

**KORE MINING LTD.**

**Condensed Interim Consolidated Financial Statements**

**September 30, 2022**

*(Unaudited – Prepared by Management)*



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

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

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

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

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

As at		September 30, 2022	December 31, 2021
		\$	\$
	Note		
<b>Current assets</b>			
Cash and cash equivalents		492,007	3,592,702
Amounts receivable	6	212,019	186,970
Prepaid expenses		108,432	125,818
<b>Total current assets</b>		<b>812,458</b>	<b>3,905,490</b>
<b>Non-current assets</b>			
Deposits		240,840	230,985
Equipment		190,204	323,187
Mineral properties	4	1,900,510	1,755,089
<b>Total assets</b>		<b>3,144,012</b>	<b>6,214,751</b>
<b>Current liabilities</b>			
Accounts payable		859,358	745,695
Lease liability		116,460	215,657
<b>Total liabilities</b>		<b>975,818</b>	<b>961,352</b>
<b>Shareholders' equity</b>			
Share capital	5	18,830,312	18,721,695
Warrants		1,353,652	1,353,652
Reserves		2,923,347	2,531,798
Deficit		( 20,964,323)	(17,225,442)
Accumulated other comprehensive loss		25,206	(128,304)
<b>Total shareholders' equity</b>		<b>2,168,194</b>	<b>5,253,399</b>
<b>Total shareholders' equity and liabilities</b>		<b>3,144,012</b>	<b>6,214,751</b>
Going concern	2		
Subsequent events	9		

Approved by the Board of Directors:

“James Hynes”  
Director

“Scott Trebilcock”  
Director

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

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

	For the three months ended September 30, 2022	For the three months ended September 30, 2021	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021
Note	\$	\$	\$	\$
<b>Expenses</b>				
Depreciation	47,501	47,465	143,201	78,285
Exploration and evaluation expenses	4 358,158	1,205,202	1,140,984	2,984,653
General and administration	55,027	216,011	379,811	582,003
Management fees and wages	6 179,099	473,072	898,886	1,236,649
Marketing and professional fees	191,742	522,013	721,615	1,596,604
Share-based payments net of forfeitures	5 (58,714)	313,694	430,166	878,106
	<b>(772,813)</b>	<b>(2,777,457)</b>	<b>(3,714,663)</b>	<b>(7,356,300)</b>
<b>Other income (expense)</b>				
Foreign exchange loss	(14,142)	(8,658)	(11,071)	(64,174)
Interest and finance income	3,014	3,582	6,183	12,495
Interest expense	(5,130)	(10,052)	(19,330)	(17,244)
Gain on distribution of Karus Gold	1 -	-	-	9,355,106
<b>Net income (loss) for the period</b>	<b>(789,071)</b>	<b>(2,792,585)</b>	<b>(3,738,881)</b>	<b>1,929,883</b>
<b>Item that may be subsequently reclassified to net income (loss)</b>				
Cumulative translation adjustment	90,141	31,552	153,510	(193,442)
<b>Comprehensive income (loss) for the period</b>	<b>(698,930)</b>	<b>(2,761,033)</b>	<b>(3,585,371)</b>	<b>1,736,441</b>
Basic and diluted income (loss) per common share	<b>(0.01)</b>	(0.02)	<b>(0.03)</b>	0.02
Weighted average number of common shares outstanding - basic	115,329,347	114,646,912	115,204,347	109,435,162
Weighted average number of common shares outstanding - diluted	115,329,347	119,097,871	115,204,347	113,816,779

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

**KORE MINING LTD.****Condensed Interim Consolidated Statements of Cash Flows***(Unaudited – Prepared by Management)**(Expressed in Canadian dollars)*

	<b>Note</b>	<b>For the nine months ended September 30, 2022</b>	<b>For the nine months ended September 30, 2021</b>
		<b>\$</b>	<b>\$</b>
<b>CASH USED IN OPERATING ACTIVITIES</b>			
Income (loss) for the period		<b>(3,738,881)</b>	1,929,883
Items not involving cash:			
Depreciation		<b>143,201</b>	78,285
Gain on distribution of Karus Gold		-	(9,355,106)
Interest expense		<b>19,330</b>	17,244
Share-based payments net of forfeitures	5	<b>430,166</b>	878,106
Changes in non-cash working capital items:			
Amounts receivable		<b>(25,049)</b>	(25,447)
Prepaid expenses and advances		<b>17,386</b>	144,021
Accounts payable		<b>113,664</b>	(627,344)
		<b>(3,040,183)</b>	(6,960,358)
<b>FINANCING ACTIVITIES</b>			
Payment of lease liabilities		<b>(124,889)</b>	(64,075)
Proceeds from equity financing		-	8,028,098
Proceeds from the exercise of options		<b>70,000</b>	65,250
Issuance costs		-	(677,366)
Repayment of Karus Gold loan		-	500,000
Loan to Karus Gold		-	(500,000)
		<b>(54,889)</b>	7,351,907
<b>INVESTING ACTIVITIES</b>			
Bond for mineral properties		-	(117,210)
Equipment additions		-	(112,183)
		-	(229,393)
Impact of changes in foreign exchange		<b>(5,623)</b>	(166,709)
<b>Change in cash</b>		<b>(3,100,695)</b>	(4,553)
Cash at beginning of the period		<b>3,592,702</b>	4,906,361
Cash at end of period		<b>492,007</b>	4,901,808
<b>Supplemental cash flow information:</b>			
Acquisition of office lease		-	190,049
Distribution of assets to Karus Gold		-	10,435,000
Issuance of warrants as issuance costs		-	121,547

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

**KORE MINING LTD.****Condensed Interim Consolidated Statements of Changes in Equity***(Unaudited – Prepared by Management)**(Expressed in Canadian dollars)*

	Number	Amount \$	Warrants \$	Reserves \$	Deficit \$	Accumulated other comprehensive loss \$	Total Equity \$
<b>December 31, 2020</b>	106,074,912	22,220,248	1,053,620	1,281,542	(17,520,808)	(90,257)	6,944,345
Units issued	8,422,000	7,664,020	364,078	-	-	-	8,028,098
Issuance costs	-	(742,819)	(56,094)	121,547	-	-	(677,366)
Exercise of options	150,000	102,855	-	(37,605)	-	-	65,250
Distribution of Karus Gold Corp.	-	(10,435,000)	-	-	-	-	(10,435,000)
Share-based payments	-	-	-	878,106	-	-	878,106
Net income for the period	-	-	-	-	1,929,883	-	1,929,883
Other comprehensive loss	-	-	-	-	-	(193,442)	(193,442)
<b>September 30, 2021</b>	114,646,912	18,809,304	1,361,604	2,243,590	(15,590,925)	(283,699)	6,539,874
<b>December 31, 2021</b>	114,829,347	18,721,695	1,353,652	2,531,798	(17,225,442)	(128,304)	5,253,399
Exercise of options	500,000	108,617	-	(38,617)	-	-	70,000
Share-based payments net of forfeitures (Note 5)	-	-	-	430,166	-	-	430,166
Loss for the period	-	-	-	-	(3,738,881)	-	(3,738,881)
Other comprehensive loss	-	-	-	-	-	153,510	153,510
<b>September 30, 2022</b>	115,329,347	18,830,312	1,353,652	2,923,347	(20,964,323)	25,206	2,168,194

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

## **KORE MINING LTD.**

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

**September 30, 2022**

*(Unaudited – Prepared by Management)*

*(Expressed in Canadian dollars unless otherwise noted)*

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

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

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

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

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

#### **2. GOING CONCERN**

These condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period.

As at September 30, 2022, the Company had a negative working capital of \$163,360 (current assets less current liabilities) and has incurred net losses since inception of \$20,964,323. For the nine months ended September 30, 2022, the Company used cash flows in operations of \$3,040,183 (2021 - \$6,960,358). The Company’s ability to continue to carry out its planned exploration and development activities for at least the next twelve months is uncertain and dependent upon the continued financial support of its shareholders and on securing additional financing. Although the Company continues to work towards financing its operations, there is no assurance that any such initiatives will be sufficient and, as a result, this material uncertainty may give rise to significant doubt regarding the going concern assumption and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern. These condensed interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations for the foreseeable future. These adjustments could be material.

## KORE MINING LTD.

### Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2022

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars unless otherwise noted)

### 3. BASIS OF PRESENTATION

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”) applicable to interim financial reports, including International Accounting Standard 34, “Interim Financial Reporting”. These financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2021, which have been prepared in accordance with IFRS. The accounting policies adopted are consistent with those of the previous financial year.

These condensed interim consolidated financial statements have been authorized for issue by the Audit Committee of the Company on November 16, 2022.

#### Basis of Measurement

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

#### Significant Judgments, Estimates and Assumptions

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

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

### 4. MINERAL PROPERTIES

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

	Long Valley USA	Imperial USA	FG Gold Canada	Gold Creek Canada	Total
Balance, December 31, 2020	\$ 498,340	\$ 1,284,135	\$ 554,833	\$ 498,136	\$ 2,835,444
Transfer to Karus Gold	-	-	(554,833)	(498,136)	(1,052,969)
Foreign exchange adjustment	(7,301)	(20,085)	-	-	(27,386)
Balance, December 31, 2021	\$ 491,039	\$ 1,264,050	\$ -	\$ -	\$ 1,755,089
Foreign exchange adjustment	38,771	106,650	-	-	145,421
<b>Balance, September 30, 2022</b>	<b>\$ 529,810</b>	<b>\$ 1,370,700</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,900,510</b>

#### Imperial Project

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

**KORE MINING LTD.****Notes to the Condensed Interim Consolidated Financial Statements****September 30, 2022***(Unaudited – Prepared by Management)**(Expressed in Canadian dollars unless otherwise noted)*

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

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

**Long Valley Project**

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

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

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

	<b>For the nine months ended September 30, 2022</b>	For the nine months ended September 30, 2021
	\$	\$
Claim holding and taxes	<b>293,534</b>	908,402
Contractors, professional fees and wages	<b>210,205</b>	921,158
Engineering and development	<b>89,695</b>	193,250
Geophysics and ground prospecting	<b>57,510</b>	185,333
Permitting and environment	<b>38,838</b>	403,997
Project administration and support	<b>61,814</b>	70,928
Technical reports and studies	<b>410,116</b>	240,113
Travel, logistics & camp costs	<b>27,584</b>	73,450
Recoveries	<b>(48,312)</b>	(11,978)
	<b>1,140,984</b>	2,984,653

**KORE MINING LTD.****Notes to the Condensed Interim Consolidated Financial Statements****September 30, 2022***(Unaudited – Prepared by Management)**(Expressed in Canadian dollars unless otherwise noted)*

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	<b>For the three months ended September 30, 2022</b>	For the three months ended September 30, 2021
	\$	\$
Claim holding and taxes	<b>287,968</b>	581,983
Contractors, professional fees and wages	<b>29,896</b>	304,269
Engineering and development	<b>6,438</b>	53,538
Geophysics and ground prospecting	<b>4,251</b>	-
Permitting and environment	-	201,213
Project administration and support	<b>14,646</b>	24,313
Technical reports and studies	<b>13,293</b>	34,675
Travel, logistics & camp costs	<b>1,666</b>	15,691
Recoveries	-	(10,480)
	<b>358,158</b>	1,205,202

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**5. SHARE CAPITAL****Authorized**

Unlimited number of common shares with no par value.

**Issued and outstanding**

During the nine months ended September 30, 2022, the Company issued 500,000 common shares pursuant to the exercise of previously granted incentive stock options at an exercise price \$0.14 per share. The fair value of these stock options, calculated based on Black-Scholes option pricing model, was \$38,617 which was reclassified from reserves to share capital.

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

**Stock Options**

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

**KORE MINING LTD.****Notes to the Condensed Interim Consolidated Financial Statements****September 30, 2022***(Unaudited – Prepared by Management)**(Expressed in Canadian dollars unless otherwise noted)*

A summary of stock option activity for the nine months ended September 30, 2022, was as follows:

	Number of options	Weighted average exercise price
<b>Balance, December 31, 2021</b>	<b>10,275,000</b>	<b>\$ 0.44</b>
Granted	600,000	\$ 0.37
Forfeited	(1,550,000)	\$ 0.75
Exercised	(500,000)	\$ 0.14
<b>Balance, September 30, 2022</b>	<b>8,825,000</b>	<b>\$ 0.40</b>

As at September 30, 2022, the following stock options were outstanding:

Expiry date	Number of options outstanding	Number of options exercisable	Exercise price \$
December 23, 2022	500,000	500,000	0.50
November 1, 2023	250,000	250,000	0.50
January 13, 2024	1,500,000	1,500,000	0.14
May 9, 2024	150,000	150,000	0.25
July 3, 2024	2,600,000	2,600,000	0.27
October 18, 2024	500,000	500,000	0.29
April 27, 2025	800,000	800,000	0.44
September 3, 2025	300,000	183,333	1.50
December 1, 2025	25,000	25,000	1.34
July 29, 2026	1,600,000	533,334	0.62
January 20, 2027	600,000	200,000	0.37
	<b>8,825,000</b>	<b>7,241,667</b>	<b>0.40</b>

**Warrants**

A summary of stock option activity for the nine months ended September 30, 2022, was as follows:

	Number of warrants	Weighted average exercise price
<b>Balance, December 31, 2021</b>	<b>8,519,726</b>	<b>\$ 1.39</b>
Expired	(3,500,000)	\$ 1.50
<b>Balance, September 30, 2022</b>	<b>5,019,726</b>	<b>\$ 1.31</b>

**KORE MINING LTD.****Notes to the Condensed Interim Consolidated Financial Statements****September 30, 2022***(Unaudited – Prepared by Management)**(Expressed in Canadian dollars unless otherwise noted)*

As at September 30, 2022 the Company had 5,019,726 warrants outstanding with a weighted average exercise price of \$1.31 expiring on January 18, 2023.

**Restricted Share Units**

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

A summary of restricted share unit activity during the nine months ended September 30, 2022, was as follows:

	<b>Number of RSUs</b>
<b>Balance, December 31, 2021</b>	<b>232,233</b>
Granted	859,460
<b>Balance, September 30, 2022</b>	<b>1,091,693</b>

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

**Share-Based Compensation**

During the nine months ended September 30, 2022, the Company granted 600,000 options to employees, consultants and management and 859,460 RSUs. The fair value of the incentive stock options was determined to be \$123,580 using the Black-Scholes valuation (\$0.21 per option). The fair value of the RSUs was based on the price of the Company's common shares on the date of grant and was \$318,000 (\$0.37 per share).

During the three and nine months ended September 30, 2022, the Company recognized \$140,987 and \$629,867 (2021 - \$313,694 and \$878,106) respectively as share-based payments expense in relation to the vesting of these and the previously granted stock options and RSUs, due to the graded vesting of these instruments. During the three and nine months ended September 30, 2022, total share-based payments of \$199,701 (2021-\$Nil), pertaining to previously recognized grant date fair value of unvested stock options, was reversed due to forfeiture of such stock options.

The fair value of the stock options granted during the nine months ended September 30, 2022, was determined using the following assumptions:

	<b>September 30, 2022</b>
Risk free interest rate	1.53%
Expected life	4.0
Annualized volatility	75%
Dividend rate	0%

## **KORE MINING LTD.**

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

**September 30, 2022**

*(Unaudited – Prepared by Management)*

*(Expressed in Canadian dollars unless otherwise noted)*

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## **6. RELATED PARTY TRANSACTIONS AND BALANCES**

### **Related Party Transactions**

The Company shares office space and personnel with Karus and as a result, any related cost incurred is also shared. During the three and nine months ended September 30, 2022, such administrative transactions with Karus amounted to \$14,791 and \$44,118 (2021 – \$10,397 and \$67,322), respectively.

As at September 30, 2022, total amount receivable from Karus was \$185,430 (December 31, 2021 - \$141,312). This amount is unsecured, non-interest bearing, and due on demand.

During the nine months ended September 30, 2022, the Company entered into a consulting agreement with the Chief Financial Officer (“CFO”) of the Company for a monthly fee of \$8,500 through Avisar Everyday Solutions Ltd. (“Avisar”), a company where the CFO is a director and an officer, to provide accounting related services to KORE. During the three and nine months ended September 30, 2022, the Company incurred \$25,500 and \$42,500 and (2021 - \$nil) respectively in professional fees to Avisar.

As at September 30, 2022 the total amount payable to Avisar was \$9,240 (December 31, 2021-\$nil). This amount is unsecured and due on demand.

### **Key Management Compensation**

Key management are those personnel having the authority and responsibility for planning, directing and controlling the Company and include the Chairman, President & Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and Directors. During the three and nine months ended September 30, 2022, total key management compensation was \$172,318 and \$842,790 (2021 - \$631,154 and \$1,284,347), respectively, which includes management fees and salaries of \$50,000 and \$404,477 (2021 - \$523,347 and \$940,306) respectively, and share-based compensation of \$122,318 and \$438,313 (2021 - \$107,807 and \$344,041), respectively.

As at September 30, 2022, a total of \$66,860 (December 31 2021 - \$110,860) was payable to key management personnel.

## **7. RISK MANAGEMENT**

### **Financial Risk Management**

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

#### **a. Credit Risk**

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company’s credit risk is primarily attributable to its cash and cash equivalents and the amount receivable from Karus, a related party.

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

**KORE MINING LTD.****Notes to the Condensed Interim Consolidated Financial Statements****September 30, 2022***(Unaudited – Prepared by Management)**(Expressed in Canadian dollars unless otherwise noted)***b. Liquidity Risk**

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. As at September 30, 2022, the Company had a negative working capital of \$163,360 but does not have any long term monetary liabilities. The Company will seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. The Company's approach to managing liquidity risk is to endeavor to ensure that it will have sufficient liquidity to meet liabilities when they fall due. As at September 30, 2022, the Company had cash of \$492,007 to settle current liabilities of \$975,818. The Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

**c. Interest Rate Risk**

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

**d. Foreign Currency Risk**

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

As at September 30, 2022, the Company has certain monetary items denominated in United States dollars. Based on these net exposures, a 10% appreciation or depreciation of the Canadian dollar against the United States dollar would result in an increase or decrease of approximately \$41,700 in the Company's net loss.

**Fair Values**

The carrying values of cash, deposits and other receivables and trade and other accounts payable approximate fair values due to their short-term to maturity nature.

**8. SEGMENTED INFORMATION**

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

	September 30, 2022		
	Canada	USA	Total
Mineral properties	\$ -	\$ 1,900,510	\$ 1,900,510
Deposits	114,173	126,667	240,840
Equipment	72,391	\$ 117,813	190,204
<b>Total</b>	<b>\$ 186,564</b>	<b>\$ 2,144,990</b>	<b>\$ 2,331,554</b>

**KORE MINING LTD.****Notes to the Condensed Interim Consolidated Financial Statements****September 30, 2022***(Unaudited – Prepared by Management)**(Expressed in Canadian dollars unless otherwise noted)*

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	<b>December 31, 2021</b>				
	<b>Canada</b>		<b>USA</b>		<b>Total</b>
Mineral properties	\$	-	\$	1,755,089	\$ 1,755,089
Deposits	\$	114,173	\$	116,812	230,985
Equipment		138,374		184,813	323,187
<b>Total</b>	<b>\$</b>	<b>252,547</b>	<b>\$</b>	<b>2,056,714</b>	<b>\$ 2,309,261</b>

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**9. SUBSEQUENT EVENT****Rights offering**

During November 2022, the Company completed a rights offering to the holders of its common shares and raised \$864,970 from issuance of additional 86,497,010 common shares (the “Rights Offering”). The Rights Offering represented  $\frac{3}{4}$  right for each common share outstanding, with one right entitling the holder to subscribe for one common share of the Company.