

## KINCORA COPPER - ON THE CUSP OF A MAJOR COPPER DISCOVERY IN MONGOLIA

Current Price: C\$0.34

Shares Outstanding: 68.7 million (post-EBRD financing) Market Capitalization: C\$23.5 million

Cash: ~C\$5.92 million (post-EBRD financing)

A copper discovery of Kincora's proposed magnitude will significantly reward investors.

One example of an explosive copper discovery is Camino Minerals (TSXV:COR, Mkt Cap: \$27M). When the company announced a 106 meter intercept of 1.3% Cu at the Los Chapitos Project in Peru, the stock sky-rocketed 26x from its low.

SolGold (TSX:SOLG, Mkt Cap: \$1.1B) is another recent case of a major copper discovery driving shareholder gains – 24x since January 2016. As we will find out, the company is analogous to Kincora Copper in many ways. Solgold was able to secure a foothold in a significantly mineralised but underexplored belt in Ecuador, when the jurisdiction was experiencing turmoil. A new government ushered in a more functioning bureaucratic system and investor sentiment began to rise. This is the phase Mongolia finds itself in today.

Mongolia – The “Country of Blue Sky”

Mongolia is once again open to mining. And its Kincora Copper, armed with Robert Friedland's best acreage, that is currently drilling.

The Democratic Party, solely responsible for running the country into the ground, has been removed. The Mongolian People's Party now controls 85% of Parliament, wielding clear legislative power and authority. Their mandate from the get-go has been clear – turn the economy around.

In support of the newly-elected government's Economic Recovery Plan, the IMF has approved a three-year, \$434 million loan for Mongolia as part of a broader \$5.5 billion financing package. In terms of GDP, this is the fourth-largest package in IMF history, stressing the international community's commitment to Mongolia's future economic success.

A large part of this restructuring and IMF financing hinges on the reform of the mining sector, which constitutes a significant part of Mongolia's economy.

In this new political cycle, we are seeing the old guard, politicians who have been in place since the Soviet era, being replaced by the next generation. This new group has been educated in Western institutions and has extensive work experience and relationships in the international arena. Mongolia is very much like China during its transitional phase 15-20 years ago, but the change will occur much faster given the demography and size of the population.

All of these factors will contribute to a sustainable cycle, one that will last much longer than previous political cycles. These developments are so significant, for the first time since 2012, Rio Tinto is once again drilling and revisiting opportunities in the belt.

Mongolia saw significant exploration between 1996-2006, which included discovery of the Oyu Tolgoi deposit, the largest project in Mongolian history.

Regional exploration continued through 2009 and included the joint-venture between Robert Friedland's Ivanhoe (now Turquoise Hill Resources) and BHP Billiton. Robert Friedland was responsible for the lion's share of exploration, and at Ivanhoe's peak, it owned a portfolio of assets encompassing over 126,000 km<sup>2</sup> of prospective land.

The geological data collected gave incredible understanding of the regional geology and controls on mineralization.

When the windfall tax was announced in May 2006, Ivanhoe released the majority of its regional landholdings. Then, the tax was repealed in August 2009. The best acreage was picked up yet again; this time by IBEX, an entity indirectly controlled by Robert Friedland's High Power Exploration Inc.

#### Kincora Copper Emerges As The Go-To Play

In July 2011, a company called Kincora Copper came on the scene. Kincora began consolidating the area. The company's first transaction was picking up the Bronze Fox license, originally part of Ivanhoe's portfolio. In 2005, Bronze Fox was designated as a high priority target for large-scale porphyry and skarn copper mineralization, alongside existing deposit, Oyu Tolgoi.

Previous drilling included 72 holes for over 12,000 metres, confirming continuous mineralization on a 9-kilometer strike. Drilling also saw a large low-grade copper-gold feature from surface to depth (returning between 0.4% and 0.9% copper equivalent).

In 2012, Kincora acquired Golden Grouse LLC, to consolidate the rest of the original "Ivanhoe" Bronze Fox project, including the Western license and extension of the West Kasulu target.

Exploration on the Bronze Fox and Western license border returned over 800 meters of 0.40% copper equivalent, including 37 meters at over 1% copper equivalent. Furthermore, 9 of the 15 holes drilled in 2012 at the Tourmaline Hills gold prospect in the Western license returned intervals of at least 1 g/t Au, up to 7.7 g/t Au, often with elevated copper values.

In Q1 2016, Kincora secured a new exploration license, Ulaan Khudag (Red Well), located 15 kilometers along the mineralized trend from the Rio Tinto controlled, Oyu Tolgoi project. An identified contact continues to the eastern and western sections of the license, the margin just to the east returning a previous 2% copper and 0.25bg/t gold sample with anomalous values also to the west.

In May 2016, Kincora announced its agreement with IBEX, resulting in Kincora more than tripling its landholding in the Southern Gobi copper belt, totaling over 1,500 km<sup>2</sup>. Robert Friedland currently controls 9.62% of Kincora.

Kincora has two drill ready targets, each analogous to existing large-scale mines in the belt. East TS is a confirmed "brownfield" target along the strike of the Tsagaan Suvarga (TS), an open-pit project within the TS Massif porphyry system.

TS, a \$1 billion project owned by Mongolyn Alt (MAK) Corp., is home to a total proven reserve of 230 million tonnes of primary sulphide ores, equivalent to 1.5 million tonnes of copper and 60,000 tonnes of molybdenum. The property also has 15 million tonnes of oxide ores sitting as a cap over the sulphide.

The mine commenced in 2012 and is now engaged in soil stripping. The production capacity of the open-pit is 13 million tpa ores to produce 290,000 tpa copper concentrates and 4,000 tpa molybdenum concentrates.

Bayan Tal is an “Oyu Tolgoi” style target, which of course is Turquoise Hill and Rio Tinto’s US\$14 billion mega project, home to reserves of 32.4 million tonnes of copper, 34.0 million ounces of gold, 262.2 million ounces of silver, and 12,900 tonnes of molybdenum.

Bayan Tal has confirmed Devonian “Oyu Tolgoi style” stratigraphy at the Bayan Tal Igneous Complex, and includes an 18 meter of 0.66% CuEq drill hole on the margin of the interpreted system. Bayan Tal is one of the most important untested complexes in the Southern Mongolian belt, with multiple drill ready targets.

Kincora closed a \$4.52 million in financing in August 2017, and recently announced the second tranche, a \$1.4 million investment by the European Bank for Reconstruction and Development (EBRD), for a total of \$5.92 million.

Kincora is currently drilling the East TS target. The maiden RC and diamond drill program is comprised of 2,870 metres, targeting a depth of less than 265 m depth for 12 holes. It is proposed that during a second phase, Kincora will undertake infill geophysics and a follow-on 5,000-metre drill program.

Post IBEX transaction, copper experts who have been credited with multiple tier-1 discoveries have joined Kincora’s team. The company has implemented an exploration strategy that replicates the systematic approach that was successfully applied in discovering similar high-impact gold-copper porphyrys.

In addition to the mentioned targets, Kincora is concurrently working on the integration of ground magnetics, detailed mapping, regional and local geochemistry for the purpose to advance a portfolio of ranked exploration targets across the district.

The market is ready for the next generation of discoveries and Kincora is in the right place at the right time. Kincora is armed with extensive data, modern exploration techniques, and hard-hitting targets. The technical team has a tried and tested strategy of finding tier-1 discoveries, and are convinced Kincora is sitting on the biggest one yet.

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