Kincora Copper Limited

(An Exploration Stage Company)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Expressed in Canadian Dollars

For the three-month period ended March 31, 2013

NOTICE OF NO REVIEW BY AUDITOR

The attached interim condensed consolidated financial statements that follow have been prepared by management of Kincora Copper Ltd. and have not been reviewed by the Company's auditors.

Statement 1

Kincora Copper Limited

(An Exploration Stage Company)

Interim Condensed Consolidated Statements of Financial Position

As at,

(Figures in tables are expressed in thousands of Canadian dollars)
(Unaudited – Prepared by Management)

		March 31, 2013		December 31, 2012 *(Audited)*
Current				
Cash and cash equivalents	**$**	**2,805**	$	2,681
Subscriptions receivable *(Note 7)*		**-**		606
Receivables, prepaids and deposits		**62**		108
		2,867		3,395
Equipment *(Note 12)*		**108**		131
Exploration and evaluation assets *(Note 6)*		**49,798**		49,615
	$	**52,773**	$	53,141
LIABILITIES				
Current				
Accounts payable and accrued liabilities	**$**	**205**	$	302
Due to related parties *(Note 9)*		**40**		14
		245		316
Convertible debenture *(Note 13)*		**1,882**		1,882
		2,127		2,198
SHAREHOLDERS' EQUITY				
Share capital – *Statement 4 - (Note 7)*	**$**	**149,011**	$	149,011
Contributed surplus – *Statement 4 - (Note 7g)*		**5,891**		5,832
Equity component - convertible debenture - *(Note 13)*		**721**		721
Accumulated other comprehensive gain – *Statement 4*		**118**		118
Deficit - *Statement 4*		**(105,095)**		(104,739)
		50,646		50,943
	$	**52,773**	$	53,141

Nature of Operations and Going Concern *(Note 1)*
Commitments and Contingencies *(Note 11)*

Approved and authorized by the Board of Directors on May 29, 2013

"Luke Leslie"	*"Stephen Fabian"*
Luke Leslie	Stephen Fabian
Director	Director

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

Statement 2

Kincora Copper Limited

(An Exploration Stage Company)

Interim Condensed Consolidated Statements of Loss and Comprehensive Loss

For the three-month period ended March 31,

(Figures in tables are expressed in thousands of Canadian dollars)
(Unaudited – Prepared by Management)

		2013		**2012**
Expenses				
Bank charges and interest	**$**	**-**	$	(1)
Corporate administrative and office services		**114**		167
Consultants		**-**		5
Convertible debenture accretion *(Note 13)*		**-**		-
Directors and audit committee fees		**33**		37
Exploration costs		**-**		1
Foreign exchange (gain) loss		**(14)**		45
Insurance		**-**		6
Investor relations		**22**		31
Legal and audit		**34**		82
Salaries and management fees		**80**		77
Share-based compensation *(Note 7)*		**59**		307
Transfer agent and filing fees		**9**		8
Travel		**19**		38
		356		803
Other Item				
Gain on sale of property and equipment *(Note 12)*		**-**		(11)
Loss and comprehensive loss for the period	**$**	**356**	$	792

Loss per share – basic and diluted	**$**	**0.00**	$	0.01
Weighted average number of common shares outstanding ('000)		**202,944**		138,332

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

Kincora Copper Limited

Statement 3

(An Exploration Stage Company)

Interim Condensed Consolidated Statements of Cash Flows

For the three-month period ended March 31,

(Figures in tables are expressed in thousands of Canadian dollars)
(Unaudited – Prepared by Management)

Cash provided by (used in):		**2013**		2012
Operating Activities				
Loss for the period:	**$**	**(356)**	$	(792)
Items not affected by cash:				
Accretion				-
Gain on disposal of equipment				-
Share-based compensation		**59**		307
Changes in non-cash working capital items:				
Receivables, prepaids and deposits		**46**		70
Accounts payable and accrued liabilities		**(97)**		(128)
Due to related parties		**26**		(8)
Net cash used in operating activities		**(322)**		(551)
Financing Activities				
Proceeds from convertible debenture		**-**		-
Proceeds from share subscriptions receivable		**606**		-
Share issuance costs		**-**		-
Net cash provided by financing activities		**606**		-
Investing Activities				
Acquisition of exploration and evaluation assets		**-**		(5)
Exploration and evaluation asset expenditures		**(160)**		(306)
Net cash used in investing activities		**(160)**		(311)
Change in cash and cash equivalents		**124**		(862)
Cash and cash equivalents - beginning of period		**2,681**		3,872
Cash and cash equivalents - end of period	**$**	**2,805**	$	3,010

Supplemental cash flow information (Note 10)

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

Kincora Copper Limited

Statement 4

(An Exploration Stage Company)

Interim Condensed Statement of Changes in Shareholders' Equity (Deficiency)

As at March 31, 2013

(Figures in tables are expressed in thousands of Canadian dollars)

(Unaudited – Prepared by Management)

	Share capital (Number of Shares)	Share capital (Amount)	Contributed Surplus	Deficit	Equity Component – Convertible Debenture	Accumulated other comprehensive gain	Total
		$	$	$	$	$	$
Balance – December 31, 2011	138,331,833	139,541	5,304	(102,337)	-	118	42,626
Share-based compensation	-	-	307	-	-	-	307
Loss for the period	-	-	-	(792)	-	-	(792)
Balance – March 31, 2012	138,331,833	139,541	5,611	(103,129)	-	118	42,141
Shares issued for exploration and evaluation assets	20,000,000	5,000	-	-	-	-	5,000
Shares issued in conjunction with private placement	44,612,143	4,684	-	-	-	-	4,684
Equity component of convertible debenture	-	-	-	-	721	-	721
Share-based compensation	-	-	221	-	-	-	221
Share issuance costs	-	(214)	-	-	-	-	(214)
Loss for the year	-	-	-	(1,610)	-	-	(1,610)
Balance – December 31, 2012	202,943,976	149,011	5,832	(104,739)	721	118	50,943
Share-based compensation	-	-	59	-	-	-	59
Loss for the period	-	-	-	(356)	-	-	(356)
March 31, 2013	**202,943,976**	**149,011**	**5,891**	**(105,095)**	**721**	**118**	**50,646**

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

1. Nature of Operations and Going Concern

Kincora Copper Limited ("Kincora" or "the Company) was originally incorporated in British Columbia on September 24, 1983. The Company is engaged in the acquisition and exploration of exploration and evaluation assets. The properties of the Company are without a known body of commercial ore, the exploration programs undertaken and proposed constitute an exploratory search, and there is no assurance that the Company will be successful in its search. The Company has not earned any revenue to date from its current operations and is therefore considered to be in the exploration stage. The business of exploring for minerals and mining involves a high degree of risk, and few properties that are explored are ultimately developed into producing mines.

Pursuant to a resolution passed by shareholders on July 29, 2010, the Company consolidated its capital on a 3 old for 1 new basis effective January 19, 2011. As a result, all references to share, option, warrant and per share data have been adjusted to reflect the share consolidation that was completed during the year ended December 31, 2011.

The head office of the Company is located at Suite #910 – 475 Howe Street, Vancouver, British Columbia V6C 2B3 and the registered address and records office is located at 1500 Royal Centre, 1055 West Georgia Street, P.O. Box 11117, Vancouver, British Columbia, V6E 4N7. These 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. The Company continues to incur operating losses, has limited financial resources, no source of operating cash flow, and no assurances that sufficient funding, including adequate financing, will be available to conduct further exploration and development of its exploration and evaluation assets projects. These material uncertainties may cast a significant doubt on the validity of this assumption.

The Company's ability to continue as a going concern is dependent upon its ability to obtain the financing necessary to continue operations. As at March 31, 2013, the Company has an accumulated deficit of $105,095,000, a net loss for the period of $356,000 and has working capital of $2,622,000. During the year ended December 31, 2012, the Company issued 44,612,143 shares by way of a private placement at $0.105 per share for total gross proceeds of $4,684,275 *(See Note 7)*. During the year ended December 31, 2012, the Company also issued a convertible debenture for total proceeds of $2,500,000. (*See Note 13*) However, there can be no assurance that management's future financing actions will be successful.

If the going concern assumption was not appropriate for these financial statements, adjustments would be necessary in the carrying values of assets, liabilities, reported income and expenses and the statement of financial position classifications used. Such adjustments could be material.

2. Basis of Preparation

Statement of Compliance

These unaudited interim condensed consolidated financial statements, including comparatives have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") and in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting and IFRS 1 – First-time Adoption of IFRS.

These interim condensed consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). They have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The significant accounting policies, as disclosed, have been applied consistently to all periods presented in these financial statements. The condensed interim consolidated financial statements should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2012 prepared in accordance with IFRS applicable to annual financial statements.

Critical Accounting Estimates

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i) The carrying value and the recoverability of exploration and evaluation assets, which are included in the statements of financial position based on the planned exploration budgets and drill results of exploration programs.

ii) The inputs used in accounting for share-based compensation expense included in profit or loss calculated using the Black-Scholes option pricing model.

iii) The valuations of shares issued in non-cash transactions using the quoted share price as the fair value based measurement on the date the shares are issued for the transaction.

iv) The recognition of deferred tax assets based on the change in unrecognized deductible temporary tax differences.

3. Significant Accounting Policies

New accounting standards not yet adopted

IFRS 7, Financial Instruments: Disclosures – In December 2011, the IASB amended IFRS 7 (Financial Instruments: Disclosures) requiring additional disclosures on offsetting of financial assets and financial liabilities. This amendment is effective for annual periods beginning on or after January 1, 2013. This standard also requires additional disclosures about the initial application of IFRS 9. This amendment is effective for annual periods beginning on or after January 1, 2015 (or otherwise when IFRS 9 is first applied). IAS 32, Financial Instruments: Presentation was amended in December 2011 relating to application guidance on the offsetting of financial assets and financial liabilities. This standard is effective for annual periods beginning on or after January 1, 2014. There will be no significant impact to the Company upon implementation of the issued standard.

In November 2009, the IASB published IFRS 9, "Financial Instruments, "which covers the classification and measurement of financial assets as part of its project to replace IAS 39, "Financial Instruments: Recognition and Measurement." In October 2010, the requirements for classifying and measuring financial liabilities were added to IFRS 9. Under this guidance, entities have the option to recognize financial liabilities at fair value through earnings. If this option is elected, entitles would be required to reverse the portion of the fair value change due to own credit risk out of earnings and recognize the change in other comprehensive income. IFRS 9 is effective for the Company on January 1, 2013. Early adoption is permitted and the standard is required to be applied retrospectively. There will be no significant impact to the Company upon implementation of the issued standard.

IFRS 10, "Consolidated Financial Statements", requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12, "Consolidation - Special Purpose Entities", and parts of IAS 27, "Consolidated and Separate Financial Statements". The standard is effective for annual periods beginning on or after January 1, 2013. Entities early adopting this standard must also adopt the other standards included in the 'suite of five' standards on consolidation, joint arrangements and disclosures: IFRS 11, "Joint Arrangements", IFRS 12, "Disclosure of Interests in Other Entities", IAS 27 (2011), "Separate Financial Statements" and IAS 28 (2011), "Investments in Associates and Joint Ventures".

IFRS 11, "Joint Arrangements", requires a venturer to classify its interest in a joint arrangement as a joint venture or a joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation, the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, "Interests in Joint Ventures", and SIC-13, "Jointly Controlled Entities - Non-monetary Contributions by Venturers". The standard is effective for annual periods beginning on or after January 1, 2013. Entities early adopting this standard must also adopt the other standards included in the 'suite of five' standards on consolidation, joint arrangements and disclosures: IFRS 10, "Consolidated Financial Statements", IFRS 12, "Disclosure of Interests in Other Entities", IAS 27 (2011), "Separate Financial Statements" and IAS 28 (2011), "Investments in Associates and Joint Ventures".

3. Significant Accounting Policies - *continued*

New accounting standards not yet adopted - continued

IFRS 12, "Disclosure of Interests in Other Entities", establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities. The standard is effective for annual periods beginning on or after January 1, 2013. Entities early adopting this standard must also adopt the other standards included in the 'suite of five' standards on consolidation, joint arrangements and disclosures: IFRS 10, "Consolidated Financial Statements", IFRS 11, "Joint Arrangements", IAS 27 (2011), "Separate Financial Statements" and IAS 28 (2011), "Investments in Associates and Joint Ventures".

IFRS 13, "Fair Value Measurement", is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

In June 2011, the IASB issued amendments to IAS 1, "Presentation of Financial Statements" to: (a) require companies to group together items within other comprehensive income ("OCI") that may be reclassified to the statement of operations; and (b) require tax associated with items presented before tax to be shown separately for each of the two groups of OCI items (without changing the option to present items of OCI either before tax or net of tax). The amendments also reaffirm existing requirements that items in OCI and income or loss should be presented as either a single statement or two separate statements. The amended standard is effective for annual periods beginning on or after July 1, 2012.

Amendments to Other Standards

In addition, there have been amendments to existing standards, including IAS 27, Separate Financial Statements, and IAS 28, Investments in Associates and Joint Ventures. IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10, 11, 12 and 13.

4. Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to the development of its exploration and evaluation assets and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. As the Company is in the exploration stage, its principal source of funds is from the issuance of common shares. Further information relating to liquidity risk is disclosed in Note 5. In the management of capital, the Company includes the components of shareholders' equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, enter into joint venture property arrangements, acquire or dispose of assets or adjust the amount of cash and cash equivalents. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors. The Company's investment policy is to invest its cash in highly liquid short-term interest-bearing investments with maturities of three months or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations. The Company is uncertain as to whether its current capital resources will be sufficient to carry its exploration plans and operations through its current operating period and, accordingly, management is reviewing the timing and scope of current exploration plans and is also pursuing other financing alternatives to fund the Company's operations.

5. Management of Financial Risk

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

Interest rate risk

The Company has non-material exposure at March 31, 2013 to interest rate risk through its financial instruments.

Currency Risk

The Company's operations are focused on Mongolia, where many exploration and administrative expenses are incurred in the Mongolian Togrog and the US Dollar. The Company's ability to advance funds to Mongolia is subject to changes in the valuation of the Togrog and the US dollar as well as rules and regulations of the Mongolian government. Fluctuations in the value of the Togrog and the US Dollar may have an adverse effect on the operations and operating costs of the Company.

Credit risk

The Company has some cash balances and a convertible debenture (*See Note 13).* The Company has no significant concentrations of credit risk arising from operations.

Receivables consist of goods and services and the harmonized sales tax due from the Government of Canada. Management believes that the credit risk concentration with respect to receivables is remote.

5. Management of Financial Risk - *continued*

The Company's investment policy is to invest its cash in highly liquid short-term interest-bearing investments with maturities of three months or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations. Management believes its credit risk to be minimal.

Liquidity Risk

The Company attempts to manage liquidity risk by maintaining sufficient cash and cash equivalent balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term obligations. As at March 31, 2013, the Company had a cash balance of $2,805,000 (December 31, 2012 - $2,681,000) to settle current liabilities of $245,000 (December 31, 2012 - $316,000) Further information relating to liquidity risk is disclosed in Note 1.

Commodity Price Risk

The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market prices of copper and gold. The Company closely monitors commodity prices to determine the appropriate course of action to be taken.

Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a year:

- Cash and cash equivalents includes deposits, which are at variable interest rates. Sensitivity to a plus or minus 1% change in rates would affect net loss by $28,050 annually.

- The Company does hold balances in foreign currencies, Mongolian Togrog and United States dollar, to give rise to exposure to foreign exchange risk. Management believes this risk to be minimal.

6. Exploration and Evaluation Assets

Exploration and evaluation assets – Mongolia

Title to mineral property interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral property interests. The Company has investigated title to all of its mineral property interests and to the best of management's knowledge, title to all of its properties are in good standing and free of material defect. On July 13, 2011, the Company acquired 75% of the shares of Kincora Group Limited ("KGL") for consideration of $5,673,800 (US$6,000,000) in cash, $4,278,994 (US$4,500,000) in advances on work commitments and 49,118,639 common shares of which 4,285,714 were issued to settle $1,500,000 (US$1,500,000) in exploration advances made by the vendor on behalf of the Company. KGL is incorporated in the British Virgin Islands and holds title to the Bronze Fox copper/gold project in Mongolia. The common shares issued for the acquisition were measured at the issue price of the concurrent financing, $0.35 per common share, for an aggregate fair value of $17,191,524.

6. Exploration and Evaluation Assets – *continued*

In connection with the common shares issued for the acquisition, the Company issued 896,659 common share purchase warrants exercisable at $0.35 and expiring July 15, 2014 as a finders' fee. The common share purchase warrants issued for the finders' fee were measured at a fair value of $222,207 using the Black-Scholes pricing model under the following assumptions: expected dividend yield: 0%; expected stock price volatility: 120%; risk-free interest rate 1.57%; expected life of warrants: 3 years. As KGL is in the exploration stage, with no established mineral reserves or mineral resources, the transaction has been reflected in the financial statements as an asset acquisition.

The purchase consideration and price allocation are as follows *('000):*

Purchase consideration:		
Cash	$	5,674
Common shares	$	15,692
Warrants	$	222
	$	21,588

Purchase price allocation:		
Cash	$	1,051
Other receivables	$	19
Other payables	$	(660)
Property and equipment	$	88
Exploration and evaluation assets	$	21,090
	$	21,588

On September 19, 2011, the Company acquired the remaining 25% of the issued and outstanding shares of KGL, thereby obtaining 100% ownership of KGL, by issuing 27,666,366 common shares at $0.48, the market price of the shares on the trading date. The $13,279,856 fair value of the common shares issued was attributed to exploration and evaluation assets. These consolidated financial statements include the results of KGL's operations from July 13, 2011.

As discussed above, during fiscal 2011, the Company acquired a 100% interest in certain claims located in Mongolia called the Bronze Fox copper/gold project.

6. Exploration and Evaluation Assets – *continued*

As at March 31, 2013, the exploration and evaluation assets expenditures incurred on the property to date include the following *(000's):*

		Balance – December 31, 2012		Exploration additions		**Balance – March 31, 2013**
Acquisition	$	35,882	$	-	**$**	**35,882**
Amortization		64		14		**78**
Assay		964		101		**1,065**
Camp		277		-		**277**
Drilling		5,040		-		**5,040**
Fuel		30		-		**30**
Geophysics		182		1		**183**
License/fees/taxes		10		1		**11**
Management and planning		4		-		**4**
Rental/utilities		36		9		**45**
Salaries		69		9		**78**
Supplies/safety gear		75		1		**76**
Sampling		57		-		**57**
Transportation/travel		40		2		**42**
Total	$	42,730	$	138	**$**	**42,868**

On April 18, 2012, the Company acquired a 100% interest in Golden Grouse LLC ("Golden"), which holds two mineral exploration licenses adjoining the Company's Bronze Fox project in Mongolia, pursuant to which the Company issued 20,000,000 common shares as consideration for the acquisition. The Company is also required to issue an additional 15,000,000 common shares upon the discovery of 1,000,000 ounces of gold or gold equivalent prior to April 20, 2016, and expend a minimum of $2,000,000 on exploration and drilling on the licenses prior to April 20, 2014. In the event that the Company does not incur the minimum exploration expenditures by April 20, 2014, the Company will issue the 15,000,000 common shares to the vendors.

The common shares issued for the acquisition were measured using the share price on the date of issuance of the shares, $0.25 per common share, for an aggregate fair value of $5,000,000.

As Golden is in the exploration stage, with no established mineral reserves or mineral resources, the transaction has been reflected in the financial statements as an asset acquisition.

The purchase consideration and price allocation are as follows:

Purchase consideration:		
Common shares	$	5,000,000
Transaction costs	$	71,000
	$	**5,071,000**

Purchase price allocation:		
Exploration and evaluation assets	$	5,065,000
Equipment	$	6,000
	$	**5,071,000**

6. Exploration and Evaluation Assets – *continued*

As at March 31, 2013, the exploration and evaluation assets expenditures incurred on the property to date include the following *(000's)*:

		Balance – December 31, 2012		Exploration additions		**Balance – March 31, 2013**
Acquisition	$	4,180	$	-	**$**	**4,180**
Amortization		32		10		**42**
Assay		200		34		**234**
Camp/supplies		169		-		**169**
Consulting		21		-		**21**
Drilling		1,951		-		**1,951**
Environmental		8		-		**8**
Geophysics		155		-		**155**
Labour		66		-		**66**
Mapping		26		-		**26**
Sampling		22		1		**23**
Transportation/travel		55		-		**55**
Total	**$**	6,885	$	45	**$**	**6,930**

These interim condensed consolidated financial statements include the results of Golden's operations from April 18, 2012.

7. Share Capital and Contributed Surplus

Authorized share capital: Unlimited Common shares without par value

Share issuances:

Pursuant to a resolution passed by shareholders on July 29, 2010, the Company consolidated its share capital on a 3 old for 1 new basis effective January 19, 2011. As a result, all references to share, option, and warrant and per share data have been adjusted to reflect the share consolidation that was completed during the year ended December 31, 2011.

a) During the year ended December 31, 2011, the Company issued 2,415,547 shares valued at $0.09 per share, based on market price, at settlement date, to settle outstanding debt in the amount of $217,400.

b) During the year ended December 31, 2011, the Company completed a private placement by issuing 16,655,920 shares at $0.10 per share for total proceeds of $1,665,592. The private placement closed in two tranches of 9,700,000 and 6,955,920 shares being issued.

c) During the year ended December 31, 2011, the Company completed a private placement by issuing 34,671,660 shares at $0.35 per share for total proceeds of $12,135,081.

In connection with the private placement the Company paid finders' fees in the amount of $265,120 in cash and issued 1,324,654 shares valued at $463,629 or $0.35 per share.

7. Share Capital and Contributed Surplus - *continued*

d) During the year ended December 31, 2011, the Company issued 49,118,639 shares valued at $17,191,524 or $0.35 per share in connection with the acquisition of the Bronze Fox exploration and evaluation assets. *(See Note 6)*

e) During the year ended December 31, 2011, the Company issued 27,666,366 shares valued at $13,279,856 or $0.48 per share in connection with the acquisition of the Bronze Fox exploration and evaluation assets. *(See Note 6)*

f) During the year ended December 31, 2012, the Company issued 20,000,000 shares valued at $5,000,000 or $0.05 per share in connection with the acquisition of the Golden Grouse exploration and evaluation assets. *(See Note 6)*

g) During the year ended December 31, 2012, the Company completed a private placement by issuing 44,612,143 units at $0.105 per unit for total gross proceeds of $4,684,275. The private placement closed in two tranches of 44,112,143 and 500,000 units being issued. Each unit consists of one common share and one common share purchase warrant. Each whole warrant will entitle the holder to acquire one common share of the Company for a period of three years expiring November 14, 2015 and November 26, 2015, respectively, at a price of $0.19 per share. At December 31, 2012, the Company had subscriptions receivable of $606,107 held in trust that was received subsequent to the December 31, 2012 year end.

Stock options:

The Company has a stock option plan in place under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option shall not be less than the discounted market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of 10 years and vest as determined by the board of directors.

A summary of the Company's stock option transactions is as follows:

	Number of options	Weighted Average Exercise Price
Balance outstanding - December 31, 2011	9,700,000	$0.40
Granted	4,850,000	$0.25
Forfeited	(3,300,000)	$0.41
Cancelled	(350,000)	$0.48
Balance outstanding – December 31, 2012 and March 31, 2013	**10,900,000**	**$0.33**

7. Share Capital and Contributed Surplus - *continued*

Stock options - continued:

As at March 31, 2013, the following stock options are outstanding and exercisable:

Number	Price per share	Expiry date	Options exercisable
3,600,000	$0.40	July 28, 2016	3,600,000
500,000	$0.40	October 3, 2016	500,000
2,000,000	$0.40	October 17, 2016	2,000,000
50,000	$0.45	February 9, 2017	50,000
4,750,000	$0.25	September 12, 2017	-
10,900,000			**6,150,000**

The weighted average fair value per stock option granted during fiscal 2012 was $0.08 (2011 -$0.33) per option.

a) During the year ended December 31, 2011, the Company granted 400,000 stock options exercisable in four tranches at $0.50 for the first two vesting periods and at $0.70 for the remaining two to an investor relations firm to provide strategic marketing and investor relations services. $29,020 has been recorded as share-based compensation based upon the vesting of the options granted.

b) During the year ended December 31, 2011, the Company granted a total of 3,800,000 stock options to certain directors, officers, employees at an exercise price of $0.40. $1,397,619 has been recorded as share-based compensation based upon the vesting of options granted. All of the options are exercisable for a period of 5 years from the date of grant.

c) During the year ended December 31, 2011, the Company granted stock options to a director to purchase up to 500,000 common shares exercisable on or before October 3, 2016 at a price of $0.40 per share. $129,008 has been recorded as share-based compensation based upon the vesting of options granted.

d) During the year ended December 31, 2011, the Company granted stock options the president and chief executive officer to purchase up to 5,000,000 common shares exercisable on or before October 17, 2016 at a price of $0.40 per share. The options will vest as to 2,000,000 after 12 months, 2,000,000 after 24 months and the balance after 36 months. During the year ended December 31, 2012, three million of these options were forfeited due to the resignation of the president and chief executive officer and the Company recorded $411,063 in share-based compensation based upon the options that had vested.

e) During the year ended December 31, 2012, the Company granted stock options to consultants to purchase up to 100,000 common shares exercisable on or before February 9, 2017 at a price of $0.45 per share. $22,309 has been recorded as share-based compensation based upon the vesting of options granted.

7. Share Capital and Contributed Surplus - *continued*

f) During the year ended December 31, 2012, the Company granted stock options to the Chief Executive Officer and Vice-President of Corporate Development to purchase up to 1,250,000 and 3,500,000 common shares, respectively, exercisable on or before September 12, 2017 at a price of $0.25 per share. These options will vest as to 1,250,000 after 12 months for the president and chief executive officer, 1,000,000 after 12 months, 1,000,000 after 24 months, 1,000,000 after 36 months and the balance after 48 months for options granted to the vice-president of corporate development. $70,694 has been recorded as share-based compensation based upon the vesting of options granted.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options. The estimated fair value of the stock options granted during the year was determined using the Black-Scholes option pricing model with the following assumptions:

	2012	2011
Expected dividend yield	0%	0%
Expected stock price volatility	120%	120%
Risk free rate	1.41%	1.68%
Forfeiture rate	0%	0%
Expected life of options	5 years	2-5 years

Warrants:
A summary of the Company's warrant transactions is as follows:

	Number of warrants	Weighted Average Exercise Price
Balance –December 31, 2011	896,659	$0.35
Granted	44,612,143	$0.19
Balance - December 31, 2012 and March 31, 2013	**45,508,802**	**$0.19**

Escrow shares:

Pursuant to the terms of the acquisition of the Bronze Fox exploration and evaluation assets *(See Note 6)*, 49,896,439 common shares were issued by the Company and placed in escrow, subject to an escrow agreement ("the Escrow Agreement"). At March 31, 2013, 29,937,863 shares remained in escrow. Pursuant to the terms of the Escrow Agreement, shares are to be released from escrow as to 7,484,466 shares on January 15, 2013 with a further 7,484,466 escrow shares to be released every six months thereafter.

8. Segmented Information

The Company operates in one operating segment being the acquisition of and exploration for exploration and evaluation assets in Mongolia. The Company's head office is located in Canada, and all of the Company's non-current assets are located in Mongolia.

9. Related Party Transactions

The Company incurred the following amounts for related party services:

a) The Company pays a monthly corporate administration fee of $15,000 that includes office rent, administration, accounting and corporate secretarial, chief financial officer, IT consulting and other related services to White Label Corporate Services Inc. ("WLM"). WLM is a management company that provides shared office space and staff to certain other public companies on a cost shared basis. The Company shares two officers in common with WLM. During the three-month period ended March 31, 2013 this amount was $45,000 (December 31, 2012 - $180,000).

b) During the three-month period ended March 31, 2013, the Company paid office rental fees of $Nil (December 31, 2012 - $6,633) to Nabuco Holdings Ltd ("Nabuco"), a company with a director in common.

c) During the three-month period ended March 31, 2013, the Company paid $10,470 (December 31, 2012 - $80,280) to Origo Partners PLC, a company with directors in common, for accounting and office support services in Mongolia.

d) During the three-month period ended March 31, 2013, the Company paid or accrued $950 (December 31, 2012 - $109,421) for legal services and $3,996 (December 31, 2012 - $16,612) in share issuance costs to McMillan LLP, a company with a director in common.

e) At March 31, 2013, the Company owed $40,000 (December 31, 2012 - $14,000) to companies with officers and directors in common for reimbursement of general and administrative and legal expenses.

f) During the three-month period ended March 31, 2013, the Company paid management fees of $40,000, to Rickus Partners Ltd., a company with an officer in common (December 31, 2012 - $66,667).

g) During the three-month period ended March 31, 2013, the Company paid management fees of $40,000 to Spring Resources Pty Ltd., a company with an officer in common (December 31, 2012 - $53,333).

h) During the three-month period ended March 31, 2013, the Company paid or accrued management fees of $Nil (December 31, 2012 - $60,447) to Massif Limited ("Massif") a company with a director in common.

Compensation of key management personnel

		March 31, 2013		March 31, 2012
Management fees, chairman, directors and audit committee fees	**$**	**33,000**	$	112,177
Share-based payments*		**Nil**		-
	$	**33,000**	$	112,177

** The estimated fair value of the stock options granted during the year was determined using the Black-Scholes option pricing model.*

10. Supplemental Disclosure of Cash Flow Information

Cash paid for interest	**$**	**Nil**	**$**	Nil
Cash paid for income taxes	**$**	**Nil**	**$**	Nil

Supplemental Disclosure of Non-Cash Financing and Investing Activities include *('000):*		**March 31, 2013**		March 31, 2012
Amortization capitalized to exploration and evaluation assets	**$**	**23**	$	9

11. Commitments and Contingencies

Contingencies

In the course of its business activities the Company has from time to time, been the subject of civil claims by third parties, including former employees that could give rise to a liability to pay compensation or damages. In addition, the Company may receive notices from regulatory and other governmental agencies responsible for the administration of regulations impacting on the Company's business affairs, in relation to the imposition or intended imposition of penalties, assessments and other orders that could potentially have an adverse effect or negatively impact on the Company's business and financial condition. Based upon historic experience with the management of such claims, assessment and regulatory actions, the Company does not anticipate that the outcome of those claims, assessments and regulatory actions will have a materially adverse effect on the Companies business or financial condition.

12. Equipment

Net carrying costs at March 31, 2013 and December 31, 2012 are as follows *('000):*

		Computers		Exploration Equipment		Total
Cost						
Balance as at December 31, 2011	$	5	$	113	$	118
Additions		3		60		63
Balance as at December 31, 2012	$	8	$	173	$	181
Additions		-		-		-
Balance as at March 31, 2013	$	8	$	173	$	181
Accumulated amortization						
Balance as at December 31, 2011	$	1	$	13	$	14
Disposals		1		7		8
Additions (Amortization)		5		23		28
Balance as at December 31, 2012		7		43		50
Additions (Amortization)		1		22		23
Balance as at March 31, 2013	$	8	$	65	$	73
Net book value						
At March 31, 2013	$	-	$	108	$	108
At December 31, 2012	$	1	$	130	$	131

13. Convertible Debenture

On July 18, 2012, the Company issued a $2,500,000 convertible debenture. The debenture is payable three years from the date of issuance. The convertible note bears interest at 8.7% per annum, calculated and paid annually by way of the issuance of common shares of the Company priced at the time of issuance in accordance with the policies of the TSX Venture Exchange (the "TSX-V"), and is convertible into units ("Units") at any time after the date of issuance at a price of $0.25 per unit. Each unit is comprised of one common share of the Company and one share purchase warrant (a "Warrant"), each warrant is exercisable to purchase one common share at a price of $0.45 for a term ending at the maturity date.

The debenture was determined to be a compound instrument. As the debenture is convertible into common shares, the liability and equity components are presented separately. The initial carrying amount of the financial liability is determined by discounting the stream of future payments of interest and principal. Using the residual method, the carrying amount of the conversion features is the difference between the principal amount and the carrying value of the financial liability. The debenture, net of the equity component and issue costs are accreted using the effective interest rate method over the term of the debentures, such that the carrying amount will equal the total face value of the debenture at maturity. The Company has recorded $1,779,000 as the liability amount and $721,000 as the equity amount. The Company has recorded a prorated portion of the accretion liability of $103,000 at the December 31, 2012 year end. Interest expense of $104,000 has also been accrued on a pro-rated basis relating to the annual convertible note interest payable on the debenture and debited to share capital.

Kincora Copper Limited

(An Exploration Stage Company)

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS

Expressed in Canadian Dollars

FOR THE THREE-MONTH PERIOD ENDED March 31, 2013

As at May 29, 2013

Introduction

The following interim management's discussion and analysis (MD&A) of the Company has been prepared as of May 29, 2013. This MD&A should be read in conjunction with the interim condensed consolidated financial statements of Kincora Copper Limited and the notes thereto for the three-month period ended March 31, 2013, which has been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS"). In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including the financial statements and Management Discussion and Analysis ("MD&A"), is complete and reliable.

Description of Business

Kincora Copper Limited (the "Company" or "Kincora") is a junior resource company engaged in the acquisition, exploration and development of mineral properties with a focus on copper/gold projects in Mongolia. Our key asset is the Bronze Fox copper-gold project, comprised of three adjacent exploration licenses that host an extremely large and strategically located known mineralised footprint covering over 40km^2 of a total 622km^2 license area, in southeast Mongolia along the Oyu Tolgoi copper belt. Kincora's ambition is to be the leading listed independent copper exploration and development company in this region. The Bronze Fox Project is located approximately 250 km from the Chinese border and within 140km of two large scale greenfield copper construction projects: Oyu Tolgoi, invested capital to date approximately US$6.6 billion and target production of up to 160,000t/ day; and, Tsagaan Suvarga, estimated capex US$1b and target production of 40,000t/ day. Other significant mines and associated infrastructure are being developed in this immediate region.

Bronze Fox's regional belt, licenses geological setting and drilling/petrography/mineralogy/mapping/trenching results to date provide confirmed mineralized porphyry targets and positive indicators of a significant mineralized system with potential for an economic copper porphyry orebody(s), and smaller scale copper oxide development potential.

The Company's head office is located in Vancouver, Canada, with a regional office in Ulaanbaatar, Mongolia. The Company is a reporting issuer in Ontario, British Columbia and Alberta, Canada and its common shares trade on the TSX Venture Exchange under the symbol **KCC**.

Corporate Highlights and Discussion

Highlights for the three-month period ended March 31, 2013 and subsequent developments to May 29, 2013 include:

- Activities in late 2012 confirmed and significantly advanced a number of copper porphyry targets at the flagship Bronze Fox license
- Comprehensive review of strategy and overhead/administrative costs
- Internal management changes
- Commencement of multi-stage 2013 exploration activities focusing on Bronze Fox
- Adopted a new remuneration policy for director's fees such that there is a commitment for the on-market acquisition of shares

Corporate Highlights and Discussion - *continued*

- Mongolia positively revises foreign investment legislation confirmed by transaction for early stage copper exploration by Teck Resources

- Uncertainty concerning the Tourmaline Hills and North Fox licenses due to legal proceedings against former Government officials being closely monitored

a) **Golden Grouse license uncertainty**. On January 30, 2013 the Bayangol District Court (a first level provincial court in Ulaanbaatar, Mongolia) reviewed the criminal case related to D.Batkhuyag, L.Davaatsogt, S.Jargalsaikhan and Sh.Bat-Ireedui, previously senior government officials for the Geology, Mining and Cadastral Department of the Mineral Resources Authority of Mongolia ("MRAM"). These individuals were indicted on the basis of Articles 263.2 and 268.2 of the Criminal Code, and, considering such persons guilty of the crime, such court issued the accusatory judgment #70 to impose criminal liability.

On February 8, 2013 Kincora acknowledged, in a press release, unconfirmed Mongolian media reports regarding this case. Subsequently, it emerged that as part of the Accusatory Judgment, 106 mineral licenses were listed which included Tourmaline Hills (15075X) and North Fox (15076X), which Kincora acquired as part of the Golden Grouse transaction in April 2012 and are lower priority exploration targets relative to our flagship Bronze Fox license (15000X). There is no accusation that these licenses were involved in any criminal liability or are not currently in good standing. The aforementioned case was reviewed by the Capital city court on April 15, 2013. There is no definitive timeline available for final resolution to ongoing criminal court matters and the potential implications relating to the 106 mineral licenses, which would be a ruling outside of the criminal courts jurisdiction in an administrative matter.

b) **2012 exploration review.** On February 19, 2013 Kincora provided updated exploration results and a review of the 2012 field season activities, which continued to demonstrate that the Bronze Fox project hosts a large area of lower grade copper and gold mineralisation, open at depth and in every direction with high-grade intersections and new targets continuing to be generated. Following the successful C$4.6 million private placement late last year drilling activities increased from two to three rigs and ran until the week before Christmas. All core work programmes were completed including: step out drilling around Hole F62 at West Kasulu; advancing key infill drilling and initial metallurgical analysis for a potential oxide development project, also intersecting further shallow porphyry mineralisation (eg 8 metres at almost 1% CuEq); and, drilling a number of untested anomaly targets.

Large zones of lower grade mineralisation, both oxide material at surface and sulphides at depth, were returned. While not intersecting economic mineralisation this drilling, and that of two previously untested anomalies, warrant follow up activities and illustrates the Company's systematically exploration of its large regional landholding, the majority of which has experienced limited previous exploration. Activities in late 2012 confirmed and significantly advanced a number of copper porphyry targets at the West Kasulu and Leca Pass prospects in particular, located on the Bronze Fox license.

c) **Joins the Mongolian National Mining Association**. On February 25, 2013 Kincora announced that it had become a member of the Mongolian National Mining Association (MNMA). MNMA is a non-profit and non-governmental organization. Its core activities include: supporting and participating in responsible mining development; protecting members' legal rights and interests; reflecting members' opinions to the government policy; providing beneficial services for the members; and, providing true knowledge and information about the sector.

Corporate Highlights and Discussion - *continued*

d) **Mongolia Regulatory Environment**. We note that the Mongolian Parliament on April 19, 2013 supported an initial amendment to the Foreign Investment Law (SEFIL), and has proposed an amendment to the securities market law and further improvements to the Foreign Investment Law. Similarly Erdene Resource Development Corp.'s strategic alliance with Teck Resources Limited (which was subject to confirmation that recent proposed changes to the mining law and foreign investment laws had occured) is a sign of strategic investors continued interest in Mongolia, in particular, copper exploration.

e) **Internal management changes.** On April 30, 2013 Kincora announced three internal changes to its senior management team. Mr. John Rickus, previously President and Chief Executive Officer, assumed the position of Chairman. Mr. Jonathan (Sam) Spring, previously Vice-President of Corporate Development, was appointed as President and Chief Executive Officer. Mr. Stephen Fabian, previously Chairman, became an independent non-executive director.

The realignment of roles is expected to optimize the board and management teams' valuable technical, commercial and financial markets experience. Kincora continues to take measures to strengthen the Company, further reduce overhead and administrative costs, align our strategy with current market conditions and planned internal activities.

f) **Resumption of exploration activities and new remuneration policy for directors.** On May 10, 2013 Kincora announced that 2013 field season activities had commenced. A staged exploration programme is planned initially focusing on geological mapping and Infra-Red ("IR") spectrum analysis across various selected target areas of the project.

The core focus of the planned activities in 2013 is to refine exploration data and specify target generation of the copper porphyry target at the West Kasulu, Leca Pass, and other new areas on our flagship Bronze Fox license (15000X). Subject to Board approval these first phase activities will potentially support a deep Induced Polarisation ("IP") programme and further drilling at identified high priority targets in the second half of the year, which if successful could to lead to a significant exploration target range.

The Board has recently adopted a new remuneration policy for director's fees such that there is a commitment for the on-market acquisition of shares. The Company's cash balance as at April 23, 2013 is $2,604,782 supporting board approved activities until 2014 with the management also focusing on further reducing overhead and administrative costs as evidenced by our recent internal management changes.

Exploration and Evaluation Assets

Bronze Fox Project (Buyant and Manlai Licences)

The Bronze Fox project is located in the copper-gold belt in southeast Mongolia that also hosts the world-class Oyu Tolgoi Cu/Au/Mo deposit and Tsagan Suvarga porphyry Cu/Mo deposit. It is registered with the Mongolian government authority under the license numbers #15000X, 15075X, and 15076X with a total area of 62202.25 hectares. It is 45 km from Tsagan Suvarga Mine, which is currently under construction (recently subject to a US$350 million project financing lead by the European Bank of Reconstruction and Development ("EBRD")), and the existing rail line is 200 km away.

Project Overview

There are three types of potential mineralization hosted in the project area of the three exploration licences held by the Company (Bronze Fox and two that Kincora acquired through Golden Grouse). They are porphyry style of Cu-Au-Mo, structural controlled hydrothermal Au, and shear zone Au. Current exploration work is mainly concentrated on porphyry Cu-Au-Mo targets and structural controlled hydrothermal Au. Porphyry Cu-Au-Mo targets are mainly in the Bronze Fox license. The mineralization appears as sheeted and stockwork quartz-chalcopyrite-pyrite veins and disseminated chalcopyrite-pyrite with associated gold and sometimes molybdenum. The structural controlled Au mineralization occurs along structure zones in Sophie North, Buchanan Heights (both in Bronze Fox) and Tourmaline Hill (Golden Grouse license 15075X), all associated with breccia and also strong silicification, argillic, sericitic, and chloritization alterations, sometimes with copper mineralization (up to 1.86% Cu). In Tourmaline Hill this type of mineralization is also associated with extensive tourmaline breccia and veins. Shear zone gold potential appears in Happy Geo zone (Bronze Fox), indicated by high-grade gold rock chip samples (up to 91g/t Au), soil gold anomalies (up to 1-2.5g/t Au), and large zones of argillic and sericitic alteration with trace sulphides, where further exploration work is warranted. Current exploration results do indicate significant resource potential in the project area.

History pre 2012

Numerous joint Mongolian and Soviet programs first explored Bronze Fox from the 1950 to 1970s. Regional mapping, geochemistry, ground magnetics, induced polarization, seismic surveys, trenching and drilling were carried out; however, little data remains. Ivanhoe Mines commenced the reconnaissance and acquisition of licenses at Bronze Fox and in the surrounding area in 1997. Ivanhoe geologists first visited the district as part of a regional exploration program in 2004, and conducted geochemical sampling and ground magnetic programs. Over 6,000 rock chip samples were assayed and over 1,000 line kilometers of ground magnetics partly covered the Company's current license area. Ivanhoe continued the exploration in 2005 with geological mapping, geochemical sampling, trenching, induced polarization surveys, and reconnaissance drilling, and designated Bronze Fox one of Ivanhoe's high priority target license areas.

During the Company's ownership of Bronze Fox (15000X) in 2010, 2011, and 2012, four drilling programs totalling over 36489.95m (including GG's drilling program in 2011) of diamond and RC drilling have been undertaken. Geological mapping, VIP and DDIP/PDIP, ground magnetic surveys and soil geochemistry sampling programs were conducted inside of the licence areas and further potential target areas identified.

The key work completed in year 2010 over the licence 15000X area was:

- RC drilling: 3921m
- Diamond drilling: 1478.5m
- DDIP survey: 12 lines with a total length of 60.8km
- Gravity survey: 10 square km

Exploration and Evaluation Assets - *continued*

In fiscal year 2011, the key work completed was:

- Diamond drilling of 12435m and 11497 core samples laboratory assayed
- VIP survey of 200 square kilometers
- PDIP survey lines: 5 lines with a total length 19.6 line km
- High-resolution ground magnetic survey at 200m-line space with continues reading: 1185 line km covered the whole licence area.
- Geological mapping at 1:50000 of 200 sq. m.
- Soil geochemistry sampling: for the whole license area at a grid of 200m
- Rock chip sample along Russian trenches: totally 1175 samples sampled

In fiscal year 2012, the following work was completed:

Golden Grouse Acquisition

In April 2012, the Company acquired a 100% interest in Golden Grouse, gaining a further 2 exploration licenses in Mongolia. Those two licenses consist of license 15075X (24670.37 hectares) and license 15076X (15208.54 hectares) which are immediately adjacent to the west and north boundary of the Bronze Fox license (15000X). The license of 15075X covers the historical Ivanhoe's projects of Tourmaline Hill, West Fox, and part of Bronze Fox but with much larger land coverage. Ivanhoe had conducted scout drilling (diamond), trenching, ground magnetic survey and IP work over the project area. In fiscal year 2011, Golden Grouse completed the following work over the two license areas:

- 23 RC and 2 diamond holes (extended from RC holes) with a total length of 2846.6m
- 3 trenches with a total length of 1099m
- 533 rock chip sampling
- DDIP of 54.6 line km concentrated in Tourmaline Hill area
- Selective areas of ground magnetic survey
- Soil geochemistry: covers two licences with grid of 1000mX500m, 250mX250m, and 100mX100m, with a total 3741 samples.

Exploration Update 2012 - Overview

A summary of key exploration activities undertaken in the 2012 field season mainly included:

- Drilling: To the end of 23rd December 2012, at total of 15808.5m diamond core was drilling completed. The drilled meters consist of 40 holes with 35 holes with mineralization intersected. Totally 17,051 samples laboratory assayed and all the results received. Among those holes, 22 holes, 9066.5m, were drilled in Licence 15000X; and 18 holes, 6742.05m, were drilled in Licence 15075X.

- Geophysics: Inside of Licence 15000X, 38.4 km, 9 arrays of 3D IP completed. Soil geochemistry: In Licence 15000X, in an area of 47 square km a infill soil sampling program completed in March. Total 2567 samples collected and the result highlighted some high gold anomalies in Happy Geo zone.

- Rock chip sampling: In the Happy Geo zone of license 15000X, 650 rock chips sampled, 650 samples returns received, 20 samples are with >1g/t Au with highest return of 42.5 g/t

- Geological mapping: completed the geological mapping over the whole area of Licence 15076X. One copper mineralization outcrop mapped at scale of 1:2000 over an area of 0.7 square km.

Exploration and Evaluation Assets – *continued*

- Archaeology and palaeontology study completed over all the 3 licence areas.

The main progress in 2012 was:

- 35 holes of the 40 drilled in 2012 hit copper and/or gold mineralisation and 13 holes of these contained intersections of >1g/t Au with the highest intersection hitting gold grade of 7.77g/t. A total of 21 holes had intersections of >0.5% Cu, with 8 holes containing intersections of >1% Cu, and the highest intersection returning 4.06% Cu in Hole F72, approximately 2km east of West Kasulu, and these results have been previously reported.
- There is a mineralized porphyry dyke intersected during the shallow metallurgical test holes (F82 and F91). Mineralized porphyry xenolith breccias were intersected in the porphyry dyke which. is a very encouraging result and further confirms the porphyry mineralization in the area.
- Results from late 2012 support a large porphyry style resource potential, with possible higher grade zones in West Kasulu and Leca Pass areas. The drilling result of Tourmaline Hill of License 15075X have indicated continuity of gold mineralization zones and also further zones of interest (e.g., the zone of Hole F81 drilled).
- 3D IP analysis undertaken earlier in 2012 to a depth of 400m in select areas of the licenses highlighted several geophysics targets along Happy Geo zone with a gold soil anomaly overlapping and also high gold grade rock chips, which indicate the possibility of gold resource potential.
- Archaeology and palaeontology study result showed that there are serious issues for exploration.

Exploration work in First Quarter of 2013:

- During the First Quarter of 2013, the focus of activities was data compilation and preparations for resumption of field season activities (subsequently commenced in early May). All the laboratory assay results received and digitized into GIS database.
- Annual work report for government authorities completed and all were accepted and approved by MRAM
- Petrographic study: 59 thin section and 16 polished section
- Infrared spectrum alteration study: 243 samples from 20 holes of West Kasulu

Work plans for all the 3 licences were completed with MRAM granting the approvals for planned activities. The environment plans of Licence 15000X and 15076X have received Soum level government authority (Mandakh Soum). The approval of the environment plan of Licence 15075X is still pending on the decision of Manlai Soum authorities' decision.

The planned activities in 2013 is to refine exploration data, conduct further analysis and specify target generation of the copper porphyry target at the West Kasulu, Leca Pass, and other new areas on our flagship Bronze Fox license (15000X) in light of positive results from activities completed in late 2012. Furthermore, mapping is planned over License 15075X and a selective area of License 15076X.

Results of Operations

Three-Month Period Ended March 31, 2013

The Company's loss for the three-month period ended March 31, 2013 (the "Current Period") was $356,000 or $0.00 per share as compared with a loss of $792,000 or $0.01 per share for the three-month period ended March 31, 2012 (the "Comparative Period").

General and administrative expenses were $447,000 lower in the Current Period at $356,000 compared with $803,000 in the Comparative Period. This difference was mainly due to a reduction in share-based compensation costs ($59,000 versus $307,000) due to the lower granting of incentive stock options to officers, directors and consultants, lower legal and audit fees ($34,000 versus $82,000) due to the prior period acquisition of the Mongolian subsidiaries, lower travel costs ($19,000 versus $38,000) due to reduced travel to Mongolia by the former President and CEO and lower corporate administrative services ($114,000 versus $167,000) due to a concerted effort to reduce overhead costs because of uncertain market conditions.

Summary of Quarterly Results – *000's*

The table below presents selected financial data for the Company's eight most recently completed quarters, all prepared in accordance with IFRS.

In thousands $	March 31, 2013	December 31, 2012	September 30, 2012	June 30, 2012	March 31, 2012	December 31, 2011	September 30, 2011	June 30, 2011
Financial results								
Net loss for period	356	689	39	882	792	489	1,951	238
Basic and diluted loss per share	0.00	0.00	0.00	0.00	0.01	0.01	0.02	0.02
Exploration expenditures	183	1,894	1,756	1,656	315	1,262	1,722	-
Statement of Financial Position								
Cash and cash equivalents	2,805	2,681	1,276	1,607	3,010	3,872	6,247	915
Exploration and evaluation assets	49,798	49,615	47,631	45,833	39,181	38,866	37,408	-
Total assets	52,773	53,141	49,148	47,656	42,379	43,000	43,826	1,063
Shareholders' equity (deficiency)	50,646	50,943	47,066	45,519	42,141	42,626	42,792	688

Liquidity and Capital Resources

As of March 31, 2013, the Company had $2,805,000 in cash. The Company does not have any cash flow from operations due to the fact that it is an exploration stage company; therefore, financing activities have been the sole source of funds. In the opinion of management this working capital is sufficient to support the Company's general administrative and corporate operating requirements on an on-going basis for the next 12 months with an ongoing review of all aspects of our strategy with particular focus on further reducing overhead and administrative costs as evidence by our recent internal management changes.. The Company has recently commenced the first phase of a proposed multi-stage 2013 field season program with existing cash reverses supporting budgeted activities until 2014. Given volatility in equity markets, global uncertainty in economic conditions, cost pressures and results of exploration activities, management constantly reviews expenditures and exploration programs and equity markets such that the company has sufficient liquidity to support its exploration and development strategy.

At March 31, 2013, the Company had working capital of $2,622,000. During the three-month period ended March 31, 2013, the Company used cash of $322,000 in operating activities and had investing activities of $160,000 which was used for exploration expenditures on the Company's Bronze Fox and Golden Grouse properties. As part of financing activities, the Company received $606,000 in share subscriptions receivable from a private placement issuance during the December 31, 2012 year-end.

The Company's cash position is highly dependent on the ability to raise cash through financings and the expenditures on its exploration programs.

As results of exploration programs are determined and other opportunities become available to the Company, management may complete an external financing as required. The outlook is based on the Company's current financial position and is subject to change if opportunities become available based on current exploration program results and/or external opportunities. At present, the Company's operations do not generate cash inflows and its financial success is dependent on management's ability to discover economically viable mineral deposits. The mineral exploration process can take many years and is subject to factors that are beyond the Company's control. In order to finance the Company's future exploration programs and to cover administrative and overhead expenses, the Company has raised money through equity sales, and in the future could raise money from optioning its exploration and evaluation assets.

Many factors influence the Company's ability to raise funds, including the health of the resource market, the climate for mineral exploration investment, the Company's track record, and the experience and calibre of its management. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration activities. Management believes it will be able to raise equity capital as required in the long term, but recognizes that there will be risks involved which may be beyond its control.

Related Party Transactions

The Company incurred the following amounts for related party services:

a) The Company pays a monthly corporate administration fee of $15,000 that includes office rent, administration, accounting and corporate secretarial, chief financial officer, IT consulting and other related services to White Label Corporate Services Inc. ("WLM"). WLM is a management company that provides shared office space and staff to certain other public companies on a cost shared basis. The Company shares two officers in common with WLM. During the three-month period ended March 31, 2013 this amount was $45,000 (December 31, 2012 - $180,000).

b) During the three-month period ended March 31, 2013, the Company paid office rental fees of $Nil (December 31, 2012 - $6,633) to Nabuco Holdings Ltd ("Nabuco"), a company with a director in common.

Related Party Transactions - *continued*

c) During the three-month period ended March 31, 2013, the Company paid $10,470 (December 31, 2012 - $80,280) to Origo Partners PLC, a company with directors in common, for accounting and office support services in Mongolia.

d) During the three-month period ended March 31, 2013, the Company paid or accrued $950 (December 31, 2012 - $109,421) for legal services and $3,996 (December 31, 2012 - $16,612) in share issuance costs to McMillan LLP, a company with a director in common.

e) At March 31, 2013, the Company owed $39,843 (December 31, 2012 - $14,000) to companies with officers and directors in common for reimbursement of general and administrative and legal expenses.

f) During the three-month period ended March 31, 2013, the Company paid management fees of $40,000, to Rickus Partners Ltd., a company with an officer in common (December 31, 2012 - $66,667).

g) During the three-month period ended March 31, 2013, the Company paid management fees of $40,000 to Spring Resources Pty Ltd., a company with an officer in common (December 31, 2012 - $53,333).

h) During the three-month period ended March 31, 2013, the Company paid or accrued management fees of $Nil (December 31, 2012 - $60,447) to Massif Limited ("Massif") a company with a director in common.

Compensation of key management personnel

		March 31, 2013		March 31, 2012
Management fees, chairman, directors and audit committee fees	**$**	**33,000**	$	112,177
Share-based payments*		**Nil**		-
	$	**33,000**	$	112,177

** The estimated fair value of the stock options granted during the year was determined using the Black-Scholes option pricing model.*

Share Capital Information

The table below presents the Company's common share data as of May 29, 2013.

		Price	Expiry date	Number of common shares
Common shares, issued and outstanding				202,943,975
Securities convertible into common shares				
	Convertible Debenture – Common shares	$0.25	July 18, 2015	10,000,000
	Convertible Debenture – Warrants	$0.45	July 18, 2015	10,000,000
	Warrants	$0.35	July 15, 2014	896,659
		$0.19	November 14, 2015	44,112,143
		$0.19	November 26, 2015	500,000
	Stock options	$0.40	July 28, 2016	3,600,000
		$0.40	October 3, 2016	500,000
		$0.40	October 17, 2016	2,000,000
		$0.45	February 9, 2017	50,000
		$0.25	September 12, 2017	4,750,000
				279,352,777

Commitments and Contingencies

Commitments

During the year ended December 31, 2011, the Company entered into a services agreement with White Label Corporate Services Inc. ("WLM") effective July 1, 2011 and has agreed to pay a monthly corporate administration fee of $15,000 that includes office rent, administration, accounting, corporate secretarial, chief financial officer, executive assistant, IT computer maintenance and other related services. The agreement can be terminated by either party prior to expiration with 60 days written notice. The Company shares two officers in common with WLM.

Contingencies

In the course of its business activities the Company has from time to time, been the subject of civil claims by third parties, including former employees that could give rise to a liability to pay compensation or damages. In addition, the Company may receive notices from regulatory and other governmental agencies responsible for the administration of regulations impacting on the Company's business affairs, in relation to the imposition or intended imposition of penalties, assessments and other orders that could potentially have an adverse effect or negatively impact on the Company's business and financial condition. Based upon historic experience with the management of such claims, assessment and regulatory actions, the Company does not anticipate that the outcome of those claims, assessments and regulatory actions will have a materially adverse effect on the Companies business or financial condition.

Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. As the Company is in the exploration stage, its principal source of funds is from the issuance of common shares.

In the management of capital, the Company includes the components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, enter into joint venture property arrangements, acquire or dispose of assets or adjust the amount of cash and cash equivalents and investments.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

The Company's investment policy is to invest its cash in highly liquid short-term interest-bearing investments with maturities of three months or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

The Company is uncertain as to whether its current capital resources will be sufficient to carry its exploration plans and operations through its current operating period and, accordingly, management is reviewing the timing and scope of current exploration plans and is also pursuing other financing alternatives to fund the Company's operations.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

New Standards Not Yet Adopted

IFRS 7, Financial Instruments: Disclosures – In December 2011, the IASB amended IFRS 7 (Financial Instruments: Disclosures) requiring additional disclosures on offsetting of financial assets and financial liabilities. This amendment is effective for annual periods beginning on or after January 1, 2013. This standard also requires additional disclosures about the initial application of IFRS 9. This amendment is effective for annual periods beginning on or after January 1, 2015 (or otherwise when IFRS 9 is first applied). IAS 32, Financial Instruments: Presentation was amended in December 2011 relating to application guidance on the offsetting of financial assets and financial liabilities. This standard is effective for annual periods beginning on or after January 1, 2014. There will be no significant impact to the Company upon implementation of the issued standard.

In November 2009, the IASB published IFRS 9, "Financial Instruments, "which covers the classification and measurement of financial assets as part of its project to replace IAS 39, "Financial Instruments: Recognition and Measurement." In October 2010, the requirements for classifying and measuring financial liabilities were added to IFRS 9. Under this guidance, entities have the option to recognize financial liabilities at fair value through earnings. If this option is elected, entitles would be required to reverse the portion of the fair value change due to own credit risk out of earnings and recognize the change in other comprehensive income. IFRS 9 is effective for the Company on January 1, 2013. Early adoption is permitted and the standard is required to be applied retrospectively. There will be no significant impact the Company upon implementation of the issued standard.

New Standards Not Yet Adopted - *continued*

IFRS 10, “Consolidated Financial Statements”, requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12, “Consolidation - Special Purpose Entities”, and parts of IAS 27, “Consolidated and Separate Financial Statements”. The standard is effective for annual periods beginning on or after January 1, 2013. Entities early adopting this standard must also adopt the other standards included in the 'suite of five' standards on consolidation, joint arrangements and disclosures: IFRS 11, “Joint Arrangements”, IFRS 12, “Disclosure of Interests in Other Entities”, IAS 27 (2011), “Separate Financial Statements” and IAS 28 (2011), “Investments in Associates and Joint Ventures”.

IFRS 11, “Joint Arrangements”, requires a venturer to classify its interest in a joint arrangement as a joint venture or a joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation, the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, “Interests in Joint Ventures”, and SIC-13, “Jointly Controlled Entities - Non-monetary Contributions by Venturers”. The standard is effective for annual periods beginning on or after January 1, 2013. Entities early adopting this standard must also adopt the other standards included in the 'suite of five' standards on consolidation, joint arrangements and disclosures: IFRS 10, “Consolidated Financial Statements”, IFRS 12, “Disclosure of Interests in Other Entities”, IAS 27 (2011), “Separate Financial Statements” and IAS 28 (2011), “Investments in Associates and Joint Ventures”.

IFRS 12, “Disclosure of Interests in Other Entities”, establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, and special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity’s interests in other entities. The standard is effective for annual periods beginning on or after January 1, 2013. Entities early adopting this standard must also adopt the other standards included in the 'suite of five' standards on consolidation, joint arrangements and disclosures: IFRS 10, “Consolidated Financial Statements”, IFRS 11, “Joint Arrangements”, IAS 27 (2011), “Separate Financial Statements” and IAS 28 (2011), “Investments in Associates and Joint Ventures”.

IFRS 13, “Fair Value Measurement”, is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

In June 2011, the IASB issued amendments to IAS 1, “Presentation of Financial Statements” to: (a) require companies to group together items within other comprehensive income (“OCI”) that may be reclassified to the statement of operations; and (b) require tax associated with items presented before tax to be shown separately for each of the two groups of OCI items (without changing the option to present items of OCI either before tax or net of tax). The amendments also reaffirm existing requirements that items in OCI and income or loss should be presented as either a single statement or two separate statements. The amended standard is effective for annual periods beginning on or after July 1, 2012.

New Standards Not Yet Adopted *- continued*

Amendments to Other Standards

In addition, there have been amendments to existing standards, including IAS 27, Separate Financial Statements, and IAS 28, Investments in Associates and Joint Ventures. IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10, 11, 12 and 13.

Financial and Other Instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of loss and comprehensive loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. 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.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of loss and comprehensive loss.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statement of loss and comprehensive loss.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was incurred. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of loss and comprehensive loss.

Financial and Other Instruments - *continued*

Other financial liabilities: This category includes amounts due to related parties, convertible debenture and accounts payables and accrued liabilities, all of which are recognized at amortized cost.

The Company has classified its cash and cash equivalents as fair value through profit and loss. The Company's receivables and due from related parties are classified as loans and receivables. The Company's accounts payable and accrued liabilities and due to related parties are classified as other financial liabilities.

Fair value hierarchy

Fair value measurement disclosure includes classification of financial instrument fair values in a hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements, described as follows:

- Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices such as quoted interest or currency exchange rates; and,
- Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

The Company has classified its cash and cash equivalents as fair value through profit and loss. The Company's receivables are classified as loans and receivables. The Company's accounts payable and accrued liabilities, due to related parties and convertible debenture are classified as other financial liabilities.

Interest rate risk

The Company has non-material exposure at March 31, 2013 to interest rate risk through its financial instruments.

Currency Risk

The Company's operations were located in Brazil where many exploration and administrative expenses were incurred in the local currency, the Brazilian Real. With the limited and wind up operations occurring for the Company's Brazilian subsidiaries, the currency risk exposure was minimal. The Company's operations have now focused to Mongolia, where many exploration and administrative expenses are incurred in the Mongolian Togrog and the US Dollar. The Company's ability to advance funds to Mongolia is subject to changes in the valuation of the Togrog and the US dollar, as well as rules and regulations of the Mongolian government. Fluctuations in the value of the Togrog and the US Dollar may have an adverse effect on the operations and operating costs of the Company.

Credit risk

The Company has some cash balances and a convertible debenture. The Company has no significant concentrations of credit risk arising from operations.

Receivables consist of goods and services and the harmonized sales tax due from the Government of Canada. Management believes that the credit risk concentration with respect to receivables is remote.

The Company's investment policy is to invest its cash in highly liquid short-term interest-bearing investments with maturities of 90 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations. Management believes its credit risk to be minimal.

Financial and Other Instruments - *continued*

Liquidity Risk

The Company attempts to manage liquidity risk by maintaining sufficient cash and cash equivalent balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term obligations. As at March 31, 2013, the Company had a cash balance of $2,805,000 (December 31, 2012 - $2,681,000) to settle current liabilities of $245,000 (December 31, 2012 - $316,000) Further information relating to liquidity risk is disclosed in the interim condensed consolidated financial statements for the three-month period ended March 31, 2013 Note 1.

Commodity Price Risk

The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market prices of copper and gold. The Company closely monitors commodity prices to determine the appropriate course of action to be taken.

Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a year:

- Cash and cash equivalents include deposits, which are at variable interest rates. Sensitivity to a plus or minus 1% change in rates would affect net loss by $28,050 annually.

- The Company does hold balances in foreign currencies, the Mongolian Togrog and the United States dollar, to give rise to exposure to foreign exchange risk. Management believes this risk to be minimal.

Critical Accounting Estimates

The preparation of financial statements requires the Company to select from possible alternative accounting principles, and to make estimates and assumptions that determine the reported amounts of assets and liabilities at the statement of financial position date and reported costs and expenditures during the reporting period. Estimates and assumptions may be revised as new information is obtained, and are subject to change. The Company's accounting policies and estimates used in the preparation of the financial statements are considered appropriate in the circumstances, but are subject to judgments and uncertainties inherent in the financial reporting process.

Property acquisition costs and related direct exploration costs may be deferred until the properties are placed into production, sold, abandoned, or written down, where appropriate. The Company's accounting policy is to capitalize exploration costs, which policy it believes to be consistent with IFRS and applicable guidelines for exploration stage companies. The policy is consistent with other junior exploration companies that have not established mineral reserves objectively. An alternative policy would be to expense these costs until sufficient work has been done to determine that there is a probability a mineral reserve can be established; or alternatively, to expense such costs until a mineral reserve has been objectively established. Management is of the view that its current policy is appropriate for the Company at this time. Based on annual impairment reviews made by management, or earlier if circumstances warrant, in the event that the long-term expectation is that the net carrying amount of these capitalized exploration costs will not be recovered, then the carrying amount is written down accordingly and the write-down charged to operations. A write-down may be warranted in situations where a property is to be sold or abandoned; or exploration activity ceases on a property due to unsatisfactory results or insufficient available funding.

Risks and Uncertainties

The Company is engaged in the business of acquiring, exploring and developing mineral properties with the expectation of locating economic deposits of minerals. All of the properties are without proven copper/gold deposits and there is no assurance that the Company's exploration programs will result in proven copper/gold deposits, nor can there be any assurance that economic deposits can be commercially mined. As a consequence, any forward-looking information is subject to known and unknown risks and uncertainties. There have been no changes to any of the known and unknown risks and uncertainties during the three-month period ended March 31, 2013. Please refer to the Company's MD&A for the year ended December 31, 2012 for a complete list of known and unknown risks and certainties.

Additional Disclosure for Venture Issuers without Significant Revenue

Additional disclosure concerning Kincora's general and administrative expenses and exploration and evaluation costs is provided in the Company's interim condensed consolidated statement of loss and note disclosures contained in its interim condensed consolidated financial statements for the three-month period ended March 31, 2013. These statements are available on Kincora's website at www.kincoracopper.com or on its SEDAR Page Site accessed through www.sedar.com.

Dividends

Kincora has no earnings or dividend record and is unlikely to pay any dividends in the foreseeable future as it intends to employ available funds for mineral exploration and development. Any future determination to pay dividends will be at the discretion of the board of directors and will depend on Kincora's financial condition, results of operations, capital requirements and such other factors as the board of directors deem relevant.

Management's Responsibility for Financial Statements

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

In contrast to the certificate required under National Instrument 52-109 Certificate of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109, in particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

i. controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii. a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Company's IFRS.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Nature of the Securities

The purchase of the Company’s securities involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. The Company’s securities should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in the Company’s securities should not constitute a major portion of an investor's portfolio.

Proposed Transactions

At the present time, there are no proposed transactions that are required to be disclosed that are not disclosed elsewhere.

Approval

The Board of Directors oversees management’s responsibility for financial reporting and internal control systems through an Audit Committee. This Committee meets periodically with management and annually with the independent auditors to review the scope and results of the annual audit and to review the financial statements and related financial reporting and internal control matters before the financial statements are approved by the Board of Directors and submitted to the shareholders of the Company. The Board of Directors of the Company has approved the financial statements and the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

Additional Information

Additional information is available on the Company’s website at www.kincoracopper.com or on SEDAR at www.sedar.com.

Forward Looking Information

Forward-looking statements relate to future events or future performance and reflect management's expectations or beliefs regarding future events and include, but are not limited to, statements with respect to the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, permitting risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of resources; possible variations in ore reserves, grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; as well as those factors detailed from time to time in the Company's interim and annual financial statements which are filed and available for review on SEDAR at www.sedar.com. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.