financial statements; and
- (d) the quarterly and annual certificates of the CEO and the CFO of Karus certifying Karus' quarterly and annual financial filings in compliance with Multilateral Instrument 52-109 of the Canadian Securities Administrators.

### **5. Internal Controls**

The Audit Committee is responsible for reviewing the adequacy of Karus' internal control structures and procedures designed to ensure compliance with applicable laws and regulations. The Audit Committee is responsible for establishing procedures for the following:



- (a) the receipt, retention and treatment of complaints received by Karus regarding accounting, internal accounting controls, or auditing matters; and
- (b) the confidential, anonymous submission by employees or consultants of Karus of concerns regarding questionable accounting or auditing matters.

The Audit Committee will review and approve Karus' hiring policies regarding partners, employees and former partners and employees of the present and former external auditors. The Audit Committee will also review the letters from the external auditors of Karus outlining the material weaknesses in internal controls noted from their audit, including relevant drafts of such letters.



**SCHEDULE J**  
**SPIN-OUT EXPLORATION ASSETS OF KORE MINING LTD AUDITED CARVE-OUT FINANCIAL**  
**STATEMENTS AND RELATED MD&A**

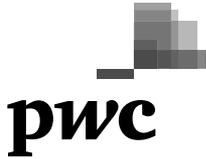
(Attached)

**SPIN-OFF EXPLORATION ASSETS OF KORE MINING LTD.**

**Carve-Out Financial Statements**

**For the year ended December 31, 2019**





## Independent auditor's report

To the Directors of KORE Mining Ltd.

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### *Our opinion*

In our opinion, the accompanying carve-out financial statements present fairly, in all material respects, the financial position of the Spin-off Exploration Assets of KORE Mining Ltd. as at December 31, 2019 and 2018, and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

### **What we have audited**

The Spin-off Exploration Assets of KORE Mining Ltd.'s financial statements comprise:

- the carve-out statements of financial position as at December 31, 2019 and 2018;
- the carve-out statements of loss and comprehensive loss for the years then ended;
- the carve-out statements of cash flows for the years then ended;
- the carve-out statements of changes in net parent investment for the years then ended; and
- the notes to the carve-out financial statements, which include significant accounting policies and other explanatory information.

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### *Basis for opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

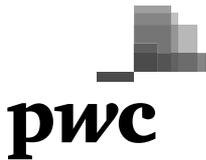
### **Independence**

We are independent of KORE Mining Ltd. in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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*PricewaterhouseCoopers LLP*  
*PricewaterhouseCoopers Place, 250 Howe Street, Suite 1400, Vancouver, British Columbia, Canada V6C 3S7*  
*T: +1 604 806 7000, F: +1 604 806 7806*

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



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*Material uncertainty related to going concern*

We draw attention to Note 2 in the carve-out financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Spin-off Exploration Assets of KORE Mining Ltd.'s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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*Other information*

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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*Responsibilities of management and those charged with governance for the financial statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Spin-off Exploration Assets of KORE Mining Ltd.'s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Spin-off Exploration Assets of KORE Mining Ltd. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Spin-off Exploration Assets of KORE Mining Ltd.'s financial reporting process.



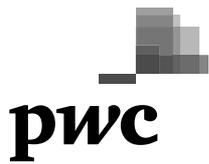
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### *Auditor's responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Spin-off Exploration Assets of KORE Mining Ltd.'s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Spin-off Exploration Assets of KORE Mining Ltd.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Spin-off Exploration Assets of KORE Mining Ltd. to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**(Signed) “PricewaterhouseCoopers LLP”**

Chartered Professional Accountants

Vancouver, British Columbia  
December 18, 2020

**SPIN-OFF EXPLORATION ASSETS OF KORE MINING LTD.****Carve-Out Statements of Financial Position***(Expressed in Canadian dollars)*

<b>As at</b>		<b>December 31, 2019</b>	<b>December 31, 2018</b>
	Note		
<b>Current assets</b>			
Amounts receivable		\$ -	\$ 870
		-	870
<b>Non-current assets</b>			
Reclamation Deposit		<b>10,043</b>	10,000
Mineral properties	6	<b>868,743</b>	868,743
		<b>\$ 878,786</b>	\$ 879,613
<b>Current liabilities</b>			
Accounts payable		\$ <b>57,128</b>	\$ 381,508
		<b>57,128</b>	381,508
<b>Net parent investment</b>	7	<b>821,659</b>	498,105
		<b>\$ 878,786</b>	\$ 879,613

Going concern 2

Approved by the Board of Directors:

"James Hynes" \_\_\_\_\_

Director

"Scott Trebilcock" \_\_\_\_\_

Director

*The accompanying notes are an integral part of these carve-out financial statements*

**SPIN-OFF EXPLORATION ASSETS OF KORE MINING LTD.****Carve-Out Statements of Loss and Comprehensive Loss***(Expressed in Canadian dollars)*

		<b>For the year ended December 31, 2019</b>	For the year ended December 31, 2018
	Note		
<b>Expenses</b>			
Exploration and evaluation expenses	6	<b>\$ 90,259</b>	\$ 99,155
General and administration		<b>67,090</b>	46,089
Management fees, wages and corporate advisory fees	7	<b>194,616</b>	165,613
Marketing, advisory and investor relations		<b>215,660</b>	71,428
Professional fees		<b>173,870</b>	30,758
Share-based payments	7	<b>161,162</b>	135,975
<b>Loss before other items</b>		<b>(902,657)</b>	(549,018)
Tax credits received for exploration and evaluation	6	<b>201,366</b>	-
<b>Loss and comprehensive loss for the year</b>		<b>\$ (701,291)</b>	(549,018)

*The accompanying notes are an integral part of these carve-out financial statements*

**SPIN-OFF EXPLORATION ASSETS OF KORE MINING LTD.****Carve-Out Statements of Cash Flows***(Expressed in Canadian dollars)*

	<b>For the year ended December 31, 2019</b>	<b>For the year ended December 31, 2018</b>
<b>CASH USED IN OPERATING ACTIVITIES</b>		
Loss for the year	\$ (701,291)	\$ (549,018)
Items not involving cash:		
Share-based payments	161,162	135,975
Changes in non-cash working capital items:		
Amounts receivable	870	(870)
Deposits	(43)	(10,000)
Accounts payable	(324,380)	381,508
	<b>(863,682)</b>	<b>(42,405)</b>
<b>FINANCING ACTIVITIES</b>		
Financing provided by Parent	863,682	42,405
	<b>863,682</b>	<b>42,405</b>
<b>Change in cash</b>	-	-
Cash at beginning of year	-	-
Cash at end of year	\$ -	\$ -
<b>Supplemental cash flow information:</b>		
Acquisition of mineral properties through RTO	\$ -	\$ 868,743

*The accompanying notes are an integral part of these carve-out financial statements*

**SPIN-OFF EXPLORATION ASSETS OF KORE MINING LTD.**

**Carve-Out Statements of Changes in Net Parent Investment**

*(Expressed in Canadian dollars)*

		<b>For the Year Ended December 31, 2019</b>	For the Year Ended December 31, 2018
<b>Balance, beginning of the year</b>	<b>\$</b>	<b>498,105</b>	<b>\$ -</b>
Contributions from Parent		<b>863,683</b>	911,148
Share-based payments		<b>161,162</b>	135,975
Loss for the year		<b>( 701,291)</b>	(549,018)
<b>Balance, end of the year</b>	<b>\$</b>	<b>821,659</b>	<b>\$ 498,105</b>

*The accompanying notes are an integral part of these carve-out financial statements*

## **SPIN-OFF EXPLORATION ASSETS OF KORE MINING LTD.**

### **Notes to the Carve-Out Financial Statements**

**For the year ended December 31, 2019**

*(Expressed in Canadian dollars)*

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

KORE Mining Ltd. (“KORE”) entered into an Arrangement Agreement dated December 16, 2020 (“Arrangement Agreement”) with Karus Gold Corp (formerly 1275702 BC Ltd) (“Spinco” or the “Company”) whereby KORE, pursuant to a Plan of Arrangement, will spin-out its wholly owned subsidiary, Spinco. KORE intends to re-organize such that all of its Canadian mineral property interests (“Spin-off Exploration Assets”) are transferred to Spinco and then distribute all of the outstanding shares of Spinco to the shareholders of KORE as a return of capital by way of a plan of arrangement, which is subject to various approvals, including court and shareholder approval.

Spinco will be engaged in the acquisition, exploration and development of mineral properties located in Canada. It has not yet been determined whether the Spin-off Exploration Assets contain mineral reserves that are economically recoverable. The continued operations of the Spin-off Exploration Assets through Spinco and the recoverability of the amounts shown for mineral properties is dependent upon the existence of economically recoverable reserves, the ability of Spinco to obtain necessary financing to complete the development of such properties, and upon future profitable production from or disposition of such properties.

These carve-out financial statements reflect the assets, liabilities, expenses and cash flows of the Spin-off Exploration Assets that will be spun out by KORE to Spinco as more fully described in Note 3 below.

#### **2. GOING CONCERN**

These carve-out financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Spin-off Exploration Assets 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 to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Spin-off Exploration Asset’s business or ability to raise funds, however the impact to date has been limited.

As at December 31, 2019, the Spin-off Exploration Assets had not generated any revenue and have incurred losses since they were acquired by KORE in October 2018 (see Note 3). There is a working capital deficiency of \$57,128 as at December 31, 2019 (December 31, 2018 - \$380,638). The ability of the Spin-off Exploration Assets to continue to meet their obligations and carry out their planned exploration and development activities for at least the next twelve months is uncertain and dependent upon the continued financial support of KORE and on securing additional financing. There is, however, no assurance that any such initiatives will be sufficient 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 carve-out 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 Spin-off Exploration Assets were unable to realize their assets and settle their liabilities as a going concern in the normal course of operations for the foreseeable future. These adjustments could be material.

## **SPIN-OFF EXPLORATION ASSETS OF KORE MINING LTD.**

### **Notes to the Carve-Out Financial Statements**

**For the year ended December 31, 2019**

*(Expressed in Canadian dollars)*

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### **3. BASIS OF PRESENTATION**

These carve-out financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”). The summary of accounting policies set out below have been applied consistently to all periods presented in these carve-out financial statements.

The formation of the Spin-off Exploration Assets is the result of the transfer of assets between entities under common control; accordingly, the transaction is excluded from the scope of IFRS 3 (R), Business Combinations. These carve-out financial statements have been presented based on the amounts recorded by KORE in its consolidated annual financial statements. During the periods presented, the Spin-off Exploration Assets did not operate as an independent entity, and accordingly, standalone financial information does not exist. Accordingly, these carve-out financial statements represent an extraction of the financial information relating to the Spin-off Exploration Assets.

The purpose of these carve-out financial statements is to provide general purpose historical financial information of the Spin-off Exploration Assets in connection with the Transaction detailed in Note 1. Therefore, these carve-out financial statements present the historical financial information of KORE that make up the Spin-off Exploration Assets, either fully, or partially, where only specifically identifiable assets and liabilities are included, and allocations of shared income and expenses of KORE that are attributable to the Spin-off Exploration Assets.

The basis of presentation for the carve-out statements of financial position, loss and comprehensive loss, cash flows and changes in net parent investment of the Spin-off Exploration Assets have been applied. The carve-out financial statements have been extracted from historical accounting records of KORE with estimates used, when necessary, for certain allocations.

- The carve-out statements of financial position reflect the assets and liabilities recorded by KORE which have been assigned to the Spin-off Exploration Assets on the basis that they are specifically identifiable and attributable to the Spin-off Exploration Assets;
- The carve-out statement of loss and comprehensive loss included a pro-rata allocation of KORE’s income and expenses incurred in each of the years presented based on the percentage of exploration and evaluation activity on the carve-out exploration and evaluation assets, compared to the expenditures incurred on all of KORE’s exploration and evaluation assets, and based on specifically identifiable activities attributable to the Spin-off Exploration Assets. The allocation of income and expense for each year presented is as follows: 2019 and 2018 – 30%. The percentages are considered reasonable under the circumstances;

Management cautions readers of these carve-out financial statements that the Spin-off Exploration Assets results do not necessarily reflect what the results of operations, financial position, or cash flow would have been had the Spin-off Exploration Assets been a separate company. Further, the allocation of income and expense in these carve-out statements of loss and comprehensive loss does not necessarily reflect the nature and level of the Spin-off Exploration Assets future income and operating expenses. KORE’s investment in the Spin-off Exploration Assets, presented as net parent investment in these carve-out financial statements, includes the accumulated total loss and comprehensive loss of the Spin-off Exploration Assets.

#### **Basis of measurement**

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

The carve-out financial statements have been authorized for issue by the Board of Directors of KORE on December 18, 2020.

## **SPIN-OFF EXPLORATION ASSETS OF KORE MINING LTD.**

### **Notes to the Carve-Out Financial Statements**

**For the year ended December 31, 2019**

*(Expressed in Canadian dollars)*

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### **3. BASIS OF PRESENTATION (cont'd...)**

#### **Significant judgments, estimates and assumptions**

The preparation of these carve-out 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 carve-out 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.

#### ***Critical Judgments***

The preparation of these carve-out financial statements requires management to make judgments regarding the going concern of the Spin-off Exploration Assets as discussed in Note 2.

Management 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.

### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Mineral Properties**

##### *Acquisition Costs*

Costs incurred before the right to explore a property has been acquired are expensed as incurred. Exploration and evaluation asset acquisition costs, including option payments, are capitalized on an individual area of interest basis. Once a property is brought into production, the capitalized costs are amortized on a units-of-production basis, or until the properties are abandoned, sold or management determines that the asset is no longer economically viable, at which time the unrecoverable deferred costs are expensed to operations. Option payments relating to the acquisition of exploration and evaluation assets are recorded when paid.

Exploration and evaluation asset acquisition costs include cash consideration and the estimated fair market value, of common shares or warrants on the date of issue.

Although the Spin-off Exploration Assets have taken steps to verify title to exploration and evaluation properties in which they have an interest, these procedures do not guarantee the title of the Spin-off Exploration Assets. Such properties may be subject to prior agreements or transfers, non-compliance with regulatory requirements or title may be affected by undetected defects.

##### *Exploration and Evaluation Costs*

Exploration and evaluation costs are expensed to operations as incurred.

Once the technical feasibility and commercial viability of the extraction of mineral reserves or resources from a particular exploration and evaluation asset has been determined, the capitalized costs are assessed for impairment and then reclassified to mineral property development costs and carried at cost until the properties to which the expenditures relate are sold, abandoned or determined by management to be impaired in value. The establishment of technical feasibility and commercial viability of an exploration and evaluation asset is assessed based on a combination of factors, including:

## **SPIN-OFF EXPLORATION ASSETS OF KORE MINING LTD.**

### **Notes to the Carve-Out Financial Statements**

**For the year ended December 31, 2019**

*(Expressed in Canadian dollars)*

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#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

- The extent to which mineral reserves or mineral resources as defined in National Instrument 43-101 have been identified through a feasibility study or similar document;
- The results of optimization studies and further technical evaluation carried out to mitigate project risks identified in the feasibility study;
- The status of environmental permits; and
- The status of mining leases or permits.

#### **Impairment of Non-Financial Assets**

Management reviews the carrying values of capitalized exploration and evaluation assets at the end of each reporting period for indications of impairment. Exploration and evaluation assets are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the “cash-generating unit” or “CGU”). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future pre-tax cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Fair value less costs to sell is based on an estimate of the amount that the Spin-off Exploration Assets may obtain in a sale transaction on an arm’s length basis between knowledgeable, willing parties, less costs of disposal.

An impairment loss is recognized if the carrying value amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of an impairment loss is recognized immediately in profit or loss.

#### **Provisions**

Liabilities are recognized when the Spin-off Exploration Assets have a present legal or constructive obligation that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. A provision is a liability of uncertain timing or amount.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognized as a finance expense.

## SPIN-OFF EXPLORATION ASSETS OF KORE MINING LTD.

### Notes to the Carve-Out Financial Statements

For the year ended December 31, 2019

(Expressed in Canadian dollars)

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

##### Financial Instruments - Recognition and Measurement

The Spin-off Exploration Assets classifies financial assets and liabilities in the following measurement categories - i) those to be subsequently measured at amortized cost; or ii) those to be subsequently measured at fair value (either through other comprehensive income, or through profit or loss (“FVTPL”)).

The classification is driven by the business model for managing the financial assets and their contractual cash flow characteristics. The Spin-off Exploration Assets classifies financial assets and financial liabilities as those to be subsequently measured at amortized cost. At initial recognition financial assets and liabilities are measured at fair value less transaction costs except for financial assets classified as FVTPL, where transaction costs are expensed directly to profit or loss.

#### 5. REVERSE TAKEOVER

In October 2018, Eureka Resources Inc. completed a reverse takeover whereby it acquired all of the issued and outstanding shares of 1184938 BC Ltd (formerly known as KORE Mining Ltd), a private BC company, pursuant to an amalgamation between the parties (the “RTO”), with the resulting issuer renamed as KORE. For accounting purposes, this RTO was considered to be an asset acquisition and has been treated as a capital transaction under IFRS 2 where 1184938 BC Ltd has been treated as the accounting parent company (legal subsidiary) and KORE has been treated as the accounting subsidiary (legal parent).

In connection with the RTO, KORE acquired its current Canadian mineral properties, which were allocated a value of \$868,743 in the resulting purchase price allocation. This amount has been included in net parent investment.

#### 6. MINERAL PROPERTIES

A summary of the changes to mineral properties for the years ended December 31, 2019 and 2018 is as follows:

		FG Gold Canada	Gold Creek Canada	Total
Balance, December 31, 2017	\$	-	\$ -	\$ -
Additions - RTO	Note 5	370,607	498,136	868,743
<b>Balance, December 31, 2018 and 2019</b>	<b>\$</b>	<b>370,607</b>	<b>\$ 498,136</b>	<b>\$ 868,743</b>

##### Acquisition of FG Gold project

Pursuant to the RTO, KORE 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 RTO, KORE 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 KORE may purchase 50% (being 0.5%) for \$1,000,000.

**SPIN-OFF EXPLORATION ASSETS OF KORE MINING LTD.**

**Notes to the Carve-Out Financial Statements**

**For the year ended December 31, 2019**

*(Expressed in Canadian dollars)*

**6. MINERAL PROPERTIES (cont'd...)**

**Acquisition of White Gold project**

Pursuant to the RTO, KORE 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.

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

	<b>For the year ended December 31, 2019</b>	For the year ended December 31, 2018
Assay and sampling	\$ 10,432	\$ 84,659
Geographic information system	-	595
Geological & project evaluation	56,030	5,405
Travel	23,797	8,496
	<u>90,259</u>	<u>99,155</u>
BC METC recovery	(201,366)	-
	<u>\$ (111,107)</u>	<u>\$ 99,155</u>

**7. NET PARENT INVESTMENT**

KORE's investment in the operations of the Spin-off Exploration Assets is presented as net parent investment in the carve-out financial statements. Net parent investment represents the accumulated net losses of the carve-out operation, accumulated net contributions from KORE and the portion of the stock-based compensation allocated to the Spin-off Exploration Assets. The portion of the stock-based compensation was determined based on the exploration costs incurred on carve-out properties over the years December 31, 2019 and 2018.

Net financing transactions with KORE as presented in the carve-out statements of cash flows represent the net contributions relating to the funding of operations between the Spin-off Exploration Assets and KORE.

**SPIN-OFF EXPLORATION ASSETS OF KORE MINING LTD.**

**Management's Discussion and Analysis**

**For the Year Ended December 31, 2019**



## **SPIN-OFF EXPLORATION ASSETS OF KORE MINING LTD.**

### **Management's Discussion and Analysis**

**December 31, 2019**

*(Expressed in Canadian dollars)*

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This Management's Discussion and Analysis ("MD&A") is dated the date of this Management Information Circular and provides an analysis of the Spin-off Exploration Assets of Kore's carve-out financial results and operations contained elsewhere within this Management Information Circular.

This MD&A should be read in conjunction with the carve-out financial statements of the Spin-off Exploration Assets of KORE Mining Ltd. ("KORE" or the "Company") and the notes thereto for the year ended December 31, 2019 and 2018. The carve-out financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). IFRS does not provide guidance for the preparation of carve-out financial statements, and accordingly in preparing the carve-out financial statements, certain accounting conventions commonly used for the preparation of historical financial statements have been applied. All dollar amounts are expressed in Canadian dollars.

The carve-out financial statements are for the year ended December 31, 2019 and 2018. The carve-out financial statements reflect the statement of financial position, statements of loss and comprehensive loss, cash flows and changes in net parent investment as if the Spin-off Exploration Assets had been an independent operation for the years in question.

This MD&A contains "forward-looking statements" and "forward-looking information" within the meaning of applicable Canadian securities laws. See the section in this MD&A titled "Cautionary Language regarding Forward-Looking Information" for further details. In addition, this MD&A has been prepared in accordance with the requirements of Canadian securities laws, which differ in certain material respects from the disclosure requirements of United States securities laws, particularly with respect to the disclosure of mineral reserves and mineral resources.

#### **Proposed Transaction**

KORE entered into an Arrangement Agreement dated December 16, 2020 ("Arrangement Agreement") with Karus Gold Corp. (formerly 1275702 BC Ltd) ("Spinco") whereby KORE, pursuant to a Plan of Arrangement, will spin-out its wholly owned subsidiary, Spinco. KORE intends to re-organize such that all of its Canadian mineral property interests ("Spin-off Exploration Assets") are transferred to Spinco and then distribute all of the outstanding shares of Spinco to the shareholders of KORE as a return of capital by way of a plan of arrangement, which is subject to various approvals, including court and shareholder approval.

Spinco will be engaged in the acquisition, exploration and development of mineral properties located in Canada. It has not yet been determined whether the Spin-off Exploration Assets contain mineral reserves that are economically recoverable. The continued operations of the Spin-off Exploration Assets through Spinco and the recoverability of the amounts shown for mineral properties is dependent upon the existence of economically recoverable reserves, the ability of Spinco to obtain necessary financing to complete the development of such properties, and upon future profitable production from or disposition of such properties.

#### **Outlook**

KORE has continued to invest in the exploration of the FG Gold and Gold Creek projects with drilling at both projects throughout 2020. Looking forward, in addition to the exploration at these Properties, Spinco may evaluate other prospects worthy of exploration and development. The ability of Spinco to do so is contingent upon its ongoing ability to raise the risk capital necessary to advance such prospects.

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 Spinco to predict the duration or magnitude of the adverse results of the outbreak and its effects on Spinco's business or ability to raise funds.

***Marc Leduc, P. Eng, is the Company's designated Qualified Person for this MD&A within the meaning of National Instrument 43-101 and has reviewed and approved the technical information described herein.***

## SPIN-OFF EXPLORATION ASSETS OF KORE MINING LTD.

### Management's Discussion and Analysis

December 31, 2019

(Expressed in Canadian dollars)

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#### *Project Summaries*

##### **FG Project, British Columbia, Canada**

The 100% owned FG Gold property ("FG Project") hosts an orogenic gold and early stage gold-copper porphyry deposit located in the Cariboo region of British Columbia, approximately 100 km east of Williams Lake. The FG Project is located at the headwaters of the Horsefly River, 50 kms east of Horsefly, B.C. and consists of 35 contiguous claims (13,008 ha). The FG Project is part of the district scale claim block 100% owned by KORE, the South Cariboo Gold District.

The FG Project is at low elevation and accessible by forestry roads. The FG Project hosts an orogenic gold deposit on the northeast limb of the Eureka syncline. The syncline is 20km and defined by gold in soils and geophysics with the southwest limb and hinge zone underexplored. The Project has only been shallowly drilled where the mineralized rock group comes to surface. Past drilling averages only 93m deep into a moderately plunging sedimentary host rock. Mineralization is open at depth and along almost the entire syncline.

Historic drilling targeted stratigraphic controls on mineralization and did not test the bulk of the host-rock stratigraphy. Drilling was largely done with reverse circulation ("RC") drilling and narrow core to generate shallow bulk-disseminated gold intercept models. Within the current resource there appears to be mineralized corridors or chutes that are open at depth in the host rock.

The FG Project also has the potential to host copper-gold porphyry style mineralization at the Nova Zone, discovered by KORE in 2018.

##### **Winter 2020 Drill Program**

The drill program was designed to define and delineate structural controls on existing higher-grade gold mineralization and target new discoveries at depth and on-strike. Eight (8) core drill holes for a total of 1,577 metres were completed. Assays for all eight holes were disclosed in three news releases with the following highlights:

- Lower Zone discovered below known mineralization
  - 10 metres of 3.9 g/t gold starting at 237 metres in FG-20-369 including:
    - 1.0 metre of 33.9 g/t at 239.0 metres
  - 10 metres of 0.8 g/t at 185 metres in same zone in FG-20-368
  - 52.5 metres of 1.1 g/t gold at 122.5 metres in FG-20-375
    - Hole terminated in mineralization @ 2.6 g/t gold; open at depth
  - New Lower Zone thickness remains open
- Upper Zone (current mineralization) upgrading and structural drilling highlights:
  - 76.5 metres of 1.1 g/t gold starting at 5.5 metres in FG-20-368
  - 32.0 metres of 3.0 g/t gold starting at 22.0 metres in FG-20-369
  - 51.0 metres of 1.6 g/t gold at 19.0 metres downhole in FG-20-370
  - 98.0 metres of 1.0 g/t gold at 24.0 metres downhole in FG-20-372
  - 11.0 metres of 10.0 g/t gold at 44.0 metres downhole in FG-20-373
- Silver assays, rarely assayed for historically, as high as 116 g/t over 1 metre in metallic screens indicate some silver potential
- Mineralization remains open at depth and along almost the entire 20-kilometre trend representing a district scale exploration opportunity for further discovery and resource expansion

KORE subsequently announced completion of an additional 15 holes for 5,746 metres. As of the date of this MD&A, 14 of 15 assays are pending. Hole FG-20-377 generated a major 215 metre step-out downdip from the Lower Zone discovery hole FG-20-369 and an extension to the Upper Zone mineralization. Results included the following highlights:

- 31.3 metres of 3.2 g/t gold at 369 metres downhole including:
- 14.3 metres of 6.4 g/t gold at 386 metres downhole including:
- 1.0 metres of 61.2 g/t gold at 387 metres downhole

## **SPIN-OFF EXPLORATION ASSETS OF KORE MINING LTD.**

### **Management's Discussion and Analysis**

**December 31, 2019**

*(Expressed in Canadian dollars)*

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- 5.8 metres of 4.2 g/t gold at 394 metres downhole

The Project has also hosts prospective gold-copper porphyry targets within an intrusion called the Nova Zone. The Nova Zone, potentially 3.5 km by 1 km, was discovered in 2018 through compilation of historic soil geochemistry, and airborne geophysical studies. 2018 drilling demonstrated semi-massive and massive copper and iron sulphides and intersected (hole DDH-18-002) over 32 metres of 0.52% copper equivalent, including 8.65 metres of 1.1% copper equivalent.<sup>1</sup> Gold grades as high as 5.70 g/t gold, copper grades as high as 1.01%, and silver grades as high as 4.98 g/t were encountered in drill core.

In July 2020, KORE announced it had increased its land holding in the Cariboo Gold District ("District") of British Columbia by 330% to ~1,000 square kilometres. KORE is now the dominant land holder of the southern half of the Cariboo Gold District with Osisko Gold Royalties Ltd's (TSX:OR) Barkerville / Cariboo Gold Project controlling the north. The South Cariboo Gold District hosts the FG Gold, Gold Creek, Hen, Teps, Forks, Jamboree and McKee gold projects. FG Gold is the most advanced and is covered in a separate section above. Gold Creek project is the second highest priority in the District.

As part of the increase in land holdings, the Company entered into certain mineral property agreements, including certain option agreements to acquire nearby and contiguous properties, as well as staking significant additional claims, making cash payments in the current period of \$134,227. The option agreements collectively have annual payments of \$87,500 payable in 2021 up to \$150,000 in 2025, for total payments (inclusive of 2020 payments made) of \$652,500. In addition, one option agreement provides for the issuance of shares with a fair market value at the time of issuance of \$25,000 in 2021 increasing to \$160,000 in 2025, for total share consideration of \$410,000 and one option agreement also requires annual expenditures of \$35,000 in 2021 and an additional \$40,000 in 2022. These agreements also impose a 1%-2% NSR, of which a portion can be repurchased in certain cases, and one agreement requires a bonus payment of \$1.50 per ounce identified as inferred, indicated or measured in a 43-101 report on the specific claims in the agreement.

#### **Gold Creek Project, British Columbia, Canada**

The 100% owned Gold Creek project ("Gold Creek") is located 2 km northeast of the town of Likely in the Cariboo region of British Columbia. Gold Creek consists of 34 claims totalling 9,673 ha and approximately 8 km to the NW of the Spanish Mountain deposit. Gold Creek is part of the district scale claim block 100% owned by KORE, the South Cariboo Gold District.

The site has well developed infrastructure and is just 70km NE of Williams Lake, a major regional centre serviced by an airport and railway.

Compilation of historical drilling, soil sampling, and geophysics were completed by KORE in 2018. The Company determined that gold mineralization is closely correlated with elevated arsenic and contained within a greywacke rock unit. The higher-grade gold intercepts in drill holes within the projects "Camp Zone" show similarities to the high-grade zone of the nearby Spanish Mountain Gold Deposit (TSX Venture: SPA). A large portion of the resource and the highest grades at Spanish Mountain occur at the contact between the greywacke and argillites, similar to mineralization at Gold Creek.

Historic drilling at the Camp Zone, based on gold in soils anomalies, from 2011 and 2017 confirmed large widths of mineralization in the silicified greywacke from surface with multiple higher-grade vein intercepts within a lower-grade halo. Intercepts included 1.5m of 13.4 g/t (GC11-27 10.7m to 12.2m), 9m of 5.5g/t (GC17-34 16.0m to 25.0m), including 1.5m of 18.0g/t, and 84.65m of 1.0g/t (GC17-35 85.85m to 170.50m).

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<sup>1</sup> Cu equivalent calculated using metals prices at April 29, 2019: USD\$1,278/oz Au, US\$14.77/oz Ag, US\$2.90/lb Cu.

## **SPIN-OFF EXPLORATION ASSETS OF KORE MINING LTD.**

### **Management's Discussion and Analysis**

**December 31, 2019**

*(Expressed in Canadian dollars)*

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Arsenic in soils indicates an 8.5km long NW-SE trend that is coincident with the NW-SE trending Camp Zone. KORE tested several arsenic anomaly targets in 2018 with four drill holes for 940 metres. All four of the holes encountered broad zones of alteration and mineralization within the greywacke, interbedded with argillites, mudstones, and conglomerates. Hole GC18-36 intercepted 25.7m of 1.3g/t, including 3 metres of 8.6g/t gold near surface and Hole GC18-39 intercepted 1.5m of 32.2 g/t gold, within an overall intercept of 9.0m of 5.8 g/t gold. Visible gold was observed in the 3rd (GC18-038) and 4th (GC18-039) hole. Maps, sections and a table of drill holes completed are available in KORE news releases dated November 13 and December 4, 2018.

The 2018 KORE drilling combined with historical trenching extends the Camp Zone to over 400 metres along strike and is open along both strike and at depth.

KORE is currently drilling a planned 2,000 metres in 10 holes to expand the mineralization at Gold Creek.

#### **Results of operations**

For the year ended December 31, 2019 a loss of \$701,291 was incurred, compared to a loss of \$549,108 in the year ended December 31, 2018. The increased loss reflected significantly increased levels of activity in KORE in 2019 compared to 2018. The increased costs arose primarily as a result of KORE being a public listed company for the whole of 2019 compared to just a portion of 2018. Exploration and evaluation expenditures were broadly consistent year on year. In the year ended December 31, 2019, METC proceeds of \$201,366 were received. Because exploration and evaluation expenditures are expensed in accordance with the accounting policy of the Spin-off Exploration Assets, the METC proceeds were recorded as other income in the year.

#### **Going Concern**

The carve-out financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Spin-off Exploration Assets will continue in operation for the foreseeable future and will be able to realize their assets and discharge their liabilities in the normal course of operations as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period.

As at December 31, 2019, the Spin-off Exploration Assets had not generated any revenue and have incurred losses since they were acquired by KORE in October 2018. There is a working capital deficiency of \$57,128 as at December 31, 2019 (December 31, 2018 - \$380,638). The ability of the Spin-off Exploration Assets to continue to meet their obligations and carry out their planned exploration and development activities for at least the next twelve months is uncertain and dependent upon the continued financial support of KORE and on securing additional financing. There is, however, no assurance that any such initiatives will be sufficient 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. The carve-out 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 Spin-off Exploration Assets were unable to realize their assets and settle their liabilities as a going concern in the normal course of operations for the foreseeable future. These adjustments could be material.

#### **Recent Accounting Standards**

There are no recent accounting pronouncement or standards expected to have a material impact on Spinco.

#### **Cautionary Note Regarding Forward Looking Statements**

Forward-looking statements look into the future and provide an opinion as to the effect of certain events and trends on the business. Certain statements contained in this MD&A constitute forward-looking statements. The use of any words such as "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions or their negatives or other comparable words are intended to identify forward-looking statements. These forward-looking statements are based on current expectations and various estimates, factors and assumptions and involve known and unknown risks, uncertainties and other factors. Examples of where the Company uses forward looking statements include when discussing the outlook, plans and timing for the Company's exploration plans, operational plans and future expenditure expectations.

**SPIN-OFF EXPLORATION ASSETS OF KORE MINING LTD.**

**Management's Discussion and Analysis**

**December 31, 2019**

*(Expressed in Canadian dollars)*

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It is important to note that:

- Unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations as of the date of this MD&A.
- Readers are cautioned not to place undue reliance on these statements as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking statements will materialize.
- The Company assumes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason except as required by law.



**SCHEDULE K  
SPIN-OUT EXPLORATION ASSETS OF KORE MINING LTD INTERIM CARVE-OUT FINANCIAL  
STATEMENTS AND RELATED MD&A**

(Attached)

**SPIN-OFF EXPLORATION ASSETS OF KORE MINING LTD.**

**Carve-Out Condensed Interim Financial Statements**

**For the nine months ended September 30, 2020**

**(Unaudited)**



<b>As at</b>		<b>September 30, 2020</b>	<b>December 31, 2019</b>
	Note		
<b>Non-current assets</b>			
Equipment	5	\$ 12,249	\$ -
Reclamation deposits		15,043	10,043
Mineral properties	6	1,002,970	868,743
		<b>\$ 1,030,262</b>	<b>\$ 878,786</b>
<b>Current liabilities</b>			
Accounts payable		\$ 388,093	\$ 57,128
Flow through liability	7	218,436	-
		<b>606,529</b>	<b>57,128</b>
<b>Net parent investment</b>	8	<b>423,733</b>	<b>821,658</b>
		<b>\$ 1,030,262</b>	<b>\$ 878,786</b>

Going concern 2

Approved by the Board of Directors:

“James Hynes” \_\_\_\_\_

“Scott Trebilcock” \_\_\_\_\_

Director

Director

	Note	For the three months ended		For the nine months ended	
		September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
<b>Expenses</b>					
Exploration and evaluation expenses	6	\$ 1,037,092	\$ 48,590	\$ 1,711,810	\$ 70,922
General and administration		29,455	11,861	78,515	41,291
Management fees, wages and corporate advisory fees	9	72,598	56,871	193,810	138,921
Marketing, advisory and investor relations		110,167	57,030	257,566	147,326
Professional fees		74,708	36,010	131,382	85,835
Depreciation	5	1,751	-	1,751	-
Share-based payments	9	39,112	90,721	98,467	138,318
<b>Loss before other items</b>		<b>(1,364,883)</b>	<b>(301,083)</b>	<b>(2,473,301)</b>	<b>(622,613)</b>
Flow through income	7	281,564	-	281,564	-
<b>Loss and comprehensive loss for the period</b>		<b>\$ (1,083,319)</b>	<b>\$ (301,083)</b>	<b>\$ (2,191,737)</b>	<b>\$ (622,613)</b>

	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
<b>CASH USED IN OPERATING ACTIVITIES</b>		
Loss for the period	\$ (2,191,737)	\$ (622,613)
Items not involving cash:		
Depreciation	1,751	-
Flow through income	(281,564)	-
Share-based payments	98,467	138,318
Changes in non-cash working capital items:		
Amounts receivable	-	870
Deposits	(5,000)	(43)
Accounts payable	330,965	(331,710)
	<b>(2,047,118)</b>	<b>(815,178)</b>
<b>FINANCING ACTIVITIES</b>		
Financing provided by Parent	2,195,345	815,178
	<b>2,195,345</b>	<b>815,178</b>
<b>INVESTING ACTIVITIES</b>		
Exploration and evaluation assets	(134,227)	-
Equipment additions	(14,000)	-
	<b>(148,227)</b>	<b>-</b>
<b>Change in cash</b>	<b>-</b>	<b>-</b>
Cash at beginning of period	-	-
Cash at end of period	\$ -	\$ -
<b>Supplemental cash flow information:</b>		
Flow through financing from Parent	\$ 500,000	\$ -

		<b>Nine Months Ended September 30, 2020</b>		Nine Months Ended September 30, 2019
<b>Balance, beginning of the period</b>	<b>\$</b>	<b>821,659</b>	<b>\$</b>	498,105
Contributions from Parent		<b>1,695,344</b>		815,178
Share-based payments		<b>98,467</b>		138,318
Loss for the period		<b>(2,191,737)</b>		(622,613)
<b>Balance, end of the period</b>	<b>\$</b>	<b>423,733</b>	<b>\$</b>	828,988

## **1. NATURE OF OPERATIONS**

KORE Mining Ltd. (“KORE”) entered into an Arrangement Agreement dated December 16, 2020 (“Arrangement Agreement”) with 1275702 BC Ltd (“Spinco” or the “Company”) whereby KORE, pursuant to a Plan of Arrangement, will spin-out its wholly owned subsidiary, Spinco. KORE intends to re-organize such that all of its Canadian mineral property interests (“Spin-off Exploration Assets”) are transferred to Spinco and distribute shares of Spinco to the shareholders of KORE as a return of capital by way of a plan of arrangement, which is subject to various approvals, including court and shareholder approval.

Spinco will be engaged in the acquisition, exploration and development of mineral properties located in Canada. It has not yet been determined whether the Spin-off Exploration Assets contain mineral reserves that are economically recoverable. The continued operations of the Spin-off Exploration Assets through Spinco and the recoverability of the amounts shown for mineral properties is dependent upon the existence of economically recoverable reserves, the ability of Spinco to obtain necessary financing to complete the development of such properties, and upon future profitable production from or disposition of such properties.

These carve-out condensed interim financial statements reflect the assets, liabilities, expenses and cash flows of the Spin-off Exploration Assets that will be spun out by KORE to Spinco as more fully described in Note 3 below.

## **2. GOING CONCERN**

These carve-out condensed interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Spin-off Exploration Assets will continue in operation for the foreseeable future and will be able to realize their assets and discharge their 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 to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Spin-off Exploration Assets business or ability to raise funds, however the impact to date has been limited.

As at September 30, 2020, the Spin-off Exploration Assets have not generated any revenue to date and have incurred losses since they were acquired by KORE in October 2018 (see Note 3). There is a working capital deficiency of \$606,529 as at September 30, 2020 (December 31, 2019 - \$57,128). The ability of the Spin-off Exploration Assets to continue to meet their obligations and carry out their planned exploration and development activities for at least the next twelve months is uncertain and dependent upon the continued financial support of KORE and on securing additional financing. There is, however, no assurance that any such initiatives will be sufficient 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 carve-out 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 Spin-off Exploration Assets were unable to realize their assets and settle their 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 carve-out condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) as applicable to interim financial reports, including International Accounting Standard 34, “Interim Financial Reporting”. The carve-out condensed interim financial statements do not include all the notes of the type normally included in the annual carve-out financial statements. These carve-out condensed interim financial statements should be read in conjunction with the Spin-off Exploration Assets’ annual carve-out financial statements for the year ended December 31, 2019, which have been prepared in accordance with IFRS.

The formation of the Spin-off Exploration Assets is the result of the transfer of assets between entities under common control; accordingly, the transaction is excluded from the scope of IFRS 3 (R), Business Combinations. These carve-out condensed interim financial statements have been presented based on the amounts recorded by KORE in its condensed interim consolidated financial statements. During the periods presented, the Spin-off Exploration Assets did not operate as an independent entity, and accordingly, standalone financial information does not exist. Accordingly, these carve-out condensed interim financial statements represent an extraction of the financial information relating to the Spin-off Exploration Assets.

The purpose of these carve-out condensed interim financial statements is to provide general purpose historical financial information of the Spin-off Exploration Assets in connection with the Transaction detailed in Note 1. Therefore, these carve-out condensed interim financial statements present the historical financial information of KORE that make up the Spin-off Exploration Assets, either fully, or partially, where only specifically identifiable assets and liabilities are included, and allocations of shared income and expenses of KORE that are attributable to the Spin-off Exploration Assets.

The basis of presentation for the carve-out statements of financial position, loss and comprehensive loss, cash flows and changes in net parent investment of the Spin-off Exploration Assets have been applied. The carve-out condensed interim financial statements have been extracted from historical accounting records of KORE with estimates used, when necessary, for certain allocations.

- The carve-out condensed interim statements of financial position reflect the assets and liabilities recorded by KORE which have been assigned to the Spin-off Exploration Assets on the basis that they are specifically identifiable and attributable to the Spin-off Exploration Assets;
- The carve-out condensed interim statement of loss and comprehensive loss included a pro-rata allocation of KORE’s income and expenses incurred in each of the periods presented based on the percentage of exploration and evaluation activity on the carve-out exploration and evaluation assets, compared to the expenditures incurred on all of KORE’s exploration and evaluation assets, and based on specifically identifiable activities attributable to the Spin-off Exploration Assets. The allocation of income and expense for each period presented is as follows: 2020 and 2019– 30%. The percentages are considered reasonable under the circumstances;

Management cautions readers of these carve-out condensed interim financial statements that the Spin-off Exploration Assets results do not necessarily reflect what the results of operations, financial position, or cash flow would have been had the Spin-off Exploration Assets been a separate company. Further, the allocation of income and expense in these carve-out statements of loss and comprehensive loss does not necessarily reflect the nature and level of the Spin-off Exploration Assets future income and operating expenses. KORE’s investment in the Spin-off Exploration Assets,

presented as net parent investment in these carve-out condensed interim financial statements, includes the accumulated total loss and comprehensive loss of the Spin-off Exploration Assets.

#### **Basis of Measurement**

These carve-out condensed interim financial statements have been prepared on a historical cost basis. The statements are presented in Canadian dollars unless otherwise noted.

The carve-out condensed interim financial statements have been authorized for issue by the Board of Directors of KORE on December 18, 2020.

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied in preparation of these carve-out condensed interim financial statements are consistent with those applied and disclosed in the Spin-off Exploration Assets' carve-out audited financial statements for the year ended December 31, 2019, except for the following new accounting policies adopted in the period.

##### **Recently adopted accounting policies**

###### *Flow-through shares*

The Company will from time to time, issue flow-through common shares to finance certain portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Where the flow-through common share is issued as part of a unit, the value is first allocated between the unit and the flow-through premium, and then bifurcated between the common share and the warrant on a residual value basis. As qualified expenses are incurred the Company relieves the liability and recognizes the premium in profit or loss as other income. The Company may also be subject to a Part XII.6 tax on flow-through proceeds, renounced under the look-back rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

###### *Equipment*

Property and equipment assets are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item consists of the purchase price plus any costs directly attributable to bringing the asset to the location and condition necessary for its intended use. Depreciation is recorded at the following rates: Vehicles 5 years straight line basis, Machinery and equipment 3-5 years straight line basis, and office leases 3 years straight line basis, being the term of the lease. An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

#### **5. CAPITALIZED ASSETS**

<b>Vehicles:</b>	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Net Book Value</b>
<b>Balance, December 31, 2018 and 2019</b>	\$ -	\$ -	\$ -
Additions	14,000	(1,751)	12,249
<b>Balance, September 30, 2020</b>	<b>\$ 14,000</b>	<b>\$ (1,751)</b>	<b>\$ 12,249</b>

## 6. MINERAL PROPERTIES

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

		<b>FG Gold Canada</b>		<b>Gold Creek Canada</b>		<b>Total</b>
Balance, December 31, 2018 and 2019	\$	370,607	\$	498,136	\$	868,743
Additions during the period		134,227		-		134,227
<b>Balance, September 30, 2019</b>	<b>\$</b>	<b>504,834</b>	<b>\$</b>	<b>498,136</b>	<b>\$</b>	<b>1,002,970</b>

### Acquisition of FG Gold Project

KORE holds 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.

During the nine months ended September 30, 2020, KORE entered into certain mineral property agreements, including certain option agreements to acquire nearby and contiguous properties, as well as staking significant additional claims, making cash payments in the current period of \$134,227. The option agreements collectively have annual payments of \$87,500 payable in 2021 up to \$150,000 in 2025, for total payments (inclusive of 2020 payments made) of \$652,500. In addition, one option agreement provides for the issuance of shares with a fair market value at the time of issuance of \$25,000 in 2021 increasing to \$160,000 in 2025, for total share consideration of \$410,000 and one option agreement also requires annual expenditures of \$35,000 in 2021 and an additional \$40,000 in 2022. These agreements also impose a 1%-2% NSR, of which a portion can be repurchased in certain cases, and one agreement requires a bonus payment of \$1.50 per ounce identified as inferred, indicated or measured in a 43-101 report on the specific claims in the agreement.

### Acquisition of Gold Creek Project

KORE holds 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 KORE may purchase 50% (being 0.5%) for \$1,000,000.

### Acquisition of White Gold Project

KORE holds 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.

## 6. MINERAL PROPERTIES (con't...)

### Exploration & Evaluation Expenses

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

	For the three months ended		For the nine months ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Assay and sampling	\$ 63,124	\$ 4,490	\$ 119,928	\$ 8,245
Engineering, metallurgy and geotechnical	(1,701)	32,936	20,113	40,549
Claim maintenance	(3,190)	-	(3,190)	-
Drilling	665,642	-	1,068,825	3,200
Geographic information system	5,281	2,788	5,281	2,828
Geological & project evaluation	175,871	-	294,738	-
Travel	132,065	8,376	206,115	16,100
	<b>\$ 1,037,092</b>	<b>\$ 48,590</b>	<b>\$ 1,711,810</b>	<b>\$ 70,922</b>

## 7. FLOW THROUGH LIABILITY

A flow-through premium liability of \$500,000 was allocated to the flow-through obligation in connection with KORE's July 2020 private placement of 1,000,000 FT Units for gross proceeds of \$1,500,000. As at September 30, 2020, KORE has incurred flow through expenditures of \$844,692 towards its obligation to incur a total of \$1,500,000. Accordingly, a pro-rata portion of the flow through premium liability of \$281,564 has been amortized into profit and loss as other income.

## 8. NET PARENT INVESTMENT

KORE's investment in the operations of the Spin-off Exploration Assets is presented as net parent investment in the carve-out condensed interim financial statements. Net parent investment represents the accumulated net losses of the carve-out operation, accumulated net contributions from KORE and the portion of the stock-based compensation allocated to the Spin-off Exploration Assets. The portion of the stock-based compensation was determined based on the exploration costs incurred on carve-out properties over the years December 31, 2019 and 2018 and the period ended September 30 2020.

Net financing transactions with KORE as presented in the carve-out statements of cash flows represent the net contributions relating to the funding of operations between the Spin-off Exploration Assets and KORE.

# **SPIN-OFF EXPLORATION ASSETS OF KORE MINING LTD.**

**Management's Discussion and Analysis**

**For the Nine Months Ended September 30, 2020**



This Management's Discussion and Analysis ("MD&A") is dated the date of this Management Information Circular and provides an analysis of the Spin-off Exploration Assets of Kore's carve-out financial results and operations contained elsewhere within this Management Information Circular.

The MD&A should be read in conjunction with the carve-out condensed interim financial statements of the Spin-off Exploration Assets of KORE Mining Ltd. ("KORE Mining" or the "Company") for the nine month periods ended September 30, 2020 and 2019 and annual audited carve-out financial statements for the year ended December 31, 2019 and 2018, and related notes thereto. The annual consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). The condensed interim consolidated financial statements are prepared in accordance with IFRS applicable to interim financial reporting. All amounts are stated in Canadian dollars. The reader should be aware that historical results are not necessarily indicative of future performance.

The carve-out interim condensed financial statements are for the nine month period ended September 30, 2020 and 2019. The carve-out interim condensed financial statements reflect the statement of financial position, statement of loss and comprehensive loss, cash flows and changes in net parent investment as if the Spin-off Exploration Assets had been an independent operation for the periods being presented.

This MD&A contains "forward-looking statements" and "forward-looking information" within the meaning of applicable Canadian securities laws. See the section in this MD&A titled "Cautionary Language regarding Forward-Looking Information" for further details. In addition, this MD&A has been prepared in accordance with the requirements of Canadian securities laws, which differ in certain material respects from the disclosure requirements of United States securities laws, particularly with respect to the disclosure of mineral reserves and mineral resources.

## **2020 Outlook and Proposed Transaction**

KORE entered into an Arrangement Agreement dated December 16, 2020 ("Arrangement Agreement") with 1275702 BC Ltd ("Spinco") whereby KORE, pursuant to a Plan of Arrangement, will spin-out its wholly owned subsidiary, Spinco. KORE intends to re-organize such that all of its Canadian mineral property interests ("Spin-off Exploration Assets") are transferred to Spinco and then distribute all of the outstanding shares of Spinco to the shareholders of KORE as a return of capital by way of a plan of arrangement, which is subject to various approvals, including court and shareholder approval.

Spinco will be engaged in the acquisition, exploration and development of mineral properties located in Canada. It has not yet been determined whether the Spin-off Exploration Assets contain mineral reserves that are economically recoverable. The continued operations of the Spin-off Exploration Assets through Spinco and the recoverability of the amounts shown for mineral properties is dependent upon the existence of economically recoverable reserves, the ability of Spinco to obtain necessary financing to complete the development of such properties, and upon future profitable production from or disposition of such properties.

In addition to the completion of the proposed spinout transaction of the Spin-off Exploration Assets, the Company continues to invest in exploration of its FG Gold and Gold Creek properties, drilling both projects throughout 2020 and into Q4 2020.

## **FG Project, British Columbia, Canada**

### **Work Program Summary**

KORE drilled 8 holes in a successful drill program from March through April 2020, testing a new exploration strategy for FG Gold. The program generated higher-grade intercepts than historic drilling, discovered a new lower zone ("Lower Zone") below known mineralization and provided further definition of structural controls for higher-grade mineralization. Some program highlights follow:

- 10 metres of 3.9 g/t gold starting at 237 metres in FG-20-369 including 1.0 metre of 33.9 g/t at 239.0 metres (Lower Zone discovery)
- 32.0 metres of 3.0 g/t gold starting at 22.0 metres in FG-20-369 (Upper Zone)
- 11 metres of 10.0 g/t gold at 44.0 metres in drill hole FG-20-373 (Upper Zone)

In June 2020, KORE recommenced drilling with the continued objective to define and delineate structural controls on existing higher-grade gold mineralization and target new discoveries at depth and on-strike. The Company subsequently completed 15 holes for 5,746 metres. Assays are pending for 14 of 15 holes as of the date of this MD&A.

Hole FG-20-377 generated a major 215 metre step-out downdip from the Lower Zone discovery hole FG-20-369 and an extension to the Upper Zone mineralization. Results included the following highlights:

- 31.3 metres of 3.2 g/t gold at 369 metres downhole including:
- 14.3 metres of 6.4 g/t gold at 386 metres downhole including:
- 1.0 metres of 61.2 g/t gold at 387 metres downhole
- 5.8 metres of 4.2 g/t gold at 394 metres downhole

The Company started a soils program to delineate drill targets on the south-eastern limb and hinge of the 20-km trend on the FG Gold property. The program was halted due to early snow fall and will recommence after spring melt in 2021.

### **Gold Creek, British Columbia, Canada**

#### **Work Program Summary**

At Gold Creek, KORE plans to build on Camp Zone discovery (2018/2019 drilling) with additional drilling to expand the discovery. In a subsequent event, the Company announced an extension to the 2020 drill program targeting 10 holes for a total of 2,000 metres. Drilling is expected to continue through mid-December 2020.

The Company has not planned 2020 prospecting or follow up work on the other gold projects on 1,000 km square claims making up the South Cariboo Gold District. This is a future opportunity for the Company.

In addition to the exploration at these Properties, the Company may evaluate other prospects worthy of exploration and development. The ability of the Company to do so is contingent upon its ongoing ability to raise the capital necessary to advance such prospects.

### **Managing COVID-19**

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.

The Company and Spinco continue to operate as effectively as possible while mitigating the risk of exposure to employees, suppliers and local communities. All of the projects have experienced some impact from COVID-19 and rely on service providers and government agencies, many of which have been impacted by COVID-19. It is not possible for Spinco to predict the duration or magnitude of the adverse results of the outbreak and its effects on Spinco's business or ability to raise funds.

***Marc Leduc, P.Eng, is the Company's designated Qualified Person for this MD&A within the meaning of National Instrument 43-101 and has reviewed and approved the technical information described herein.***

### ***Project Summaries***

#### **FG Gold Project, British Columbia, Canada**

The 100% owned FG Gold property ("FG Project") hosts an orogenic gold and early stage gold-copper porphyry deposit located in the Cariboo region of British Columbia, approximately 100 km east of Williams Lake. The FG Project is located at the headwaters of the Horsefly River, 50 kms east of Horsefly, B.C. and consists of 35 contiguous

claims (13,008 ha). The FG Project is part of the district scale claim block 100% owned by KORE, the South Cariboo Gold District.

The FG Project is at low elevation and accessible by forestry roads. The FG Project hosts an orogenic gold deposit on the northeast limb of the Eureka syncline. The syncline is 20km and defined by gold in soils and geophysics with the southwest limb and hinge zone underexplored. The Project has only been shallowly drilled where the mineralized rock group comes to surface. Past drilling averages only 93m deep into a moderately plunging sedimentary host rock. Mineralization is open at depth and along almost the entire syncline.

Historic drilling targeted stratigraphic controls on mineralization and did not test the bulk of the host-rock stratigraphy. Drilling was largely done with reverse circulation (“RC”) drilling and narrow core to generate shallow bulk-disseminated gold intercept models. Within the current resource there appears to be mineralized corridors or chutes that are open at depth in the host rock.

The FG Project also has the potential to host copper-gold porphyry style mineralization at the Nova Zone, discovered by KORE in 2018.

#### Winter 2020 Drill Program

The drill program was designed to define and delineate structural controls on existing higher-grade gold mineralization and target new discoveries at depth and on-strike. Eight (8) core drill holes for a total of 1,577 metres were completed. Assays for all eight holes were disclosed in three news releases with the following highlights:

- Lower Zone discovered below known mineralization
  - 10 metres of 3.9 g/t gold starting at 237 metres in FG-20-369 including:
    - 1.0 metre of 33.9 g/t at 239.0 metres
  - 10 metres of 0.8 g/t at 185 metres in same zone in FG-20-368
  - 52.5 metres of 1.1 g/t gold at 122.5 metres in FG-20-375
    - Hole terminated in mineralization @ 2.6 g/t gold; open at depth
  - New Lower Zone thickness remains open
- Upper Zone (current mineralization) upgrading and structural drilling highlights:
  - 76.5 metres of 1.1 g/t gold starting at 5.5 metres in FG-20-368
  - 32.0 metres of 3.0 g/t gold starting at 22.0 metres in FG-20-369
  - 51.0 metres of 1.6 g/t gold at 19.0 metres downhole in FG-20-370
  - 98.0 metres of 1.0 g/t gold at 24.0 metres downhole in FG-20-372
  - 11.0 metres of 10.0 g/t gold at 44.0 metres downhole in FG-20-373
- Silver assays, rarely assayed for historically, as high as 116 g/t over 1 metre in metallic screens indicate some silver potential
- Mineralization remains open at depth and along almost the entire 20-kilometre trend representing a district scale exploration opportunity for further discovery and resource expansion

KORE subsequently announced completion of an additional 15 holes for 5,746 metres. As of the date of this MD&A, 14 of 15 assays are pending. Hole FG-20-377 generated a major 215 metre step-out downdip from the Lower Zone discovery hole FG-20-369 and an extension to the Upper Zone mineralization. Results included the following highlights:

- 31.3 metres of 3.2 g/t gold at 369 metres downhole including:
- 14.3 metres of 6.4 g/t gold at 386 metres downhole including:
- 1.0 metres of 61.2 g/t gold at 387 metres downhole
- 5.8 metres of 4.2 g/t gold at 394 metres downhole

The Project has also hosts prospective gold-copper porphyry targets within an intrusion called the Nova Zone. The Nova Zone, potentially 3.5 km by 1 km, was discovered in 2018 through compilation of historic soil geochemistry, and airborne geophysical studies. 2018 drilling demonstrated semi-massive and massive copper and iron sulphides and intersected (hole DDH-18-002) over 32 metres of 0.52% copper equivalent, including 8.65 metres of 1.1% copper

equivalent.<sup>1</sup> Gold grades as high as 5.70 g/t gold, copper grades as high as 1.01%, and silver grades as high as 4.98 g/t were encountered in drill core.

In July 2020, KORE announced it had increased its land holding in the Cariboo Gold District (“District”) of British Columbia by 330% to ~1,000 square kilometres. KORE is now the dominant land holder of the southern half of the Cariboo Gold District with Osisko Gold Royalties Ltd’s (TSX:OR) Barkerville / Cariboo Gold Project controlling the north. The South Cariboo Gold District hosts the FG Gold, Gold Creek, Hen, Teps, Forks, Jamboree and McKee gold projects. FG Gold is the most advanced and is covered in a separate section above. Gold Creek project is the second highest priority in the District.

As part of the increase in land holdings, the Company entered into certain mineral property agreements, including certain option agreements to acquire nearby and contiguous properties, as well as staking significant additional claims, making cash payments in the current period of \$134,227. The option agreements collectively have annual payments of \$87,500 payable in 2021 up to \$150,000 in 2025, for total payments (inclusive of 2020 payments made) of \$652,500. In addition, one option agreement provides for the issuance of shares with a fair market value at the time of issuance of \$25,000 in 2021 increasing to \$160,000 in 2025, for total share consideration of \$410,000 and one option agreement also requires annual expenditures of \$35,000 in 2021 and an additional \$40,000 in 2022. These agreements also impose a 1%-2% NSR, of which a portion can be repurchased in certain cases, and one agreement requires a bonus payment of \$1.50 per ounce identified as inferred, indicated or measured in a 43-101 report on the specific claims in the agreement.

### **Gold Creek, British Columbia, Canada**

The 100% owned Gold Creek project (“Gold Creek”) is located 2 km northeast of the town of Likely in the Cariboo region of British Columbia. Gold Creek consists of 34 claims totalling 9,673 ha and approximately 8 km to the NW of the Spanish Mountain deposit. Gold Creek is part of the district scale claim block 100% owned by KORE, the South Cariboo Gold District.

The site has well developed infrastructure and is just 70km NE of Williams Lake, a major regional centre serviced by an airport and railway.

Compilation of historical drilling, soil sampling, and geophysics were completed by KORE in 2018. The Company determined that gold mineralization is closely correlated with elevated arsenic and contained within a greywacke rock unit. The higher-grade gold intercepts in drill holes within the projects “Camp Zone” show similarities to the high-grade zone of the nearby Spanish Mountain Gold Deposit (TSX Venture: SPA). A large portion of the resource and the highest grades at Spanish Mountain occur at the contact between the greywacke and argillites, similar to mineralization at Gold Creek.

Historic drilling at the Camp Zone, based on gold in soils anomalies, from 2011 and 2017 confirmed large widths of mineralization in the silicified greywacke from surface with multiple higher-grade vein intercepts within a lower-grade halo. Intercepts included 1.5m of 13.4 g/t (GC11-27 10.7m to 12.2m), 9m of 5.5g/t (GC17-34 16.0m to 25.0m), including 1.5m of 18.0g/t, and 84.65m of 1.0g/t (GC17-35 85.85m to 170.50m).

Arsenic in soils indicates an 8.5km long NW-SE trend that is coincident with the NW-SE trending Camp Zone. KORE tested several arsenic anomaly targets in 2018 with four drill holes for 940 metres. All four of the holes encountered broad zones of alteration and mineralization within the greywacke, interbedded with argillites, mudstones, and conglomerates. Hole GC18-36 intercepted 25.7m of 1.3g/t, including 3 metres of 8.6g/t gold near surface and Hole GC18-39 intercepted 1.5m of 32.2 g/t gold, within an overall intercept of 9.0m of 5.8 g/t gold. Visible gold was observed in the 3rd (GC18-038) and 4th (GC18-039) hole. Maps, sections and a table of drill holes completed are available in KORE news releases dated November 13 and December 4, 2018.

<sup>1</sup> Cu equivalent calculated using metals prices at April 29, 2019: USD\$1,278/oz Au, US\$14.77/oz Ag, US\$2.90/lb Cu.

The 2018 KORE drilling combined with historical trenching extends the Camp Zone to over 400 metres along strike and is open along both strike and at depth.

KORE is currently drilling a planned 2,000 metres in 10 holes to expand the mineralization at Gold Creek.

### **Results of Operations**

For the nine months ended September 30, 2020 a loss of \$2,191,737 was incurred, compared to a loss of \$622,613 in the nine months ended September 30, 2019. The increased loss reflected significantly increased levels of activity in KORE in 2020 compared to 2019. Expenditures unrelated to exploration and evaluation of projects totalled \$761,491 in the nine months ended September 30, 2020 compared to \$551,691 in the comparative period.

Exploration and evaluation expenditures increased very substantially from the comparative period, from \$70,922 to \$1,711,810. The majority of these expenditures relating to drilling (\$1,068,825), assay and sampling (\$119,928), travel (\$206,115) and geological and project evaluation (\$294,738). In addition, in the nine months ended September 30, 2020, a flow through credit of \$281,564 was recorded as flow through expenditures were spent on the Spin-off Exploration Assets during the period. ‘

As at September 30, 2020, a flow through liability of \$218,436 remains on the statement of financial position. This liability will unwind through income as the related flow through expenditures are spent on the Spin-off Exploration Assets.

During the nine months ended September 30, 2020, option payments of \$134,227 were made under the agreements relating to the Spin-off Exploration Assets and were capitalized to mineral properties in accordance with the relevant accounting policy

### **Going Concern**

These carve-out condensed interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Spin-off Exploration Assets will continue in operation for the foreseeable future and will be able to realize their assets and discharge their 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 September 30, 2020, the Spin-off Exploration Assets have not generated any revenue to date and have incurred losses since they were acquired by KORE in October 2018. There is a working capital deficiency of \$606,529 as at September 30, 2020 (December 31, 2019 - \$57,128). The ability of the Spin-off Exploration Assets to continue to meet their obligations and carry out their planned exploration and development activities for at least the next twelve months is uncertain and dependent upon the continued financial support of KORE and on securing additional financing. There is, however, no assurance that any such initiatives will be sufficient 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 carve-out 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 Spin-off Exploration Assets were unable to realize their assets and settle their liabilities as a going concern in the normal course of operations for the foreseeable future. These adjustments could be material.

### **Recent Accounting Standards**

There are no recent accounting pronouncement or standards expected to have a material impact on Spinco.

### **Cautionary Note Regarding Forward Looking Statements**

Forward-looking statements look into the future and provide an opinion as to the effect of certain events and trends on the business. Certain statements contained in this MD&A constitute forward-looking statements. The use of any words such as "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions or their negatives or other comparable words are intended to identify forward-looking statements. These

forward-looking statements are based on current expectations and various estimates, factors and assumptions and involve known and unknown risks, uncertainties and other factors. Examples of where the Company uses forward looking statements include when discussing the outlook, plans and timing for the Company's exploration plans, operational plans and future expenditure expectations.

It is important to note that:

- Unless otherwise indicated, forward-looking statements in this MD&A describe the Company and Spinco's expectations as of the date of this MD&A.
- Readers are cautioned not to place undue reliance on these statements as the Company and Spinco's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company and Spinco's business, or if the Company and Spinco's estimates or assumptions prove inaccurate. Therefore, the Company and Spinco cannot provide any assurance that forward-looking statements will materialize.
- The Company and Spinco assume no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason except as required by law.



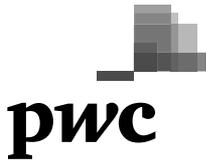
**SCHEDULE L**  
**KARUS GOLD CORP. AUDITED FINANCIAL STATEMENTS**

(Attached)

**KARUS GOLD CORP. (Formerly 1275702 B.C. LTD.)**

**Financial Statements**

**As at and for the period from incorporation on  
November 20, 2020 to November 30, 2020**



## Independent auditor's report

To the Directors of Karus Gold Corp.

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### Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Karus Gold Corp. (the Company) as at November 30, 2020 and its financial performance and its cash flows for the period from incorporation on November 20, 2020 to November 30, 2020, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

### What we have audited

The Company's financial statements comprise:

- the statement of financial position as at November 30, 2020;
- the statement of cash flows for the period from incorporation on November 20, 2020 to November 30, 2020;
- the statement of changes in shareholder's equity for the period from incorporation on November 20, 2020 to November 30, 2020; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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### Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

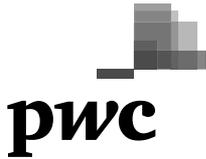
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

*PricewaterhouseCoopers LLP*  
*PricewaterhouseCoopers Place, 250 Howe Street, Suite 1400, Vancouver, British Columbia, Canada V6C 3S7*  
*T: +1 604 806 7000, F: +1 604 806 7806*

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



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## **Material uncertainty related to going concern**

We draw attention to Note 1 in the financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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## **Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

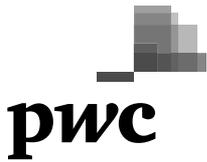
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## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**(Signed) "PricewaterhouseCoopers LLP"**

Chartered Professional Accountants

Vancouver, British Columbia  
December 18, 2020

<b>As at</b>	<b>November 30, 2020</b>	
	Note	
<b>Assets</b>		
<b>Current assets</b>		
Cash		\$ 1
<b>Total Assets</b>		<b>\$ 1</b>
<b>Shareholder's Equity</b>		
Share Capital	4	\$ 1
<b>Total Shareholder's Equity</b>		<b>\$ 1</b>
Nature of operations and going concern	1	
Proposed transaction	5	

**For the period from  
incorporation on  
November 20, 2020 to  
November 30, 2020**

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**FINANCING ACTIVITIES**

Share issued for cash	\$	1
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**1**

<b>Change in cash</b>		<b>1</b>
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Cash at beginning of period		-
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<b>Cash at end of period</b>	<b>\$</b>	<b>1</b>
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	Number of Common Shares	Share Capital	Total Shareholder's Equity
<b>Balance, November 20, 2020</b>	-	-	-
Shares issued for cash on incorporation	1	1	1
<b>Balance, November 30, 2020</b>	<b>1</b>	<b>1</b>	<b>1</b>

## **1. NATURE OF OPERATIONS AND GOING CONCERN**

Karus Gold Corp. (the “Company”) was incorporated under the Business Corporations Act (British Columbia) (“BCBCA”) on November 20, 2020 under the name 1275702 B.C. Ltd. and subsequently changed its name to Karus Gold Corp. on December 11, 2020. The Company was incorporated as the target company for certain assets and liabilities that are to be spun out from KORE Mining Ltd. (“KORE”) described in more detail in Note 5. The Company is a wholly owned subsidiary of KORE. The Company’s registered office is located at Suite 2500, 700 West Georgia Street, Vancouver, British Columbia, V7Y 1B3.

These 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.

The Company’s continuing operations are dependent upon its ability to identify, evaluate and negotiate an acquisition of or participation in an interest in properties, assets or businesses. The Company’s operations are intended to be funded initially by a loan of up to \$500,000 from KORE that is expected to take place concurrent with the spin out of the Canadian exploration assets of KORE into the Company and the distribution of the shares of the Company to the shareholders of KORE (“Spin Out Transaction”) (Note 5). Subsequent to the Spin Out Transaction, the Company intends to seek equity financing to maintain its operations. There is no assurance that the Company 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 financial statements do not reflect the adjustments to the statement of financial position classification 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.

## **2. BASIS OF PRESENTATION**

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

### **Basis of Measurement**

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

The financial statements have been authorized for issue by the Board of Directors of the Company on December 18, 2020.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Share Capital**

The Company's common shares are classified as equity instruments. Costs directly attributable to the issuance of new shares are shown in equity as a deduction, net of tax, from the proceeds.

#### **Financial Instruments – Recognition and Measurement**

The Company classified its financial assets and liabilities in the following measurement categories – i) those to be subsequently measured at amortised cost; or ii) those to be subsequently measured at fair value (either through other comprehensive income, or through profit or loss (“FVTPL”)).

The classification is driven by the business model for managing the financial assets and their contractual cash flow characteristics. The Company classifies its financial assets and financial liabilities as those to be subsequently measured at amortized cost. At initial recognition financial assets and liabilities are measured at fair value less transaction costs except for financial assets classified as FVTPL, where transaction costs are expensed directly to profit or loss.

### **4. SHARE CAPITAL**

#### **Authorized**

Unlimited number of common shares with no par value.

#### **Issued and Outstanding**

On November 20, 2020, the date of incorporation, the Company issued one common share at a price of \$1.

### **5. PROPOSED TRANSACTION**

The Company entered into an Arrangement Agreement dated December 16, 2020 (“Arrangement Agreement”) with KORE whereby KORE, pursuant to a Plan of Arrangement, will spin-out the Company, which is a wholly owned subsidiary as of the date of these financial statements. KORE intends to re-organize such that all of its Canadian mineral property interests (“Spin-off Exploration Assets”) are transferred to the Company and then distribute shares of the Company to the shareholders of KORE as a return of capital by way of a plan of arrangement, which is subject to various approvals, including court and shareholder approval. Pursuant to the terms of the Arrangement Agreement, the Company intends to issue 1 common share for every 2 KORE shares outstanding and will issue 1 new warrant for every two warrants of KORE held. Each warrant will entitle the holder to acquire a common share of the Company at a price of \$0.75 until July 27, 2022.



## **SCHEDULE M KARUS STOCK OPTION PLAN**

### **1. PURPOSE**

The purpose of this stock option plan (the “Plan”) is to authorize the grant to Eligible Persons (as defined herein) of Karus Gold Corp. (the “Corporation”) of options to purchase common shares (“Shares”) of the Corporation’s capital and thus benefit the Corporation by enabling it to attract, retain and motivate Eligible Persons by providing them with the opportunity, through share options, to acquire an increased proprietary interest in the Corporation.

### **2. ADMINISTRATION**

The Plan shall be administered by the board of directors of the Corporation (the “Board”) or a committee established by the Board for that purpose (the “Committee”). Subject to approval of the granting of options by the Board or Committee, as applicable, the Corporation shall grant options under the Plan.

### **3. SHARES SUBJECT TO PLAN**

Subject to adjustment under the provisions of paragraph 12 hereof, the aggregate number of Shares which may be issued and sold under the Plan will not exceed such number of Shares as is equal to 10% of the aggregate number of Shares issued and outstanding at the time of any stock option grant. The total number of Shares which may be issued or reserved for issuance to any one individual under the Plan within any one year period shall not exceed 5% of the outstanding Shares, unless the approval of disinterested shareholders of the Corporation has been obtained. The Corporation shall not, upon the exercise of any option, be required to issue or deliver any Shares prior to: (a) the admission of such Shares to listing on any stock exchange on which the Shares may then be listed, and (b) the completion of such registration or other qualification of such Shares under any law, rules or regulation as the Corporation shall determine to be necessary or advisable. If any Shares cannot be issued to any option holder (each, an “Optionee”) for whatever reason, the obligation of the Corporation to issue such Shares shall terminate and any option exercise price paid to the Corporation shall be returned to the Optionee.

### **4. LIMITS WITH RESPECT TO INSIDERS**

- (a) The maximum number of Shares which may be reserved for issuance to insiders under the Plan, any other stock option plans of the Corporation, or other options for services granted by the Corporation, shall be 10% of the shares issued and outstanding at the time of any stock option grant (on a non-diluted basis).
- (b) The maximum number of options which may be granted to insiders under the Plan, together with any other previously established or proposed share compensation arrangements, within any one year period shall be 10% of the outstanding Shares at the time of any stock option grant.

### **5. ELIGIBILITY**

Options shall be granted only to Eligible Persons, any registered savings plan established by an Eligible Person or any corporation wholly-owned by an Eligible Person. The term “Eligible Person” means:

- (a) a senior officer or director of the Corporation or any of its subsidiaries;
- (b) either:
  - (i) an individual who is considered an employee under the *Income Tax Act*,
  - (ii) an individual who works full-time for the Corporation providing services normally provided by an employee and who is subject to the same control and direction by the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source, or

- (iii) an individual who works for the Corporation on a continuing and regular basis for a minimum amount of time per week (the number of hours should be disclosed in the submission) providing services normally provided by an employee and who is subject to the same control and direction by the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source  
(in any case, an “Employee”);
- (c) an individual employed by a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual (a “Company”), which individual is providing management services to the Corporation through such Company, or an individual (together with a Company, a “Person”) providing management services directly to the Corporation, which management services are required for the ongoing successful operation of the business enterprise of the Corporation, but excluding a Person engaged in Investor Relations Activities (as hereafter defined) (a “Management Company Employee”);
- (d) an individual (or a company or partnership of which the individual is an employee, shareholder or partner), other than an Employee, Management Company Employee, director or senior officer, who:
  - (i) provides ongoing consulting services to the Corporation or an Affiliate of the Corporation under a written contract other than services provided in relation to a Distribution (as defined in the policies of the TSX Venture Exchange);
  - (ii) possesses technical, business or management expertise of value to the Corporation or an Affiliate of the Corporation; spends a significant amount of time and attention on the business and affairs of the Corporation or an Affiliate of the Corporation;
  - (iii) has a relationship with the Corporation or an Affiliate of the Corporation that enables the individual to be knowledgeable about the business and affairs of the Corporation; and
  - (iv) does not engage in Investor Relations Activities (as hereafter defined) any such individual, a “Consultant”;
- (e) an individual (or a company or partnership of which the individual is an employee, shareholder or partner), other than an Employee, Management Company Employee, director or senior officer, that falls within the definition of Consultant contained in subsections 5(d)(i) through (iv) which provides Investor Relations Activities (an “Investor Relations Consultant”); or
- (f) a person that falls within the definition of Eligible Person contained in any of subsections 5(a), (b) or (d) which provides Investor Relations Activities (an “Investor Relations Person”).

For purposes of the foregoing, a Company is an “Affiliate” of another Company if: (a) one of them is the subsidiary of the other; or (b) each of them is controlled by the same person.

The term “Investor Relations Activities” means any activities or oral or written communications, by or on behalf of the Corporation or a shareholder of the Corporation, that promote or reasonably could be expected to promote the purchase or sale of securities of the Corporation, but does not include:

- (a) the dissemination of information provided, or records prepared, in the ordinary course of business of the Corporation:
  - (i) to promote the sale of products or services of the Corporation,
  - (ii) to raise public awareness of the Corporation, or

- (iii) that cannot reasonably be considered to promote the purchase or sale of securities of the Corporation;
- (b) activities or communications necessary to comply with the requirements of
  - (i) applicable securities laws, policies or regulations,
  - (ii) the rules, and regulations of the TSX-V or the by-laws, rules or other regulatory instruments of any other self-regulatory body or exchange having jurisdiction over the Corporation; or
- (c) communications by a publisher of, or writer for, a newspaper, magazine or business or financial publication, that is of general and regular paid circulation, distributed only to subscribers to it for value or to purchasers of it, if:
  - (i) the communication is only through the newspaper, magazine or publication, and
  - (ii) the publisher or writer received no commission or other consideration other than for acting in the capacity of publisher or writer; or
- (d) activities or communications that may be otherwise specified by the TSX-V or any other stock exchange having jurisdiction over the Corporation.

For stock options to be granted to Employees, Consultants, Management Company Employees or Investor Relations Persons, the Corporation and the Optionee must each represent that the Optionee is a *bona fide* Employee, Consultant, Management Company Employee or Investor Relations Person as the case may be. The terms “insider”, “controlled” and “subsidiary” shall have the meanings ascribed thereto in the *Securities Act* (British Columbia) from time to time. Subject to the foregoing, the Board or Committee, as applicable, shall have full and final authority to determine the persons who are to be granted options under the Plan and the number of Shares subject to each option.

## 6. LIMITS WITH RESPECT TO CONSULTANTS AND INVESTOR RELATIONS PERSONS

- (a) The maximum number of stock options which may be granted to any one Consultant under the Plan, any other stock option plans of the Corporation or other options for services granted by the Corporation, within any 12 month period, must not exceed 2% of the Shares issued and outstanding at the time of the grant (on a non-diluted basis), without the prior consent of the TSX-V or any other stock exchange having jurisdiction over the Corporation.
- (b) The maximum number of stock options which may be granted to Investor Relations Persons under the Plan, any other stock option plans of the Corporation or other options granted for services by the Corporation, within any 12 month period must not exceed, in the aggregate, 2% of the Shares issued and outstanding at the time of the grant (on a non-diluted basis), without the prior consent of the TSX-V or any other stock exchange having jurisdiction over the Corporation.

## 7. PRICE

The purchase price (the “Price”) for the Shares under each option shall be determined by the Board or Committee, as applicable, on the basis of the market price of the Shares, where “market price” shall mean the prior trading day closing price of the Shares on any stock exchange on which the Shares are listed or the last trading price on the prior trading day on any dealing network where the Shares trade, and where there is no such closing price or trade on the prior trading day, “market price” shall mean the average of the daily high and low board lot trading prices of the Shares on any stock exchange on which the Shares are listed or dealing network on which the Shares trade for the five (5) immediately preceding trading days. In the event the Shares are listed on the TSX-V or any other stock exchange having jurisdiction over the Corporation, the price may be the market price less any discounts from the market price allowed by the TSX-V or any other stock exchange having jurisdiction over the Corporation, subject to a minimum price of \$0.10. In the event the Shares are not listed on any exchange and do not trade on any dealing network, the market



price will be determined by the Board. The approval of disinterested shareholders will be required for any reduction in the Price of a previously granted option to an insider of the Corporation.

#### **8. PERIOD OF OPTION AND RIGHTS TO EXERCISE**

Subject to the provisions of this paragraph 8 and paragraphs 9, 10 and 17 below, options will be exercisable in whole or in part, and from time to time, during the currency thereof. Options shall not be granted for a term exceeding five years. The Shares to be purchased upon each exercise of any option (the "Optioned Shares") shall be paid for in full at the time of such exercise. Except as provided in paragraphs 9, 10 and 17 below, no option which is held by a service provider may be exercised unless the Optionee is then a service provider for the Corporation.

#### **9. CESSATION OF PROVISION OF SERVICES**

Subject to paragraph 10 below, if any Optionee who is a service provider shall cease to be an Eligible Person of the Corporation for any reason (whether or not for cause), the Optionee may, but only within the period of ninety days (unless such period is extended by the Board or the Committee, as applicable, to a maximum of one year next succeeding such cessation, and approval is obtained from the stock exchange on which the Shares trade where required), or thirty days if the Eligible Person is an Investor Relations Person (unless such period is extended by the Board or the Committee, as applicable, to a maximum of one year next succeeding such cessation, and approval is obtained from the stock exchange on which the Shares trade where required), next succeeding such cessation and in no event after the expiry date of the Optionee's options, exercise the Optionee's options unless such period is extended as provided in paragraph 10 below.

#### **10. DEATH OF OPTIONEE**

In the event of the death of an Optionee during the currency of the Optionee's option, the options theretofore granted to the Optionee shall be exercisable within, but only within, the period of one year next succeeding the Optionee's death. Before expiry of any options under this paragraph 10, the Board or Committee, as applicable, shall notify the Optionee's representative in writing of such expiry.

#### **11. NON-ASSIGNABILITY AND NON-TRANSFERABILITY OF OPTION**

Any option granted under the Plan shall be non-assignable and non-transferable by an Optionee otherwise than by will or by the laws of descent and distribution, and options shall be exercisable, during an Optionee's lifetime, only by the Optionee.

#### **12. ADJUSTMENTS IN SHARES SUBJECT TO PLAN**

The aggregate number and kind of shares available under the Plan shall be appropriately adjusted in the event of a reorganization, recapitalization, stock split, stock dividend, combination of shares, merger, consolidation, rights offering or any other change in the corporate structure or shares of the Corporation. The options granted under the Plan may contain such provisions as the Board or Committee, as applicable, may determine with respect to adjustments to be made in the number and kind of shares covered by such options and in the option price in the event of any such change. If there is a reduction in the exercise price of the options of an insider of the Corporation, the Corporation will be required to obtain approval from disinterested shareholders.

#### **13. AMENDMENT AND TERMINATION OF THE PLAN**

The Board or Committee, as applicable, may at any time amend or terminate the Plan, but any such amendment shall be subject to regulatory approval, if required.

#### **14. EFFECTIVE DATE OF THE PLAN**

The Plan becomes effective on the date of its approval by the Board.

#### **15. EVIDENCE OF OPTIONS**

Each option granted under the Plan shall be embodied in a written option agreement between the Corporation and the applicable Optionee which shall give effect to the provisions of the Plan.



## **16. EXERCISE OF OPTION**

Subject to the provisions of the Plan and the particular option, an option may be exercised from time to time by an Optionee delivering to the Corporation, at its registered office, a written notice of exercise specifying the number of Shares with respect to which the option is being exercised and accompanied by payment in cash or certified cheque for the full amount of the purchase price of the Shares then being purchased. Upon receipt of a certificate of an authorized officer directing the issue of Shares purchased under the Plan, the transfer agent is authorized and directed to issue and countersign share certificates for the Optioned Shares in the name of such Optionee or the Optionee's legal personal representative or as may be directed in writing by the Optionee's legal personal representative.

## **17. VESTING RESTRICTIONS**

Options issued under the Plan may vest at the discretion of the Board or Committee, as applicable, provided that if required by any stock exchange on which the Shares then trade, options issued to Investor Relations Consultants must vest in stages over not less than 12 months with no more than one quarter (1/4) of the options vesting in any three month period.

## **18. NOTICE OF SALE OF ALL OR SUBSTANTIALLY ALL SHARES OR ASSETS**

If at any time when an option granted under this Plan remains unexercised with respect to any Optioned Shares:

- (a) the Corporation seeks approval from its shareholders for a transaction which, if completed, would constitute an Acceleration Event; or
- (b) a third party makes a bona fide formal offer or proposal to the Corporation or its shareholders which, if accepted, would constitute an Acceleration Event,

the Corporation shall notify the Optionees in writing of such transaction, offer or proposal as soon as practicable and, provided that the Board or Committee, as applicable, has determined that no adjustment shall be made pursuant to section 12 hereof, (i) the Board or Committee, as applicable, may permit any Optionee to exercise their options granted under this Plan, as to all or any of the Optioned Shares in respect of which such option has not previously been exercised (regardless of any vesting restrictions), during the period specified in the notice (but in no event later than the expiry date of the option), so that the Optionee may participate in such transaction, offer or proposal; and (ii) the Board or Committee, as applicable, may require the acceleration of the time for the exercise of the said option and of the time for the fulfilment of any conditions or restrictions on such exercise. For these purposes, an "Acceleration Event" means:

- (a) the acquisition by any "offeror" (as defined National Instrument 62-104 - *Take Over Bids and Issuer Bids* of the Canadian Securities Administrators) of beneficial ownership of more than 50% of the outstanding voting securities of the Corporation, by means of a take-over bid or otherwise;
- (b) any consolidation or merger of the Corporation in which the Corporation is not the continuing or surviving corporation or pursuant to which shares of the Corporation would be converted into cash, securities or other property, other than a merger of the Corporation in which shareholders immediately prior to the merger have the same proportionate ownership of stock of the surviving corporation immediately after the merger;
- (c) any sale, lease exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Corporation; or
- (d) the approval by the shareholders of the Corporation of any plan of liquidation or dissolution of the Corporation.

## **19. RIGHTS PRIOR TO EXERCISE**

An Optionee shall have no rights whatsoever as a shareholder in respect of any of the Optioned Shares (including any right to receive dividends or other distributions therefrom or thereon) other than in respect of



Optioned Shares in respect of which the Optionee shall have exercised the option to purchase hereunder and which the Optionee shall have actually taken up and paid for.

## **20. EXPIRY OF OPTION**

- (a) On the expiry date of any option granted under the Plan, and subject to any extension of such expiry date permitted in accordance with the Plan, such option shall forthwith expire and terminate and be of no further force or effect whatsoever as to such of the Optioned shares in respect of which the option has not been exercised.
- (b) Notwithstanding anything else contained in this Plan, and subject to the applicable provisions in the TSX-V Corporate Finance Manual or the rules and regulations of any other stock exchange having jurisdiction over the Corporation, if an option expires during a Blackout Period (as defined herein) applicable to an applicable Optionee, then the expiration date for that option shall be the date that is the tenth business day after the expiry date of such Blackout Period, unless, at the applicable time, the applicable Optionee or the Corporation is subject to a cease trade order (or similar order under applicable securities laws) in respect of the Corporation's securities. This section applies to all options outstanding under this Plan. For the purposes of this Plan, "Blackout Period" means a period of time during which an Optionee cannot exercise an option or sell Optioned Shares due to the Corporation's insider trading policy or any other applicable policy of the Corporation.

## **21. TAX MATTERS**

The Corporation shall have the power and the right to deduct or withhold, or require an Optionee to remit to the Corporation, the required amount to satisfy federal, provincial and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of the Plan, including the grant or exercise of any stock option granted under the Plan. With respect to any required withholding, the Corporation shall have the irrevocable right to, and the Optionee consents to, the Corporation setting off any amounts required to be withheld, in whole or in part, against amounts otherwise owing by the Corporation to the Optionee (whether arising pursuant to the Optionee's relationship as a director, officer, employee or consultant of the Corporation or otherwise), or may make such other arrangements that are satisfactory to the Optionee and the Corporation. In addition, the Corporation may elect, in its sole discretion, to satisfy the withholding requirement, in whole or in part, by withholding such number of Shares issuable upon exercise of the stock options as it determines are required to be sold by the Corporation, as trustee, to satisfy any withholding obligations net of selling costs. The Optionee consents to such sale and grants to the Corporation an irrevocable power of attorney to effect the sale of such Shares issuable upon exercise of the stock options and acknowledges and agrees that the Corporation does not accept responsibility for the price obtained on the sale of such Shares issuable upon exercise of the stock options.

## **22. GOVERNING LAW**

This Plan, and all matters related hereto or arising hereunder, shall be construed in accordance with and be governed by the laws of the Province of British Columbia and shall be deemed to have been made in said Province, and shall be in accordance with all applicable securities laws.



## **SCHEDULE N KARUS OMNIBUS PLAN**

Karus Gold Corp., a corporation organized under the laws of British Columbia, Canada (the “**Company**”), hereby establishes and adopts the following Omnibus Incentive Plan (the “**Plan**”).

### **1. PURPOSE OF THE PLAN**

1.1 **Purpose.** The purpose of the Plan is to assist the Company and its Affiliates in attracting and retaining individuals to serve as employees, directors, consultants or advisors who are expected to contribute to the Company’s success and to achieve long-term objectives that will benefit the shareholders of the Company through the additional incentives inherent in the Awards hereunder.

### **1.2 Participation in the Plan.**

- (a) The Company makes no representation or warranty as to the future market value of the Shares or with respect to any income tax matters affecting any Participant resulting from the grant of an Award, the exercise of any Award, or transactions in the Shares or otherwise in respect of participation under the Plan. Neither the Company, nor any of its directors, officers, employees, shareholders or agents shall be liable for anything done or omitted to be done by such Person or any other Person with respect to the price, time, quantity or other conditions and circumstances of the issuance of Shares hereunder, or in any other manner related to the Plan. The Company and its Subsidiaries do not assume and shall not have responsibility for the income or other tax consequences resulting to any Participant and each Participant is advised to consult with his or her own tax advisors.
- (b) Participants (and their legal representatives) shall have no legal or equitable right, claim, or interest in any specific property or asset of the Company or any of its Subsidiaries. No asset of the Company or any of its Subsidiaries shall be held in any way as collateral security for the fulfillment of the obligations of the Company or any of its Subsidiaries under this Plan. Unless otherwise determined by the Committee, this Plan shall be unfunded. To the extent any Participant or his or her estate holds any rights by virtue of a grant of Awards under this Plan, such rights (unless otherwise determined by the Committee) shall be no greater than the rights of an unsecured creditor of the Company.
- (c) Unless otherwise determined by the Committee, the Company shall not offer financial assistance to any Participant in regards to the exercise of any Award granted under this Plan.
- (d) For Awards to be granted to Employees, Directors or Consultants, the Company and the Participant must each represent that the Participant is a *bona fide* Employee, Director or Consultant, as the case may be.

### **2. DEFINITIONS**

Where used herein or in any amendments hereto or in any communication required or permitted to be given hereunder, the following terms shall have the following meanings, respectively, unless the context otherwise requires:

- (a) “**Affiliate**” shall have the meaning ascribed to such term in NI 45-106.
- (b) “**Award**” shall mean any Restricted Share Unit Award, Restricted Share Award, Deferred Share Unit Award, Other Share-Based Award, Performance Award (including, for greater

certainty, Awards of Performance Cash, Performance Shares or Performance Units) or any other right, interest or option relating to Shares or other property (including cash) granted pursuant to the provisions of the Plan.

- (c) “**Award Agreement**” shall mean any agreement, contract, certificate or other instrument or document evidencing any Award hereunder, whether in writing or through an electronic medium, as amended.
- (d) “**Black-Out Period**” shall mean a period of time when pursuant to any policies of the Company (including the Company’s insider trading policy, if any), any securities of the Company may not be traded by certain Persons designated by the Company.
- (e) “**Board**” shall mean the board of directors of the Company.
- (f) “**Cause**” shall have the meaning set forth in the Award Agreement or other arrangement between a Participant and the Company, and if no such other definition shall exist, then “**Cause**” shall mean a Participant’s (i) repeated failure to satisfactorily perform his or her job duties, including but not limited to Participant’s refusal or failure to follow lawful and reasonable directions of the supervisor to whom Participant reports; (ii) commission of an act that materially injures the business of the Company or an Affiliate; (iii) commission of an act constituting dishonesty, fraud, or immoral or disreputable conduct; (iv) conviction of a felony, or conviction of any crime involving moral turpitude; (v) engaging or in any manner participating in any activity which is directly competitive with or injurious to the Company or an Affiliate, or which violates any material provisions of any written employment or similar agreement with the Company or an Affiliate; (vi) use or intentional appropriation for Participant’s personal use or benefit of any funds, information or properties of the Company or an Affiliate not authorized by the Company to be so used or appropriated; (vii) other conduct which may constitute cause for dismissal of employment pursuant to common law; (viii) in the case of a Participant who is a Director, failure to continue to meet the qualifications for acting as a director as set forth in the *Business Corporations Act* (British Columbia); (ix) removal as a Director by a resolution passed by the shareholders of the Company pursuant to the *Business Corporations Act* (British Columbia); or (x) removal as a Director by order of the British Columbia Registrar of Companies, British Columbia Securities Commission, the Exchange or any other regulatory body having jurisdiction to so order. The determination that the termination is for Cause shall be made by the Board in its sole discretion. Notwithstanding the foregoing, neither this provision nor any other provision of the Plan is intended to, and they shall not be interpreted in a manner that limits or restricts a Participant from exercising any legally protected whistleblower rights.
- (g) “**Change of Control**” shall have the meaning set out in Section 11.5.
- (h) “**Committee**” shall mean the Board or a subcommittee thereof formed by the Board to act as the Committee hereunder.
- (i) “**Consultant**” shall mean an individual or Consultant Company, other than an Employee or a Director, that:
  - (i) is engaged to provide on an ongoing bona fide basis consulting, technical, management or other services to the Company or to an Affiliate of the Company, other than services provided in relation to a distribution,
  - (ii) provides the services under a written contract between the Company or the Affiliate and the individual or a Consultant Company,

- (iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the affairs and business of the Company or an Affiliate of the Company, and
  - (iv) has a relationship with the Company or an Affiliate of the Company that enables the individual to be knowledgeable about the business and affairs of the Company.
- (j) “**Consultant Company**” shall mean, for an individual consultant, a company of which the individual consultant is an employee or shareholder.
- (k) “**Deferred Share Units**” means an Award that is valued by reference to a Share, which value may be paid to the Participant in Shares or cash as determined by the Committee in its sole discretion upon the satisfaction of vesting restrictions as the Committee may establish (essentially Restricted Share Units with deferred delivery), which restrictions may lapse separately or in combination at such time or times, in installments or otherwise, as the Committee may deem appropriate, all as set out in the applicable Award Agreement.
- (l) “**Director**” shall mean a director of the Company or an Affiliate of the Company.
- (m) “**Disinterested Shareholder Approval**” shall mean approval by a majority of the votes cast with respect to such approval by the Company’s shareholders at a duly constituted shareholders’ meeting, excluding votes required to be excluded in respect of the subject matter of such approval pursuant to applicable laws or Exchange Rules.
- (n) “**Dividend Equivalent**” shall have the meaning set out in Section 11.10.
- (o) “**Eligible Person**” shall mean a Person who is a Director, Employee or Consultant.
- (p) “**Employee**” shall mean:
  - (i) an individual who is considered an employee of the Company or an Affiliate of the Company under the *Income Tax Act* (Canada) or other applicable tax laws,
  - (ii) an individual who works full-time for the Company or an Affiliate of the Company providing services normally provided by an employee and who is subject to the same control and direction by the Company or such Affiliate over the details and methods of work, as an employee of the Company or such Affiliate, but for whom income tax deductions are not made at source, or
  - (iii) an individual who works for the Company or an Affiliate of the Company on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Company or such Affiliate over the details and methods of work as an employee of the Company or such Affiliate, but for whom income tax deductions are not made at source.
- (q) “**Exchange**” shall mean the TSX Venture Exchange or, if the Shares are no longer listed for trading on the TSX Venture Exchange, such other primary exchange or quotation system on which the Shares are listed or quoted for trading.
- (r) “**Exchange Rules**” shall mean the rules and policies of the Exchange, as amended from time to time.

- (s) “**Fair Market Value**” shall mean, with respect to Shares as of any date, (i) the closing price of the Shares as reported on the Exchange on such date or, if there is no closing price on that date, then on the last preceding date on which such a closing price was reported; (ii) if the Shares are not listed on any Canadian or U.S. national securities exchange but are quoted in an inter-dealer quotation system on a last sale basis, the final sale price of the Shares reported on the inter-dealer quotation system for such date, or, if there is no such sale on such date, then on the last preceding date on which a sale was reported; or (iii) if the Shares are neither listed on a Canadian or U.S. national securities exchange nor quoted on an inter-dealer quotation system on a last sale basis, the amount determined by the Committee to be the fair market value of the Shares as determined by the Committee in its sole discretion. The Fair Market Value of any property other than Shares shall mean the market value of such property determined by such methods or procedures as shall be established from time to time by the Committee.
- (t) “**Incumbent Board**” shall have the meaning set out in Section 10.3(a)(iv)
- (u) “**insider**” shall have the meaning ascribed to such term in the Securities Act.
- (v) “**Investor Relations Activities**” shall have the meaning ascribed to such term in the Securities Act.
- (w) “**Management Company Employee**” shall mean an individual employed by a Person providing management services to the Company, which are required for the ongoing successful operation of the business enterprise of the Company, but excluding a Person providing Investor Relations Activities to the Company.
- (x) “**NI 45-106**” shall mean National Instrument 45-106 *Prospectus Exemptions* of the Canadian Securities Administrators, as the same may be amended or replaced from time to time.
- (y) “**Other Share-Based Awards**” shall have meaning set out in Section 7.1.
- (z) “**Participant**” shall mean a *bona fide* Employee, Director or Consultant who is selected by the Committee to receive an Award under the Plan.
- (aa) “**Performance Award**” shall mean any Award of Performance Cash, Performance Shares, or Performance Units granted pursuant to Article 8.
- (bb) “**Performance Cash**” shall mean any cash incentives granted pursuant to Article 8 payable to the Participant upon the achievement of such performance goals as the Committee shall establish, as set out in the applicable Award Agreement.
- (cc) “**Performance Period**” shall mean the period established by the Committee during which any performance goals specified by the Committee with respect to a Performance Award are to be measured, as set out in the applicable Award Agreement.
- (dd) “**Performance Share**” shall mean any grant pursuant to Article 8 of a unit valued by reference to a designated number of Shares, which value may be paid to the Participant upon achievement of such performance goals as the Committee shall establish, as set out in the applicable Award Agreement.
- (ee) “**Performance Unit**” shall mean any grant pursuant to Article 8 of a unit valued by reference to a designated amount of cash or property other than Shares, which value may be paid to

the Participant upon achievement of such performance goals during the Performance Period as the Committee shall establish, as set out in the applicable Award Agreement.

- (ff) **“Permitted Assignee”** shall have the meaning set out in Section 11.4.
- (gg) **“Person”** shall mean any individual, firm, partnership, limited partnership, limited liability company or partnership, unlimited liability company, association, trust, trustee, executor, administrator, legal or personal representative, government, governmental body, entity or authority, group, body corporate, corporation, unincorporated organization or association or any other entity, whether or not having legal personality, and any of the foregoing in any derivative, representative or fiduciary capacity and pronouns have a similar extended meaning;
- (hh) **“Restricted Share Award”** shall have the meaning set out in Section 6.1.
- (ii) **“Restricted Share Unit”** means an Award that is valued by reference to a Share, which value may be paid to the Participant in Shares or cash as determined by the Committee in its sole discretion upon the satisfaction of vesting restrictions as the Committee may establish, which restrictions may lapse separately or in combination at such time or times, in installments or otherwise, as the Committee may deem appropriate, all as set out in the applicable Award Agreement.
- (jj) **“SEC”** shall mean the Securities and Exchange Commission.
- (kk) **“Securities Act”** means the *Securities Act* of 1933, as amended.
- (ll) **“Shares”** shall mean the common shares of the Company.
- (mm) **“Subsidiary”** shall mean any corporation which is a subsidiary, as such term is defined in Subsection 1(1) of the Securities Act.
- (nn) **“Substitute Awards”** shall mean Awards granted or Shares issued by the Company in assumption of, or in substitution or exchange for, awards previously granted, or the right or obligation to make future awards, in each case by a company acquired by the Company or any Affiliate or with which the Company or any Affiliate combines.
- (oo) **“Tax Act”** means the *Income Tax Act* (Canada) and its regulations thereunder, as amended from time to time.
- (pp) **“Termination Date”** means (i) in the event of a Participant's resignation, the date on which such Participant ceases to be an Employee, Director or Consultant of the Company or an Affiliate and (ii) in the event of the termination of the Participant's employment, or position as Director or Consultant the effective date of the termination as specified in the notice of termination provided to the Participant by the Company or an Affiliate, as the case may be.
- (qq) **“U.S. Exchange Act”** shall mean the *United States Securities Exchange Act* of 1934, as amended.
- (rr) **“U.S. Participant”** means a Participant who is a resident of the United States and is otherwise subject to the U.S. Tax Code.
- (ss) **“U.S. Securities Act”** shall mean the *United States Securities Act*, R.S.B.C. 1996, c.418, as amended, as at the date hereof;



- (tt) **U.S. Tax Code**” shall mean the *Internal Revenue Code* of 1986, as amended from time to time.
- (uu) **“Vesting Period”** shall mean the period of time specified by the Committee during which vesting restrictions for an Award are applicable, as set out in the applicable Award Agreement.

## 2.2 Interpretation.

- (a) Whenever the Committee is to exercise discretion or authority in the administration of the terms and conditions of this Plan, the term “discretion” or “authority” means the sole and absolute discretion of the Committee.
- (b) The provision of a table of contents, the division of this Plan into Articles, Sections and other subdivisions and the insertion of headings are for convenient reference only and do not affect the interpretation of this Plan.
- (c) In this Plan, words importing the singular shall include the plural, and vice versa and words importing any gender include any other gender.
- (d) The words “including”, “includes” and “include” and any derivatives of such words mean “including (or includes or include) without limitation”. As used herein, the expressions “Article”, “Section” and other subdivision followed by a number, mean and refer to the specified Article, Section or other subdivision of this Plan, respectively.
- (e) Unless otherwise specified in the Award Agreement, all references to money amounts are to Canadian currency.
- (f) For purposes of this Plan, the legal representatives of a Participant shall only include the administrator, the executor or the liquidator of the Participant’s estate or will.
- (g) If any action may be taken within, or any right or obligation is to expire at the end of, a period of days under this Plan, then the first day of the period is not counted, but the day of its expiry is counted.

## 3. SHARES SUBJECT TO THE PLAN

### 3.1 Number of Shares.

- (a) The maximum number of Shares issuable upon the exercise or redemption and settlement of all Awards granted under the Omnibus Plan is not expected to exceed 5,303,746, subject to adjustment as provided in Section 11.3. Additionally, the Company shall not, subject to approval by Disinterested Shareholders or other requirements of applicable Exchange Rules:
  - (i) grant Awards:
    - (A) to any one Person in any 12 month period which could, when exercised, result in the issuance of Shares to such Person exceeding 5% of the issued and outstanding Shares of the Company unless the Company has obtained the requisite Disinterested Shareholder Approval to the grant;



- (B) to any one Consultant in any 12 month period which could, when exercised, result in the issuance of Shares to such Person exceeding 2% of the issued and outstanding Shares of the Company; or
  - (C) in any 12 month period, to Persons who are insiders which could, when exercised, result in the issuance of Shares to such Persons exceeding 10% of the issued and outstanding Shares of the Company, unless the Company has obtained the requisite Disinterested Shareholder Approval to the grant.
- (b) The maximum number of Shares which may be reserved for issuance to insiders under this Plan and any other equity compensation plan, including the Company's option plan, shall be 10% of the issued and outstanding Shares of the Company, unless the Company has obtained the requisite Disinterested Shareholder Approval to the grant.
- (c) The limitations set out in Section 3.1(a) only apply to Awards which can be settled in Shares and not Awards which may be settled in cash only.
- (d) If any Award expires or otherwise terminates for any reason without having been exercised in full, the number of Shares in respect of which Award expires or is terminated shall be added back to the Plan and again be available for future grant, whereas the number of Shares underlying any grant of Awards that are issued upon exercise shall not be available for future grants.
- (e) Awards may not be granted unless and until the Awards have been allocated to specific Persons, and then, once allocated, a minimum Fair Market Value can be established.
- (f) No Award that can be settled in Shares issued from treasury may be granted if such grant would have the effect of causing the total number of Shares subject to such Award to exceed the above-noted total number of Shares reserved for issuance pursuant to the settlement of all Awards.

3.2 **Character of Shares.** Any Shares issued hereunder may consist, in whole or in part, of authorized and unissued shares, treasury shares or shares purchased in the open market or otherwise.

#### 4. **ADMINISTRATION**

##### 4.1 **Administration.**

- (a) The Plan shall be administered by the Committee. The Committee shall have full power and authority, subject to the provisions of the Plan and subject to such orders or resolutions not inconsistent with the provisions of the Plan as may from time to time be adopted by the Board, to: (i) select the Employees, Directors and Consultants to whom Awards may from time to time be granted hereunder; (ii) determine the type or types of Awards to be granted to each Participant hereunder; (iii) determine the number of Shares (or dollar value) to be covered by each Award granted hereunder; (iv) determine the terms and conditions, not inconsistent with the provisions of the Plan, of any Award granted hereunder; (v) determine whether, to what extent and under what circumstances Awards may be settled in cash, Shares or other property; (vi) determine whether, to what extent, and under what circumstances cash, Shares, other property and other amounts payable with respect to an Award made under the Plan shall be deferred either automatically or at the election of the Participant; (vii) determine whether, to what extent and under what circumstances any Award shall be canceled or suspended, or vesting terms or other restrictions waived or accelerated; (viii) interpret and administer the Plan and any instrument or agreement



entered into under or in connection with the Plan, including any Award Agreement; (ix) correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Award in the manner and to the extent that the Committee shall deem desirable to carry it into effect; (x) establish such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan; (xi) determine whether any Award will have Dividend Equivalents; (xii) amend the terms of any Award Agreement, subject to and in accordance with Section 11.2; and (xiii) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan.

- (b) Decisions of the Committee shall be final, conclusive and binding on all persons or entities, including the Company, any Participant, and any Affiliate. A majority of the members of the Committee may determine its actions, including fixing the time and place of its meetings. Notwithstanding the foregoing, any action or determination by the Committee specifically affecting or relating to an Award to a Director shall require the prior approval of the full Board.
- (c) To the extent not inconsistent with applicable law or the Exchange Rules, the Committee may authorize one or more executive officers to do one or more of the following with respect to Employees who are not directors or executive officers of the Company (A) designate Employees to be recipients of Awards, (B) determine the number of Shares subject to such Awards to be received by such Employees and (C) cancel or suspend Awards to such Employees; provided that (x) any resolution of the Committee authorizing such officer(s) must specify the total number of Shares subject to Awards that such officer(s) may so award and (y) the Committee may not authorize any officer to designate himself or herself as the recipient of an Award.

## 5. DEFERRED SHARE UNITS

5.1 **Grants.** Awards of Deferred Share Units may be granted hereunder to Participants either alone or in addition to other Awards granted under the Plan (a “**Deferred Share Unit Award**” respectively), and such Deferred Share Unit Awards shall also be available as a form of payment of Performance Awards and other earned cash-based incentive compensation. The Committee has absolute discretion to determine whether any consideration (other than services) is to be received by the Company or any Affiliate as a condition precedent to the grant of Deferred Share Units, subject to such minimum consideration as may be required by applicable law and the Exchange Rules. The Award Agreement shall specify the Vesting Period for the Deferred Share Units.

5.2 **Award Agreements.** The terms of any Deferred Share Unit Award granted under the Plan shall be set forth in an Award Agreement which shall contain provisions determined by the Committee and not inconsistent with the Plan. The terms of Deferred Share Unit Awards need not be the same with respect to each Participant.

5.3 **Rights of Holders of Deferred Share Units.** Unless otherwise provided in the Award Agreement, the Deferred Share Unit Award evidences the right for such Participant to receive an Award (or cash payment equal to the Fair Market Price of the Share) upon satisfaction of vesting conditions, retirement, termination or death. A Participant who holds a Deferred Share Unit Award shall only have those rights specifically provided for in the Award Agreement; provided, however, in no event shall the Participant have voting rights with respect to such Award until the actual Shares are issued. Any Shares or any other property distributed as a dividend or otherwise with respect to any Deferred Share Unit Award as to which the vesting conditions have not yet lapsed shall be subject to the same restrictions as such Deferred Share Unit Award, and the Committee shall have the sole discretion to determine whether, if at all, any cash-denominated amount that is subject to such restrictions shall earn interest and at what rate.



## 6. RESTRICTED SHARE AND RESTRICTED SHARE UNITS

6.1 **Grants.** Awards of Restricted Share and of Restricted Share Units may be granted hereunder to Participants either alone or in addition to other Awards granted under the Plan (a “**Restricted Share Award**” or “**Restricted Share Unit Award**” respectively), and such Restricted Share Awards and Restricted Share Unit Awards shall also be available as a form of payment of Performance Awards and other earned cash-based incentive compensation. The Committee has absolute discretion to determine whether any consideration (other than services) is to be received by the Company or any Affiliate as a condition precedent to the grant of Restricted Share or Restricted Share Units, subject to such minimum consideration as may be required by applicable law and the Exchange Rules. The Award Agreement shall specify the Vesting Period for the Restricted Share or Restricted Share Units.

6.2 **Award Agreements.** The terms of any Restricted Share Award or Restricted Share Unit Award granted under the Plan shall be set forth in an Award Agreement which shall contain provisions determined by the Committee and not inconsistent with the Plan. The terms of Restricted Share Awards and Restricted Share Unit Awards need not be the same with respect to each Participant.

6.3 **Rights of Holders of Restricted Share and Restricted Share Units.** Unless otherwise provided in the Award Agreement, beginning on the date of grant of the Restricted Share Award and subject to execution of the Award Agreement, the Participant shall become a shareholder of the Company with respect to all Shares subject to the Award Agreement and shall have all of the rights of a shareholder, including the right to vote such Shares and the right to receive distributions made with respect to such Shares, except as otherwise provided in this Section. A Participant who holds a Restricted Share Unit Award shall only have those rights specifically provided for in the Award Agreement; provided, however, in no event shall the Participant have voting rights with respect to such Award. Any Shares or any other property distributed as a dividend or otherwise with respect to any Restricted Share Award or Restricted Share Unit Award as to which the restrictions have not yet lapsed shall be subject to the same restrictions as such Restricted Share Award or Restricted Share Unit Award, and the Committee shall have the sole discretion to determine whether, if at all, any cash-denominated amount that is subject to such restrictions shall earn interest and at what rate.

6.4 **Issuance of Shares.** Any Restricted Share granted under the Plan may be evidenced in such manner as the Board may deem appropriate, including book-entry registration or issuance of a stock certificate or certificates, which certificate or certificates shall be held by the Company. Any such certificate or certificates shall be registered in the name of the Participant and shall bear an appropriate legend referring to the restrictions applicable to such Restricted Share.

## 7. OTHER SHARE-BASED AWARDS

7.1 **Grants.** Other Share-Based Awards of Shares and other Awards that are valued in whole or in part by reference to, or are otherwise based on, Shares or other property (“**Other Share-Based Awards**”), including deferred share units, may be granted hereunder to Participants either alone or in addition to other Awards granted under the Plan. Other Share-Based Awards shall also be available as a form of payment of other Awards granted under the Plan and other earned cash-based compensation.

7.2 **Award Agreements.** The terms of Other Share-Based Awards granted under the Plan shall be set forth in an Award Agreement which shall contain provisions determined by the Committee and not inconsistent with the Plan. The terms of such Awards need not be the same with respect to each Participant. Other Share-Based Awards may be subject to vesting restrictions during the Vesting Period as specified by the Committee.

7.3 **Payment.** Except as may be provided in an Award Agreement, Other Share- Based Awards may be paid in cash, Shares, other property, or any combination thereof, in the sole discretion of the Committee. Other Share-Based Awards may be paid in a lump sum or in installments or, in accordance with procedures



established by the Committee, on a deferred basis subject, in the case of a U.S. Participant, to the requirements of Section 409A of the U.S. Tax Code.

**7.4 Deferral of Director Fees; Other Director Awards.** Directors may, if determined by the Board, receive Other Share-Based Awards in the form of deferred share units (or any other Award, subject to the discretion of the Board) in lieu of all or a portion of their annual compensation, if any. In addition, if determined by the Board, Directors may elect to receive Other Share-Based Awards in the form of deferred share units (or any other Award, subject to the discretion of the Board) in lieu of all or a portion of their annual and committee compensation, if any, and annual meeting fees, if any, provided that, in the case of a U.S. Participant, such election is made in accordance with the requirements of Section 409A of the U.S. Tax Code, as applicable. The Committee shall, in its absolute discretion, establish such rules and procedures as it deems appropriate for such elections and for payment in deferred share units, or other Awards, as the case may be.

## **8. PERFORMANCE AWARDS**

**8.1 Grants.** Performance Awards, as determined by the Committee in its sole discretion, may be granted hereunder to Participants, for no consideration or for such minimum consideration as may be required by applicable law, either alone or in addition to other Awards granted under the Plan. The performance goals for Performance Awards to be achieved for each Performance Period shall be conclusively determined by the Committee and may be based upon such criteria as determined by the Committee in its discretion.

**8.2 Award Agreements.** The terms of any Performance Award granted under the Plan shall be set forth in an Award Agreement (or, if applicable, in a resolution duly adopted by the Committee) which shall contain provisions determined by the Committee and not inconsistent with the Plan, including whether such Awards shall have Dividend Equivalents. The terms of Performance Awards need not be the same with respect to each Participant.

**8.3 Terms and Conditions.** The performance criteria to be achieved during any Performance Period and the length of the Performance Period shall be determined by the Committee upon the grant of each Performance Award. The amount of the Award to be distributed shall be conclusively determined by the Committee.

**8.4 Payment.** Except as provided in Article 9, as provided by the Committee or as may be provided in an Award Agreement, Performance Awards will be distributed only after the end of the relevant Performance Period. Performance Awards may be paid in cash, Shares, other property, or any combination thereof, in the sole discretion of the Committee. Performance Awards may be paid in a lump sum or in installments following the close of the Performance Period or, in accordance with procedures established by the Committee, on a deferred basis subject to, in the case of a U.S. Participant, the requirements of Section 409A of the U.S. Tax Code.

## **9. CEASING TO BE AN EMPLOYEE, DIRECTOR OR CONSULTANT**

**9.1** Upon a Participant ceasing to be an Eligible Person then, subject to Section 10 and subject to the terms of any applicable Award Agreement:

- (a) for Cause, any vested or unvested Award granted to such Participant shall terminate automatically and become void immediately;
- (b) as a result of his or her employment or service relationship with the Company or an Affiliate being terminated without Cause (i) any unvested Award granted to such Participant shall terminate and become void immediately and (ii) any vested Award granted to such Participant may be exercised by such Participant or redeemed and settled by the



Company. Unless otherwise determined by the Committee (to a maximum of one year next succeeding such cessation, and approval is obtained from the stock exchange on which the Shares trade where required, in its sole discretion), such Award shall only be exercisable or redeemable within 90 days after the Termination Date, after which the Award will expire;

- (c) as a result of his or her resignation from the Company or an Affiliate, (i) each unvested Award granted to such Participant shall terminate and become void immediately upon resignation and (ii) each vested Award granted to such Participant will cease to be exercisable or redeemable 90 days following the Termination Date, after which the Award will expire;
- (d) by reason of retirement or permanent disability, (i) any unvested Award shall terminate and become void immediately, and (ii) any vested Award will cease to be exercisable or redeemable 90 days from the date of retirement or the date on which the Participant ceases his or her employment or service relationship with the Company or any Affiliate by reason of permanent disability, after which the Award will expire;
- (e) by reason of death, any vested Award granted to such Participant may be exercised by the liquidator, executor or administrator, as the case may be, of the estate of the Participant for that number of Shares only which such Participant was entitled to acquire under the respective Award (the “**Vested Awards**”) on the date of such Participant’s death. Such Vested Awards shall only be exercisable or redeemable within twelve months after the Participant’s death or prior to the expiration of the original term of the Award whichever occurs earlier;
- (f) by reason of electing a voluntary leave of absence of more than twelve months, including maternity and paternity leaves, the Board may determine, at its sole discretion but subject to applicable laws, that such Participant’s participation in the Plan shall be terminated, provided that all vested Awards granted to the Participant shall remain outstanding and in effect until the applicable exercise or redemption date, or an earlier date determined by the Board at its sole discretion.

## **10. CHANGE IN CONTROL PROVISIONS**

**10.1 Impact of Change of Control.** The following provisions will apply to Awards in the event of a Change of Control unless otherwise provided in an Award Agreement or any other written agreement between the Company or any Affiliate and the Participant or unless otherwise expressly provided by the Board at the time of grant of an Award. In the event of a Change of Control, then, notwithstanding any other provision of the Plan, the Board will take one or more of the following actions with respect to Awards, contingent upon the closing or completion of the Change of Control:

- (a) arrange for the surviving corporation or acquiring corporation (or the surviving or acquiring corporation’s parent company) to assume or continue the Award or to substitute a similar award (including, but not limited to, an award to acquire the same consideration paid to the shareholders of the Company pursuant to the Change of Control);
- (b) arrange for the assignment of any reacquisition or repurchase rights held by the Company in respect of Shares issued pursuant to the Award to the surviving corporation or acquiring corporation (or the surviving or acquiring corporation’s parent company);
- (c) accelerate the vesting, subject to Exchange approval, in whole or in part, of the Award (and, if applicable, the time at which the Award may be exercised) to a date prior to the effective time of such Change of Control as the Board determines (or, if the Board does



not determine such a date, to the date that is five days prior to the effective date of the Change of Control), with such Award terminating if not exercised (if applicable) at or prior to the effective time of the Change of Control in accordance with the exercise procedures determined by the Board (in all cases with such acceleration of vesting and exercisability still contingent upon the closing or completion of the Change of Control as provided above, and with any such acceleration of vesting and/or exercise to be unwound if the Change of Control does not actually occur);

- (d) arrange for the lapse, in whole or in part, of any reacquisition or repurchase rights held by the Company with respect to the Award;
- (e) cancel or arrange for the cancellation of the Award, to the extent not vested or not exercised prior to the effective time of the Change of Control, in exchange for no consideration or such consideration, if any, as the Board, in its sole discretion, may consider appropriate; or
- (f) cancel or arrange for the cancellation of the Award, to the extent not vested or not exercised prior to the effective time of the Change of Control, in exchange for a payment, in such form as may be determined by the Board, equal to the excess, if any, of (i), the per share amount (or value of property per share) payable to holders of common shares in connection with the Change of Control, over (ii) the per share exercise price under the applicable Award, multiplied by the number of Shares subject to the Award. For clarity, this payment may be \$0 if the amount per share (or value of property per share) payable to the holders of the Shares is equal to or less than the per share exercise price of the Award. In addition, any escrow, holdback, earnout or similar provisions in the definitive agreement for the Change of Control may apply to such payment to the holder of the Award to the same extent and in the same manner as such provisions apply to the holders of Shares.
- (g) The Board need not take the same action or actions with respect to all Awards or portions thereof or with respect to all Participants.

**10.2 Appointment of Shareholder Representative.** As a condition to the receipt of an Award under this Plan, a Participant will be deemed to have agreed that the Award will be subject to the terms of any agreement governing a Change of Control involving the Company, including, without limitation, a provision for the appointment of a shareholder representative that is authorized to act on the Participant's behalf with respect to any escrow or other contingent consideration.

### **10.3 Change of Control.**

- (a) Unless otherwise provided in an Award Agreement, "**Change of Control**" means the occurrence of any one of the following events (provided, however, that any definition of Change of Control in an Award Agreement may not provide that a Change of Control will occur prior to consummation or effectiveness of a change in control of the Company and may not provide that a Change of Control will occur upon the announcement, commencement, shareholder approval or other potential occurrence of any event or transaction that, if completed, would result in a change in control of the Company):
  - (i) an acquisition by a Person, or one or more Persons acting jointly or in concert, of the beneficial ownership of securities of the Company resulting in such Person or Persons holding securities representing more than 50% of the combined voting power of the Company's then outstanding securities other than by virtue of a merger, consolidation, plan of arrangement, amalgamation or similar transaction. Notwithstanding the foregoing, a Change of Control shall not be deemed to occur solely because the level of ownership held by a person, entity or group exceeds

the designated percentage threshold of the outstanding voting securities as a result of a repurchase or other acquisition of voting securities by the Company reducing the number of shares outstanding, provided that if a Change of Control would occur (but for the operation of this sentence) as a result of the acquisition of voting securities by the Company, and after such share acquisition, a person, entity or group becomes the owner of any additional voting securities that, assuming the repurchase or other acquisition had not occurred, increases the percentage of the then outstanding voting securities owned by such person, entity or group over the designated percentage threshold, then a Change of Control shall be deemed to occur;

- (ii) there is consummated a merger, consolidation, plan of arrangement, amalgamation or similar transaction involving (directly or indirectly) the Company and, immediately after the consummation of such merger, consolidation, plan of arrangement, amalgamation or similar transaction, the shareholders of the Company immediately prior thereto do not own, directly or indirectly, outstanding voting securities representing more than 50% of the combined outstanding voting power of the surviving entity in such merger, consolidation, plan of arrangement, amalgamation or similar transaction or more than 50% of the combined outstanding voting power of the parent of the surviving entity in such merger, consolidation, plan of arrangement, amalgamation or similar transaction;
- (iii) there is consummated a sale or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries, other than a sale, lease, license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries to an entity, more than 50% of the combined voting power of the voting securities of which are owned by shareholders of the Company in substantially the same proportions as their ownership of the Company immediately prior to such sale, lease, license or other disposition; or
- (iv) individuals who, on the effective date of the Plan, are members of the Board (the “**Incumbent Board**”) cease for any reason to constitute at least a majority of the members of the Board; provided, however, that if the appointment or election (or nomination for election) of any new Board member was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member will, for purposes of this Plan, be considered as a member of the Incumbent Board.

## 11. GENERALLY APPLICABLE PROVISIONS

11.1 **Approval Required for Plan.** Prior to its implementation by the Company, the Plan is subject to approval by the Exchange and Disinterested Shareholder Approval.

### 11.2 **Amendment and Termination of the Plan.**

- (a) Subject to approval by the Exchange, the Board may suspend or terminate the Plan at any time, or from time to time amend or revise the terms of the Plan or any granted Award without the consent of the Participants provided that such suspension, termination, amendment or revision shall:
  - (i) not adversely alter or impair the rights of any Participant, without the consent of such Participant except as permitted by the provisions of the Plan;
  - (ii) be in compliance with applicable law; and



- (iii) be subject to shareholder approval including Disinterested Shareholder Approval if applicable, where required by law or the requirements of the Exchange provided that the Committee may, from time to time, in its absolute discretion and without approval of the shareholders of the Company make the following amendments to this Plan:
  - (A) any amendment to the vesting provisions, if applicable, or assignability provisions of any Award;
  - (B) any amendment regarding the effect of termination of a Participant's employment or engagement;
  - (C) any amendment necessary to comply with applicable law or the requirements of the Exchange or any other regulatory body;
  - (D) any amendment of a "housekeeping" nature, including to clarify the meaning of an existing provision of the Plan, correct or supplement any provision of the Plan that is inconsistent with any other provision of the Plan, correct any grammatical or typographical errors or amend the definitions in the Plan;
  - (E) any amendment regarding the administration of the Plan;
  - (F) any amendment to add provisions permitting the grant of Awards settled otherwise than with Shares issued from treasury, or adopt a clawback provision applicable to equity compensation; and
  - (G) any other amendment that does not require the approval of the shareholders of the Company under Section 11.2(b).
- (b) Notwithstanding Section 11.2(a), the Board shall be required to obtain shareholder approval or Disinterested Shareholder Approval, if required by the Exchange Rules, to make the following amendments:
  - (i) any increase to the maximum number of Shares issuable under the Plan except in the event of an adjustment pursuant to Section 11.3;
  - (ii) any amendment which extends the expiry date of any Award;
  - (iii) any amendment that would permit an Award to be transferable or assignable other than for normal estate settlement purposes or in accordance with Section 11.4; and
  - (iv) any amendment to the amendment provisions of the Plan; or
  - (v) any other amendment required to be approved by shareholders under applicable law or under the Exchange Rules.

**11.3 Adjustments.** In the event of any merger, plan of arrangement, amalgamation, reorganization, consolidation, recapitalization, dividend or distribution (whether in cash, shares or other property, other than a regular cash dividend), stock split, reverse stock split, spin-off or similar transaction or other change in corporate structure affecting the Shares or the value thereof, such adjustments and other substitutions shall be made to the Plan and to Awards in a manner the Committee deems equitable or appropriate taking into



consideration the accounting and tax consequences, including such adjustments in the aggregate number, class and kind of securities that may be delivered under the Plan and, in the aggregate or to any Participant, in the number, class, kind and exercise price of securities subject to outstanding Awards granted under the Plan (including, if the Committee deems appropriate, the substitution of similar options to purchase the shares of, or other awards denominated in the shares of, another company); provided, however, that the number of Shares subject to any Award shall always be a whole number.

**11.4 Transferability of Awards.** Except as specifically provided in an Award Agreement approved by the Committee, each Award granted under the Plan is personal to the Participant and shall not be assignable or transferable by the Participant, whether voluntarily or by operation of law, except by will or by the laws of succession of the domicile of the deceased Participant. Notwithstanding the foregoing, to the extent and under such terms and conditions as determined by the Committee, a Participant may assign or transfer an Award without consideration (each transferee thereof, a **"Permitted Assignee"**) (i) to a trust which the Participant is a beneficiary of; (ii) to a holding entity (as such term is defined in NI 45-106 of such Participant); or (iii) to an RRSP, RRIF or TFSA of such Participant; provided that such Permitted Assignee shall be bound by and subject to all of the terms and conditions of the Plan and the Award Agreement relating to the transferred Award and shall execute an agreement satisfactory to the Company evidencing such obligations; and provided further that such Participant shall remain bound by the terms and conditions of the Plan. The Company shall cooperate with any Permitted Assignee and the Company's transfer agent in effectuating any such permitted transfer. No Award granted hereunder may be pledged, hypothecated, charged, transferred, assigned or otherwise encumbered or disposed of on pain of nullity.

**11.5 Termination of Employment or Services.** The date of termination of a Participant's employment or services will be determined by the Committee, which determination will be final.

**11.6 Grant of Awards.** Notwithstanding any express or implied term of this Plan to the contrary, the granting of an Award pursuant to the Plan shall in no way be construed as a guarantee by the Company or a Subsidiary to the Participant of employment or another service relationship with the Company or a Subsidiary. The granting of an Award to a Participant shall not impose upon the Company or a Subsidiary any obligation to retain the Participant in its employ or service in any capacity. Nothing contained in this Plan or in any Award granted under this Plan shall interfere in any way with the rights of the Company or any of its Affiliates in connection with the employment, retention or termination of any such Participant. The loss of existing or potential profit in Shares underlying Awards granted under this Plan shall not constitute an element of damages in the event of termination of a Participant's employment or service in any office or otherwise.

**11.7 Conformity to Plan.** In the event that an Award is granted or an Award Agreement is executed which does not conform in all particulars with the provisions of the Plan, or purports to grant Awards on terms different from those set out in the Plan, the Award or the grant of such Award shall not be in any way void or invalidated, but the Award so granted will be adjusted to become, in all respects, in conformity with the Plan.

**11.8 Rights as a Shareholder.** Subject to Section 6.4, neither the Participant nor such Participant's personal representatives or legatees shall have any rights whatsoever as shareholder in respect of any Shares covered by such Participant's Awards by reason of the grant of such Award until such Award has been duly exercised, as applicable, and settled and Shares have been issued in respect thereof. Without in any way limiting the generality of the foregoing, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such Shares have been issued.

**11.9 Deferral.** The Committee shall be authorized to establish procedures pursuant to which the payment of any Award may be deferred.

**11.10 Dividend Equivalents.** Subject to the provisions of the Plan and any Award Agreement, the recipient of an Award may, if so determined by the Committee, be entitled to receive, currently or on a



deferred basis, amounts equivalent to cash, stock or other property dividends on Shares (“**Dividend Equivalents**”) with respect to the number of Shares covered by the Award, as determined by the Committee, in its sole discretion. The Committee may provide that the Dividend Equivalents (if any) shall be deemed to have been reinvested in additional Shares or otherwise reinvested or accumulated and credited to a bookkeeping account, but in any event shall be subject to the same restrictions and risk of forfeiture as the underlying Award and shall not be paid unless and until the underlying Award is vested.

**11.11 Change in Time Commitment.** In the event a Participant’s regular level of time commitment in the performance of his or her services for the Company and any Affiliates is reduced (for example, and without limitation, if the Participant is an Employee and the Employee has a change in status from a full-time Employee to a part-time Employee or takes an extended leave of absence) after the date of grant of any Award to the Participant, the Board has the right in its sole discretion to (x) make a corresponding reduction in the number of shares or cash amount subject to any portion of such Award that is scheduled to vest or become payable after the date of such change in time commitment, and (y) in lieu of or in combination with such a reduction, extend the vesting or payment schedule applicable to such Award. In the event of any such reduction, the Participant will have no right with respect to any portion of the Award that is so reduced or extended.

## **12. MISCELLANEOUS**

**12.1 Award Agreements.** Each Award Agreement shall either be (a) in writing in a form approved by the Committee and executed by the Company by an officer duly authorized to act on its behalf, or (b) an electronic notice in a form approved by the Committee and recorded by the Company (or its designee) in an electronic recordkeeping system used for the purpose of tracking one or more types of Awards as the Committee may provide; in each case and if required by the Committee, the Award Agreement shall be executed or otherwise electronically accepted by the recipient of the Award in such form and manner as the Committee may require. The Committee may authorize any officer of the Company to execute any or all Award Agreements on behalf of the Company. The Award Agreement shall set forth the material terms and conditions of the Award as established by the Committee consistent with the provisions of the Plan.

### **12.2 Tax Withholding.**

- (a) Notwithstanding any other provision of this Plan, all distributions, delivery of Shares or payments to a Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) under the Plan shall be made net of such withholdings, including in respect of applicable taxes and source deductions, as the Company determines. If the event giving rise to the withholding obligation involves an issuance or delivery of Shares, then, the withholding may be satisfied in such manner as the Committee determines, including by (i) having the Participant elect to have the appropriate number of such Shares sold by the Company, the Company’s transfer agent and registrar or any trustee appointed by the Company pursuant to Section 12.2 hereof, on behalf of and as agent for the Participant as soon as permissible and practicable, with the proceeds of such sale being delivered to the Company, which will in turn remit such amounts to the appropriate governmental authorities, (ii) requiring that the Participant remit, at or before the exercise of such Award, payment in cash of an amount equal to such withholding obligation in respect of such exercise; or (iii) any other mechanism as may be required or determined by the Company as appropriate.
- (b) Notwithstanding Section 12.2(a), the applicable tax withholdings may be waived where a Participant directs in writing that a payment be made directly to the Participant’s registered retirement savings plan in circumstances to which subsection 100(3) of the regulations made under the Tax Act apply.



**12.3 Right of Discharge Reserved; Claims to Awards.** Nothing in the Plan nor the grant of an Award hereunder shall confer upon any Employee, Director or Consultant the right to continue in the employment or service of the Company or any Affiliate or affect any right that the Company or any Affiliate may have to terminate the employment or service of (or to demote or to exclude from future Awards under the Plan) any such Employee, Director or Consultant at any time for any reason. The Company shall not be liable for the loss of existing or potential profit from an Award granted in the event of termination of an employment or other relationship. No Employee, Director or Consultant shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of Employees, Directors or Consultants under the Plan.

**12.4 Substitute Awards.** Notwithstanding any other provision of the Plan, the terms of Substitute Awards may vary from the terms set forth in the Plan to the extent the Committee deems appropriate to conform, in whole or in part, to the provisions of the awards in substitution for which they are granted.

**12.5 Clawback.** Notwithstanding any other provisions in this Plan, any Award which is subject to recovery under any law, government regulation or stock exchange listing requirement or any policy adopted by the Company, will be subject to such deductions and clawback as may be required to be made pursuant to such law, government regulation stock exchange listing requirement or policy. Without limiting the generality of the foregoing, the proceeds from the exercise or disposition of Awards or Shares acquired under Awards will be subject to forfeiture and disgorgement to the Company, with interest and other related earnings, if the Participant to whom the Award was granted violates (i) a non-competition, non-solicitation, confidentiality or other restrictive covenant by which he or she is bound, or (ii) any policy adopted by the Company applicable to the Participant that provides for forfeiture or disgorgement with respect to incentive compensation that includes Awards under the Plan. In addition, the Committee may require forfeiture and disgorgement to the Company of outstanding Awards and the proceeds from the exercise or disposition of Awards or Shares acquired under Awards, with interest and other related earnings, to the extent required by law or Exchange Rules, including any related policy adopted by the Company. Each Participant, by accepting or being deemed to have accepted an Award under the Plan, agrees to cooperate fully with the Committee, and to cause any and all Permitted Transferees of the Participant to cooperate fully with the Committee, to effectuate any forfeiture or disgorgement required hereunder. Neither the Committee nor the Company nor any other person, other than the Participant and his or her Permitted Transferees, if any, will be responsible for any adverse tax or other consequences to a Participant or his or her Permitted Transferees, if any, that may arise in connection with this Section 12.5.

**12.6 Securities Law Compliance.**

- (a) The Plan (including any amendments to it), the terms of the grant of any Award under the Plan, the grant of any Award and exercise of any Award, and the Company's obligation to sell and deliver Shares in respect of any Awards, shall be subject to all applicable federal, provincial, state and foreign laws, rules and regulations, the Exchange Rules and to such approvals by any regulatory or governmental agency as may, as determined by the Company, be required. The Company shall not be obliged by any provision of the Plan or the grant of any Award hereunder to issue, sell or deliver Shares in violation of such laws, rules and regulations or any condition of such approvals.
- (b) The Company shall have no obligation to issue any Shares pursuant to this Plan unless upon official notice of issuance such Shares shall have been duly listed with the Exchange. Shares issued, sold or delivered to Participants under the Plan may be subject to limitations on sale or resale under applicable securities laws.

**12.7 Nature of Payments.** All Awards made pursuant to the Plan are in consideration of services performed or to be performed for the Company or any Affiliate, division or business unit of the Company or an Affiliate. Any income or gain realized pursuant to Awards under the Plan constitutes a special incentive payment to the Participant and shall not be taken into account, to the extent permissible under applicable



law, as compensation for purposes of any of the employee benefit plans of the Company or any Affiliate except as may be determined by the Committee or by the Board or board of directors of the applicable Affiliate (or as may be required by the terms of such plan).

**12.8 Listing of Shares.** So long as the Shares are listed on the Exchange, the Company must apply to the Exchange for the listing or quotation, as applicable, of the Shares underlying the Awards granted under the Plan, however, the Company cannot guarantee that such Shares will be listed or quoted on the Exchange.

**12.9 Other Plans.** Nothing contained in the Plan shall prevent the Board from adopting other or additional compensation arrangements, subject to shareholder approval if such approval is required; and such arrangements may be either generally applicable or applicable only in specific cases.

**12.10 Severability.** The invalidity or unenforceability of any provision of the Plan shall not affect the validity or enforceability of any other provision and any invalid or unenforceable provision shall be severed from the Plan.

**12.11 Governing Law.** The Plan and all matters to which reference is made herein shall be governed by and interpreted in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

**12.12 Effective Date of Plan; Termination of Plan.** The Plan shall be effective on the date of the approval of the Plan by the holders of the shares entitled to vote at a duly constituted meeting of the shareholders of the Company. The Plan shall be null and void and of no effect if the foregoing condition is not fulfilled and in such event each Award shall, notwithstanding any of the preceding provisions of the Plan, be null and void and of no effect. Awards may be granted under the Plan at any time and from time to time until the Plan is terminated by the Board, on which date the Plan will expire except as to Awards then outstanding under the Plan. Such outstanding Awards shall remain in effect until they have been exercised or terminated, or have expired.

**12.13 No Restriction on Corporate Actions.** The existence of any Awards shall not affect in any way the right or power of the Company or its shareholders to make or authorize any adjustment, reclassification, recapitalization, reorganization or other change in the Company's capital structure or its business, or any amalgamation, arrangement, combination, merger or consolidation involving the Company or to create, issue, redeem or repurchase any bonds, debentures, shares or other securities of the Company or the rights and conditions attaching thereto or to affect the dissolution or liquidation of the Company or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar nature or otherwise.

**12.14 Foreign Employees and Consultants.** Awards may be granted to Participants who are foreign nationals or employed or providing services outside Canada, or both, on such terms and conditions different from those applicable to Awards to Employees or Consultants providing services in Canada as may, in the judgment of the Committee, be necessary or desirable in order to recognize differences in local law or tax policy. The Committee also may impose conditions on the exercise or vesting of Awards in order to minimize the Company's obligation with respect to tax equalization for Employees or Consultants on assignments outside their home country.

**12.15 No Obligation to Notify or Minimize Taxes; No Liability for Taxes.** The Company has no duty or obligation to any Participant to advise such holder as to the time or manner of exercising any Award. Furthermore, the Company has no duty or obligation to warn or otherwise advise such holder of a pending termination or expiration of an Award or a possible period in which the Award may not be exercised. The Company has no duty or obligation to minimize the tax consequences of an Award to the holder of such Award and will not be liable to any holder of an Award for any adverse tax consequences to such holder in connection with an Award. As a condition to accepting an Award under the Plan, each Participant (i) agrees



to not make any claim against the Company, or any of its officers, Directors, Employees, Affiliates, agents or advisors related to tax liabilities arising from such Award or other Company compensation and (ii) acknowledges that such Participant was advised to consult with his or her own personal tax, financial and other legal advisors regarding the tax consequences of the Award and has either done so or knowingly and voluntarily declined to do so.

**12.16 No Registration Rights; No Right to Settle in Cash.** The Company has no obligation to register with any governmental body or organization (including, without limitation, the SEC) any of (a) the offer or issuance of any Award, (b) any Shares issuable upon the exercise of any Award, or (c) the sale of any Shares issued upon exercise of any Award, regardless of whether the Company in fact undertakes to register any of the foregoing. In particular, in the event that any of (x) any offer or issuance of any Award, (y) any Shares issuable upon exercise of any Award, or (z) the sale of any Shares issued upon exercise of any Award are not registered with any governmental body or organization (including, without limitation, the SEC), the Company will not under any circumstance be required to settle its obligations, if any, under this Plan in cash.

**12.17 Participant Information.** Each Participant shall provide the Company with all information (including personal information) required by the Company in order to administer the Plan. Each Participant acknowledges that information required by the Company in order to administer the Plan may be disclosed to any custodian appointed in respect of the Plan and other third parties including the Exchange, and may be disclosed to such persons (including persons located in jurisdictions other than the Participant's jurisdiction of residence), in connection with the administration of the Plan. Each Participant consents to such disclosure and authorizes the Company to make such disclosure on the Participant's behalf.

**12.18 Indemnity.** To the extent allowable pursuant to applicable law, each member of the Committee or of the Board and any person to whom the Committee has delegated any of its authority under the Plan shall be indemnified and held harmless by the Company from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by such person in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action or failure to act pursuant to the Plan and against and from any and all amounts paid by him or her in satisfaction of judgment in such action, suit, or proceeding against him or her; provided, that in relation to the subject matter of the proceeding the indemnitee acted honestly and in good faith with a view to the best interests of the Company or the Affiliate, as applicable, and in the case of a proceeding other than a civil proceeding, the indemnitee had reasonable grounds for believing that his conduct in respect of which the proceeding was brought was lawful and, further provided, he or she gives the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled pursuant to applicable law or the Company's Articles, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

**12.19 Corporate Action Constituting Grant of Awards.** Corporate action constituting a grant by the Company of an Award to any Participant will be deemed completed as of the date of such corporate action, unless otherwise determined by the Committee, regardless of when the instrument, certificate, or letter evidencing the Award is communicated to, or actually received or accepted by, the Participant. In the event that the corporate records (e.g., Committee or Board consents, resolutions or minutes) documenting the corporate action approving the grant contain terms (e.g., exercise price, vesting schedule or number of Shares) that are inconsistent with those in the Award Agreement or related grant documents as a result of a clerical error in the papering of the Award Agreement or related grant documents, the corporate records will control and the Participant will have no legally binding right to the incorrect term in the Award Agreement or related grant documents.

**12.20 Headings.** The headings in the Plan are for convenience of reference only, and are not intended to narrow, limit or affect the substance or interpretation of the provisions contained herein.



## SCHEDULE O KARUS ADVANCE NOTICE POLICY

### INTRODUCTION

Karus Gold Corp. (the “**Company**”) is committed to: (i) facilitating an orderly and efficient annual general or, where the need arises, special meeting, process; (ii) ensuring that all shareholders receive adequate notice of the director nominations and sufficient information with respect to all nominees; and (iii) allowing shareholders to register an informed vote.

The purpose of this Advance Notice Policy (this “**Policy**”) is to provide shareholders, directors and management of the Company with a clear framework for nominating directors. This Policy fixes a deadline by which holders of record of common shares of Karus must submit director nominations to Karus prior to any annual or special meeting of shareholders and sets forth the information that a shareholder must include in the notice to Karus for notice to be in proper written form in order for any director nominee to be eligible for election at any annual or special meeting of shareholders..

It is the position of the Company that this Policy is beneficial to shareholders and other stakeholders. This Policy will be subject to an annual review, and will reflect changes as required by securities regulatory agencies or stock exchanges, or so as to meet industry standards.

### NOMINATION OF DIRECTORS

1. Subject only to the *Business Corporations Act* (British Columbia) (the “**Act**”), only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Company. Nominations of persons for election to the board of directors of the Company (the “**Board**”) may be made at any annual meeting of shareholders, or at any special meeting of shareholders (but only if the election of directors is a matter specified in the notice of meeting given by or at the direction of the person calling such special meeting):
  - (a) by or at the direction of the Board or an authorized officer of the Company, including pursuant to a notice of meeting;
  - (b) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Act or a requisition of the shareholders made in accordance with the provisions of the Act; or
  - (c) by any person (a “**Nominating Shareholder**”):
    - (i) who, at the close of business on the date of the giving of the notice provided for below in this Policy and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and
    - (ii) who complies with the notice procedures set forth below in this Policy.
2. In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, such person must have given (i) timely notice thereof in proper written form to the Corporate Secretary of the Company at the principal executive offices of the Company in accordance with this Policy and (ii) the representation and agreement with respect to each candidate for nomination as required by, and within the time period specified in §5 of this Policy.



3. To be timely under §2(i) of this Policy, a Nominating Shareholder's notice to the Corporate Secretary of the Company must be made:
  - (a) in the case of an annual meeting of shareholders, not less than 30 prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is called for a date that is less than 50 days after the date (the "**Notice Date**") on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the tenth (10th) day following the Notice Date; and
  - (b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the fifteenth (15th) day following the day on which the first public announcement of the date of the special meeting of shareholders was made.

Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement in this §3.

4. To be in proper written form, a Nominating Shareholder's notice to the Corporate Secretary of the Company, under §2(i) of this Policy must set forth:
  - (a) as to each person whom the Nominating Shareholder proposes to nominate for election as a Director:
    - (i) the name, age, business address and residence address of the person;
    - (ii) the principal occupation or employment of the person;
    - (iii) the class or series and number of shares in the capital of the Company which are controlled or which are owned beneficially or of record by the person as of the record date for the Meeting of Shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice;
    - (iv) a statement as to whether such person would be "independent" of the Company (within the meaning of sections 1.4 and 1.5 of National Instrument 52-110 – Audit Committees of the Canadian Securities Administrators, as such provisions may be amended from time to time) if elected as a Director at such meeting and the reasons and basis for such determination; and
    - (v) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below); and
  - (b) as to the Nominating Shareholder giving the notice:
    - (i) any information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws, and
    - (ii) the class or series and number of shares in the capital of the Company which are controlled or which are owned beneficially or of record by the Nominating Shareholder as of the record date for the Meeting of Shareholders (if such date



shall then have been made publicly available and shall have occurred) and as of the date of such notice.

5. To be eligible to be a candidate for election as a director of the Company and to be duly nominated, a candidate must be nominated in the manner prescribed in this Policy and the candidate for nomination, whether nominated by the Board or otherwise, must have previously delivered to the Corporate Secretary of the Company at the principal executive offices of the Company, not less than 5 days prior to the date of the Meeting of Shareholders, a written representation and agreement (in form provided by the Company) that such candidate for nomination, if elected as a director of the Company, will comply with all applicable corporate governance, conflict of interest, confidentiality, share ownership, majority voting and insider trading policies and other policies and guidelines of the Company applicable to directors and in effect during such person's term in office as a director (and, if requested by any candidate for nomination, the Corporate Secretary of the Company shall provide to such candidate for nomination all such policies and guidelines then in effect).
6. No person shall be eligible for election as a director of the Company unless nominated in accordance with the provisions of this Policy; provided, however, that nothing in this Policy shall be deemed to preclude discussion by a shareholder (as distinct from nominating directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act. The chair of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.
7. For purposes of this Policy:
  - (a) “**Affiliate**”, when used to indicate a relationship with a person, shall mean a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such specified person;
  - (b) “**Applicable Securities Laws**” means the *Securities Act* (British Columbia) and the equivalent legislation in the other provinces and in the territories of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commissions and similar regulatory authorities of each of the applicable provinces and territories of Canada;
  - (c) “**Associate**”, when used to indicate a relationship with a specified person, shall mean (A) any corporation or trust of which such person owns beneficially, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all voting securities of such corporation or trust for the time being outstanding, (B) any partner of that person, (C) any trust or estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar capacity, (D) a spouse of such specified person, (E) any person of either sex with whom such specified person is living in conjugal relationship outside marriage or (F) any relative of such specified person or of a person mentioned in clauses (D) or (E) of this definition if that relative has the same residence as the specified person;
  - (d) “**Derivatives Contract**” shall mean a contract between two parties (the “**Receiving Party**” and the “**Counterparty**”) that is designed to expose the Receiving Party to economic benefits and risks that correspond substantially to the ownership by the Receiving Party of

a number of shares in the capital of the Company or securities convertible into such shares specified or referenced in such contract (the number corresponding to such economic benefits and risks, the “**Notional Securities**”), regardless of whether obligations under such contract are required or permitted to be settled through the delivery of cash, shares in the capital of the Company or securities convertible into such shares or other property, without regard to any short position under the same or any other Derivatives Contract. For the avoidance of doubt, interests in broad-based index options, broad-based index futures and broad-based publicly traded market baskets of stocks approved for trading by the appropriate governmental authority shall not be deemed to be Derivatives Contracts;

- (e) “**Meeting of Shareholders**” shall mean such annual shareholders meeting or special shareholders meeting, whether general or not, at which one or more persons are nominated for election to the Board by a Nominating Shareholder;
- (f) “**owned beneficially**” or “**owns beneficially**” means, in connection with the ownership of shares in the capital of the Company by a person, (A) any such shares as to which such person or any of such person’s Affiliates or Associates owns at law or in equity, or has the right to acquire or become the owner at law or in equity, where such right is exercisable immediately or after the passage of time and whether or not on condition or the happening of any contingency or the making of any payment, upon the exercise of any conversion right, exchange right or purchase right attaching to any securities, or pursuant to any agreement, arrangement, pledge or understanding whether or not in writing; (B) any such shares as to which such person or any of such person’s Affiliates or Associates has the right to vote, or the right to direct the voting, where such right is exercisable immediately or after the passage of time and whether or not on condition or the happening of any contingency or the making of any payment, pursuant to any agreement, arrangement, pledge or understanding whether or not in writing; (C) any such shares which are beneficially owned, directly or indirectly, by a Counterparty (or any of such Counterparty’s Affiliates or Associates) under any Derivatives Contract (without regard to any short or similar position under the same or any other Derivatives Contract) to which such person or any of such person’s Affiliates or Associates is a Receiving Party; provided, however that the number of shares that a person owns beneficially pursuant to this clause (C) in connection with a particular Derivatives Contract shall not exceed the number of Notional Securities with respect to such Derivatives Contract; provided, further, that the number of securities owned beneficially by each Counterparty (including their respective Affiliates and Associates) under a Derivatives Contract shall for purposes of this clause be deemed to include all securities that are owned beneficially, directly or indirectly, by any other Counterparty (or any of such other Counterparty’s Affiliates or Associates) under any Derivatives Contract to which such first Counterparty (or any of such first Counterparty’s Affiliates or Associates) is a Receiving Party and this proviso shall be applied to successive Counterparties as appropriate; and (D) any such shares which are owned beneficially within the meaning of this definition by any other person with whom such person is acting jointly or in concert with respect to the Company or any of its securities;
- (g) “**public announcement**” shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Company or its agents under its profile on the System of Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com); and
- (h) the symbol § followed by a number or some combination of numbers and letters refers to the section, paragraph or subparagraph of this Policy so designated.



8. Notwithstanding any other provision to this Policy, notice or any delivery given to the Corporate Secretary of the Company pursuant to this Policy may only be given by personal delivery, facsimile transmission or by email (provided that the Corporate Secretary of the Company has stipulated an email address for purposes of this notice, at such email address as stipulated from time to time), and shall be deemed to have been given and made only at the time it is served by personal delivery, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the Corporate Secretary at the address of the principal executive offices of the Company; provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Vancouver time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.
9. In no event shall any adjournment or postponement of a Meeting of Shareholders or the announcement thereof commence a new time period for the giving of a Nominating Shareholder's notice as described in §3 of this Policy or the delivery of a representation and agreement as described in §5 of this Policy.

#### **EFFECTIVE DATE**

This Policy was approved by the Board on December 15, 2020 and is and shall be effective and in full force and effect in accordance with its terms and conditions from and after such date.

#### **GOVERNING LAW**

This Policy shall be interpreted and enforced in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable in that province.



## **SCHEDULE P INFORMATION CONCERNING KORE POST-ARRANGEMENT**

The following describes the proposed business of the Company following the completion of the Arrangement, and should be read together with this Circular. Except where the context otherwise requires, all of the information contained in this Schedule "P" is made on the basis that the Arrangement has been completed as described in the Circular. This Schedule "P" is qualified in its entirety by, and should be read together with, the detailed information contained or referred to elsewhere, or incorporated by reference, in the Circular and applicable Schedules.

Capitalized words used in this Schedule "P" and not otherwise defined shall have the meaning ascribed to such terms in the Circular.

### **CORPORATE STRUCTURE**

#### **Name and Incorporation**

The Company was incorporated under the *Company Act* (British Columbia) under the name Eureka Resources, Inc. On March 30, 1990, the Company amalgamated with Hawthorne Gold Corporation, with the amalgamated company continuing as Eureka Resources, Inc. On October 30, 2018, the Company completed its acquisition of 1065591 B.C. Ltd. (then KORE Mining Ltd., a private company) ("**PrivCo**") by way of a three-cornered amalgamation under the BCBCA (the "**Amalgamation**"). The Amalgamation constituted a reverse takeover under the policies of the TSX-V and, in connection with the Amalgamation, the Company changed its name to "KORE Mining Ltd."

Prior to the Amalgamation, the Company had a financial year end of October 31. Following the Amalgamation, the Company changed its financial year end to December 31.

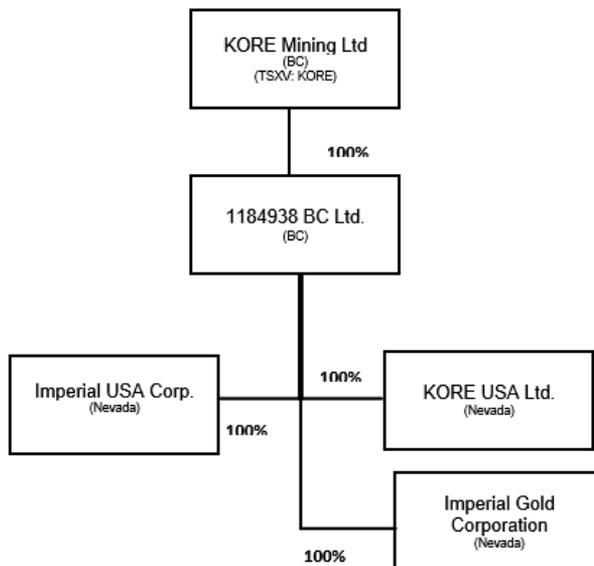
The KORE Shares are currently listed and posted for trading on the TSX-V under the symbol "KORE" and on the OTCQB in the United States under the symbol "KOREF". The Company is a reporting issuer in British Columbia and Alberta and files its continuous disclosure documents with the applicable Canadian securities authorities in such provinces. Such documents are available on SEDAR at [www.sedar.com](http://www.sedar.com).

The Company's head office is located at Suite 960, 1055 West Hastings Street, Vancouver, British Columbia, V6E 2E9 and its registered and records office is located at Suite 2500, 700 West Georgia Street, Vancouver, British Columbia, V7Y 1B3.



## Intercorporate Relationships

The corporate structure of the Company and its subsidiaries, as of the date hereof, is as follows:



Upon completion of the Arrangement, the Company will have the same corporate structure:

## DESCRIPTION OF THE BUSINESS

Upon completion of the Arrangement, the Company will concentrate on its most advanced gold projects, the Imperial project located in Imperial County, California (the “**Imperial Project**”) and the Long Valley project located in Mono County, California (the “**Long Valley Project**”). For further information regarding the business of the Company, please refer to the AIF, the Annual Financial Statements, the Annual MD&A, the Unaudited Interim Financial Statements, the Unaudited MD&A, the Long Valley Technical Report, the Imperial Gold Technical Report, and other public disclosure documents of the Company available on SEDAR at [www.sedar.com](http://www.sedar.com) and incorporated by reference herein.

## DESCRIPTION OF MINERAL PROPERTIES

As of the date hereof, the Company considers the Imperial Project to be its material property for the purposes of NI 43-101.

The Company's other non-material mineral property is the Long Valley Project. For further information regarding the mineral properties of the Company, please refer to the AIF, the Imperial Gold Technical Report and the Long Valley Technical Report and other public disclosure documents of the Company available on SEDAR at [www.sedar.com](http://www.sedar.com) and incorporated by reference herein.

## DESCRIPTION OF CAPITAL STRUCTURE

Following completion of the Arrangement, the Company will have an authorized capital of an unlimited number of New KORE Shares without par value, of which such number of New KORE Shares will be issued and outstanding as fully paid and non-assessable as the number of KORE Shares issued and outstanding immediately prior to the Effective Time. A further 8,300,002 New KORE Shares will be reserved and allotted



for issuance upon the due and proper exercise of certain incentive options outstanding as of November 30, 2020. All of the New KORE Shares of the Company rank equally as to dividends, voting powers and participation in assets and in all other respects. Each New KORE Share carries one vote per share at meetings of the Shareholders of the Company. There are no indentures or agreements limiting the payment of dividends and there are no conversion rights, special liquidation rights, preemptive rights or subscription rights attached to the New KORE Shares. The New KORE Shares presently issued are not subject to any calls or assessments. For more information on the effect of the Arrangement on the KORE Shares of the Company, please see the Circular under the heading "*The Arrangement*".

As of the date hereof, the Company has 3,500,000 KORE Warrants outstanding. As of the Effective Time, the Company will have 3,500,000 KORE Warrants exercisable into New KORE Shares.

### **DIVIDENDS OR DISTRIBUTIONS**

The Company has not paid dividends on its common shares since incorporation. The Company has no present intention of paying dividends on its common shares. Payment of dividends or distributions in the future will be dependent on the earnings and financial condition of the Company and other factors which the directors may deem appropriate at that time.

### **PRO FORMA CONSOLIDATED CAPITALIZATION**

Other than as described in this Schedule under the heading "*Prior Sales*", there have not been any material changes in the share and loan capital of the Company since the date of the Annual Financial Statements for the year ended December 31, 2019. There will be no material changes to the Company's share and loan capital as a result of the Arrangement, other than the exchange of KORE Shares for New KORE Shares and the issuance of 1,750,000 New KORE Warrants.

### **PRIOR SALES**

#### **KORE Shares**

The following table summarizes issuances of KORE Shares by the Company for the 12-month period prior to the date of this Circular:

<b>Date Issued</b>	<b>Number of KORE Shares Issued</b>	<b>(\$)</b>
May 14, 2020	2,222,222	\$0.45
May 14, 2020	4,444,444	\$0.45
July 22, 2020	6,000,000	\$1.00
July 28, 2020	1,000,000	\$1.50

In addition to the KORE Shares referenced in the table above, an aggregate of 1,133,332 KORE Shares were issued in connection with the exercise of outstanding KORE Options and 2,433,000 KORE Shares were issued in connection with the exercise of outstanding KORE Warrants for the 12-month period prior to the date of this Circular. The exercise price for such KORE Options ranged between \$0.14 and \$0.50, resulting in aggregate gross proceeds of \$266,666. The exercise price for such KORE Warrants ranged between \$0.50 and \$0.75, resulting in aggregate gross proceeds of \$1,777,250.

#### **KORE Options**

A total of 700,000 KORE Options were granted by the Company during the 12-month period prior to the date of this Circular. The exercise price for such KORE Options ranged between \$0.435 and \$1.50.



**KORE Warrants**

A total of 3,500,000 KORE Warrants were issued by the Company as part of two unit private placements during the 12-month period prior to the date of this Circular. The exercise price for such KORE Warrants is \$1.50.

**Restricted Share Units**

No Restricted Share Units were granted by the Company during the 12-month period prior to the date of this Circular.

**Trading Price and Volume**

The KORE Shares are listed and posted for trading on the TSX-V under the symbol "KORE". The New KORE Shares will continue to be traded on the TSX-V upon completion of the Arrangement. The following table sets forth for the periods indicated, the high and low trading price and the aggregate volume of the KORE Shares on the TSX-V.

	<u>Price (\$)</u>		<u>Traded Volume</u>
	<u>High</u>	<u>Low</u>	
<b><u>2019</u></b>			
December 2019	\$0.290	\$0.200	1,618,793
<b><u>2020</u></b>			
January 2020	\$0.350	\$0.245	2,272,660
February 2020	\$0.355	\$0.250	1,624,318
March 2020	\$0.275	\$0.150	1,699,999
April 2020	\$0.570	\$0.195	6,011,161
May 2020	\$0.800	\$0.485	7,302,678
June 2020	\$1.600	\$0.610	6,967,370
July 2020	\$1.830	\$1.220	8,172,357
August 2020	\$1.960	\$1.280	4,362,770
September 2020	\$1.750	\$1.240	2,060,705
October 2020	\$1.400	\$1.000	2,415,896
November 2020	\$1.510	\$1.140	4,282,726
December 1 – 18, 2020	\$1.570	\$1.370	1,415,641

**ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER**

As of the date hereof, the Company does not have, nor does it expect to have upon completion of the Arrangement, any of its securities subject to escrow or contractual restrictions on transfer, subject to regulatory approval thereof, other than 14,081,464 shares remaining that are subject to a TSX-V Tier 2 Value Escrow in connection with the Company’s RTO in October 2018. These remaining shares will be released from escrow in two equal tranches of 7,040,732 on each of April 30, 2021 and October 30, 2021, respectively.

**DIRECTORS AND EXECUTIVE OFFICERS**

**Name, Occupation and Security Holding**

It is anticipated that there will be no change to the Board or the executive officers of the Company upon completion of the Arrangement.



Upon completion of the Arrangement, as a group, the Company's directors and executive officers will beneficially own, or control or direct, directly or indirectly, 32,183,092 New KORE Shares, or approximately 30.34% of the issued and outstanding New KORE Shares (using the number of KORE Shares issued and outstanding as at the trading day immediately preceding the date hereof).

### **Conflicts of Interest**

Certain directors and officers of KORE are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations to other engaged companies in the resource sector may give rise to conflicts of interest from time to time. As a result, opportunities provided to a director of KORE may not be made available to KORE but, rather, may be offered to a company with competing interests. The directors and senior officers of KORE are required by law to act honestly and in good faith with a view to the best interests of KORE and to disclose any personal interest which they may have in any project or opportunity of KORE, and to abstain from voting on such matters.

The directors and officers of KORE are aware of the existence of laws governing the accountability of directors and officers for corporate opportunity and requiring disclosure by the directors of conflicts of interest and KORE will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors and officers.

### **EXECUTIVE COMPENSATION**

The executive compensation structure of the Company after completion of the Arrangement is expected to be the same as that of the Company presently.

### **AUDIT COMMITTEE**

The governance of the Company's Audit Committee after completion of the Arrangement is expected to be the same as that of the Company presently. For information concerning the Company's Audit Committee for the financial year ended December 31, 2019, please refer to a discussion of the Company's Audit Committee in the Circular under the heading "*Audit Committee*". The Company does not intend to make any material changes to its Audit Committee upon completion of the Arrangement.

### **CORPORATE GOVERNANCE**

The corporate governance policies of the Company after completion of the Arrangement are expected to be the same as that of the Company presently. For information concerning the Company's Compensation and Governance Committee for the financial year ended December 31, 2019, please refer to a discussion of the Company's Audit Committee in the Circular under the heading "*Statement of Corporate Governance*". The Company does not intend to make any material changes to its Compensation and Governance Committee upon completion of the Arrangement.

### **RISK FACTORS FOR THE COMPANY FOLLOWING THE ARRANGEMENT**

For a discussion of the risk factors generally applicable to the Company, please refer to the Company's AIF and MD&A under the heading "*Risk Factors*" as filed on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com) and incorporated by reference herein.

In addition to the foregoing, the risk factors specifically applicable to the Company after the Arrangement include those risk factors identified in the Circular under the heading "*Risk Factors Relating to the Arrangement*" as well as the following risk factors:



***The Company may not realize anticipated benefits of the Arrangement***

The Company and Karus are proposing to complete the Arrangement to strengthen the position of each entity in the mining and exploration industry and to create the opportunity to realize certain benefits, including those set forth in the Circular. Achieving the benefits of the Arrangement depends in part on the ability of the Company to effectively capitalize on its scale, to realize the anticipated capital and operating synergies, to profitably sequence the growth prospects of its asset base and to maximize the potential of its improved growth opportunities and capital funding opportunities. A variety of factors, including those risk factors set forth in the Circular and in the documents referred to herein, may adversely affect the ability of the Company to achieve the anticipated benefits of the Arrangement.

***The Company may not be able to maintain its mining claims in good standing***

The Imperial Project includes proposed operations on unpatented lode claims and mill sites located on Bureau of Land Management (“BLM”) managed public lands. The unpatented lode claims and mill sites were previously validated by BLM in a 2002 mineral report. The Company has maintained these unpatented mining claims in good standing since that report was prepared. Because of minor changes to the proposed Imperial Project and the duration of time since the last mineral validity examination it is likely that the BLM will require an update to the mineral report.

***The Company may be negatively impacted by the COVID-19 pandemic***

The COVID-19 pandemic has caused, and is expected to continue to cause, severe disruptions in regional economies and the world economy and financial and commodity markets in general. The transmission of COVID-19 and efforts to contain its spread have resulted in international, national and local border closings, travel restrictions, significant disruptions to business operations, supply chains and customer activity and demand, service cancellations, workforce reductions and other changes, significant challenges in healthcare service provision and delivery, mandated closures and quarantines, as well as considerable general concern and uncertainty, all of which have negatively affected the economic environment and may in the future have further and larger impacts. The full extent of the impact of the pandemic on the economy and commodity prices, including gold prices, is not known at this time and it is not known what measures will be implemented by governmental authorities in the future and how long these measures, or the measures currently in effect, will be in place.

While the impact of the COVID-19 pandemic is not expected to last indefinitely, the circumstances relating to the pandemic are dynamic and its impacts on the Company’s business operations, including the timing, duration and extent of the impact on the Company’s future development and exploration activities at the Imperial Project and Long Valley Project, cannot be reasonably estimated at this time. However, it is expected that the COVID-19 pandemic will have a material adverse impact on the timing of any future permitting in 2021. As a result of COVID-19, the Company may have to defer future field work at the Imperial Project and Long Valley Project until COVID-19 travel restrictions are lifted.

**LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

**Legal Proceedings**

The Company is not aware of any actual or pending material legal proceedings to which the Company is or is likely to be party or of which any of its business or property is or is likely to be subject, other than the Company’s quiet title action to discharge a 1.5% royalty on the Imperial Project as disclosed in the Company’s MD&A.



## **Regulatory Actions**

There are no (a) penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority during its most recently completed financial year; (b) other penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision in the Company; or (c) settlement agreements the Company entered into before a court relating to securities legislation or with a securities regulatory authority during its most recently completed financial year.

## **INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Except as set out in the Circular and this Schedule, none of the following persons or companies have any material interest in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect the Company:

- (a) a director or executive officer of the Company;
- (b) a person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of any class or series of New Common Shares; and
- (c) an associate or affiliate of any of the persons or companies referred to in paragraphs (a) and (b).

See the Circular under the headings "*Interests of Certain Persons in the Arrangement*".

## **AUDITOR, TRANSFER AGENT AND REGISTRAR**

### **Auditor**

The auditor of the Company will continue to be PricewaterhouseCoopers LLP, with an office at 250 Howe Street, Suite 1400, Vancouver, British Columbia V6C 2S7.

### **Transfer Agent and Registrar**

The transfer agent and registrar of the Company and the New KORE Shares will continue to be Computershare Investor Services Inc. with an office at 3rd Floor, 510 Burrard St, Vancouver, British Columbia V6C 3B9.

## **MATERIAL CONTRACTS**

Except for contracts made in the ordinary course of business, the following will be the only material contract of the Company entered into (a) since the beginning of the last financial year ending before the date of the Circular; or (b) before the beginning of the last financial year ending before the date of the Circular if that material contract is still in effect:

- Arrangement Agreement described in the Circular under the heading "*The Arrangement – The Arrangement*" in the Circular.

## **EXPERTS**

The technical information contained in this Schedule "P" has been reviewed and approved by Marc Leduc, P. Eng., the Company's COO is a Qualified Person under NI 43-101 and has approved the technical and scientific disclosure contained herein.



### **OTHER MATERIAL FACTS**

There are no other material facts other than as disclosed herein.

### **ADDITIONAL INFORMATION**

Additional information on the Company may be found under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com). Additional information, including directors' and officers' remuneration and indebtedness to the Company, principal holders of the securities of the Company and securities authorized for issuance under equity compensation plans, can be found in the Circular under the corresponding headings. Additional financial information is provided in the Company's Annual Financial Statements and Annual MD&A and the Company's Unaudited Interim Financial Statements and Unaudited MD&A for the period ended September 30, 2020, all of which have been filed on SEDAR and which are incorporated by reference herein.

