



KORE MINING: EXPLORING AND DEVELOPING NORTH AMERICAN GOLD RESOURCES

TSXV: KORE

OTCQB: KOREF

JULY 2020

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KORE Mining - The undervalued gold developer attracting world-class institutional interest

“Follow the smart money.”

There’s a reason it makes so much intuitive sense. More often than not, the smart money wins.

With limited hours in the day and thousands of listed stocks to research, why wouldn’t you take some inspiration from the market’s biggest players?

After all, they boast long track records of success that have put them into control of vast deployable reserves of cash, which can transform a company’s fortunes in an instant.

Today, some of Canadian mining’s most prominent investors are zoning in on one junior gold company in particular.

KORE Mining ([TSX.V:KORE](#) | [OTCQB:KOREF](#)).

This company was only founded 19 months ago through a reverse transaction. Its management team has only been in place for eight months, and it has only been working on the ground for six.

The pace of progress has been astounding.

So much so, in fact, that Macquarie Bank, one of the world’s leading investors in resource projects, has made a strategic investment into **KORE** and its asset portfolio.

The conservative financier, with more than US\$500 billion of assets, only backs companies it believes have potential to bring a large-scale mine into production. Its primary interest is in funding those projects, so it is no surprise that **KORE** also caught the attention of Eric Sprott.

Billionaire Sprott is one of the most successful mining investors ever. He became **KORE’s** largest cornerstone investor, amassing a 26% stake in the company after directly investing \$12.5 million of his personal fortune over the last ten months.

More and more investors are now following this smart money, with **KORE’s** shares rising from C\$0.20 to C\$1.53 between March and June alone.

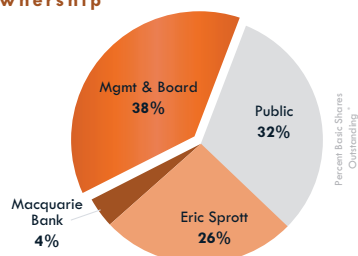
But fear not, this stock still has **much further** left to run. This is only the beginning of an epic growth cycle.

Capital Structure Aligned with Shareholders

Issued & Outstanding* (basic)	104.5 M
Options** (avg. \$0.27 strike price)	7.7 M
Warrants** (avg. \$0.74 exercise price)	5.1 M
Fully Diluted*	117.3 M
Market Capitalization	
Share Price (at July 7, 2020)	C\$1.49
Market Cap (basic)	~C\$ 150M
Cash (estimated pro-forma)	~C\$ 11M

* Pro-forma for close of June 29, 2020 Eric Sprott announced financing.
** Options and Warrants as of July 6, 2020
US\$ 1 million payable to Newmont for Imperial purchase is outstanding.
See November 27, 2019 news release.

Ownership



Analyst Coverage

Nic Dion - Cormark Securities	Buy
Chris Thompson - P1 Financial	Buy
Ryan Walker - Echelon Wealth Partners	Watch List
Ryan Hanley - Laurentian Securities	Watch List
Don Blyth - Paradigm Capital	Takeover 20

The **compelling** valuation case for KORE Mining

Upon injecting **a further C\$7.5 million** into the company in July, Sprott said **KORE Mining** ([TSX.V:KORE](#) | [OTCQB:KOREF](#)) remained “**extremely undervalued**”.

When you take a look at what the company has to offer, it’s not hard to see what he means.

KORE’s ace in the hole is its wholly owned Imperial project in California.

A Preliminary Economic Assessment (“PEA”) recently put Imperial’s Internal Rate of Return at 44% and its Net Present Value (“NPV5”) at **US\$343 million** after-tax.

Analysis completed in early June revealed that KORE was then trading at an 85% discount to this figure. This was far below the company’s mining development peers, which were trading at an average 50% discount to their primary projects’ NPV5 valuations.

What’s more, Imperial’s NPV5 is a “base-case” scenario for the project, calculated using a US\$1,450/oz gold price. This is much lower than the multi-year highs at which the precious metal currently trades.

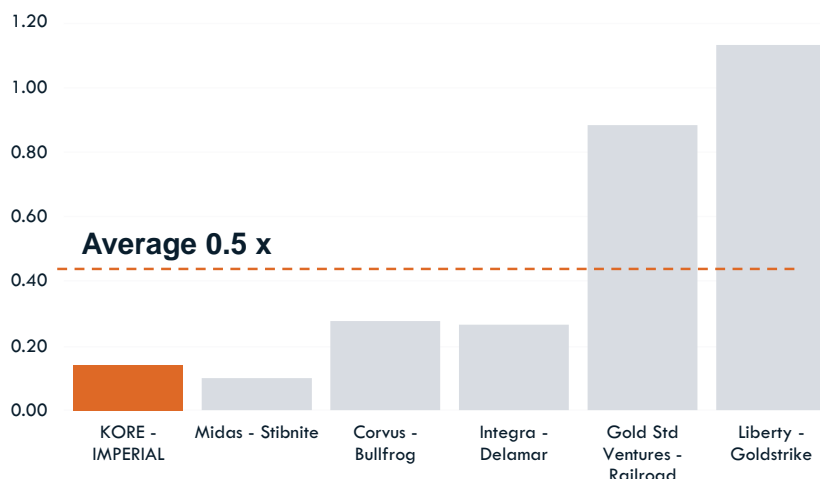
The case for **KORE’s** undervaluation would be strong enough if it were a development company alone.

But the company’s potential extends much wider.

Its entire portfolio already boasts 2.5Moz of gold in the valuable Indicated category, with a further 2.4Moz of Inferred gold at 0.61 g/t and 0.54 g/t respectively.

This has yet to be fully recognized by the market, which presents a rare opportunity, not least because of KORE’s ambitious work program scheduled across its three main assets in the second half of 2020.

Market Capitalization / Main Project NPV¹



¹1. As at June 9, 2020. Assumes 5% discount and \$1450 per oz gold. Liberty - Goldstrike and Paramount - Sleeper NPV interpolated between reported \$/oz values. 2. Assumes CDN/USD 0.70 and KORE market cap of \$C75 million FD

Source: Company research. References: Corvus - Bullfrog 2018 PEA TR, Integra - Delamar 2019 PEA TR, GSR - railroad 2019 PFS TR, Paramount - Sleeper 2017 PEA TR, Paramount - Grassy Mountain 2018 PFS TR, Liberty - Goldstrike 2019 PEA TR, Midas - Stibnite 2014 PFS TR. TR = 43-101 Technical Report. All available on www.SEDAR.com

KORE's **blue-sky** exploration across its impressive asset portfolio

A key benefit of KORE's ([TSX.V:KORE](#) | [OTCQB:KOREF](#)) overlooked asset portfolio is it means the company can explore these properties without much downside risk.

Since there is already a strong valuation case for the company, even if it doesn't manage to add another ounce of gold to its resource base, there is still upside in the stock.

However, given the quality of its projects more success could be close at hand.

- **KORE** recently expanded Imperial's project area to include a 28km-long exploration trend that neighbours **Equinox Gold's** world-class Mesquite Mine.

Firm in the belief that the land it has pegged could host untapped riches, **KORE** is now on the hunt for multiple, multi-million-ounce discoveries here.

This might sound ambitious enough on its own, but the company is also putting exploration dollars into the ground across two other potentially company-making projects.

- **Long Valley** is also based in California and contains 1.2Moz of Indicated resources at 0.6 g/t with enormous near-surface oxide and deeper sulphide expansion potential.

- Meanwhile, the enormous **FG Gold Project** sits in British Columbia with 376,000 ounces of Measured and Indicated resources and 634,000 ounces of Inferred at 0.7 g/t in the ground and many under-explored kilometers of strike.

With **THREE** district-scale exploration plays on its books, **KORE's** management team and board see an opportunity to make huge capital returns. Together they own 38% of the company's shares and their interests are clearly aligned with delivering substantial shareholder value.

By pursuing a strategy that combines project development with blue-sky exploration, the people behind **KORE** are maximizing the company's chance of building on its current momentum. The market loves news flow, especially in a gold price environment like we are currently experiencing.

With so much happening so quickly at **KORE** the coming months promise to be thrilling, with progress at Imperial underpinning everything.

The Long Valley Project

Source: KORE Mining



Imperial - A simple gold project with **huge** economic potential

KORE's (TSX.V:KORE | OTCQB:KOREF) chief executive Scott Trebilcock calls Imperial "the simplest project you could dream of".

In the mining world, simple is optimal - it not only reduces costs, but also cuts risk.

So, what is it that makes Imperial a comparatively straightforward development opportunity?

First, it centres on a large, near-surface oxide gold deposit with no complicated rock formations to deal with. Because the ore is relatively accessible and close to surface, it is amenable to open-pit mining and a style of processing called "cyanide heap leaching".

In layman's terms, this practice involves mining ore and dissolving the gold contained in an acidic solution, from which it can later be extracted for end-use. With no need for expensive, deep mining, this represents one of the lowest-cost approaches to gold extraction.

Thanks to the long-term success of **Equinox Gold's** open-pit heap leach Mesquite mine, just fourteen kilometers away, **KORE** already has a confirmed regional proof of concept to complete its modelling on.

After all, Mesquite has produced an average of 130,000oz per year of gold for the last ten years straight, at an average cost base of just US\$975, with matching geology to Imperial.



The Imperial Project

Source: KORE Mining



The exciting Imperial PEA

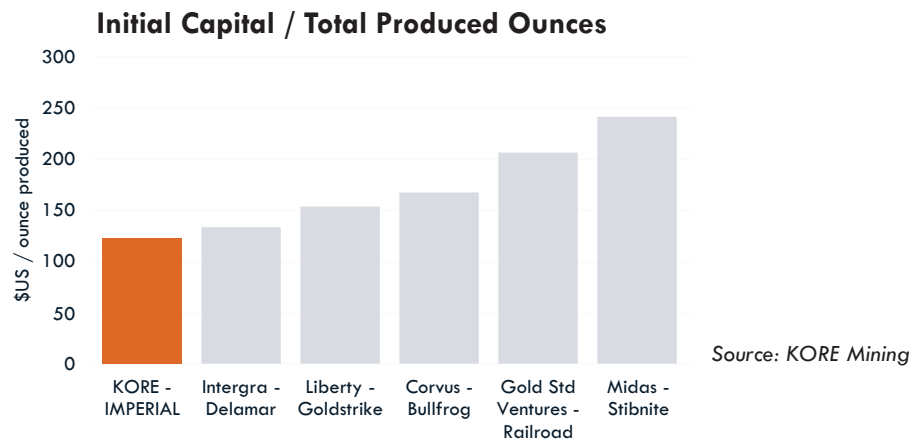
Excitingly, **KORE's** ([TSX.V:KORE](#) | [OTCQB:KOREF](#)) recent PEA lays out a set of economics for Imperial that compare highly favourably to Mesquite.

The work put Imperial's All In Sustaining Cost ("AISC") at just US\$852 per ounce of gold, and the project is expected to produce 146,000 oz per year of the precious metal for eight years.

When you consider that gold is currently sitting at around US\$1,800/oz., Imperial's moneymaking potential starts to look incredible.

The project also boasts fantastic infrastructure. It is easily accessible by paved road, power access is in place, and production water and monitoring wells have already been drilled for use at Mesquite.

This "turn-key" position and the low-cost of heap-leach mining drove down Imperial's initial capital expenditure requirements to just US\$143 million. On a capital intensity basis (initial capital/total produced ounces), this is lower than many of **KORE** peers with similar gold projects.



Imperial's inherent quality has been clearly signposted since the beginning, in the heavyweight backing it has received.

KORE originally purchased the project from **Newmont**, one of the world's largest mining companies. Newmont was originally meant to receive a US\$1 million cash payment on the announcement of an economic assessment for Imperial. However, it instead opted to settle the sum in **KORE** shares, to increase its exposure to the equity upside.

Meanwhile, Macquarie Bank was so impressed by Imperial that when it invested its initial \$4 million into **KORE** to fund project permitting it also purchased a 1% royalty and the right to provide project development financing. Trebilcock says the bank's involvement is a major endorsement of Imperial's potential:

“

Macquarie is a very conservative institution, so for them to put so much money in on two occasions and buy the right to extend their exposure through development funding and a royalty speaks measures. It ultimately wants to finance the development of a project into a mine soon, and it has chosen Imperial as that opportunity.”

The **ideal time** to take Imperial into the permitting process

The next step for **KORE** ([TSX.V:KORE](#) | [OTCQB:KOREF](#)) at Imperial is permitting. The company recently launched into this process with the support of Macquarie.

The last company to attempt this was Glamis Gold, owner of the project from 1987 to 1996. Its application was ultimately rejected because the authorities at the time said the project would damage the area's "viewscape".

In 2020, this rationale is no longer legal grounds for dismissal of a project.

Aside from this, another factor provides **KORE** with an optimistic permitting outlook.

In California, local counties apply state law to the sort of federal land that Imperial lies on. This puts the decision to green-light Imperial into the hands of Imperial County.

This is absolutely critical, because mining is a significant economic driver in Imperial County's.

Equinox Gold's Mesquite mine has been mining in the county for nearly 30 years, providing generations of families with employment and income. Today, this project only has between two and three life of mine years left, based on its current resource.

Imperial County's unemployment rate already sits at 17.1% (as of February 2020), so this winding down at Mesquite coincides perfectly with the prospect of new job production, income, and tax from Imperial once production begins.

All that's left, Trebilcock adds, is to ensure the company takes a responsible approach to development:



If you talk to local politicians in Imperial County, they will tell you that if you comply with the strict reclamation and environmental standards in California like backfilling, which we do through our PEA, then they will be supportive of responsible economic development. Imperial is out of sight - it can't be seen from a road or any permanent residence - so it really has all the ingredients to move through permitting. ”

Winning Local Support



The **district-scale 28km trend** - Host to million oz discoveries?

While Macquarie was won over by Imperial and its potential to become a mine, what also attracted Eric Sprott was **KORE's** ([TSX.V:KORE](#) | [OTCQB:KOREF](#)) wider potential.

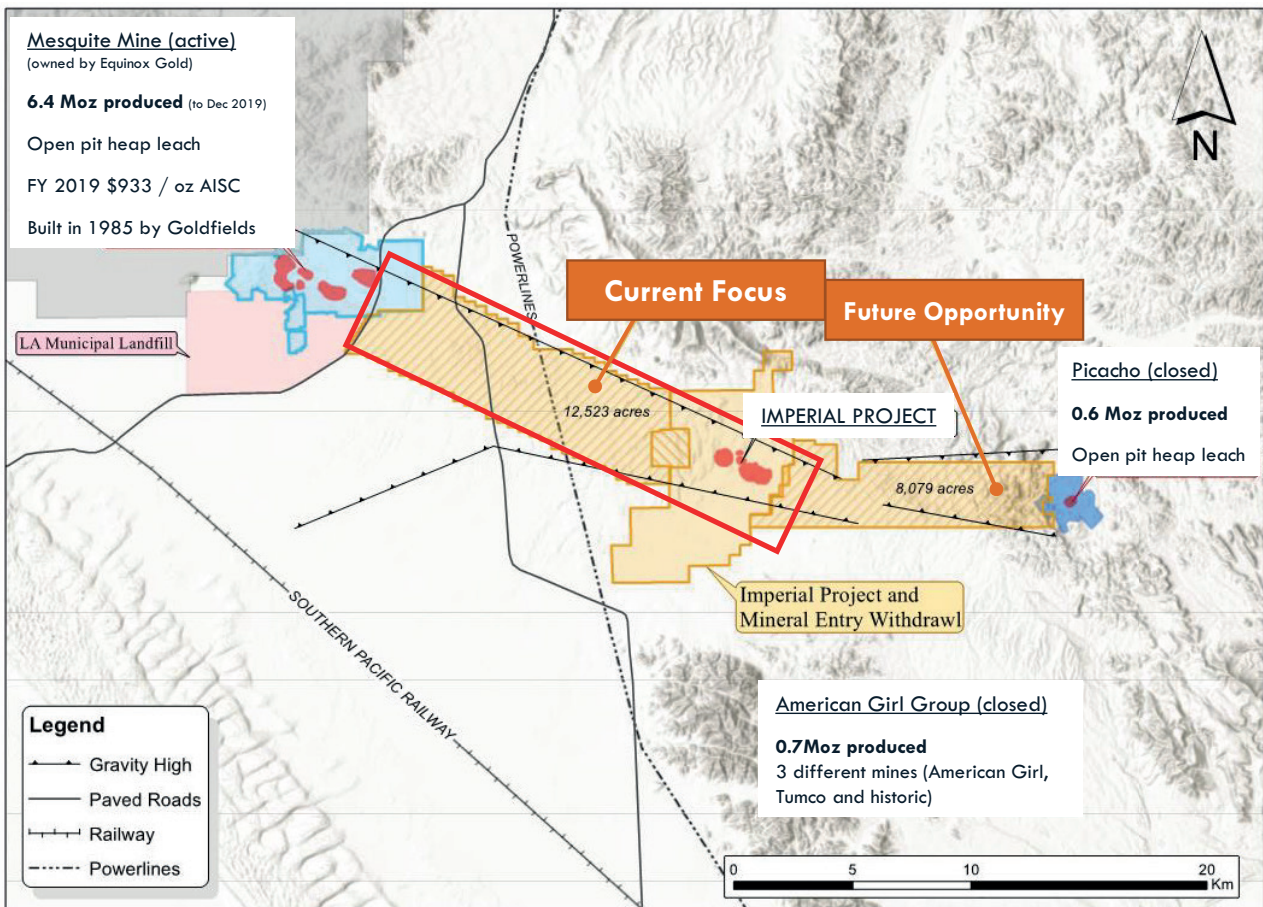
The company's entire portfolio is estimated to contain 4.9Moz of gold, with 2.5Moz of those ounces in the most valuable Measured and Indicated categories.

This number alone has been able to command large market valuations for exploration companies - yet relatively little of it is currently priced into **KORE's** stock.

With the help of Sprott's capital, **KORE** is now working hard to expand its gold resource aggressively.

An exciting contributor is, of course, the Imperial project area itself. Last September, **KORE** staked an enormous exploration landholding around Imperial that took its total position on the ground to 20,602 acres.

This wasn't just any land, either. It covers a 28km trend identified by a geophysical anomaly that extends from the Mesquite mine to a historic mine called Picacho.



Source: KORE Mining

Massive gold targets at Imperial

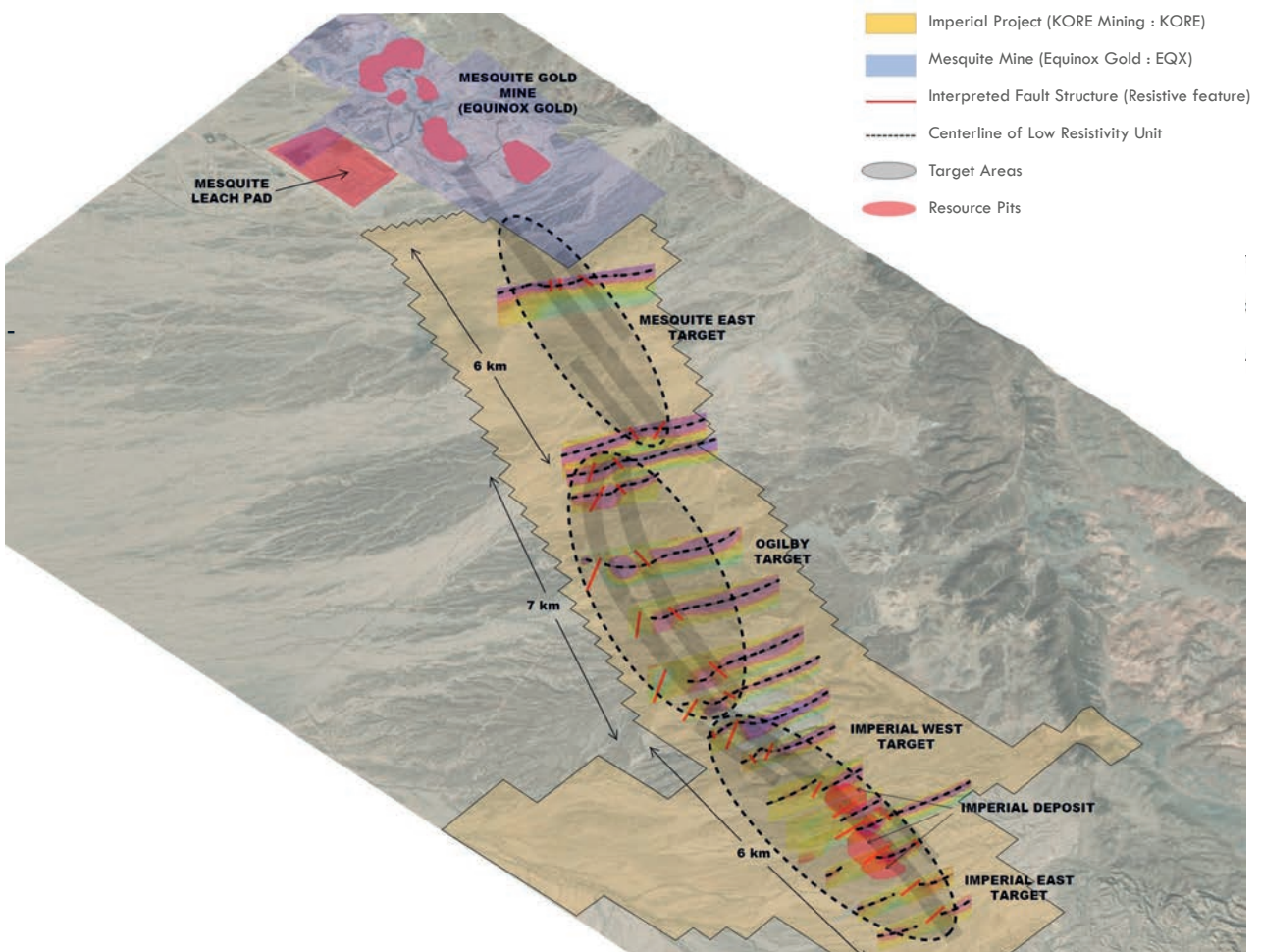
This district-scale area is largely under-cover and has minimal gold outcropping. However, with no modern exploration ever having been conducted here, **KORE** ([TSX.V:KORE](#) | [OTCQB:KOREF](#)) believes the nature of the surrounding geology opens up the potential for **multiple multi-million-ounce deposits**.

The company launched headlong into work here in January 2020, ultimately identifying several high priority targets in April, including:

- **Mesquite East**, which is on-strike from Mesquite's Vista and Rainbow deposits
- **Imperial East and Imperial West**, which are both direct extensions of the existing Imperial deposit

The following June, **KORE** mobilized ground geophysics and a surface sampling program to Imperial East and Imperial West to generate additional district drill targets - results are expected over the summer.

Alongside this, the company believes that only the “*low-hanging fruit*” has been drilled to date at its existing Imperial deposit. It now plans to explore several un-touched targets to expand its existing resource.



Source: KORE Mining

Long Valley - KORE's second potential **company-making** exploration asset in California

KORE's (TSX.V:KORE | OTCQB:KOREF) second Californian project is a company maker in its own right.

Long Valley is a 2.5km long, epithermal gold deposit that was first discovered in the 1990s and is based close to existing roads and infrastructure.

The project already hosts a large oxide gold resource over a 6km² resource footprint. It also has a great deal of expansion potential.

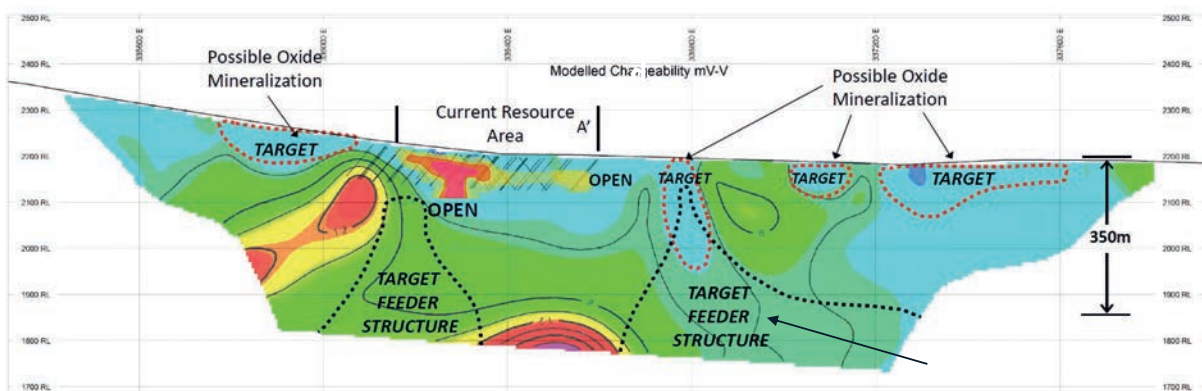
Long Valley's wide-ranging, near-surface oxide gold is open in all directions for growth. Encouragingly, **KORE** has identified targets within "sulphide feeder zones".

In essence, these are areas deep beneath the surface that "feed" gold upwards to the oxide zone and have the potential for much higher-grade and more highly concentrated mineralization.

KORE began its exploration of Long Valley earlier in 2020, by first identifying new high priority targets in both the oxide and feeder zones in January. Then, in March, it completed an extended ground geophysics survey across the length of the project's untested feeder structures, covering more than **3.5km**.

The next step, Trebilcock tells us, will be to get the drill bit into the ground. Any positive results here could lead both to a significant increase in **KORE's** overall gold resource and a possible upgrade of ounces into the high value categories.

With so much to play for, the Long Valley drill campaign could be extremely high impact.



Long Valley

Source: KORE Mining

FG Gold - The **beast** in British Columbia

Moving away from California, **KORE's** ([TSX.V:KORE](#) | [OTCQB:KOREF](#)) third potentially-transformational asset sits up in the Cariboo region of British Columbia.

And it's a monster.

FG Gold covers 13,008 hectares. Historical operators have completed 51,000m drilling at an estimated cost of US\$15 million. *Despite this, KORE believes work-to-date has only scratched the surface of this project's true potential.*

As well as the main gold resource extending over a 3km strike, there is an additional 10km of under-explored strike length on the property. What's more, [January 2019 saw KORE discover](#) what it believes could be another 3.5km² gold-copper target.

FG Gold already contains a large gold resource, but **KORE** is confident that it can expand on this figure greatly.

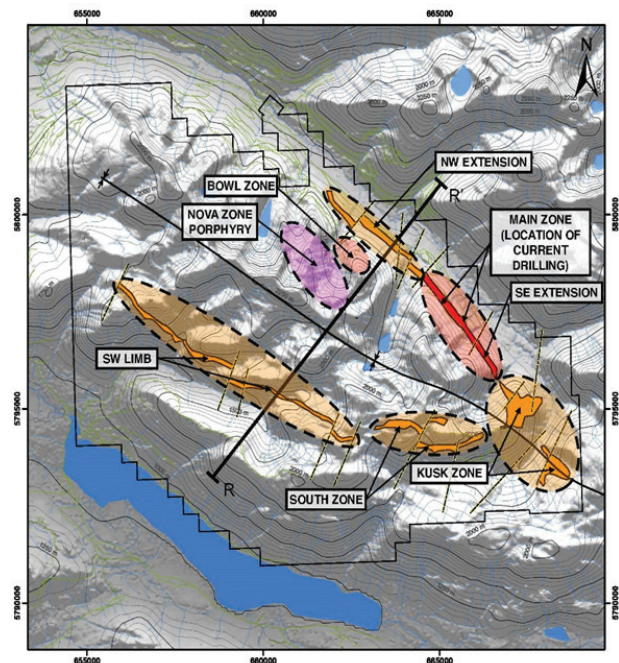
It launched into a large exploration program in February 2020, focussing on high-grade mineralization for the first time. Previous efforts had centred on bulk disseminated gold.

Due to the strength of initial results from this work - which include gold values of 32 meters of 3.9 g/t at surface and as high as 42.5 g/t over a meter - **KORE** is has now launched into an even more expansive drilling program.

As Trebilcock put it at the time:



Seeing high-grade intercepts associated with visible gold in the core, validates our excitement about the FG Gold project. With the discovery in the Lower Zone, high core recovery to define structure and metallic screens upgrading assays, we are hitting all our objectives and will continue drilling.



Source: KORE Mining

FG Gold from the air

Source: KORE Mining



On the cusp of becoming a mid-tier gold company - the **buy case** for KORE Mining

Even though it is already shaping up to be one of this year's biggest runaway success stories, **KORE Mining** ([TSX.V:KORE](#) | [OTCQB:KOREF](#)) could be on the cusp of achieving something truly spectacular.

Not many junior gold companies make the transition to becoming mid-tier firms. Those that do book spectacular gains.

The reason for this is simple. Once a gold stock moves up a league, it becomes an attractive investment target for institutional investors. Institutional money only deals in size. The increased liquidity it brings puts inevitable upward pressure on a stock.

Serious smart money, in the form of Eric Sprott and Macquarie Bank, has already invested heavily in the company and if more follows in its wake the sky will be the limit.

If **KORE** makes the cut over the course of 2020, today's share price will seem like a snip.

Here's a rundown of the catalysts that could drive this transformation:

- ▶ Having just raised \$7.5 million from Eric Sprott, **KORE** is well funded to deliver its operational plans, without the risk of near-term dilution.
- ▶ With a resource of 2.4Moz of Indicated and Inferred gold, permitting at Imperial could be the final key to unlocking that project's awesome potential.
- ▶ Further exploration at Imperial will focus on the 28km exploration trend, which stretches from the prolific Mesquite Mine. The targets are immense and any early success could excite the market massively.
- ▶ At Long Valley, **KORE's** objective is to bring this project to the development stage. The project already has 1.7Moz of Indicated and Inferred gold and with further drilling, this resource could improve and increase significantly.
- ▶ Finally, **KORE** will seek to build on the FG Gold Project's gold resource. For many companies this would be a flagship asset on its own, but it speaks to **KORE's** mammoth potential that this is the third of three projects on course to deliver considerable news flow over the coming months.



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