Kincora Copper Limited

(Formerly Brazilian Diamonds Limited)

(An Exploration Stage Company)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Expressed in Canadian Dollars

For the three-month period ended March 31, 2012

NOTICE OF NO REVIEW BY AUDITOR

In accordance with National Instrument 51 – 102 *Continuous Disclosure Obligations* of the Canadian Securities Administrators **WE HEREBY GIVE NOTICE THAT** the interim condensed consolidated financial statements that follow this notice have not been reviewed by the Company’s auditors.

Kincora Copper Limited

Statement 1

(Formerly Brazilian Diamonds 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)

		March 31, 2012		December 31, 2011 *(Audited)*
Current				
Cash and cash equivalents	**$**	**3,010**	$	3,872
Receivables, prepaids and deposits		**88**		158
		3,098		4,030
Property and equipment *(Note 12)*		**100**		104
Exploration and evaluation assets *(Note 6)*		**39,181**		38,866
	$	**42,379**	$	43,000
LIABILITIES				
Current				
Accounts payable and accrued liabilities	**$**	**236**	$	364
Due to related parties *(Note 9)*		**2**		10
		238		374
SHAREHOLDERS' EQUITY (DEFICIENCY)				
Share Capital – *Statement 4 - (Note 7)*	**$**	**139,541**	$	139,541
Contributed Surplus – *Statement 4 - (Note 7)*		**5,611**		5,304
Accumulated other comprehensive gain (loss) – *Statement 4*		**118**		118
Deficit - *Statement 4*		**(103,129)**		(102,337)
		42,141		42,626
	$	**42,379**	$	43,000

Nature of Operations and Going Concern *(Note 1)*
Commitments and Contingencies *(Note 11)*
Subsequent Event *(Note 13)*

Approved and authorized by the Board of Directors on May 25, 2012

"*Luke Leslie*"
Luke Leslie
Director

"*Stephen Fabian*"
Stephen Fabian
Director

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

Kincora Copper Limited

Statement 2

(Formerly Brazilian Diamonds 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)

		2012		2011
Expenses				
Bank charges and interest	**$**	**(1)**	$	1
Corporate administrative services		**95**		3
Consultants		**5**		-
Directors and audit committee fees		**37**		14
Exploration costs		**1**		3
Foreign exchange loss		**45**		15
Insurance		**6**		-
Investor relations		**31**		4
Legal and audit		**82**		39
Office costs		**72**		27
Salaries and management fees		**77**		30
Share-based compensation *(Note 7)*		**307**		-
Transfer agent and filing fees		**8**		4
Travel		**38**		7
		803		147
Other Items				
Gain on sale of assets		**(11)**		(31)
Loss and comprehensive loss for the period	**$**	**792**	$	116

Weighted Average Common Shares Outstanding (000's)		**138,332**		6,479
Loss per Common Share – Basic and Diluted	**$**	**0.01**	$	0.01

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

Kincora Copper Limited

(Formerly Brazilian Diamonds Limited)
(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)

Cash provided by (used in):		**2012**		2011
Operating Activities				
Loss for the period:	**$**	**(792)**	$	(116)
Items not affected by cash:				
Share-based compensation		**307**		-
Gain on sale of assets		**-**		(31)
Changes in non-cash working capital items:				
Receivables, prepaids and deposits		**70**		(15)
Accounts payable and accrued liabilities		**(128)**		117
Due to related parties		**(8)**		56
Net cash used in operating activities		**(551)**		11
Financing Activities				
Share issuance costs		**-**		(15)
Net cash used in financing activities		**-**		(15)
Investing Activities				
Exploration and evaluation asset expenditures		**(306)**		-
Proceeds from disposal of property, plant and equipment		**-**		31
Purchase of equipment		**(5)**		-
Net cash provided by (used in) investing activities		**(311)**		31
Effect of foreign exchange on cash and cash equivalents		**-**		19
Change in cash and cash equivalents		**(862)**		46
Cash and cash equivalents - beginning of period		**3,872**		167
Cash and cash equivalents - end of period	**$**	**3,010**	$	213

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

(Formerly Brazilian Diamonds Limited)
(An Exploration Stage Company)

Interim Condensed Consolidated Statement of Changes in Shareholders' Equity (Deficiency)
As at March 31,2012

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

	Share capital (Number of Shares)	Share capital (Amount) $	Contributed Surplus $	Deficit $	Accumulated other comprehensive gain (loss) $	Total $
Balance - December 31, 2010	6,479,047	95,316	3,336	(99,558)	118	(788)
Share issuance costs	-	(15)	-	-	-	(15)
Loss for the period	-	-	-	(116)	-	(116)
Balance – March 31, 2011	6,479,047	95,301	3,336	(99,674)	118	(919)
Shares issued in conjunction with private placement	9,700,000	970	-	-	-	970
Shares issued in conjunction with private placement	6,955,920	696	-	-	-	696
Shares issued for debt settlement	2,415,547	217	-	-	-	217
Shares issued in conjunction with private placement	34,671,660	12,135	-	-	-	12,135
Shares issued for exploration and evaluation assets	49,118,639	17,192	-	-	-	17,192
Shares issued for exploration and evaluation assets	27,666,366	13,280	-			13,280
Warrants issued for exploration and evaluation assets	-	-	222	-	-	222
Share-based compensation	-	-	1,746	-	-	1,746
Share issuance costs – cash	-	(250)	-	-	-	(250)
Share issuance costs - shares	1,324,654	-	-	-	-	-
Loss for the year	-	-	-	(2,663)	-	(2,663)
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**

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

1. Nature of Operations and Going Concern

Kincora Copper Limited (formerly Brazilian Diamonds 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.

During the 2010 fiscal year, the Company disposed of all significant Kincora net assets including Kincora's interests in the Coromandel and Serra da Canastra properties. These transactions resulted in the disposition of all exploration and evaluation assets interests and related assets and signifies Kincora's exit from Brazil.

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, and 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, registered address, and records office of the Company are located at Suite #910 – 475 Howe Street, Vancouver, British Columbia V6C 2B3. 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, 2012, the Company has an accumulated deficit of $103,129,000 and has working capital of $2,860,000. During the year ended December 31, 2011, the Company issued 51,327,580 shares by way of two private placements at $0.10 and $0.35, per share for total proceeds of $13,800,673 *(See Note 7)*. 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

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.

Critical Accounting Estimates

The preparation of these 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 recoverability of receivables that are included in the statements of financial position based on historical collection of receivables.

ii) 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.

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

iv) 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.

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

3. Significant Accounting Policies

a) Basis of consolidation

The interim condensedconsolidated financial statements include the accounts of the Company and its wholly owned subsidiaries: Kincora Group Ltd ("KGL") and its subsidiary Nadmin LLC ("Nadmin"), BSG Investments Inc. ("BSGII") and its subsidiary Parimá Mineraçáo Ltda. ("Parimá"), and; Game Creek Company Limited ("Game Creek") and its subsidiary, Samsul Mineração Ltda. ("Samsul"). Inter-company balances and transactions are eliminated on consolidation. The Company's corporate office is located in Vancouver, British Columbia, Canada, Parimá and Samsul are located in Brazil. BSGII, Game Creek and KGL are British Virgin Island incorporated companies. Nadmin is incorporated in Mongolia. KGL and Nadmin are located in Mongolia.

b) Exploration and evaluation assets

All costs related to the acquisition, exploration and evaluation of mineral resource interests are capitalized by project. These costs will be amortized against revenue from future production or written off if the interest is deemed impaired, abandoned or sold.

The amounts shown for exploration and evaluation assets represent costs incurred to date, less recoveries, and do not necessarily reflect present or future values. The recoverability of amounts shown for mineral interests is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain financing to complete development of the projects as well as future profitable production or proceeds from the disposition thereof.

At the end of each reporting period, the Company's exploration and evaluation assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Ownership in exploration and evaluation assets involves certain inherent risks due to the difficulties of determining and obtaining clear title to the claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets.

3. Significant Accounting Policies – *continued*

c) Loss per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per common share is recognized from the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. For the periods presented, this calculation proved to be anti-dilutive. Basic loss per share is calculated using the weighted average number of common shares outstanding during the period.

d) Share-based compensation

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee. The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. A corresponding increase in contributed surplus is recorded when stock options are expensed. When stock options are exercised, share capital is credited by the sum of the consideration paid and the related portion of share-based compensation previously recorded in contributed surplus. Consideration paid for the shares on the exercise of stock options is credited to share capital.

Share-based compensation arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity settled share based payment transactions and measured at the fair value of goods or services received. If the fair value of the goods or services received cannot be estimated reliably, the share based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or the services.

e) Property and equipment

Property and equipment are carried at cost less amortization and amounts written off. The assets residual value, depreciation methods and useful lives are reviewed, and adjusted, if appropriate, at each reporting date. Amortization is provided for over the estimated lives of the related assets based on annual rates as follows:

Exploration equipment	10 - 20%
Computers	20%

f) Cash and cash equivalents

Cash equivalents consist of highly liquid investments that are readily convertible into cash within a reasonably prompt period.

3. Significant Accounting Policies - *continued*

g) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

h) Provision for environmental rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and property and equipment when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as exploration and evaluation assets.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes would be recorded directly to exploration and evaluation assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, would be charged to profit or loss for the period.

3. Significant Accounting Policies - *continued*

i) Financial 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.

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.

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.

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.

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

3. Significant Accounting Policies - *continued*

i) Financial instruments – *continued*

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 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 fair values of the Company's cash and cash equivalents constitutes a Level 1 fair value measurement. The fair value of the Company's receivables, due to/from related parties, and accounts payable and accrued liabilities approximate the carrying value due to their short-term nature.

j) Functional and presentation currency

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiaries for the year ended and as at December 31, 2011 is the Canadian Dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates ("IAS 21").

The functional currencies of the Company's subsidiaries as at March 31, 2012 and for the year-ended December 31, 2011 are as follows:

- Samsul Mineracao Ltda and Parima Mineracao Ltda– Brazilian Real

These statements of financial position have been translated to the Canadian dollar in accordance with IAS 21. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at rates prevailing at the date when the fair value was determined. All gains and losses on translation of these foreign currency transactions are included in the statements of comprehensive loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The Company's presentation currency is the Canadian dollar ("$").

3. Significant Accounting Policies - *continued*

New accounting standards not yet adopted

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.

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, 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”.

3. Significant Accounting Policies - *continued*

New accounting standards not yet adopted - continued

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 pursue worth-while business opportunities and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. As the Company was 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 (deficiency). 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.

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, 2012 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 no interest-bearing debt. 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 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, 2012, the Company had a cash balance of $3,010,000 (December 31, 2011 - $3,872,000) to settle current liabilities of $238,000 (December 31, 2011 - $374,000) 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.

5. Management of Financial Risk - *continued*

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 $30,100 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. 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.

6. **Exploration and Evaluation Assets** – *continued*

The purchase consideration and price allocation are as follows:

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.

As at March 31, 2012, the exploration and evaluation assets expenditures incurred on the property to date include the following:

		Balance – December 31, 2011		Exploration additions		**Balance – March 31, 2012**
Acquisition	$	35,882	$	-	**$**	**35,882**
Amortization		14		9		**23**
Assay		320		262		**582**
Camp		99		25		**124**
Drilling		2,393		-		**2,393**
Fuel		10		2		**12**
Geophysics		34		6		**40**
License/fees/taxes		4		2		**6**
Rental/utilities		6		-		**6**
Salaries		30		5		**35**
Supplies/safety gear		29		-		**29**
Sampling		28		-		**28**
Transportation/travel		17		4		**21**
Total	**$**	38,866	$	315	**$**	**39,181**

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 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.

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)*

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.

7. Share Capital and Contributed Surplus - *continued*

Stock options - continued:

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

	Number of options	Weighted Average Exercise Price
Balance outstanding – December 31, 2010	76,667	11.36
Expired	(76,667)	11.36
Granted	9,700,000	0.40
Balance outstanding - December 31, 2011	9,700,000	$0.40
Granted	100,000	$0.45
Cancelled	(400,000)	$0.50
Balance outstanding – March 31, 2012	**9,400,000**	**$0.40**

As at March 31, 2012, the following stock options are outstanding and exercisable:

Number	Price per share	Expiry date	Options exercisable
3,800,000	$0.40	July 28, 2016	3,800,000
500,000	$0.40	October 3, 2016	500,000
5,000,000	$0.40	October 17, 2016	-
100,000	$0.45	February 9, 2017	100,000
9,400,000			**4,400,000**

The weighted average fair value per stock option granted during fiscal 2011 was $0.33 (2010 -$Nil) 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. $189,627 has been recorded as share based compensation based upon the vesting of options granted.

7. Share Capital and Contributed Surplus - *continued*

Stock options - continued:

e) During the three-month period ended March 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.

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	1.29%	1.68%
Expected life of options	5 years	2-5 years

Warrants:

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

	Number of options	Weighted Average Exercise Price
Balance – January 1, 2010 and December 31, 2010	-	-
Granted	896,659	$0.35
Balance - December 31, 2011 and March 31, 2012	**896,659**	**$0.35**

In connection with the acquisition of the Bronze Fox exploration and evaluation assets, the Company issued 896,659 share purchase warrants exercisable at $0.35 per warrant for a term of three years as a finders' fee. These warrants were valued at $222,207 using the Black-Scholes model with the following assumptions: Volatility – 120%, Risk free rate – 1.52%, Expected life of warrants – 3 years, and Expected dividend yield – 0%. *(See Note 6)*

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 December 31, 2011, 44,906,795 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, 2012 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, 2012 this amount was $45,000 (March 31, 2011 - $30,000). During fiscal 2011, this amount was $150,000.

b) During the three-month period ended March 31, 2012, the Company paid office rental fees of $3,372 (March 31, 2011 - $Nil) to Nabuco Holdings Ltd ("Nabuco"), a company with a director in common.

c) During the three-month period ended March 31, 2012, the Company paid $20,070 (March 31, 2011 - $Nil) to Origo Partners PLC, a company with directors in common, for accounting and office support services in Mongolia.

d) At March 31, 2012, the Company owed $2,000 (December 31, 2011 - $10,000) to companies with officers and directors in common for reimbursement general and administrative expenses.

Compensation of key management personnel

		March 31, 2012		March 31, 2011
Management fees, directors and audit committee fees	**$**	**112,177**	$	42,250
Share-based payments*		**-**		-
	$	**112,177**	$	42,250

** 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, 2012**		March 31, 2011
Amortization capitalized to exploration and evaluation assets	$	**9,000**	$	-

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. Property and Equipment

Net carrying costs at March 31, 2012 and December 31, 2011 are as follows:

	Computers	Exploration Equipment	Total
Cost			
Balance as at December 31, 2011	$ 5	$ 113	$ 118
Additions	-	5	5
Balance as at March 31, 2012	$ 5	$ 118	$ 123
Accumulated amortization			
Balance as at December 31, 2011	1	13	14
Additions (Amortization)	1	8	9
Balance as at March 31, 2012	$ 2	$ 21	$ 23
Net book value			
At March 31, 2012	$ 3	$ 97	$ 100
At December 31, 2011	$ 4	$ 100	$ 104

13. Subsequent Event

Subsequent to December 31, 2011:

a) The Company acquired a 100% interest in Golden Grouse LLC, 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. 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. As Golden Grouse LLC is in the exploration stage, with no established mineral reserves or mineral resources, the transaction will be reflected in the financial statements as an asset acquisition.

Kincora Copper Limited

(Formerly Brazilian Diamonds Ltd.)

(An Exploration Stage Company)

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS

Expressed in Canadian Dollars

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2012

As at May 25, 2012

Introduction

The following interim management's discussion and analysis (MD&A) of the Company has been prepared as of May 25, 2012. 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, 2012, 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 development stage 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 located in southeast Mongolia along the Oyu Tolgoi copper belt. The Bronze Fox Project is located approximately 140km to the northeast of the world-class Oyu Tolgoi copper/gold project, and is approximately 250 km from the Chinese border.

The Company's head office is located in Vancouver, Canada. 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**.

Highlights for the three-month period ended March 31, 2012

On February 9, 2012, the Company granted a total of 100,000 stock options to certain consultants at an exercise price of $0.45. The options are exercisable for a period of 5 years from the date of grant.

Highlights subsequent to the three-month period ended March 31, 2012

The Company acquired a 100% interest in Golden Grouse LLC, 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. 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. As Golden Grouse LLC is in the exploration stage, with no established mineral reserves or mineral resources, the transaction will be reflected in the financial statements as an asset acquisition.

Exploration and Evaluation Assets

Bronze Fox Project (Buyant License)

The Bronze Fox project is located on the copper-gold belt in southeast Mongolia that also hosts the world-class Oyu Tolgoi deposit and is registered with the Mongolian government authority under the license number #15000X. A government-planned rail line from Tavan Tolgoi to Sainshand, scheduled for construction in 2012, will pass 20 km from the mining site, and existing rail line is 200 km away.

History

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 acquired that 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 three high priority target license areas.

During the Company's ownership of Bronze Fox in 2010 and 2011, two drilling programs totaling over 15,000 meters of diamond and RC drilling have been undertaken. Geological mapping and extensive induced polarization surveys over the license area identified three new geophysical high anomaly areas.

Project Overview

Mineralization inside of the 22,323.34 hectare Bronze Fox exploration area has been associated with sheeted and stockwork quartz-chalcopyrite-pyrite veins and disseminated chalcopyrite-pyrite with associated gold and sometimes molybdenum. Current exploration activities have been mainly concentrated in an area of about 30 square kilometers in the west central part of the license area where there is extensive copper-gold-molybdenum mineralization. For convenience the exploration areas are divided into five zones of specific interest, named West Kasulu, Dunlop Fox, Buchanan Heights, Sophie North, and Leca Pass.

Exploration and Evaluation Assets - *continued*

Exploration Update

- In March and early April 2012, 3397 soil samples have been collected and dispatched to laboratory for assay. Estimated result returns arrive in later April to Early May.
- During early April, archaeology study over the licence area completed, with totally 41 archaeology site identified.
- Since April 2, 2011, the Company has completed 12435.0m of diamond (core) drilling within the 30 square kilometer central part of the mineral license. The Company has drilled a total of 23holes in 2011, to a maximum depth of 985 meters below the ground level, with mineralization open at depth. Since 2010, a total of 49 holes have been drilled for a total of 17835m.

The significant results include:

- In West Kasulu:
  - Hole F27 intersected some small intervals of over 1g/t of Au (up to 2.48g/t Au) and also 30-40m of copper mineralization, including 37m from 139m at an average 0.4% CuEq, with up to 3.03% Cu and 1.66g/t Au.
  - Hole F28 had over 750m of consistent copper mineralization, with Mo mineralization zones up to 0.9% Mo, and ending in a mineralization zone, including 116m from 260m with average 0.4% CuEq and up to 0.89% Cu and 0.32g/t Au. Including some small intervals with >1g/t Au (up to 1.76g/t).
  - Mineralization in hole F29 started from the surface; the hole ended in a very strong argillic alteration zone with disseminated pyrite and minor chalcopyrite which is potentially related to a porphyry mineralization system. Above 326m, a total of 209m of copper mineralization was intersected and locally up to 2.26g/t Au was encountered, including 12m from 62m with mineralization up to 0.61% Cu at average 0.4% CuEq.
  - In hole F31 at a depth of around 550m, a porphyry dyke was intersected with some porphyry xenoliths containing over 5% of chalcopyrite. Assay results received indicate this porphyry dyke contains 0.4-0.7% Cu with up to 0.63g/t of associated Au. With the highest Cu assay return over 5% Cu and highest Au of 1.45g/t at 7-10m depth, including 110m from 6m at an average of 0.4% CuEq.
  - F46: 10m from 61m at 0.5% CuEq.
  - F48: 42m from 142m at 0.5% CuEq , with up to 1.06 g/t Au and 0.72% Cu. Also, 50m from 292m at 0.4% CuEq, with up to 0.93% Cu.
  - F49: 8m from 110m at 0.7% CuEq , with up to 1.17g/t Au and 0.95% Cu.

- Six holes were drilled in the Buchanan Heights and Sophie North target areas for initial scout drill testing of a potential gold target zone. Four holes intersected hydrothermal related pyrite and arsenopyrite veins. Assay results showed 1g/t - 4.2g/t Au with associated Cu of 1.88%. Those holes include F32, F33, F34, and F36.

- At drill hole F47 in Dunlop Fox, in addition to the gold intersections announced on February 20, 2012, the assay results show there is associated copper mineralization, in particular:18m from 29m at 0.6% CuEq , including 1m at 2.07g/t Au and 1.86% Cu, 15m from 84m at 0.8% CuEq, including 1m at 8.39g/t Au

John Rickus, a director of Kincora, is the Qualified Person who prepared this information that forms the basis for the scientific and technical information contained in this MD&A.

Exploration and Evaluation Assets - *continued*

Summary diamond drilling results[1]

Hole	From	to	Interval (m)	Average Au (g/t)	Aeverage Cu(%)	CuEq(%)	Include >0.5% CuEq
F5	324.2	339.9	15.7	0.05	0.62	0.4	328-326.8, 1.2m 0.5% and 330.35-333.1, 2.75m 0.5%CuEq
F5	415.6	423.3	7.7	0.09	0.34	0.4	
F5	425	431	6	0.08	0.32	0.4	
F12	66.4	84.19	18.5	0.18	0.27	0.4	67.5-68.9, 1.4m 0.5% and 72.4-77.2, 4.8m 0.5% and 81.3-83.6, 2.3m 0.5%CuEq,
F20	186	241	55	0.23	0.24	0.4	191-222.5, 31.5m 0.5%CuEq
F21	2	32	30	0.22	0.24	0.4	9-27, 18m 0.5%CuEq
F27	139	176	37	0.15	0.29	0.4	139-160.6, 21.6m 0.5% CuEq
F27	290	296	6	0.07	0.35	0.4	
F27	426	438	12	0.43	0.08	0.4	427-436, 9m 0.5%CuEq
F28	241	249	8	0.07	0.34	0.4	
F28	260	319	59	0.05	0.26	0.4	260-265, 5m and 297-326, 29m 0.5%CuEq
F28	522	531	9	0.23	0.23	0.41	522-527m, 5m 0.51% CuEq
F28	614	643	29	0.07	0.30	0.4	614-623m, 9m 0.51% Cu Eq
F28	728	750	22	0.03	0.32	0.4	742-750m, 8m, 0.51% CuEq
F28	825	849	24	0.03	0.29	0.4	833-844, 11m 0.5%CuEq
F29	62	74	12	0.05	0.36	0.4	62-66, 4m 0.53% and 68-71m, 3m, 0.54% CuEq
F29	312	328	16	0.23	0.22	0.4	312-320, 8m 0.5%CuEq
F29	419	425	5	0.20	0.22	0.4	423-425, 2m 0.6%CuEq
F31	6	116	110	0.13	0.30	0.4	7-71, 64m 0.5% and 112-116, 4m 0.5%CuEq
F31	531	575	44	0.09	0.33	0.41	545-570, 25m 0.5%CuEq
F31	596	615	19	0.07	0.35	0.4	598-607, 9m 0.5%CuEq

Exploration and Evaluation Assets - *continued*

F31	681	686	5	0.10	0.33	0.4	
F31	765	774	9	0.08	0.35	0.41	769-774, 5m 0.5%CuEq
F33	218	231	13	0.32	0.16	0.41	218-228, 10m, 0.53% CuEq, at 226-227m, 1m, 5.02% CuEq
F33	297	302	5	0.39	0.11	0.4	299-302, 3m 0.72%CuEq
F34	12	25	13	0.51	0.02	0.4	13-22, 9m 0.5%CuEq
F36	388	394	6	0.56	0.02	0.44	388-393, 5m 0.5%CuEq
F39	654	659	5	0.01	0.37	0.4	
F40	336	341	5	0.42	0.12	0.44	336-340, 4m 0.53%CuEq
F41	419	425	6	0.03	0.37	0.4	419-423, 4m 0.5%CuEq, up to 1.6% CuEq
F42	111	116	5	0.05	0.33	0.41	
F42	627	637	10	0.05	0.37	0.41	631-637, 6m 0.5%CuEq
F44	12	17	5	0.03	0.31	0.42	12-15, 3m 0.5%CuEq
F46	56	71	15	0.20	0.25	0.4	62-71, 9m 0.5%CuEq
F47	19	48	29	0.17	0.27	0.4	28-48, 20m 0.52%CuEq, up to 3.41% CuEq
F47	84	121	37	0.32	0.16	0.4	84-111, 27m 0.5% CuEq
F47	302	309	7	0.18	0.25	0.42	302-307, 5m 0.5%CuEq
F47	318	323	5	0.18		0.42	318-319m, 1m, 0.54%CuEq
F47	366	374	8	0.47	0.14	0.4	367-373, 6m 0.5%CuEq
F48	142	202	60	0.12	0.31	0.4	143-175, 32m 0.5%CuEq
F48	261	268	7			0.4	264-266, 2m 0.5%CuEq
F48	292	342	50	0.11	0.29	0.4	292-298, 7m 0.5% and 323-339, 16m 0.5%CuEq
F49	110	125	15	0.21	0.25	0.4	110-121, 11m, 0.5% CuEq

CuEq calculation include Cu, Au, Mo.

Notes:

1. Quality assurance: All of the core samples were assayed by Actlabs, an internationally recognized laboratory. (http://www.actlabs.com/page.aspx?menu=60&app=206&cat1=495&tp=2&lk=no).
   All the samples were assayed with 50 gram fire assay for Au, and ICP assay for Cu, Mo, Ag, Zn, etc covering a total of 36 elements. Au fire assays were done by Actlabs in Ulaanbaatar and ICP assays were done at Actlabs in Canada. 5% of standards, 3% of blanks, and 1% of duplicates were used for assay quality control. The Company has a formal sample analysis service contract with Actlabs for the 2011 drill holes. For the 2010 drill holes, the core samples were assayed at the SGS Mongolian laboratory. Whilst no standards were used, barren core samples were used as blanks. For the earlier BFD drill holes Kincora does not have any record of the QA/QC procedures.
2. BFD denominated holes were drilled by Ivanhoe Mines, F holes drilled by Kincora
3. 0.95% Mo within 305.5m to 306m
4. Results only partially received from the laboratories
5. D: Diamond hole; RC: RC hole

KINCORA COPPER

Results of Operations

Three-Month Period Ended March 31, 2012

The Company's loss for the three-month period ended March 31, 2012 (the "Current Period") was $792,000 or $0.01 per share as compared with a loss of $116,000 or $0.01 per share for the three-month period ended March 31, 2011 (the "Comparative Period").

General and administrative expenses were $656,000 higher in the Current Period at $803,000 compared with $147,000 in the Comparative Period. This difference was mainly due to increases in share-based compensation costs ($307,000 versus $Nil) due to the granting of incentive stock options to officers, directors and consultants, increased corporate administrative services ($95,000 versus $3,000) due to the acquisition of Mongolian subsidiaries and incurring administrative costs with the newly acquired companies, increases in legal fees ($82,000 versus $39,000) due to the acquisition of the Golden Grouse project (closed subsequent to period end) and the related legal and securities filings required, higher travel costs ($38,000 versus $7,000) due to trips to Mongolia and Beijing in preparation of the share purchase agreement for the Bronze Fox project acquired in 2011, higher investor relations fees ($31,000 versus $4,000) due to engagement of investor relations consultants and increased promotion of the Company at trade shows and conferences, higher directors and audit committee fees ($37,000 versus $14,000) due to additions to the board of directors and audit committee members of the Company, higher office costs ($72,000 versus $27,000) due to winding down of the Company's operations in Brazil, and increased salary costs ($77,000 versus $30,000) due to the hiring of a new President and Chief Executive Officer for the Company.

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.

	March 31, 2012	December 31, 2011	September 30, 2011	June 30, 2011	March 31, 2011	December 31, 2010	September 31, 2010	June 30, 2010
In thousands $								
Financial results								
Net loss for period	792	2,779	1,951	238	116	516	343	791
Basic and diluted loss per share	0.01	0.00	0.02	0.02	0.01	0.08	0.05	0.12
Exploration expenditures	315	1,262	1,722	-	-	-	-	-
Statement of Financial Position								
Cash and cash equivalents	3,010	3,896	6,247	915	213	167	304	101
Exploration and evaluation assets	39,181	38,866	37,408	-	-	-	-	-
Total assets	42,379	43,000	43,826	1,063	266	204	776	1,327
Shareholders' equity (deficiency)	42,141	42,626	42,792	688	(906)	(788)	(390)	(47)

Liquidity and Capital Resources

As of March 31, 2012 the Company had $3,010,000 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 and should the Company wish to continue fieldwork on its exploration projects in 2011, further financing will be required and the Company will likely have to go to the market to achieve this. 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 growth strategy.

At March 31, 2012, the Company had working capital of $2,860,000. During the three-month period ended March 31, 2012, the Company used cash of $551,000 in operating activities and had investing activities of $$315,000 which was used for exploration expenditures on the Company's Bronze Fox property. The Company had no financing activity during the three-month period ended March 31, 2012.

Liquidity Outlook

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

Management believes that the Company will likely need external financings for the following year in order to fund further exploration. 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, 2012 this amount was $45,000 (March 31, 2011 - $30,000). During fiscal 2011, this amount was $150,000.

b) During the three-month period ended March 31, 2012, the Company paid office rental fees of $3,372 (March 31, 2011 - $Nil) to Nabuco Holdings Ltd ("Nabuco"), a company with a director in common.

c) During the three-month period ended March 31, 2012, the Company paid $20,070 (March 31, 2011 - $Nil) to Origo Partners PLC, a company with directors in common, for accounting and office support services in Mongolia.

d) At March 31, 2012, the Company owed $2,000 (December 31, 2011 - $10,000) to companies with officers and directors in common for reimbursement general and administrative expenses.

Compensation of key management personnel

		March 31, 2012		March 31, 2011
Management fees, directors and audit committee fees	**$**	**112,177**	$	42,250
Share-based payments*		**-**		-
	$	**112,177**	$	42,250

** 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 25, 2012.

	Price	Expiry date	Number of common shares
Common shares, issued and outstanding			158,331,832
Securities convertible into common shares			
Warrants	$0.35	July 15, 2014	896,659
Stock options	$0.40	July 28, 2016	3,800,000
	$0.40	October 3, 2016	500,000
	$0.40	October 17, 2016	5,000,000
	$0.45	February 9, 2017	100,000
			168,628,491

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.

Going Concern

During the 2010 fiscal year, the Company disposed of all significant Kincora net assets including Kincora’s interests in the Coromandel and Serra da Canastra properties. These transactions resulted in the disposition of all mineral property interests and related assets and signifies Kincora’s exit from Brazil.

The financial statements for the year ended March 31, 2012, 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, 2012, the Company has an accumulated deficit of $103,129,000 and has working capital of $2,860,000. During the year ended December 31, 2011, the Company issued 51,327,580 shares by way of two private placements at $0.10 and $0.35, per share for total proceeds of $13,800,673. 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.

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

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.

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".

New Standards Not Yet Adopted - *continued*

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, 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.

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.

Financial and Other Instruments - *continued*

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.

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.

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 income statement.

Other financial liabilities: This category includes promissory notes, amounts due to related parties 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 fair values of the Company's cash and cash equivalents constitute a Level 1 fair value measurement. The fair value of the Company's receivables, due to/from related parties, and accounts payable and accrued liabilities approximate the carrying value due to their short-term nature.

Financial and Other Instruments - *continued*

Interest rate risk

The Company has non-material exposure at March 31, 2012 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 no interest-bearing debt. 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.

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, 2012, the Company had a cash balance of $3,010,000 (December 31, 2011 - $3,872,000) to settle current liabilities of $238,000 (December 31, 2011 - $374,000) Further information relating to liquidity risk is disclosed in Note 1 to the interim condensed consolidated financial statements.

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 $30,100 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 has no history of profitable operations and its present business is at an early stage. As such, the Company is subject to many risks common to such enterprises, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations.

The Company has no source of operating cash flow and no assurance that additional funding will be available to it for further exploration and development of its projects when required. Although the Company has been successful in the past in obtaining financing through the sale of equity securities or joint ventures, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of its properties.

The Company's property interests are located in remote, undeveloped areas and the availability of infrastructure such as surface access, skilled labour, fuel and power at an economic cost, cannot be assured. These are integral requirements for exploration, development and production facilities on mineral properties. Power may need to be generated on site. Resource acquisition, exploration, development, and operation is a highly speculative business that involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of precious metals and other minerals may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Significant expenses may be required to locate and establish economically viable mineral deposits, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the acquisition, exploration or development programs planned by the Company will result in a profitable commercial mining operation. The potential for any project to eventually become an economically viable operation depends on numerous factors including: the quantity and quality of the minerals discovered if any, the proximity to infrastructure, metal and mineral prices (which vary considerably over time) and government regulations. The exact effect these factors can have on any given exploration property cannot accurately be predicted but the effect can be materially adverse.

Risks and Uncertainties - *continued*

The mineral industry is intensely competitive in all its phases. The Company competes with many other mineral exploration companies who have greater financial resources and technical capacity. The market price of precious metals and other minerals is volatile and cannot be controlled.

The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company. The Company's directors and officers serve as directors or officers, or may be associated with other reporting companies or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the transaction.

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, 2012. 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 GAAP.

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.