KORE MINING LTD.

Consolidated Financial Statements

December 31, 2017

April 6, 2018

Independent Auditor's Report

To the Shareholders of
Kore Mining Ltd.

We have audited the accompanying consolidated financial statements of Kore Mining Ltd., which comprise the consolidated statements of financial position as at December 31, 2017 and December 31, 2016 and the consolidated statements of loss and comprehensive loss, cash flows and changes in equity for the periods then ended, and the related notes, which comprise the significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

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

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Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Kore Mining Ltd. as at December 31, 2017 and December 31, 2016 and its financial performance and its cash flows for the periods then ended in accordance with International Financial Reporting Standards.

Emphasis of matter
Without qualifying our opinion, we draw attention to Note 2 in the financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about Kore Mining Ltd.'s ability to continue as a going concern.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

KORE MINING LTD.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

As at	Note		December 31, 2017		December 31, 2016
Current assets					
Cash and cash equivalents		$	88,694	$	102,676
Amounts receivable	5		39,284		7,113
Share subscriptions receivable			-		134,173
Total current assets			127,978		243,962
Non-current assets					
Mineral properties	10		690,038		-
Advances	6		-		71,212
Total non-current assets			690,038		71,212
Total assets		$	818,016	$	315,174
Current liabilities					
Accounts payable		$	342,263	$	346,953
Total liabilities			342,263		346,953
Shareholders' equity (deficiency)					
Share capital	8		2,546,807		701,857
Deficit			(2,029,880)		(733,636)
Accumulated other comprehensive income (loss)			(41,174)		-
Total shareholders' equity (deficiency)			475,753		(31,779)
Total shareholders' equity (deficiency) and liabilities		$	818,016	$	315,174

Going concern	2
Subsequent event	15

Approved by the Board of Directors:

"James Hynes" "Adrian Rothwell"

Director Director

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

KORE MINING LTD.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

	Note		For the year ended December 31, 2017		From date of incorporation to December 31, 2016
Expenses					
Exploration and evaluation expenses	10	$	524,152	$	358,417
Management fees and salaries	9		507,000		250,000
General and administration			64,026		62,763
Marketing, advisory and investor relations			26,221		27,772
Professional fees			67,005		37,577
			1,188,404		736,529
Other income/expense					
Interest and finance expense			147,980		-
Foreign exchange (gain)/loss			(40,391)		(1,398)
Other (income)/expenses			251		(1,495)
			107,840		(2,893)
Net loss for the year		$	1,296,244	$	733,636
Item that may be subsequently reclassified to net income					
Cumulative Translation Adjustment			41,174		-
Comprehensive loss for the year		$	1,337,418	$	733,636
Basic and fully diluted loss per common share		$	0.09	$	0.07
Weighted average number of common shares outstanding			14,825,422		11,183,448

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

KORE MINING LTD.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	For the year ended December 31, 2017	From date of incorporation to December 31, 2016
CASH DERIVED FROM (USED IN) OPERATING ACTIVITIES		
Loss for the period	(1,296,244)	(733,636)
Items not involving cash:		
Unrealized foreign exchange gains and losses	(5,135)	(2,716)
Interest and finance costs	109,945	-
Changes in non-cash working capital items:		
Amounts receivable	(32,171)	(7,113)
Accounts payable	307,810	346,953
	(915,795)	(396,512)
FINANCING ACTIVITIES		
Shares issued in private placements	1,472,800	570,400
Share issuance costs	(50,295)	-
Change in subscriptions receivable	131,455	-
Proceeds from convertible debenture	333,563	-
Repayments of convertible debenture	(309,318)	-
	1,578,205	570,400
INVESTING ACTIVITIES		
Acquisition of mineral properties	(654,865)	-
Advances	-	(71,212)
	(654,865)	(71,212)
Impact of changes in foreign exchange	(21,527)	-
(Decrease) increase in cash	(13,982)	**102,676**
Cash at beginning of period	102,676	-
Cash at end of period	88,694	102,676
Supplemental cash flow information:		
Shares issued for finders' fees	134,225	75,911
Shares issued for subscriptions receivable	-	134,173
Shares issued in settlement of payables	312,500	-
	446,725	210,084

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

KORE MINING LTD.

Consolidated Statements of Changes in Equity

(Expressed in Canadian dollars)

	Note	Common Shares Number	Common Shares Amount $	Share Issuance Costs	Deficit $	Accumulated Other Comprehensive Income (Loss) $	Total Equity $
February 22, 2016							-
Shares issued on private placement		12,240,941	701,857	-	-	-	701,857
Shares issued for finder's fees		1,149,115	75,911	(75,911)		-	-
Net loss for the period			-	-	(733,636)	-	(733,636)
December 31, 2016		13,390,056	777,768	(75,911)	(733,636)	-	(31,779)
January 1, 2017		13,390,056	777,768	(75,911)	(733,636)	-	(31,779)
Shares issued on private placement		3,333,334	1,472,800	-	-	-	1,472,800
Cost of share issuance		-	-	(50,295)	-	-	(50,295)
Shares issued for finder's fees		336,723	134,225	(134,225)	-	-	-
Shares issued on settlement of interest	7	73,893	64,931	-	-	-	64,931
Shares issued on settlement of payables		723,214	312,500	-	-	-	312,500
Shares issued as a finance cost of convertible debt	7	50,000	45,014	-	-	-	45,014
Net loss for the year		-	-	-	(1,296,244)	-	(1,296,244)
Other comprehensive loss		-	-	-	-	(41,174)	(41,174)
December 31, 2017		17,907,220	2,807,238	(260,431)	(2,029,880)	(41,174)	475,753

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

1. NATURE OF OPERATIONS

Kore Mining Ltd. ("Kore" or the "Company") was incorporated in British Columbia on February 22, 2016. Kore Mining is the parent company of the consolidated group which holds a 100% interest in Imperial USA Corp. (Imperial), a Nevada corporation purchased on March 28, 2017 and a 100% interest in Kore USA Ltd. (Kore USA), also a Nevada corporation, incorporated on June 6, 2017. The Company's head and registered office is located at Suite 2200, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8.

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

2. GOING CONCERN

These 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 December 31, 2017, the Company had a cash balance of $88,694 and a working capital deficit of $214,285. Current liabilities as at December 31, 2017 totaled $342,263. The Company has incurred losses since inception and does not generate any cash inflows from operations. In the year ended December 31, 2017, cash used in operating activities totaled $915,795.

The Company's ability to continue to meet its obligations and carry out its planned exploration and development activities is uncertain and dependent upon the continued financial support of its shareholders and on securing additional financing. There is, however, no assurance that any such initiatives will be sufficient and, as a result, there is significant doubt regarding the going concern assumption and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations for the foreseeable future. These adjustments could be material.

3. BASIS OF PRESENTATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

3. BASIS OF PRESENTATION (cont'd…)

3.1 Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Imperial USA Corp. and Kore USA Inc., both of which are incorporated in Nevada, United States. Control is defined as the exposure, or rights, to variable returns from involvement with an investee and the ability to affect those returns through power over the investee. Power over an investee exists when we have existing rights that give us the ability to direct the activities that significantly affect the investee's returns. The results and financial position of subsidiaries are included in the consolidated financial statement from the date that control commences until the date that control ceases.

These consolidated financial statements incorporate the accounts of the Company and the following subsidiaries:

Name of Subsidiary	Incorporation Jurisdiction	Percentage Ownership	Principal Activity
Imperial USA Corp.	Nevada, USA	100%	Mineral Property Exploration & Development
Kore USA Ltd.	Nevada, USA	100%	Mineral Property Exploration & Development

All intercompany balances and transactions have been eliminated on consolidation.

The accounts of Imperial have been consolidated from the date of acquisition of March 28, 2017. The accounts of Kore USA have been consolidated from the date of incorporation of June 6, 2017.

The consolidated financial statements have been authorized for issue by the Board of Directors of the Company on April 6, 2018.

3.2 Basis of measurement

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

3.3 Significant judgments, estimates and assumptions

The preparation of the Company's 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually 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 consolidated financial statements requires the Company to make judgments regarding the going concern of the Company as discussed in Note 2.

3. BASIS OF PRESENTATION (cont'd…)

The Company 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 should be impaired.

4. SIGNIFICANT ACCOUNTING POLICIES

Foreign Currency Translation

The presentation currency of the Company and the functional currency of the parent company is the Canadian dollar, while the functional currency of the Company's United States subsidiaries is the United States dollar. The monetary assets and liabilities of the Company that are denominated in a currency other than its functional currency at the reporting date are translated into the presentation currency at the rate of exchange on the reporting date, while non-monetary assets and liabilities are translated at historical exchange rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the dates of the transactions. Exchange gains and losses arising on translation are included in profit or loss in the statement of comprehensive loss.

When translating the results and financial position of its United States subsidiaries, assets and liabilities are translated using the exchange rate at period end, and income, expenses and cash flow items are translated using the exchange rate at the dates of the transactions, or the average exchange rate if not significantly different. All resulting exchange differences are reported as a separate component of reserves in shareholders' equity entitled "Accumulated Other Comprehensive Income (Loss)".

Cash

Cash and cash equivalents include cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash within ninety days of purchase.

Mineral Properties

Acquisition Costs

Costs incurred before the Company has acquired the right to explore a property 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 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 that are exercisable at the discretion of the Company 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 Company has taken steps to verify title to exploration and evaluation properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers, non-compliance with regulatory requirements or title may be affected by undetected defects.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

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:

- The extent to which mineral reserves or mineral resources as defined in National Instrument 43-101 ("NI 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.

Decommissioning and Restoration
Decommissioning and restoration obligations encompass legal, statutory, contractual or constructive obligations associated with the retirement of a long-lived tangible asset (for example, mine reclamation costs) that results from the acquisition, construction, development and/or normal operation of a long-lived asset.

A liability for decommissioning and restoration is recorded in the period in which the obligation first arises. The Company records the estimated present value of future cash flows associated with site closure and reclamation as a long-term liability and increases the carrying value of the related assets for that amount. Over time, the liability is increased to reflect an interest element in the estimated future cash flows (accretion expense) considered in the initial measurement of fair value. The capitalized cost is amortized on either the unit-of-production basis or the straight-line basis, as appropriate. The Company's estimates of provisions for decommissioning and restoration obligations could change as a result of changes in regulations, changes to the current market-based discount rate, the extent of environmental remediation required, and the means of reclamation or cost estimates. Changes in estimates are accounted for in the period in which these estimates are revised.

As at December 31, 2017 and 2016 the Company has determined that it does not have any significant decommissioning and restoration obligations related to its operations.

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 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 Company may obtain in a sale transaction on an arm's length basis between knowledgeable, willing parties, less costs of disposal.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Fair value less costs to sell is primarily derived using discounted cash flow techniques, which incorporates market participant assumptions.

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 Company has 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 financing expense.

Income Taxes
Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Current tax assets and liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax liabilities on temporary differences associated with shares in subsidiaries are not provided for if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are likely to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that includes the substantive enactment date. Deferred tax assets are recognized for all temporary differences, carry forward of unused tax credits and unused tax losses to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same entity or different entities which intend to settle current tax assets and liabilities on a net basis or simultaneously in each future period in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Changes in deferred tax assets or liabilities are recognized as a component of tax recovery or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

Share-based Payments
The Company uses a fair value based method (Black-Scholes Option Pricing Model) for all share options granted to directors, employees and certain consultants. For directors and employees, the fair value of the share options is measured at the date of grant. For grants to non-employees where the fair value of the goods or services is not determinable, the fair value of the share options is measured on the date the services are received.

The fair value of share-based payments is charged to profit or loss with the offsetting credit to share option reserve. The fair value of the share options is recognized over the vesting period based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. If options vest immediately, the expense is recognized when the options are granted. For non-employees, the share options are recognized over the related service period. When share options are exercised, the amounts previously recognized in share option reserve are transferred to share capital.

In the event share options are forfeited prior to vesting, the associated expense recorded to date is reversed in the period of forfeiture. The carrying value of any share options that expire remain in share option reserve.

Share capital
When the Company issues private placement units, the shares and warrants are measured using the residual method. This method allocates value first to the more easily measurable component based on fair value and the residual to the less easily measurable component. The Company considers the fair value of its shares to be the more easily measurable component and they are valued with reference to the market price. The residual value attributed to the warrants, if any, is recorded as a separate component of equity.

Earnings (Loss) per Share
Basic earnings (loss) per share are computed by dividing net earnings (loss) (the numerator) by the weighted average number of outstanding common shares for the period (denominator). In computing diluted earnings per share, an adjustment is made for the dilutive effect of outstanding share options, warrants and other convertible instruments.

In the periods when the Company reports a net loss, the effect of potential issuances of shares under share options and other convertible instruments is anti-dilutive, therefore, basic and diluted loss per share are the same. When diluted earnings per share is calculated, only those share options and other convertible instruments with exercise prices below the average trading price of the Company's common shares for the period will be dilutive.

(Expressed in Canadian dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial Instruments - Recognition and Measurement

Loans and receivables: The Company classifies cash, amounts receivable and deposits as loans and receivables. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Other financial liabilities: Trade and other accounts payable are classified as other financial liabilities. They are carried at amortized cost using the effective interest method. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

The Company assesses whether there is evidence that a financial asset or a group of assets is impaired at each reporting date. Evidence of impairment may include indication that a counterparty is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and when indicators suggest that there are measurable decreases in the estimated future cash flows.

Changes in Accounting Standards

Certain new standards, interpretations, amendments and improvements to existing standards have been issued by the IASB. The Company has reviewed the new and proposed accounting pronouncements issued by the IASB relevant to the year ended December 31, 2017 and subsequently, and none were considered to have a significant impact on the Company's current operations or financial statements.

- IFRS 9, Financial Instruments: New standard that replaced IAS 39 for classification and measurement, effective for annual periods beginning on or after January 1, 2018. The Company does not expect the adoption of this standard to have a significant measurement or disclosure impact of its financial statements.
- IFRS 16, Leases: New standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019. The Company does not currently expect the adoption of this standard to have a significant measurement or disclosure impact on its financial statements.

5. AMOUNTS RECEIVABLE

	December 31, 2017	December 31, 2016
Government of Canada – GST	$ 39,284	$ 7,113
	$ 39,284	$ 7113

6. ADVANCES

Advances comprise expenditures incurred relating to the potential acquisition of mineral properties prior to finalization of the acquisition. Upon finalizing the acquisition, the advance was recorded as an acquisition cost of exploration and evaluation assets.

	December 31, 2017	December 31, 2016
Imperial USA	$ -	$ 71,212
	$ -	$ 71,212

7. CONVERTIBLE DEBENTURE

During 2017, the Company obtained financing in the form of a convertible debenture in the amount of US$250,000 at an interest rate of 4% per month. The Company issued 50,000 shares to the lender upon obtaining the convertible debenture as a finance cost, with an estimated fair value of $45,014. The debenture was fully repaid in September 2017 and interest of $64,931 was paid in the form of 73,893 shares of the Company. A foreign exchange gain of $24,245 was recorded on settlement.

8. SHARE CAPITAL

8.1 Authorized
Unlimited number of common shares with no par value.

8.2 Shares Issued
The following share related transactions occurred during the year ended December 31, 2017.

- Subscriptions receivable of $134,173 at December 31, 2016 were received in the first quarter of 2017.
- $1,360,371 was raised through the issuance of 3,166,668 shares at a weighted average share price of $0.430 per share.
- 336,723 shares were issued in settlement of finders' fees of $134,225.
- $112,429 was raised through the issuance of 166,666 shares at a weighted average share price of $0.675 per share.
- The Company also issued 723,214 shares to officers of the Company in settlement of outstanding executive compensation of $312,500.
- The Company issued 50,000 shares with a fair value of $45,014 as a finance fee relating to obtaining the convertible debenture.
- 73,893 shares were issued to pay interest on the convertible debenture of $64,931.

The following share transactions occurred during the period ended December 31, 2016:

- The Company raised $701,857 through the issuance of 12,240,941 shares at a weighted average share price of $0.057 per share.
- The Company settled $75,911 in finders' fees through the issuance of 1,149,115 shares from the 2016 financings at a weighted average share price of $0.066 per share.

8.3 Share based compensation
Pursuant to a 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.

During the fiscal years ended December 31, 2017 and 2016, no stock options were granted.

(Expressed in Canadian dollars)

9. RELATED PARTY TRANSACTIONS AND BALANCES

Relationships	Nature of the relationship
1081646 BC Ltd. ("1081646 BC")	1081646 BC is a company controlled by a director and officer of the Company that has provided the services of James Hynes as Chief Operating Officer of the Company since July 14, 2016.
Hazelton, Rohan	Mr. Hazleton was a Director, President and Chief Executive Officer of the Company from inception until July 14, 2016.
Hynes, James	Mr. Hynes has been Chairman since September 1, 2016 and a Director and Chief Operating Officer of the Company since July 14, 2016.
Lyftoff Business Solutions Inc. ("Lyftoff")	Lyftoff is a private corporation that provides marketing consulting services to the Company and is controlled by a relative of a director and officer of the Company.
Rothwell, Adrian	Mr. Rothwell was appointed President and Chief Executive Officer of the Company on September 1, 2016 and has been a director of the Company since its inception.

9.1 Related party transactions

The following transactions relate to consulting fees and salaries incurred by the Company and are included in management fees and salaries. Marketing consulting costs are included in marketing, advisory and investor relations expenses, while debt interest is included in interest expense in the consolidated statement of loss and comprehensive loss.

For the year ended December 31, 2017	Management fees and salaries	Marketing consulting	Debt interest
1081646 BC	$ 250,000	$ -	$ -
Hynes, James	-	-	18,045
Lyftoff	-	10,500	-
Rothwell, Adrian	250,000	-	19,950
	$ 500,000	$ 10,500	$ 37,995

For the period ended December 31, 2016	Management fees and salaries	Marketing consulting	Debt interest
1081646 BC	$ 125,000	$ -	$ -
Lyftoff	-	15,000	-
Rothwell, Adrian	125,000	-	-
	$ 250,000	$ 15,000	$ -

Amounts owing to related parties are non-interest bearing, unsecured and due on demand. The transactions occur in the normal course of operations. At December 31, 2017, the Company owed $131,456 (December 31, 2016 - $253,972) to related parties, which is included in accounts payable.

(Expressed in Canadian dollars)

9. RELATED PARTY TRANSACTIONS AND BALANCES (cont'd…)

9.2 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 and Directors. The remuneration of the directors and key management personnel during the years ended December 31, 2017 and 2016 was as follows:

For the period ended December 31	2017	2016
Salaries and benefits	$ 507,000	$ 250,000
	$ 507,000	$ 250,000

10. MINERAL PROPERTIES

Acquisition of Imperial USA Corp.

On March 28, 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$50,000 which had been deposited previously with the vendor in November 2016 related to a Letter Agreement, and US$100,000 on the date of closing the purchase. The remaining payments under the agreement comprise US$1,000,000 payable upon the announcement of a revised Preliminary Economic Assessment (PEA) or similar report and US$1,000,000 payable 30 days after the date that gold is poured from ore the is mined from the related properties.

The vendor retains a 1% net smelter return royalty on the property. The vendor has the option to receive shares in the Company in settlement of the remaining payments up to achieving a 4.9% ownership interest in the Company, above which level further share consideration is at the option of the Company.

In addition, under the agreement, the Company has committed to incur US$5 million in exploration and evaluation expenditures on the Imperial Project on or before the fifth anniversary of the date of the Imperial Purchase Agreement. In the event that the Company does not incur these expenditures within this timeframe, the Company must then pay US$1,000,000 to the vendor.

Acquisition of Long Valley Mining Claims

On March 31, 2017 the Company purchased 95 mining claims in the Long Valley area of California. Upon closing, the Company paid 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 mining claims acquired were subsequently transferred to the Company's subsidiary, Kore USA Inc.

The vendor retained a net smelter return royalty on the claims ("the Seller NSR"). The Seller NSR provides for a perpetual 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 US$4 million if repurchased prior to commencement of commercial production.

In addition, there is a 1% net smelter returns royalty pursuant to a royalty deed from 2002, that was assigned by the vendor in favour of Royal Gold, Inc. a third party.

(Expressed in Canadian dollars)

10. MINERAL PROPERTIES (cont'd…)

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

Exploration and evaluation expenses		For the year ended December 31, 2017		From date of incorporation to December 31, 2016
Permitting	$	**198,127**	$	-
Claim maintenance		**168,571**		-
Engineering, metallurgy and geotechnical		**31,058**		28,917
Geophysics		**115,826**		-
Property Taxes		**10,570**		-
Project evaluation costs		**-**		329,500
	$	**524,152**	$	358,417

California Property
In late 2016 the Company entered into a Letter of Intent with the intent of acquiring a gold property in California and was granted exclusivity to pursue the acquisition. A non-refundable deposit of US$250,000 was paid to maintain exclusivity in negotiating the purchase of the property. The Company elected to withdraw from the purchase when the term for exclusivity expired and to pursue other opportunities upon completion of its due diligence process. As a result, the deposit was expensed as a project evaluation cost in December 2016.

11. MANAGEMENT OF CAPITAL

The Company defines capital that it manages as equity.

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

The Company manages its capital structure in a manner that is intended to provide sufficient funding for operational and capital expenditure activities. Funds are secured, when necessary, through debt funding or equity capital raised by means of private placements. There can be no assurances that the Company will be able to obtain debt or equity capital in the future. (See Note 2).

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

12. RISK MANAGEMENT

12.1 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. (See Note 2)

12. RISK MANAGEMENT (cont'd)…

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.

The Company has assessed its exposure to credit risk on its cash and has determined that such risk is minimal. The majority of the Company's cash is held with reputable financial institutions in Canada.

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 December 31, 2017, the Company had a working capital deficit of $214,285, and it does not have any long term monetary liabilities. The Company will seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they fall due. As at December 31, 2017, the Company had cash of $88,694 to settle current liabilities of $342,263. The Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. See Note 2.

c. Interest rate risk

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments.

The Company had $88,694 in cash at December 31, 2017, on which it earns variable rates of interest, and may therefore be subject to a certain amount of risk, though this risk is considered by management to be 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.

At December 31, 2017, 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 $7,700 in the Company's net loss.

12.2 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 or the ability to readily convert to cash.

13. 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.

(Expressed in Canadian dollars)

14. INCOME TAXES

The income tax provision differs from the amount computed by applying the statutory rates to loss before income taxes. These differences result from the following:

Period ended	December 31 2017	December 31 2016
Loss before income taxes	$ 1,296,244	$ 733,636
Statutory rate	26%	26%
Expected tax recovery	337,023	190,745
Other	(12,875)	3,948
Effect of tax rate changes and tax rates in foreign jurisdictions	(26,749)	-
Tax assets not recognized	(297,399)	(194,693)
Income tax recovery (expense)	$ -	$ -

As at December 31, 2017 the Company had tax operating losses available of the following, which expire at various dates and amounts between 2036 and 2037.

Period ended	December 31 2017	December 31 2016
Non-capital losses carried forward	$ 507,714	$ 194,693
Deferred exploration expenses	26,417	-
Share issuance and incorporation costs	52,154	15,789
Unrecognized deferred tax asset	$ 586,285	$ 210,482
Accumulated non-capital losses		
Canada	1,562,162	748,819
United States	409,191	-
Total non-capital losses	$ 1,971,353	$ 748,819

The ability to use U.S. loss carry-forwards in future is subject to certain limitations under provisions of the internal Revenue Code, including Section 382, which relates to a 50% change in control of ultimate shareholders over a three-year period, and is further dependent upon the Company attaining profitable operations. Ownership changes, as defined, may have occurred in prior years for Imperial USA Corp. and the U.S. tax losses related to Imperial USA Corp. may be subject to limitation under Section 382. Accordingly, the Company's ability to use these losses may be limited or such losses may expire un-utilized. Losses incurred to date may be further limited if a subsequent change in control occurs.

15. SUBSEQUENT EVENT

On February 27, 2018, Eureka Resources Inc. ("Eureka") announced that it has signed an amalgamation agreement dated February 24, 2018 (the "Amalgamation Agreement") with Kore, pursuant to which Eureka has agreed to acquire all of the outstanding common shares of Kore (each, a "Kore Share") in exchange for common shares of Eureka (each a, "Eureka Share") by way of a three-cornered amalgamation (the "Transaction").

Share Consolidation

As a condition to the closing of the Transaction (the "Closing"), Eureka will have completed a consolidation of the issued and outstanding Eureka Shares on the basis of one post-consolidation Eureka Share for each ten pre-consolidation Eureka Shares (the "Consolidation").

General Terms of the Transaction

The Transaction will be effected by way of a three-cornered amalgamation, without court approval, under the Business Corporations Act (British Columbia), pursuant to which, through the amalgamation of a newly incorporated British Columbia subsidiary of Eureka and Kore, Eureka will acquire all of the issued and outstanding Kore Shares in exchange for the issuance of Eureka Shares (on a post-Consolidation basis) and Kore will become a subsidiary of Eureka.

As at February 27, 2018 there were 50,462,402 Eureka Shares outstanding, which will be reduced to 5,046,240 Eureka Shares on a post-Consolidation basis. Pursuant to the terms of the Agreement, Eureka has agreed to issue 3 post-Consolidation Eureka Shares in exchange for each Kore Share (the "Exchange Ratio"), resulting in the shareholders of Kore being issued a total of 56,121,606 Eureka Shares (on a post-Consolidation basis). The Exchange Ratio has been determined on the basis of there being this number of Eureka Shares outstanding at the Closing. However, prior to the Closing, Eureka intends to issue Eureka Shares in settlement of certain outstanding liabilities in accordance with the policies of the Exchange (the "Debt Settlement"). If the actual number of outstanding Eureka Shares and / or Kore Shares immediately prior to the Effective Time (including any Eureka Shares issued in connection with the Debt Settlement) is greater or less than such amount, then the Exchange Ratio shall be adjusted so as to ensure that, immediately following the Closing, the former Kore shareholders shall hold no less than 91.8% of the total number of issued and outstanding Eureka Shares (prior to giving effect to the private placement described below).

The Transaction is subject to various closing conditions, including, among other things, receipt of approval of the Exchange and completion of a private placement for proceeds of between $2,000,000 and $7,000,000.

Following the Closing, Eureka will continue on with the business of Kore and remain a Tier 2 mining issuer, with Kore as its operating subsidiary. The Resulting Issuer is anticipated to hold all existing assets of Eureka and Kore as at the Closing. It is expected that, in connection with the Closing, Eureka will change its name to "Kore Mining Ltd.", or such other name as agreed by the parties, with a corresponding change of the trading symbol for the Eureka Shares on the Exchange.

Certain Eureka Shares to be issued to Kore shareholders in connection with the Transaction will be subject to escrow under the policies of the Exchange.