

**FORM 51-102F3
MATERIAL CHANGE REPORT**

Item 1 Name and Address of Issuer:

KORE MINING LTD. (“**KORE**”)
PO Box 48681 Stn Bentall
Vancouver, BC V7X 1A6

Item 2 Date of Material Change:

December 16, 2020

Item 3 News Release:

On December 16, 2020, KORE issued a news release reporting the material change through Cision’s Canada Newswire. A copy of such news release is attached hereto as Schedule A.

Item 4 Summary of Material Change:

On December 16, 2020, KORE announced it plans to transfer all of its British Columbia gold exploration assets (“**Spin-out**”) into a newly incorporated company named Karus Gold Corp. (“**Karus**” or “**Karus Gold**”).

Following the Spin-out, one hundred percent of Karus Gold common shares (the “**Karus Shares**”) will be distributed to KORE shareholders on a pro rata basis to their KORE holdings. Karus Gold will not initially be listed on a public stock exchange but will operate as a reporting issuer in British Columbia and Alberta. In early 2021, Karus Gold intends to conduct a rights offering to all Karus shareholders to initially capitalize the company, followed by a planned public stock exchange listing in the first half of 2021. Karus Gold would have the advantage of the ongoing drilling at Gold Creek and results from the completed FG Gold drill program expected to be released through Q1 2021.

KORE has executed an arrangement agreement whereby the business of KORE will be reorganized into two companies by way of a plan of arrangement (the “**Arrangement**”) under the *Business Corporations Act* (British Columbia). KORE plans to apply for an interim order from the Supreme Court of British Columbia on or about December 18, 2020, authorizing KORE to call a shareholder meeting to approve the Arrangement.

KORE shareholders will vote on the Arrangement at a special meeting of shareholders (the “**Meeting**”) which is expected to be held on or about January 20, 2021 at 10:00 am Pacific Time. In light of the ongoing COVID-19 pandemic, the Meeting will be held by way of virtual only format whereby shareholders may participate in the Meeting remotely. To be effective, the Arrangement must be approved by a special resolution passed by at least 66⅔% of the votes cast by KORE shareholders present or represented by proxy at the Meeting and 50% of the disinterested shareholder votes cast by KORE shareholders present or represented by proxy at the Meeting. Each shareholder is entitled to one vote for each KORE common share held.

For purposes of voting on the Arrangement, 2176423 Ontario Ltd. (a corporation beneficially controlled by Mr. Eric Sprott), which holds 25.75% of the Company’s currently issued and outstanding common shares is an insider and control person, will be excluded from the disinterested vote as the sole warrant holder of KORE. Pursuant to the Arrangement, 2176423 Ontario Ltd. 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.

The Arrangement involves, among other things, the distribution of Karus Shares to KORE shareholders such that each KORE shareholder will hold one Karus Share for every two common shares of KORE held on the effective date of the Arrangement and collectively, KORE shareholders, other than dissenting shareholders, will own 100% of Karus Gold. There will be no change in the number of shareholdings of individual KORE shareholders as a result of the Spin-Out.

After careful consideration, the Board of Directors has unanimously determined that the Arrangement is fair to shareholders and is in the best interests of KORE. A description of the various factors considered by the Board of Directors in arriving at this determination will be provided in the management information circular (the “**Circular**”).

The Arrangement is anticipated to be completed in late January 2021 subject to receipt of required shareholder, court and other approvals and satisfaction of other closing conditions. Further details will be contained in the Circular to be issued in connection with the Meeting, which will be mailed to shareholders in advance of the Meeting following receipt of the interim order. Shareholders of KORE are cautioned that there can be no assurance that the Arrangement will be completed on the terms described herein or at all.

After closing of the Arrangement, new KORE shares will continue trading on the TSX Venture Exchange in Canada under the symbol KORE and on the OTCQX in the United States. Karus Shares will not be listed on a stock exchange after closing of the Arrangement but Karus will be a reporting issuer in British Columbia and Alberta and will comply with its continuous disclosure obligations including press releases and financial reporting. Karus Gold intends to conduct a rights offering to initially capitalize itself, followed by a public stock exchange listing. The Karus Board will consider other opportunities to enhance value including mergers and acquisitions in addition to a potential stock exchange listing.

Karus Gold’s day-to-day activities will be managed by James Hynes as interim CEO, Jessica Van Den Akker as CFO and Corporate Secretary and Michael Tucker as VP Exploration. Mr. Hynes and Mrs. Van Den Akker, will also continue with their KORE responsibilities. Immediately upon the closing of the Arrangement, the Board of Karus Gold will consist of Scott Trebilcock, James Hynes, Marc Leduc and Jessica Van Den Akker. In support of a public stock exchange listing, it is expected that Karus will engage a permanent CEO and appoint new independent Directors.

The foregoing summary is qualified in its entirety by the provisions of the Arrangement Agreement and further details regarding the terms of the transaction are set out in the Arrangement Agreement, a copy of which is available on SEDAR at www.sedar.com. Copies of Kore’s Circular and certain related documents will be sent to shareholders in connection with the special meeting to consider and vote on the transaction, copies of which will also be filed with Canadian securities regulators and will be available on SEDAR.

Item 5 Full Description of Material Change:

For a full description of the material change, please see Schedule A attached hereto.

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102:

Not applicable.

Item 7 Omitted Information:

No significant facts otherwise required to be disclosed in this report have been omitted.

Item 8 Executive Officer:

The following executive officer of KORE is knowledgeable about the material change and may be contacted respecting the change:

Jessica Van Den Akker
Chief Financial Officer
Telephone: 888-407-5450

Item 9 Date of Report:

December 16, 2020

SCHEDULE A
NEWS RELEASE
DATED DECEMBER 16, 2020



TSXV - KORE OTCQX - KOREF

KORE MINING ANNOUNCES SPIN-OUT OF KARUS GOLD CORP. CREATING BC FOCUSED GOLD EXPLORER

Strategic Position in BC's Cariboo Gold District with Flagship FG Gold Project

Vancouver, BC December 16, 2020 - KORE Mining Ltd. (TSXV: KORE | OTCQX: KOREF) (“KORE” or the “Company”) is pleased to announce plans to transfer all of its British Columbia (“BC”) gold exploration assets (“Spin-out”) into a newly incorporated company: Karus Gold Corp. (“Karus” or “Karus Gold”).

Highlights of Karus Gold:

- Unlocks value of BC assets for KORE shareholders through creation of Karus Gold
- Dominant 1,000 km² land position in the emerging Cariboo Gold District with Osisko Development Corp (TSX:ODV) investing heavily to the north
- Flagship FG Gold project open for growth after 2020 Lower Zone discovery intercepts of:
 - 10.0 meters of 3.9 g/t gold at 237 meters downhole
 - 14.3 meters of 6.4 g/t gold at 386 meters downhole
- Controls under-explored 110 km trend including five high-priority gold prospects
- Results from 14 FG Gold holes and ongoing Gold Creek drilling expected through Q1 2021

[Click here to for a CEO audio clip](#) on the proposed Spin-out.

Following the Spin-out, one hundred percent of Karus Gold common shares (the “Karus Shares”) will be distributed to KORE shareholders on a pro rata basis to their KORE holdings. Karus Gold will not initially be listed on a public stock exchange but will operate as a reporting issuer in British Columbia and Alberta. In early 2021, Karus Gold intends to conduct a rights offering to all Karus shareholders to initially capitalize the company, followed by a planned public stock exchange listing in the first half of 2021. Karus Gold would have the advantage of the ongoing drilling at Gold Creek and results from the completed FG Gold drill program expected to be released through Q1 2021.

The Spin-out would enable KORE’s shareholders to realize the expected growth and returns from exploration investment through direct ownership in Karus Gold. Upon completion of the Spin-out, KORE will continue as a leading gold company with a focus on growing and developing the Imperial and Long Valley gold projects. The transaction is supported by Mr. Eric Sprott, KORE’s largest shareholder.

KORE’s CEO Scott Trebilcock stated: “The creation of Karus Gold unlocks value for KORE shareholders, by providing direct exposure to high return exploration in the rapidly emerging Cariboo Gold District. KORE continues to focus on exploration and development of its pipeline of gold assets in California. KORE shareholders will be offered equal access to the initial capitalization of Karus Gold through a planned rights offering in early 2021. KORE shareholders helped the Company achieve strong returns in 2020 and we plan on delivering again in 2021.”

Eric Sprott, KORE’s largest shareholder commented, “I support management teams that actively work to generate shareholder value. I am pleased to support this transaction to daylight value of KORE's strategic position in the Cariboo Gold District.”



Additional information about Karus Gold is available at www.koremining.com/Karus.

Terms of the Arrangement

KORE has executed an arrangement agreement whereby the business of KORE will be reorganized into two companies by way of a plan of arrangement (the “**Arrangement**”) under the *Business Corporations Act* (British Columbia). KORE will apply for an interim order from the Supreme Court of British Columbia on or about December 18, 2020, authorizing the Company to call a shareholder meeting to approve the Arrangement.

KORE shareholders will vote on the Arrangement at a special meeting of shareholders (the “**Meeting**”) which is expected to be held on or about January 20, 2021 at 10:00 am Pacific Time. In light of the ongoing COVID-19 pandemic, the Meeting will be held by way of virtual only format whereby shareholders may participate in the Meeting remotely. To be effective, the Arrangement must be approved by a special resolution passed by at least 66⅔% of the votes cast by KORE shareholders present or represented by proxy at the Meeting and 50% of the disinterested shareholder votes cast by KORE shareholders present or represented by proxy at the Meeting. Each shareholder is entitled to one vote for each KORE common share held.

For purposes of voting on the Arrangement, 2176423 Ontario Ltd. (a corporation beneficially controlled by Mr. Eric Sprott), which holds 25.75% of the Company’s currently issued and outstanding common shares is an insider and control person, will be excluded from the disinterested vote as the sole warrant holder of KORE. Pursuant to the Arrangement, 2176423 Ontario Ltd. 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.

The Arrangement involves, among other things, the distribution of Karus Shares to KORE shareholders such that each KORE shareholder will hold one Karus Share for every two common shares of KORE held on the effective date of the Arrangement and collectively, KORE shareholders, other than dissenting shareholders, will own 100% of Karus Gold. There will be no change in the number of shareholdings of individual KORE shareholders as a result of the Spin-Out.

After careful consideration, the Board of Directors has unanimously determined that the Arrangement is in the best interests of the Company. A description of the various factors considered by the Board of Directors in arriving at this determination will be provided in the management information circular (the “Circular”).

The Arrangement is anticipated to be completed in late January 2021 subject to receipt of required shareholder, court and other approvals and satisfaction of other closing conditions. Further details will be contained in the Circular to be issued in connection with the Meeting, which will be mailed to shareholders in advance of the Meeting following receipt of the interim order. Shareholders of the Company are cautioned that there can be no assurance that the Arrangement will be completed on the terms described herein or at all.



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About KORE's South Cariboo Exploration Assets

KORE controls a dominant 1,000 square kilometers of claims in its South Cariboo Gold District of British Columbia. The claims host 110 km of structural trend that is highly prospective for gold deposits. The north part of the Cariboo Gold District is controlled by Osisko Development Corp (TSXV: ODV), which is financing a major exploration and development program that will bring attention to the Cariboo Gold District. KORE has multiple projects in the Cariboo Gold District, including the FG Gold and Gold Creek gold projects. Much of the area is under-explored and wide open for additional discoveries. The Cariboo region is a prolific gold region. The Cariboo Gold District was host to the Cariboo gold rush in the late 1800's, followed by a long history of modern gold mining. The Cariboo region is accessible with local power, a well-developed road network and skilled local labour.

The FG Gold project hosts an orogenic gold deposit on a 20 km trend defined by gold in soils and geophysics. Drilling performed by KORE in 2020 transformed the project, opening up the potential for both open pit and underground type mineralization. The project also hosts copper-gold porphyry mineralization at the Nova Zone, discovered by KORE in 2018. Details of FG Gold Lower Zone discovery including intercepts reported above are detailed in [November 11, 2020](#) Company news release.

The Gold Creek project is an orogenic gold discovery centered on the "Camp Zone" which show similarities to the high-grade zone of the nearby Spanish Mountain Gold Deposit (TSXV:SPA). The Camp Zone's near surface mineralization currently extends over 400 metres along strike and is open along both strike and at depth. KORE is currently drilling a 2,000-meter program to expand Gold Creek.

In connection with the transaction, the Company and Karus will file an updated National Instrument 43-101 compliant Technical Report titled "Technical Report on the South Cariboo Property, British Columbia, Canada" effective November 15, 2020, prepared by independent qualified persons Ron Voordouw, P.Geo., Henry Awmack, P. Eng., and Equity Exploration Consultants Ltd (the "**Updated Report**"). The Updated Report replaces the previously filed technical report issued to Eureka Resources Inc. in 2015 and amends prior disclosure regarding mineral resources on the FG Gold and Gold Creek gold projects. The Updated Report will be available on the Company's website at www.koremining.com/Karus and under KORE's profile on SEDAR at www.sedar.com.



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About KORE Mining

KORE is 100% owner of a portfolio of advanced gold exploration and development assets in California and British Columbia. KORE is supported by strategic investor Eric Sprott who recently invested \$7.0 million, bringing his total ownership to 26%. KORE management and Board are aligned with shareholders, owning an additional 38% of the basic shares outstanding. KORE is actively developing its Imperial Gold project and is aggressively exploring across its portfolio of assets.

Further information on the Spin-out and KORE can be found on the Company's website at www.koremining.com/Karus or by contacting us as karusgold@koremining.com.

On behalf of KORE Mining Ltd

"Scott Trebilcock"

Chief Executive Officer

Karus Gold Spin Out Investor Support

David Jan

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KORE Investor Relations

Arlen Hansen, KIN Communications

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Technical information with respect to the Cariboo Gold District, FG Gold and the Gold Creek Projects contained in this news release has been reviewed and approved by Michael Tucker, P. Geo. who is KORE's VP Exploration and is the qualified person under National Instrument 43-101 responsible for the technical matters of this news release.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Cautionary Statement Regarding Forward-Looking Information

This news release contains forward-looking statements relating to the future operations of the Company and Karus Gold and other statements that are not historical facts. Forward-looking statements are often identified by terms such as "will", "may", "plan", "should", "anticipate", "expects", "intends", "indicates" and similar expressions. All statements other than statements of historical fact, included in this release, including, without limitation, statements regarding the future plans and objectives of the Company and Karus Gold are forward-looking statements. Forward-looking statements in this news release include, but are not limited to, the expected timeline and date of completion of the Arrangement, the ability of KORE to receive and obtain shareholder approval and court approval, the ability of the parties to satisfy, in a timely manner, the other conditions to closing of the Arrangement, the future listing of Karus Gold and the expected timeline and completion of the anticipated Karus rights offering. There can be no assurance that the Arrangement will be completed or that it will be completed on the terms and conditions



contemplated in this news release. The Arrangement could be modified or terminated in accordance with its terms. Such forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business. Management believes that these assumptions are reasonable. Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information.

Such factors include, among others: the Arrangement will be completed on the terms currently contemplated, the Arrangement will be completed in accordance with the timing currently expected without any undue delay, all conditions to the completion of the Arrangement will be satisfied or waived in due course and the Arrangement Agreement will not be terminated prior to the completion of the Arrangement, assumptions and expectations related to the trading price of KORE and the future listing of Karus Gold, and other expectations and assumptions concerning the Arrangement.

In addition to the above summary, additional risks and uncertainties inherent to the Company and its operations are described in the "Risk Factors" section of the Company's management discussion and analysis for the year ended December 31, 2019, prepared as of April 27, 2020, available under the Company's issuer profile on www.sedar.com. Other risks and uncertainties include, among other things: the Arrangement may not be completed on the terms, or in accordance with the timing currently contemplated, or at all; the Company and Karus Gold has incurred expenses in connection with the Arrangement and will be required to pay for those expenses regardless of whether or not the Arrangement is completed; the Company and Karus Gold may not be successful in satisfying the conditions to the Arrangement, including failing to obtain KORE shareholder approval; the possibility of adverse reactions or changes in business relationships resulting from the announcement or completion of the Arrangement; the failure to realize the expected benefits of the Arrangement; and other risks inherent to KORE's current business and/or factors beyond its control which could have a material adverse effect on KORE or the ability to consummate the Arrangement.

Forward-looking statements contained herein are made as of the date of this news release and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results, except as may be required by applicable securities laws. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information.