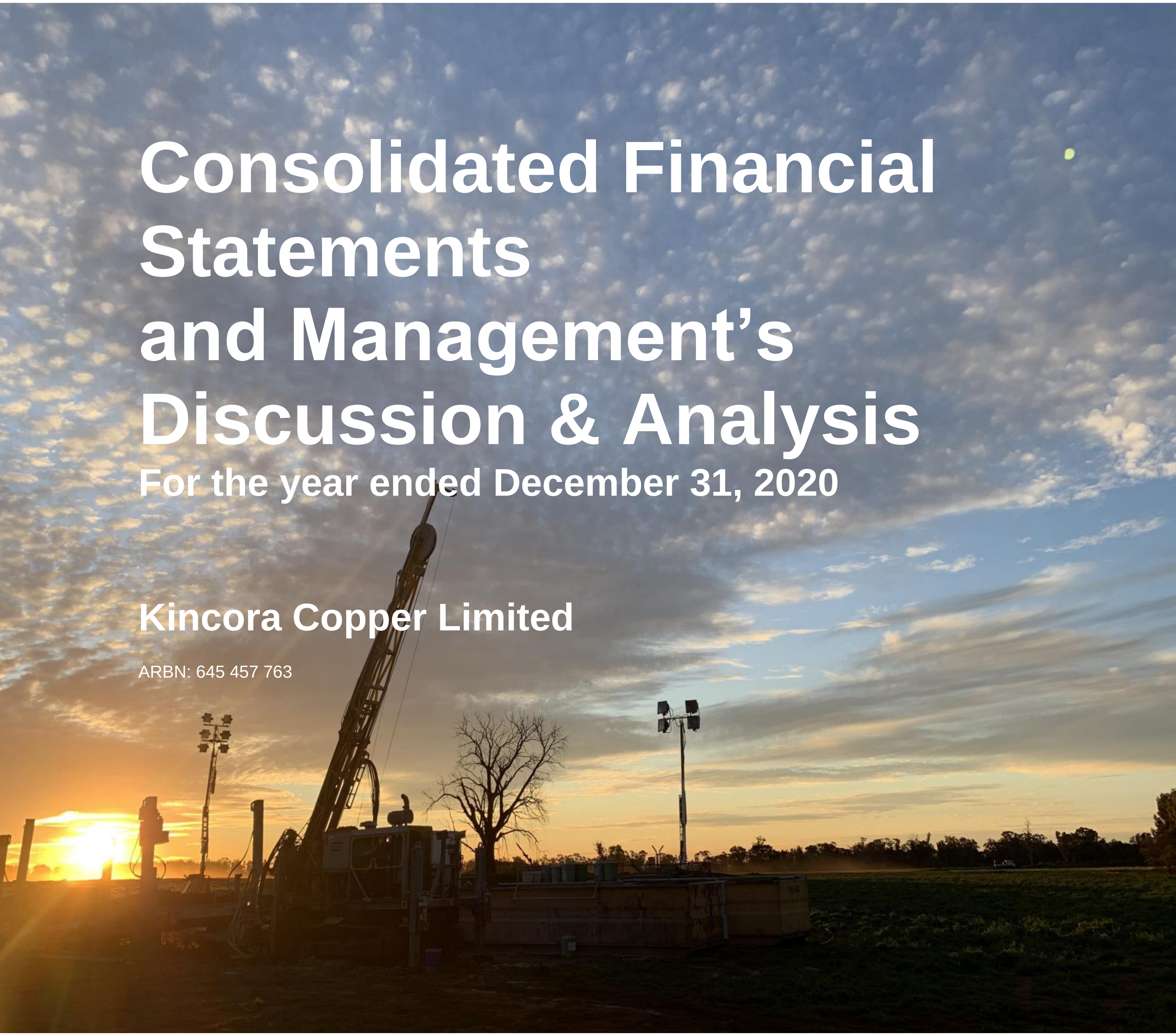
Consolidated Financial Statements and Management's Discussion & Analysis

For the year ended December 31, 2020

Kincora Copper Limited

ARBN: 645 457 763



March 29, 2021

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Kincora Copper Limited

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

Expressed in Canadian Dollars

For the years ended December 31, 2020 and 2019

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Kincora Copper Limited:

Opinion

We have audited the consolidated financial statements of Kincora Copper Limited (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of loss and comprehensive loss, cash flows and changes in shareholders' equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters, that in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the Matter was Addressed in the Audit
Carrying Value of exploration and evaluation assets As disclosed in Note 6 as at December 31, 2020, the Company held capitalized exploration and evaluation expenditure assets of $23,634,000. The carrying value of exploration and evaluation expenditure is assessed for impairment by the Company when facts and circumstance indicate that the exploration and evaluation expenditure may exceed its recoverable amount.	Our procedures included, but were not limited to, the following: • We obtained an understanding of the key process associated with management's review of the exploration and evaluation assets; • We reviewed purchase agreements associated with the new asset acquired in Australia during the year and tested a sample of exploration expenditures incurred in Australia and Mongolia;

During the year ended December 31, 2020, the Company recognized an impairment charge of $30,667,000 in relation to the relinquishment of a portion of its Mongolian assets. The Company determined that there had been no indicators of impairment on its Australian assets. We considered this a key audit matter because the determination as to whether there are any indicators of impairment involves a number of judgments including whether the Company has tenure, intends to perform ongoing exploration and evaluation activity and whether there is sufficient information for a decision to be made that the area of interest is not commercially viable.	• We tested the Company's right to explore, which included performing title searches and obtaining confirmations; • We evaluated the Company's intention to carry out significant exploration and evaluation activities; • We recalculated the impairment charge based on management's determination of areas of interest that had been relinquished and • We assessed the adequacy of the disclosure included in the financial report.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Cherry Ho.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

March 29, 2021

Kincora Copper Limited

(An Exploration Stage Company)

Consolidated Statements of Financial Position

As at

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

		December 31, 2020		December 31, 2019
ASSETS				
Current				
Cash and cash equivalents	**$**	**4,461**	$	2,903
Receivables, prepaids and deposits (Note 7)		**344**		786
		4,805		3,689
Equipment (Note 11)		**92**		163
Exploration and evaluation assets (Note 6)		**23,634**		50,439
	$	**28,531**	$	54,291
LIABILITIES				
Current				
Accounts payable (Note 7 and 9)	**$**	**765**	$	799
Accrued liabilities		**67**		25
		832		824
SHAREHOLDERS' EQUITY				
Share capital (Note 7)		**178,484**		172,402
Share-based payment reserve (Note 7)		**10,847**		10,667
Obligation to issue shares (Note 7)		**201**		-
Deficit		**(161,833)**		(129,602)
		27,699		53,467
	$	**28,531**	$	54,291

Nature of Operations and Going Concern (Note 1)
Contingencies (Note 12)
Subsequent Events (Note 14)

Approved and authorized by the Board of Directors on March 29, 2021

"Ray Nadarajah"	*"Sam Spring"*
Ray Nadarajah	Sam Spring
Director	Director

Kincora Copper Limited

Statement 2

(An Exploration Stage Company)

Consolidated Statements of Loss and Comprehensive Loss

For the years ended December 31,

(Figures in tables are expressed in thousands of Canadian dollars, except per share amounts)

		2020		2019
Expenses				
Consultants (Note 9)	**$**	**214**	$	144
Consultants – Geologists (Note 9)		**121**		58
Consultants – Technical		**75**		87
Corporate administrative and office services		**225**		282
Directors and audit committee fees (Note 9)		**244**		244
Exploration costs		**-**		24
Foreign exchange loss (gain)		**65**		(30)
Insurance		**26**		14
Investor relations		**148**		154
Legal and accounting		**207**		216
Management fees (Note 9)		**345**		549
Share-based compensation (Notes 7 and 9)		**242**		318
Transfer agent and filing fees		**69**		50
Travel		**44**		65
		(2,025)		(2,175)
Other items				
Gain on settlement of debt (Note 7)		**45**		36
Write off of accounts payable		**416**		-
Loss on impairment of exploration and evaluation assets (Note 6)		**(30,667)**		(2,817)
Loss and comprehensive loss for the year	**$**	**(32,231)**	$	(4,956)
Loss per share – basic and diluted	**$**	**(0.57)**	$	(0.14)
Weighted average number of common shares outstanding (*000's*)		**56,114**		34,727

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

Kincora Copper Limited

(An Exploration Stage Company)

Consolidated Statements of Cash Flows

For the years ended December 31,

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

Cash provided by (used in):		**2020**		2019
Operating activities				
Loss for the year:	**$**	**(32,231)**	$	(4,956)
Items not affected by cash:				
Gain on settlement of debt		**(45)**		(36)
Obligation to issue shares		**201**		-
Share-based compensation		**242**		318
Impairment of exploration and evaluation assets		**30,667**		2,817
Write off of accounts payable		**(416)**		-
Issuance of bonus shares		**85**		124
Changes in non-cash working capital items:				
Receivables, prepaids and deposits		**492**		(674)
Accounts payable and accrued liabilities		**613**		314
Net cash used in operating activities		**(392)**		(2,093)
Investing activities				
Acquisition of equipment		**(58)**		(172)
Exploration and evaluation asset expenditures		**(3,135)**		(1,850)
Net cash used in investing activities		**(3,193)**		(2,022)
Financing activity				
Proceeds from private placement, net issue costs		**5,143**		6,081
Net cash provided by financing activity		**5,143**		6,081
Change in cash and cash equivalents		**1,558**		1,966
Cash and cash equivalents – beginning of year		**2,903**		937
Cash and cash equivalents – end of year	**$**	**4,461**	$	2,903

Supplemental Disclosure of Cash Flow Information (Note 10)

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

Kincora Copper Limited

(An Exploration Stage Company)

Consolidated Statements of Changes in Shareholders' Equity

For the years ended December 31, 2020 and 2019

(Figures in tables are expressed in thousands of Canadian dollars, except number of share amounts)

	Share capital (Number of shares*)	Share capital $	Obligation to issue shares $	Share-based payment reserve $	Deficit $	Total $
Balance, December 31, 2018	23,363,655	166,464	-	9,892	(124,646)	51,710
Shares issued for private placement, net	20,838,321	5,624	-	457	-	6,081
Shares issued for settlement of debt	606,124	190	-	-	-	190
Bonus shares issued	345,792	124	-	-	-	124
Share-based compensation	-	-	-	318	-	318
Loss for the year	-	-	-	-	(4,956)	(4,956)
Balance, December 31, 2019	**45,153,892**	**172,402**	**-**	**10,667**	**(129,602)**	**53,467**
Shares issued for private placement, net	17,763,962	5,143	-	-	-	5,143
Shares issued for exploration and evaluation assets	4,983,333	598	-	-	-	598
Shares issued for debt and services	827,824	144	-	-	-	144
Bonus shares issued	657,933	197	-	-	-	197
Shares for services to be issued	-	-	201	-	-	201
Share-based compensation	-	-	-	180	-	180
Loss for the year	-	-	-	-	(32,231)	(32,231)
Balance, December 31, 2020	**69,386,944**	**178,484**	**201**	**10,847**	**(161,833)**	**27,699**

*The share numbers have been adjusted to reflect a consolidation of the Company's share capital on a 3:1 basis effective January 8, 2021 (Note 7).

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

1. Nature of Operations and Going Concern

Kincora Copper Limited ("the Company" or "Kincora") was incorporated in British Columbia on September 24, 1983. The Company is engaged in the acquisition and exploration of exploration and evaluation assets. The Company's shares are listed on the TSX-Venture Exchange ("TSXV").

The head office of the Company is located at Suite #400 - 837 West Hastings Street, Vancouver, British Columbia V6C 3N6 and the registered address and records office is located at 25th Floor, 700 West Georgia Street, Vancouver, British Columbia, V7Y 1D3.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. 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 December 31, 2020, the Company has an accumulated deficit of $161,833,000, a net loss for the year ended December 31, 2020 of $32,231,000, has working capital of $3,973,000 and a cash balance of $4,461,000. During the year, the Company closed a non-brokered private placement with total proceeds of $5,329,194. If the going concern assumption was not appropriate for these consolidated financial statements, adjustments would be necessary to the carrying values of assets, liabilities, reported income and expenses and the statement of financial position classifications used. Such adjustments could be material.

Kincora on a daily basis since late January 2020 has been closely monitoring the development of the novel coronavirus (COVID-19) and its spread globally. Preventative measures have been taken to modify how it conducts its business, to protect staff, contractors and the communities where it operates. These measures include international and domestic travel restrictions, remote work and supplemental health care, particularly for its Ulaanbaatar based staff and for the drilling program commenced at the Trundle project in Central West New South Wales ("NSW"), Australia. Health and safety considerations, and appropriate risk assessments, continue to dictate various project generation functions, exploration and marketing activities. In Mongolia, Canada and Australia, the Company will continue to pay close attention to the rapidly changing landscapes it faces and the measures mandated by the National and State provincial governments. While the extend of the impact is unknown, the Company anticipates this outbreak might increase the difficulty in capital raising which may negatively impact the Company's business and financial condition.

2. Basis of Preparation

Statement of Compliance

These 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 consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The significant

2. Basis of Preparation – *continued*

Statement of Compliance – continued

accounting policies, as disclosed, have been applied consistently to all periods presented in these consolidated financial statements.

Critical Accounting Estimates

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported expenses during the year. 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:

- The carrying value and the recoverability of exploration and evaluation assets, which are included in the statements of financial position based on capitalized acquisition and expenditure costs, facing review for impairment based on factors including the planned exploration budgets and activities, commodity prices, drill results of exploration programs, and strategic direction of the Company;
- The inputs used in accounting for share-based compensation expense included in profit or loss calculated using the Black-Scholes Option Pricing Model;
- 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; and
- 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 consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries: Kincora Group Ltd ("KGL"), Nadmin IBEX LLC ("Nadmin"), Golden Grouse IBEX LLC ("Golden Grouse"), BSG Investments Inc. ("BSGII"), Game Creek Company Limited ("Game Creek"), Samsul Mineração Ltda. ("Samsul") and Kincora Copper Australia Pty Ltd. Inter-company balances and transactions are eliminated on consolidation. BSGII, Game Creek and KGL are British Virgin Island incorporated companies. Nadmin and Golden Grouse are incorporated in Mongolia. Samsul is incorporated in Brazil. Kincora Copper Australia Pty Ltd was incorporated in Australia in 2019.

3. Significant Accounting Policies – *continued*

b) 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 share-based payment reserve 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 share-based payment reserve. 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.

c) Cash and cash equivalents

Cash equivalents consist of highly liquid investments that are readily convertible into cash with maturities of three-months or less when purchased.

d) Exploration and evaluation assets

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are tested for impairment if facts or circumstances indicate that impairment exists. Examples of such facts and circumstances are as follows:

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

3. Significant Accounting Policies – *continued*

d) Exploration and evaluation assets – *continued*

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

e) Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. In calculating the diluted loss per share, the weighted average number of common shares outstanding assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. For the periods presented, this calculation proved to be anti-dilutive.

f) Equipment

Equipment is carried at cost less amortization and amounts written-off. The assets residual value, amortization 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 Years - Straight-line
Computers	10 Years - Straight-line

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 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; nor 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

3. Significant Accounting Policies – *continued*

g) Income taxes – *continued*

taxable profits will be available against which the asset can be utilized. 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) 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 December 31, 2020 and 2019 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 Company's presentation currency is the Canadian dollar ("$").

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.

i) 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 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. At December 31 2020 and 2019, the Company had no provisions for environmental rehabilitation.

3. Significant Accounting Policies – *continued*

j) Impairment of assets

The carrying amount of the Company's long-lived assets (which includes equipment and exploration and evaluation assets) is periodically reviewed, including following the reduction in any mineral tenure rights and at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

The recoverable amount is the greater of an asset's fair value, less cost to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows, largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

k) Financial Instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

Financial assets/liabilities	**Classification**
Cash and cash equivalents	Amortized cost
Receivables	Amortized cost
Accounts payable	Amortized cost

3. Significant Accounting Policies – *continued*

k) Financial Instruments – *continued*

Measurement

Financial assets at FVTOCI
Elected investments in equity investments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transactions costs expensed in the statements of comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are recorded in the statements of loss and comprehensive loss in the period in which they arise.

Fair value measurement disclosure includes classification of financial instrument 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 and accounts payable approximate the carrying value due to their short-term nature.

Impairment of financial assets at amortized cost

The Company recognized a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset's credit risk has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

3. Significant Accounting Policies – *continued*

k) Financial Instruments – *continued*

Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of comprehensive loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Financial liabilities
The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of loss and comprehensive loss.

l) Leases

As at the commencement date of a lease, the Company recognizes a lease liability and an asset representing the right to use the underlying asset during the lease term (i.e. the "right-of-use" asset) unless the underlying asset has a low value or the lease term is twelve months or less, which are expensed in the period incurred. At this date, the right-of-use asset is measured at cost, which includes the initial amount of the lease liability, adjusted for any lease payments made at or before the commencement date, any initial direct costs incurred and also includes an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset. The right-of-use asset is then depreciated using the straight-line method from the lease commencement date to the earlier of the end of the lease term or the end of the useful life of the asset. The right-of-use asset may also be reduced for any impairment losses, if any.

At the lease commencement date, the lease liability is measured at the present value of the future lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate, which is the rate the Company would pay for similar assets at similar locations over a similar term. The lease liability is measured at amortized cost using the effective interest method.

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 commence the development of its exploration and evaluation assets and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. As the Company is in the exploration stage, its principal source of funds is from the issuance of common shares. Further information relating to liquidity risk is disclosed in Note 5. In the management of capital, the Company includes the components of shareholders' equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, enter into joint venture property arrangements, acquire or dispose of assets or adjust the amount of cash and cash equivalents. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors. The Company's investment policy is to invest its cash in highly liquid short-term interest-bearing investments with maturities of three months or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations. The Company is uncertain as to whether its current capital resources will be sufficient to carry its exploration plans and operations through its current operating period and, accordingly, management is reviewing the timing and scope of current exploration plans and is also pursuing other financing alternatives to fund the Company's operations. There were no changes in the Company's approach to capital management during the period. The Company is not subject to any externally imposed capital requirements.

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

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is periodically exposed to interest rate risk on its cash equivalents as these instruments are exposed to interest rate fluctuations on renewal. Management has assessed this risk as low.

Currency risk

Currency risk is the risk that the fair values of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company's operations are focused on Australia and Mongolia, where many exploration and administrative expenses are incurred in the Australian Dollar, Mongolian Tugrik and the US Dollar. The Company's ability to advance funds to Australia is subject to the valuation of the Australian dollar, and the ability to advance funds to Mongolia is subject to changes in the valuation of the Tugrik and the US dollar as well as rules and regulations of the Mongolian government. Fluctuations in the value of the Australian Dollar, Tugrik and the US dollar may have positive and/or adverse effect on the operations and operating costs of the Company. Management seeks to limit foreign current risk, primarily seeking to retain funds in Canada wiring funds as and when needed to foreign subsidiaries to met operating expenditures, and believes this risk to be minimal.

5. Management of Financial Risk – *continued*

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with major banks in Canada, Australia and Mongolia. As most of the Company's cash is held by two banks there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company has secondary exposure to credit risk on its receivables. This risk is minimal as receivables consist primarily of refundable goods and services taxes.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. 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 December 31, 2020, the Company had a cash balance of $4,461,000 (2019 - $2,903,000) to settle current liabilities of $832,000 (2019 - $824,000). During the year, the Company closed a non-brokered private placement with total proceeds of $5,329,194 (Note 7). Subsequent to period end, on March 26, 2021, the ASX announced that Kincora was admitted to the official list of ASX Limited with official quotation of Kincora's CDI's to commence on March 30, 2021, following the Company having raised A$10 million pursuant to its prospectus dated March 1, 2021, by the issue of 50 million shares (settled on the ASX in the form of CDIs).

Historically, the Company's sole source of funding has been the issuance of equity and debt financing. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant financing. Liquidity risk is assessed as high.

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.

Fraud risk

Fraud risk is the vulnerability that the Company faces from entities capable of intentional misconduct because of pressure, opportunity and rationalization. Fraud risk comes from sources both internal and external to the Company. The Company closely monitors its operations to determine the appropriate course of action to be taken.

6. Exploration and Evaluation Assets

For the year ended December 31, 2020 (000's)

		Bronze Fox		Golden Grouse		Macquarie Arc		Total
Acquisition costs								
Acquisition & maintenance	$	-	$	-	$	773	$	**773**
Total current acquisition costs	$	-	$	-	$	773	$	**773**
Exploration costs								
Amortization	$	84	$	45	$	-	$	**129**
Assaying		-		-		134		**134**
Camp		1		5		143		**149**
Drilling		-		-		1,089		**1,089**
Fuel		-		-		104		**104**
Geological/geophysics		-		-		20		**20**
License/fees/taxes		1		2		5		**8**
Rental/utilities		2		15		167		**184**
Salaries/labor		48		125		667		**840**
Sampling		240		-		-		**240**
Supplies/safety gear		-		-		109		**109**
Transportation/travel		1		9		73		**83**
Total current exploration costs	$	377	$	201	$	2,511	$	**3,089**
Total costs incurred during the year	$	377	$	201	$	3,284	$	**3,862**
Balance, opening		49,291		1,148		-		**50,439**
Impairment		(30,455)		(212)		-		**(30,667)**
Balance, ending	$	19,213	$	1,137	$	3,284	$	**23,634**
Cumulative costs:								
Acquisition	$	36,624	$	1,094	$	773	$	**38,491**
Exploration		13,044		3,440		2,511		**18,995**
Impairment		(30,455)		(3,397)		-		**(33,852)**
	$	19,213	$	1,137	$	3,284	$	**23,634**

6. Exploration and Evaluation Assets – *continued*

For the year ended December 31, 2019 (000's)

	Bronze Fox	Golden Grouse	Badrakh	Total
Acquisition costs				
Acquisition & maintenance	$ -	$ -	$ -	$ **-**
Total current acquisition costs	$ -	$ -	$ -	$ **-**
Exploration costs				
Amortization	$ 121	$ 97	$ 2	$ **220**
Assaying	28	26	7	**61**
Camp	35	41	7	**83**
Drilling	321	562	204	**1,087**
Fuel	-	10	7	**17**
Geological/geophysics	1	-	-	**1**
License/fees/taxes	-	13	-	**13**
Rental/utilities	4	42	9	**55**
Salaries/labor	108	239	44	**391**
Sampling	85	-	-	**85**
Supplies/safety gear	7	13	9	**29**
Transportation/travel	6	17	5	**28**
Total current exploration costs	$ 716	$ 1,060	$ 294	$ **2,070**
Total costs incurred during the year	$ 716	$ 1,060	$ 294	$ **2,070**
Balance, opening	48,575	2,611	-	**51,186**
Impairment	-	(2,523)	(294)	**(2,817)**
Balance, ending	$ 49,291	$ 1,148	$ -	$ **50,439**
Cumulative costs:				
Acquisition	$ 36,624	$ 1,094	$ -	$ **37,718**
Exploration	12,667	3,239	294	**16,200**
Impairment	-	(3,185)	(294)	**(3,479)**
	$ 49,291	$ 1,148	$ -	$ **50,439**

Exploration and evaluation assets – Mongolia – Bronze Fox

The Company acquired a 100% interest in the shares of KGL in consideration for $35,882,000 in cash, common shares and warrants. KGL holds title to the Bronze Fox copper/gold project in Mongolia.

Following the issuance of the Bronze Fox mining license approximately 85% of the eastern Bronze Fox license was relinquished as part of the conversion of the exploration to mining license. Following a detailed review of historical acquisition and expenditure relating to the eastern Bronze Fox license an impairment has been undertaken to reflect:

- the pro-rata amount of the capitalised acquisition costs for the eastern license; and,
- for the capitalised specific exploration costs for activities undertaken on ground no longer retained

The review has resulted in a write down of $29,713,000 relating to the area that has been relinquished.

6. Exploration and Evaluation Assets – *continued*

Exploration and evaluation assets – Mongolia – Bronze Fox - continued

Such a methodology is consistent with the Company's standard review process as per the prior ground held and relinquished in Mongolia.

During the year ended December 31, 2020, the Company recorded total impairment loss of $30,455,000 relating to the write-off of exploration license, which includes $742,000 write-off of IBEX acquisition cost.

Exploration and evaluation assets – Mongolia – Golden Grouse

On April 18, 2012, the Company acquired a 100% interest in Golden Grouse from the optionor, Temujin Mining Corp. ("Temujin"), which held two mineral exploration licenses adjoining the Company's Bronze Fox project in Mongolia.

On October 28, 2016, the Company obtained seven mineral exploration licenses and two new license applications in mergers with IBEX Land Mongolia LLC ("IBEX Land") and IBEX Mongolia LLC ("IBEX"). The fair value in excess of the net assets of IBEX Land and IBEX was allocated to Bronze Fox ($742,000) and Golden Grouse ($1,094,000). The Company retains the full regional exploration dataset across the IBEX portfolio and various infrastructure associated with the merger, including the White Pearl camp in the Southern Gobi, but as of December 31, 2019, all of the mineral exploration licenses associated with the IBEX transaction that are no longer being explored by the Company have been written down for a total of $3,185,000.

During the year ended December 31, 2020, the Company recorded an impairment loss of $212,000 relating to the write-off of exploration license.

Exploration and evaluation assets – Mongolia – Badrakh

On November 11, 2019, the Company entered an agreement with Temuulen Orshikh LLC ("Temuulen"), a privately held Mongolian company that owns 100% of the Badrakh project that provided a staged pathway to earn up to 80% shareholding interest in the project. Following drilling three drill holes, the receipt of all exploration results and technical review, the Company notified Temuulen that it will not further pursue the project, and wrote off all its capitalized exploration costs of $294,000.

Exploration and evaluation assets – Australia – Nyngan and Nevertire

On November 21, 2019, the Company has been granted new exploration licence covering 762 km^2 named the Nyngan project located in the Lachlan fold belt (LFB), central NSW, Australia. On January 6, 2020, the Company's license application for its Nyngan project was formally approved, and the Company was granted with exploration license EL8929.

On January 30, 2020, an application for a second large new exploration licence was made directly to the NSW state for the Nevertire project, covering 382 km^2. On April 14, 2020, the Company was successfully granted a new exploration licence (EL8960) for the Nevertire project.

6. Exploration and Evaluation Assets – *continued*

Exploration and evaluation assets – Australia – Macquarie Arc

On January 30, 2020, the Company entered into a binding memorandum of understanding (MoU) and made a non-refundable option payment of $25,000 to RareX Limited ("RareX") providing the exclusive right to acquire a 65% interest in six mineral leases and five projects covering 587km2 in the LFB.

On March 19, 2020, the Company announced it had completed definitive agreements with RareX. The key commercial terms being:

- Issuing 4,983,333 common shares of the Company upon closing, subject to a voluntary 12-month lockup, resulting in RareX becoming a 9.9% shareholder (issued on March 27, 2020) (Note 7);
- Payment of $150,000 in cash to RareX upon closing as follows:
    - $100,000 in cash consideration (paid on March 30, 2020); and,
    - $50,000 in cash as reimbursement to RareX for outstanding holding costs and licence renewals (paid on March 30, 2020).
- The Company acquiring a 65% interest in the respective licences, becoming operator and sole financer of all further exploration until a positive scoping study or preliminary economic assessment (PEA). Upon completion of the PEA, the Company and RareX will form a joint venture with standard funding and dilution requirements and right of first refusal on transfers;
- The Company is committed to maintain the full licence portfolio in good standing for a period of 12 months and RareX shall have the right to retain a 100% ownership in any licence that the Company may elect to drop or to not renew, for no consideration;
- The Company obtained the approval from the TSXV on February 19, 2020.

7. Share Capital

Authorized share capital: Unlimited Common shares without par value.

The Company consolidated its capital on the basis of three existing shares for one new share effective January 8, 2021. All shares figures and references have been retroactively adjusted to reflect the share consolidation.

Share issuances:

a) On January 9, 2019, the Company issued 187,093 shares with a fair value of $61,742 to certain directors, officers and service providers on account of services rendered to the Company in the amount of $87,000, resulting in a gain on debt settlement of $25,258.

b) On February 20, 2019, the Company issued 262,497 shares to certain directors, officers and service providers on account of services of $94,500.

c) On June 11, 2019, the Company closed a private placement ("Offering") for gross proceeds of $6,251,500 through the issuance of 20,838,321 units at a price of $0.30 per unit. Each unit is composed of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one additional common share at an exercise price of $0.75 per warrant share for a period of two years from the date of closing of the private placement. The Company paid finders' fees of $170,374 in connection with this private placement.

7. Share Capital– *continued*

Share issuances: – continued

The Company announced New Prospect Capital Management ("*New Prospect*"), on behalf of a special purpose managed vehicle, Century Development Ltd. ("*Century*"), via the placement became the Company's second largest shareholder. New Prospect secured an approximate 12% stake in the Company and has the right to a board seat.

The TSXV also required that the subscription for 5,333,333 units by Century to be closed in trust pending clearance of a PIF submitted by a designated representative of Century. This condition was the result of Century becoming an "*insider*" of the Company (as defined under TSXV policies) on closing of the Offering. Prior to year end, the units were released to Century.

Included in receivables, prepaids and deposits as at December 31, 2019 was a receivable of $601,111 due from the trust account of a former legal counsel of the Company. The amount was held in conjunction with the private placement and was received during the year ended December 31, 2020 by the Company. The Company recorded gain on debt settlement of $45,180 relating to payables forgiven by the Company's former legal counsel.

d) On August 7, 2019, following shareholder approvals at the September 2019 annual general meeting, the Company issued 345,792 bonus shares to the Company's president and CEO in consideration of services rendered over 24 months in the amount of $124,485.

e) On October 29, 2019, the Company issued 156,534 shares with a fair value of $32,872 to service providers on account of services rendered to the Company in the amount of $43,500, resulting in a gain on debt settlement of $10,628.

f) On March 27, 2020, the Company issued 4,983,333 shares with a fair value of $598,000 to RareX as part of the consideration to acquire a 65% interest in six mineral leases and five projects covering 587km^2 in the LFB (Note 6).

g) On April 8, 2020, the Company issued 827,824 common shares for $144,000 of services rendered by certain directors, officers and service providers during the second half of 2019.

h) On June 12, 2020, following the Company's annual remuneration review, the Company issued an aggregate of 657,933 bonus shares awarded to management of the Company in consideration of services rendered with a fair value of $197,380. 374,600 of the bonus shares are vesting three years, with one third vesting at each of the calendar year ended 2020, 2021 and 2022. During the year ended December 31, 2020, the Company recorded share-based compensation of $62,049 for the common shares vested with the remaining recorded in prepaid services.

7. **Share Capital** – *continued*

Share issuances: – continued

i) On August 26, 2020, the Company closed a private placement for gross proceeds of $5,329,194 through the issuance of 17,763,962 units at a price of $0.30 per unit. Each unit is composed of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one additional common share at an exercise price of $0.75 per warrant share for a period of two years from the date of closing of the private placement. The Company paid finders' fees of $185,640 in connection with this private placement.

j) Subsequent to period end, on March 26, 2021, the ASX announced that Kincora was admitted to the official list of ASX Limited with official quotation of Kincora's Chess Depositary Interests ("CDI's") to commence on March 30, 2021, following the Company having raised A$10 million pursuant to its prospectus dated March 1, 2021, by the issue of 50 million shares (settled on the ASX in the form of CDIs).

Obligation to issue shares:

The Company has a share for services plan approved in 2019. Pursuant to the plan, the Company provides compensation to directors and officers in both shares and cash. The portion of compensation that will be paid by shares are recorded in obligation to issue shares and will be transferred to share capital upon issuance of the shares. During the year end December 31, 2020, the Company accrued fees of $363,000 (2019: $556,500) to its officers and directors. As at December 31, 2020, the Company has a balance owing of $443,833, with $200,516 recorded in obligation to issue shares and the remaining in accounts payable.

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.

On September 27, 2019, the Company granted to directors, officers and employees a total of 3,272,353 stock options under the Company's stock option plan. 2,181,625 have a two-year term from issuance date exercisable at a price of $0.33 per share, vesting over a four-month period from the grant date. 1,090,728 have a three-year term from issuance date exercisable at a price of $0.75 per share, vesting over a four-month period post the Company receiving the shareholder approvals required by the TSXV on August 2, 2019. The fair value of the options granted was determined to be $329,835.

During the year ended December 31, 2020, the Company recorded share-based compensation of $12,320 (2019 - $317,515) for the options vested.

On April 30, 2020, the Company granted 237,620 options to directors and officers of the Company, of which 118,810 are exercisable at $0.33 per share for a period of two years and 118,810 are exercisable at $0.75 per share for a period of three years. The Company has granted an additional 757,661 stock options to various directors, officers, employees and consultants of the Company, which are exercisable at a price of $0.255 for a period of three years. The total fair value of the options granted and vested was determined to be $167,452.

(Expressed in Canadian Dollars)

7. Share Capital *– continued*

Stock options: – continued

The fair value was determined using the Black-Scholes Option Pricing Model with the following assumptions:

	April 30, 2020	April 30, 2020	September 27, 2019	September 27, 2019
Expected dividend yield	0%	0%	0%	0%
Expected stock price volatility	129.61%	142.81%	113%	115%
Risk free rate	0.29%	0.29%	1.51%	1.57%
Forfeiture rate	0%	0%	0%	0%
Expected life of options	3 years	2 years	3 years	2 years

During the year ended December 31, 2020, 166,664 stock options (2019 - 363,932) expired unexercised.

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

	Number of options	Weighted average exercise price
Balance outstanding – December 31, 2018	**1,192,785**	**$1.26**
Granted	2,181,625	0.33
Granted	1,090,728	0.75
Expired	(363,932)	1.35
Balance outstanding – December 31, 2019	**4,101,206**	**0.63**
Granted	118,810	0.33
Granted	118,810	0.75
Granted	757,661	0.26
Expired	(166,664)	0.60
Balance outstanding – December 31, 2020	**4,929,823**	**$0.56**

The weighted average life of the stock options are 1.22 years.

As at December 31, 2020, the following stock options are outstanding and exercisable:

Number	Price per share	Expiry date	Options exercisable
200,007	$1.58	September 13, 2021	200,007
200,006	$1.13	September 13, 2021	200,006
131,088	$1.29	January 23, 2021	131,088
131,088	$1.62	January 23, 2021	131,088
2,181,625	$0.33	September 27, 2021	2,181,625
1,090,728	$0.75	September 27, 2022	1,090,728
757,661	$0.26	April 30, 2023	757,661
118,810	$0.33	April 30, 2022	118,810
118,810	$0.75	April 30, 2023	118,810
4,929,823	**$0.56**		**4,929,823**

(Expressed in Canadian Dollars)

7. Share Capital – *continued*

Warrants:

On June 11, 2019, the Company issued 15,264,333 warrants with a fair value of $457,930 pursuant to a private placement. Each warrant entitles the holder to purchase a common share of the Company for a period of two years at $0.75 per warrant. The fair value was determined using the residual value method.

On August 2, 2019, the Company issued 5,574,000 warrants with a fair value of $Nil pursuant to a private placement. Each warrant entitles the holder to purchase a common share of the Company for a period of two years at $0.75 per warrant. The fair value was determined using the residual value method.

On August 26, 2020, the Company issued 17,763,962 warrants with a fair value of $Nil pursuant to a private placement. Each warrant entitles the holder to purchase a common share of the Company for a period of two years at $0.75 per warrant. The fair value was determined using the residual value method.

During the year ended December 31, 2020, nil warrants (2019 - 2,992,266) expired unexercised.

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

	Number of warrants	Weighted average exercise price
Balance – December 31, 2018	**2,992,254**	**$1.335**
Issued	20,838,333	0.750
Expired	(2,992,266)	1.335
Balance – December 31, 2019	**20,838,321**	**$0.750**
Issued	17,763,962	0.750
Balance – December 31, 2020	**38,602,283**	**$0.750**

The weighted average life of the warrants is 1.02 years.

As of December 31,2020, the following warrants are outstanding and exercisable:

Number	Price per share	Expiry date
15,264,321	$0.750	June 11, 2021
5,574,000	$0.750	August 2, 2021
17,763,962	$0.750	August 26, 2022
38,602,283	**$0.750**	

Reserves:

Share-based payment reserve represents the fair value of stock options or warrants until such time that the share-based instruments are exercised, at which time the corresponding amount will be transferred to share capital.

8. Segmented Information

The Company operates in two operating segments being the acquisition and exploration of exploration and evaluation assets in Mongolia and Australia. The Company's head office is located in Canada, and all of the Company's non-current assets are located in Mongolia and Australia as follows.

In thousand $		Mongolia		Australia		Total
Balance at December 31, 2020						
Mineral properties	$	20,350	$	3,284	$	23,634
Equipment	$	92	$	-	$	92

In thousand $		Mongolia		Australia		Total
Balance at December 31, 2019						
Mineral properties	$	50,439	$	-	$	50,439
Equipment	$	163	$	-	$	163

9. Related Party Transactions

The Company incurred the following amounts for related party services:

a) During the year ended December 31, 2020, the Company incurred consulting fees of $32,400 (2019 - $39,150) to BridgeMark Financial Corp. and $34,020 (2019 - $34,650) to Regiis Oak Capital Corp., companies with a former officer in common for management and accounting services.

b) During the year ended December 31, 2020, the Company incurred consulting fees of $7,380 (2019 - $Nil) to a company with an officer in common for management and accounting services.

c) During the year ended December 31, 2020, the Company incurred $345,144 (2019 - $549,485) in management fees for companies with an officer in common for management services.

d) During the year ended December 31, 2020, the Company incurred consulting and director's fees of $384,000 (2019 - $314,000) to current directors.

e) During the year ended December 31, 2020, the Company incurred consulting fees of $20,000 (2019 - $20,000) to a director of the Company.

f) At December 31, 2020, the Company owed $375,206 (2019 - $227,411) in accrued directors' fees in accounts payable.

g) During the year ended December 31, 2020, the Company issued 827,824 common shares to settle $144,000 payables owing to officers and directors of the Company. During the year ended December 31, 2019, the Company issued 227,822 common shares with a fair value of $79,306 to settle $91,500 payables owing to the officers and directors of the Company.

Compensation of key management personnel

In thousand $		**December 31, 2020**		December 31, 2019
Management, chairman, directors, and audit committee fees	**$**	**823**	$	957
Share-based payments*		**207**		282
	$	**1,030**	$	1,239

** The estimated fair value of the stock options vested during the year was determined using the Black-Scholes Option Pricing Model.*

10. Supplemental Disclosure of Cash Flow Information

Supplemental Disclosure of Non-Cash Financing and Investing Activities include *('000):*		**December 31, 2020**		December 31, 2019
Amortization capitalized to exploration and evaluation assets	**$**	**129**	$	220
Shares issued in settlement of debt or services	**$**	**144**	$	190
Shares issued for exploration and evaluation assets	**$**	**598**	$	-

Supplemental Disclosure of Cash and Cash Equivalents *('000):*		**December 31, 2020**		December 31, 2019
Cash at bank	**$**	**4,438**	$	2,880
Bank term deposit		**23**		23
	$	**4,461**	$	2,903

11. Equipment

Net carrying costs at December 31, 2020 and 2019 are as follows ('000):

		Computers		Exploration Equipment		Total
Cost						
Balance as at December 31, 2018	$	22	$	882	$	904
Additions		3		169		172
Balance as at December 31, 2019		25		1,051		1,076
Additions		-		58		58
Balance As at December 31, 2020	$	25		1,109		1,134
Accumulated amortization and impairment						
Balance as at December 31, 2018	$	(18)	$	(675)	$	(693)
Amortization		(4)		(216)		(220)
Balance as at December 31, 2019		(22)		(891)		(913)
Amortization		(3)		(125)		(128)
Impairment		-		(1)		(1)
Balance As at December 31, 2020	$	(25)	$	(1,017)	$	(1,042)
Net book value						
At December 31, 2019	$	3	$	160	$	163
At December 31, 2020	**$**	**-**	**$**	**92**	**$**	**92**

12. 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 Company's business or financial condition.

Subsequent to the year ended December 31, 2020, the Company's Mongolian subsidiary, Golden Grouse IBEX LLC (GGI), has received a tax act for 2.7 billion tugriks (MNT), approximately $950,000 (U.S.), from the Mongolian Tax Authority (MTA).

The 2021 tax assessment comprises four items, of which the Company strongly refutes the merit of three including the very vast majority of the liability sought relating to the 2016 merger with IBEX (the agreed liability owed is 16.2 million MNT or approximately $5,700 (U.S.)).

The 2016 IBEX merger required a tax assessment, which followed an audit of the IBEX entity's prior-year periods and the on-shore and off-shore agreements to the merger (IBEX and parent entities). The 2016 tax assessment was relied upon by Mongolian government departments to facilitate the merger and was a condition precedent to close the merger with any adverse liability enabling both counterparties to withdraw from the merger (Note 6). In the Company's view, supported by three independent external legal opinions, the 2021 tax assessment's retrospective liability is not in line with the 2016 tax assessment and Mongolian law, and there is no basis for a different determination.

Shortly after the IBEX merger closed, in mid-2017, a tax audit commenced on the merged entity to validate that the merger transaction completed as it was presented to the Mongolian authorities in 2016. This review has only completed in the fourth quarter of 2020, with a fourth audit review team, including a team member from the original 2016 review, delivering the 2021 tax assessment. A statute of limitation for the MTA to review and retrospectively enable a contradictory tax act expires on February 10th, 2021.

The exploration licenses included in the IBEX merger, and the core focus of the 2021 tax assessment, have been thoroughly explored, and subsequently all have been properly relinquished back to the State. The basis of the tax liability sought is referenced to the historical invested capital of the IBEX entity counterparty to the 2016 merger, all of which has since been written off.

The Company is pursuing its defence of the 2016 tax ruling and objection to the 2021 tax act, with a date not yet set with the Tax Dispute Council of the Mongolian Tax Authority.

(Expressed in Canadian Dollars)

13. Income Tax

A reconciliation of income taxes at statutory rates is as follows:

		December 31, 2020		December 31, 2019
Loss for the year		**(32,231,000)**	$	(4,956,000)
Statutory tax rate		**27%**		27%
Expected tax recovery		**(8,687,000)**		(1,332,000)
Permanent differences		**9,850,000**		5,000
Change in unrecognized deductible temporary differences		**(1,163,000)**		1,327,000
Total tax recovery	$	**-**	$	-

The significant components of the Company's unrecorded deferred tax assets and liabilities are as follows:

	December 31, 2020		December 31, 2019
Deferred tax assets			
Exploration and evaluation assets (liabilities)	**(64,000)**	$	627,000
Equipment	**235,000**		203,000
Share issuance costs	**75,000**		52,000
Non-capital losses available for future period	**9,606,000**		10,133,000
Allowable capital losses	**185,000**		185,000
Unrecognized deferred tax assets	**10,037,000**	$	11,200,000

The significant components of the Company's temporary differences and unused tax losses are as follows:

		December 31, 2020		December 31, 2019	Expiry Date Range
Exploration and evaluation assets	$	**164,000**	$	2,524,000	No expiry date
Equipment		**917,000**		789,000	No expiry date
Share issuance costs and other		**279,000**		192,000	2017-2018
Allowable capital losses		**712,000**		712,000	No expiry date
Non-capital losses available for future periods	**$**	**32,859,000**	$	34,819,000	2026-2040

14. Subsequent Events

- **Share rollback**: The Company consolidated its capital on the basis of three existing shares for one new share effective January 8, 2021. All shares figures and references have been retroactively adjusted to reflect the share consolidation.

- **Grant of options**: On January 8, 2021, the Company granted 2,004,506 options with a three-year term to certain directors, officers, employees and consultants of the Company, which are exercisable at $0.445 per share within the first two-year period and $0.48 per share in the final third year.

- **Share issuance**: In February 2021, the Company issued 1,325,082 shares to certain directors, officers ad service providers for services rendered in 2020.

- **Mongolian tax act**: On January 20, 2021, a Mongolian subsidiary of the Company received a Tax Act ("2021 tax assessment") for 2.7 billion MNT, approximately US$950,000, from the Mongolian Tax Authority ("MTA") relating primarily to the 2016 merger with IBEX. The 2016 IBEX merger required a tax assessment ("2016 tax assessment") as a condition precedent to closure and for reregistration of the merged entities.

  There is limited liability recourse to Kincora's Australian and Canadian assets and operations from the 2021 tax assessment. The Company is actively engaging with the MTA, with a dispute counsel date pending, and is seeking a conclusion in line with Mongolian law and the 2016 assessment which was relied upon by both Kincora and the Mongolian authorities that allowed for closure of the 2016 IBEX merger.

  Kincora provided a standstill to Resilience Mining Mongolia Pty Ltd ("RMM") for the executed Option and Acquisition Agreement in relating to Kincora's Mongolian portfolio and subsidiaries with RMM at its election having since waived the standstill as it continues its due diligence and technical reviews for the proposed transaction.

- **Proposed ASX Listing**: On March 1, 2021, the Company lodged a prospectus with the Australian Securities and Investments Commission (“ASIC”) in relation to its proposed dual listing on the ASX.

  Under the prospectus, the Company proposed to raise a minimum of A$8-million and a maximum of A$10-million (in each case, before costs), by the issue of CDIs over fully paid ordinary shares in the capital of the Company. A minimum of 40 million CDIs and a maximum of 50 million CDIs will be issued, at an issue price of 20 Australian cents per CDI. The CDIs will be issued at a ratio of one CDI for one share.

  The offering closed on March 19, 2021, and the Company received applications up to the maximum subscription of A$10,000,000 (50,000,000 CDIs) with ASX and TSX Venture conditional approvals received.

  On March 26, 2021, the ASX announced that Kincora was admitted to the official list of ASX Limited with official quotation of Kincora’s CDI’s to commence on March 30, 2021.

Kincora Copper Limited

(An Exploration Stage Company)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Expressed in Canadian Dollars

FOR THE YEAR ENDED DECEMBER 31, 2020

As at March 29, 2021

Introduction

The following Management's Discussion and Analysis (*"MD&A"*) of the Company has been prepared as of March 29, 2021. This MD&A should be read in conjunction with the annual audited consolidated financial statements of Kincora Copper Ltd. and the notes thereto for the year ended December 31, 2020, which have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS"). In addition, the consolidated 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 consolidated 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 consolidated financial statements and *MD&A*, is complete and reliable.

Description of Business

Kincora Copper Limited (the "*Company*" or "*Kincora*") is an active explorer and project generator focused on world-class copper-gold discoveries with the near term ambition to become the leading listed pure play explorer in what we believe is one of the most significant gold rich porphyry regions in the world, the Lachlan Fold Belt ("LFB") of Australia.

The Company has assembled an industry leading technical team who have made multiple Tier 1 copper discoveries, who have "*skin in the game*" equity ownership, who are backed by a strong institutional shareholder base and recently Australian capital market investors through a dual listing on the Australian Securities Exchange ("ASX").

Kincora's portfolio includes district scale landholdings and scale-able drill ready targets in both Australia and Mongolia's leading porphyry belts, the LFB and Southern Gobi respectively. Our exploration model applies a robust systematic approach utilising modern exploration techniques supporting high-impact, value add programs underpinned by targets with strong indications for world-class scale potential.

A two rig drilling program is currently taking place at the Trundle project in the Central West of New South Wales (NSW). Initial results have been positive, confirming our targetted geological setting, with Trundle being the only brownfield project held by a listed junior in the LFB being in the Northparkes Intrusive Complex (Northparkes being Australia's second largest porphyry mine). Plans and activities are taking place advancing the remainder of the 1649km^2 project pipeline in the Macquarie Arc, including landholder access and permitting for our maiden drilling program at the Fairholme project, and State co-operative funding support for drilling the Nyngan porphyry project.

In Mongolia, during the second half of 2020 the Company gained a mining license for a key portion of the large copper-gold porphyry discovery at the Bronze Fox Intrusive Complex project and had encouraging field results at the adjacent Tourmaline Hills Intrusive Complex project. The Company commenced a strategic review for the Mongolian portfolio, which resulted in a binding term sheet executed with Resilience Mining Mongolia Pty Ltd ("RMM") retaining significant upside to exploration, project generation and development successes for the Mongolia portfolio. . With the conversion of the Bronze Fox license into a mining license approximately 85% of the area covered by the previous licence was relinquished. The Company has undertaken an analysis of capitalized acquisition costs and exploration expenditure related to the area relinquished and a write down of $29,713,000 has been made during the quarter.

In late August 2020, Kincora completed an oversubscribed placement of $5.3 million. This was the first step in achieving a listing on the ASX, which the Company feels is the natural market given the focus of exploration activities in the Macquarie Arc and location of the team predominately in Australia. Over half of the August 2020 raising was from Australian entities new to the shareholder register and Kincora plans to further engage with the domestic investor base post the ASX listing.

On March 26th, 2021, the Company was admitted to the official list of ASX Limited with official quotation of the Company's Chess Depositary Interests ("CDI's") representing fully paid ordinary shares at a ratio of 1:1. The listing will commence on March 30th, 2021 following the Company having raised A$10 million pursuant to the offer under its prospectus dated March 1st, 2021 by the issue of 50m shares (settled on ASX in the form of CDIs) at an issue price of A$0.20 per share.

Kincora has corporate offices in Vancouver and Melbourne, an operating office in Ulannbaatar, operations in Trundle, New South Wales and a year round camp in the Southern Gobi. The Company is a reporting issuer in Ontario, British Columbia and Alberta, Canada, with its common shares trading on the TSX Venture Exchange and CDIs trading on the ASX (from March 30th, 2021) under the symbol **KCC**.

For further information please refer to our website: www.kincoracopper.com

Corporate and Operational Highlights

Highlights for the year ended December 31, 2020 include:

- **Nyngan and Nevertire licence application:** On January 6th, 2020, the Company's license application for its Nyngan project was formally approved, and the Company was granted with exploration license EL8929.

  On January 30th, 2020, an application for a second large new exploration licence was made directly to the NSW state for the Nevertire project, covering 382 km^2. On April 14th, 2020, the Company was successfully granted a new exploration licence (EL8960) for the Nevertire project.

  The Company's portfolio of the Nevertire and Nyngan projects consolidates a land position of 1,144 km^2 in the most prospective and shallow to moderate cover of the northern Junee-Narromine belt within the LFB of the Macquarie arc in NSW. Subsequently, FMG Resource Pty Ltd, has pegged the ground between the Nevertire and Nyngan license portfolio and to the south of the Nevertire license. FMG and Inflection Resources' are currently undertaking maiden drilling programs in the general region.

- **Memorandum of Understanding with RareX Limited:** On January 30th, 2020, the Company announced a binding memorandum of understanding ("MoU") and made a non-refundable option payment of $25,000 to RareX providing the exclusive right to acquire a 65% interest in six mineral leases and five projects covering 587km^2 in the LFB.

  On March 19th, 2020, the Company announced it had completed definitive agreements with RareX. The key commercial terms being:

  - Issuing 4,983,333 common shares at a deemed price of $0.12 per share of the Company upon closing, subject to a voluntary 12-month lockup also pending transfer of licenses title and beneficial ownerships, resulting in RareX becoming a 9.9% shareholder (issued on March 27, 2020);
  - Payment of $150,000 in cash to RareX as follows:
    - $100,000 in cash consideration (paid on March 30, 2020); and,
    - $50,000 in cash as reimbursement to RareX for outstanding holding costs and licence renewals (paid on March 30th, 2020).

- The Company acquiring a 65% interest in the respective licences, becoming operator and sole financer of all further exploration until a positive scoping study or preliminary economic assessment (PEA). Upon completion of the PEA, the Company and RareX will form a joint venture with standard funding and dilution requirements and right of first refusal on transfers;
- The Company is committed to maintain the full licence portfolio in good standing for a period of 12 months and RareX shall have the right to retain a 100% ownership in any licence that the Company may elect to drop or to not renew, for no consideration;
- The Company obtained the approval from the TSXV on February 19th, 2020.

The Company now has a controlling interest across a 1,649 km^2 land position in the key belts of the Macquarie Arc, with confirmed strategic appeal and a pipeline of targets being systematically advanced. This includes the flagship Trundle project, the only brownfield porphyry project held by a listed junior in the LFB.

- **COVID-19 statement:** Kincora on a daily basis since late January 2020 has been closely monitoring the development of the novel coronavirus (COVID-19) and its spread globally.

  Preventative measures have been taken to modify how we conduct our business, to protect our staff, contractors and the communities we operate in. These measures include international and domestic travel restrictions, remote work and supplemental health care, particularly for our Ulaanbaatar based staff and for the drilling program underway at the Trundle project in Central West NSW.

  Health and safety considerations, and appropriate risk assessments, continue to guide various project generation functions, exploration and marketing activities. In Mongolia, Canada and Australia we continue to pay close attention to the rapidly changing landscapes we face and the measures mandated by the National and State provincial governments. While the extent and duration of the impact is unknown the capital raising environment in 2020 and 2021 has been positive. However the Company anticipates this outbreak could eventually increase the difficulty in capital raising for the junior market.

- **Commencement and ongoing drilling at Trundle:** On April 22nd, 2020, the Company announced a drilling program had commenced testing three large and mineralized porphyry targets at the Trundle project in the LFB.

  The Trundle license is the only brownfield project held by a listed junior in Australia's foremost porphyry belt (the Macquarie arc of the LFB), and within the same mineralized complex as Australia's second largest porphyry mine (Northparkes), and is viewed to have excellent potential for new higher-grade porphyry and skarn copper-gold discoveries.

  The August 2020 capital raising, has supported expansion of the ongoing drilling program which continues post the ASX listing. The Company's understanding of this project, and current two priority drill targets, Trundle Park and Mordialloc, have been significantly improved.

  Kincora's industry leading technical team are very encouraged by recent progress supporting our key exploration concepts that the Company's strongly feel lays the foundation for commercial success and creating shareholder value.

- **Shares for services:** On April 8th, 2020, the Company issued 827,824 common shares for $144,000 of services rendered by certain directors, officers and service providers during the second half of 2019.

- **Obligation to issue shares:** As at December 31st, 2020, the Company has an obligation to issue shares of $200,516 recorded for services rendered by Company executives.

- **Grant of incentive options and shares:**

  - On April 30th, 2020, the Company granted 237,620 options to directors and officers of the Company, of which 118,810 are exercisable at $0.33 per share for a period of two years and 118,810 are exercisable at $0.75 per share for a period of three years. The Company has granted an additional 757,661 stock options to various directors, officers, employees and consultants of the Company, which are exercisable at a price of $0.255 for a period of three years. The total fair value of the options granted and vested was determined to be $167,452.

  - On June 12th, 2020, following the Company's annual remuneration review, the Company issued an aggregate of 657,933 bonus shares awarded to management of the Company in consideration of services rendered with a fair value of $197,380. 374,600 of the bonus shares are vesting three years, with one third vesting at each of the calendar year ended 2020, 2021 and 2022. During the year ended December 31, 2020, the Company recorded share-based compensation of $62,049 for the common shares vested with the remaining recorded in prepaid services.

- **Positive drill results at Trundle:** High priority drilling commenced in April 2020 and continues at our flagship Trundle project within the LFB, with very promising copper and gold results and two rigs currently operational. Our first hole returned 51 metres at 1.17 g/t gold and 0.54% copper from only 39 metres. For further extensive details of our exploration results and plans for drilling at Trundle, and plans for drilling at the Nyngan and Fairholme projects are included in the prospectus for the ASX listing, including independent technical report, which is available on our website at: https://www.kincoracopper.com/prospectus-disclaimer. Drilling at our core projects of Trundle, Fairholme and Nyngan are the core focus of exploration activities in the near to medium term for the Company being the primary use of funds for the ASX listing offering.

- **Oversubscribed non-brokered private placement:** Following positive initial drilling results at the Trundle project, on August 4th, 2020, the Company announced a non-brokered private placement of units to raise up to $5 million. On August 26th, 2020, the Company closed with gross proceeds of $5,329,194 through the issuance of 17,763,962 units at a price of $0.30 per unit. Each unit is composed of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one additional common share at an exercise price of $0.75 per warrant share for a period of two years from the date of closing of the private placement. The Company paid finders' fees of $185,640 in connection with this private placement.

- **Co-Funding Grant for Nyngan Project:** In September 2020, the Company secured a co-funding grant from the Government of New South Wales to drill two porphyry targets at its Nyngan copper-gold project. The application area was selected based on its stratigraphic-structural setting and favorable results from the last drilling program by Newcrest Mining Ltd. in 2005 that were not followed up. The grant monies are non-dilutionary and will fund direct drilling costs on a matched dollar-for-dollar basis.

- **Bronze Fox mining license and Tourmaline Hills exploration:** In September 2020, a mining licence was issued over the eastern license and portion of the Bronze Fox project, centred over the Bronze Fox Intrusive Complex within this license.

  The mining license provides tenure for a 30-year period. Relatively limited drilling supports one of the largest copper systems in Mongolia with only a small portion of the Bronze Fox intrusion drill tested. An independent block model supports a 416-428Mt @ 0.26-0.30% copper exploration target (0.20% copper cut off), with desktop studies having been undertaken for a potential small-scale oxide development project[1].

Subsequent to the issuance of the mining license, surface exploration activities commenced at the neighbouring Tourmaline Hills Intrusive Complex, which is also a large, outcropping gold-copper system with limited drilling and often the focus of informal gold mining activities.

Kincora's 2020 activities at Tourmaline Hill were focused on re-logging all prior drill holes held by the Company and undertaking further surface geological activities, exploring the concept of a higher-level epithermal gold system. These field activities benefit from the Company's activities in the Macquarie Arc, and similar type conceptual target to the Cowal project (flagship project of Evolution Mining, with a 9.6Moz gold resource inventory) and the target of the Company's Fairholme project.

- **Bronze Fox impairment:** Following the issuance of the Bronze Fox mining license approximately 85% of the eastern Bronze Fox license was relinquished as part of the conversion of the exploration to mining license. Following a detailed review of historical acquisition and expenditure relating to the eastern Bronze Fox license an impairment has been undertaken to reflect:

  • the pro-rata amount of the capitalised acquisition costs for the eastern license; and
  • for the capitalised specific exploration costs for activities undertaken on ground no longer retained

  This has resulted in a write down of $30,455,000 during the year relating to the area that has been relinquished.

  Such a methodology is consistent with the Company's standard review process as per the prior ground held and relinquished in Mongolia.

- **Reviewed June 30th, 2020 accounts:** On November 10th, 2020, the Company refiled its Interim Condensed Financial Statements and Management Discussion and Analysis for the six-month period ended June 30th, 2020. The refiling included amendments to various items following a review of the accounts in preparation of the proposed ASX listing.

- **Annual General and Special Meeting:** The Company hosted an Annual General and Special Meeting ("AGM") on November 24th, 2020. All matters submitted to shareholders for approval as set out in the Company's Notice of Meeting and Information Circular, dated October 20th, 2020, including various resolutions supporting the proposed listing on the Australian Securities Exchange, were approved by the requisite majority of votes cast at the Meeting with 46.76% of shareholder proxies returned.

- **New Chief Financial Officer:** On November 24th, 2020, the Company announced the appointment of Ms. Yuying Liang as Chief Financial Officer. Ms. Liang has extensive experience in public company environment within a variety of functions, including Chief Financial Officer, Company Secretary and Board member positions. Ms. Liang earned her Bachelor of Business Administration from Simon Fraser University and holds the professional designation of Chartered Professional Accountant ("CPA").

- **Sale of Mongolian asset portfolio:** On December 14th, 2020, the Company entered into a binding option and acquisition agreement with Resilience Mining Pty. Ltd. ("RMM"). RMM is a private Australian company that is an active explorer and project generator in Mongolia.

  Benefits to Kincora:
  - Retain a 20% free carry interest on existing project portfolio;
  - To own 9.9% interest of RMM upon successful listing and raising on the Australian Stock Exchange;

- First right of refusal to gain a 20% interest in any new project generated by RMM in Mongolia.

This agreement provides RMM a period of exclusivity, paid for in monthly cash instalments, to complete due diligence, legal agreements and capital market activities.

[1] The potential quantity and grade ranges are conceptual. There has been insufficient exploration to define a mineral resource and it is uncertain if further exploration will result in the target being delineated as a mineral resource. For further details on Bronze Fox refer to: November 18th, 2019 and June 26th, 2019 press releases.

Highlights for event subsequent to the year ended December 31st, 2020:

- **Share rollback:** The Company consolidated its capital on the basis of three existing shares for one new share effective January 8th, 2021. All shares figures and references have been retroactively adjusted to reflect the share consolidation.

- **Grant of options**: On January 8th, 2021, the Company granted 2,004,506 options with a three-year term to certain directors, officers, employees and consultants of the Company, which are exercisable at $0.445 per share within the first two-year period and $0.48 per share in the final third year.

- **Mongolian tax act**: On January 20th, 2021, a Mongolian subsidiary of the Company received a Tax Act ("2021 tax assessment") for 2.7 billion MNT, approximately US$950,000, from the Mongolian Tax Authority ("MTA") relating primarily to the 2016 merger with IBEX. The 2016 IBEX merger required a tax assessment ("2016 tax assessment") as a condition precedent to closure and for reregistration of the merged entities.

  The 2021 tax assessment is a retrospectively calculated liability and is not in-line with the 2016 tax assessment. Three independent external legal opinions support Kincora's view that the 2016 tax assessment and merger transaction was properly formulated and supported by the Mongolian authorities at that time. Kincora disagrees with the basis the 2021 tax assessment relating to the IBEX merger

  There is limited liability recourse to Kincora's Australian and Canadian assets and operations from the 2021 tax assessment. The Company is actively engaging with the MTA, with a dispute counsel date pending, and is seeking a conclusion in line with Mongolian law and the 2016 assessment which was relied upon by both Kincora and the Mongolian authorities that allowed for closure of the 2016 IBEX merger. Kincora provided a standstill to Resilience Mining Mongolia Pty Ltd ("RMM") for the executed Option and Acquisition Agreement in relating to Kincora's Mongolian portfolio and subsidiaries with RMM at its election having since waived the standstill as it continues its due diligence and technical reviews for the proposed transaction.

- **Proposed ASX Listing**: On March 1st, 2021, the Company lodged a prospectus with the Australian Securities and Investments Commission (ASIC) in relation to its proposed dual listing on the (ASX).

  Under the prospectus, the Company proposed to raise a minimum of A$8-million and a maximum of A$10-million (in each case, before costs), by the issue of Chess depositary interests (CDIs) over fully paid ordinary shares in the capital of the company. A minimum of 40 million CDIs and a maximum of 50 million CDIs will be issued, at an issue price of 20 Australian cents per CDI. The CDIs will be issued at a ratio of one CDI for one share.

The offering closed on March 19th, 2021, and the Company received applications up to the maximum subscription of A$10-million (50,000,000 CDIs) with ASX and TSX Venture conditional approvals provided.
On March 26th, 2021, the Company was admitted to the official list of ASX Limited with official quotation of the Company's CDI's commencing on March 30th, 2021.

Qualified Person
The scientific and technical information was prepared in accordance with the standards of the Canadian Institute of Mining, Metallurgy and Petroleum and National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101") and was reviewed, verified and compiled by Kincora's geological staff under the supervision of Peter Leaman (M.Sc. Mineral Exploration, FAusIMM), Vice President of Exploration of Kincora Copper, and John Holliday (BSc Hons, BEc, member of the Australian Institute of Geoscientists), Non-Executive Director and Technical Committee Chairman of Kincora Copper, who are the Qualified Persons for the purpose of NI 43-101.

JORC Competent person statement
Information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves has been reviewed and approved by Mr. John Holliday, a Qualified Person under the definition established by National Instrument 43-101 and JORC. Mr. Holliday is a Member of the Australian Institute of Geoscientists and is a Director of the company. Mr. Holiday has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity being undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Holiday consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Results of Operations

Three-Month Period Ended December 31st, 2020

The Company's loss for the three-month period ended December 31st, 2020 (the "*Current Period*") was $466,000 or $0.01 per share as compared with $3,523,000 or $0.03 per share for the three-month period ended December 31st, 2019 (the "*Comparative Period*").

General and administrative expenses were $241,000 lower in the Current Period at $476,000 compared with $717,000 in the Comparative Period. This difference was due to lower travel fees ($2,000 versus $23,000), lower share-based compensation ($23,000 versus $233,000), lower exploration costs ($Nil versus $24,000), lower consultants - geologists ($5,000 versus $40,000), lower consultants - technical ($10,000 versus $22,000), and lower corporate administrative and office services ($82,000 versus $86,000). These decreases were offset by higher legal and accounting ($99,000 versus $65,000), higher consultants ($37,000 versus $36,000), higher insurance cost ($6,000 versus $3,000), higher transfer agent and filing fees ($11,000 versus $4,000), and higher foreign exchange loss ($29,000 versus $9,000).

During the three-month period ended December 31st, 2020, the Company recognized $10,000 (2019 - $2,817,000 loss) change in impairment of exploration and evaluation assets due to foreign exchange and gain on settlement of debt of $Nil (2019- $11,000).

Year ended December 31st, 2020

The Company's loss for the year ended December 31st, 2020 (the "*Current Period*") was $32,231,000 or $0.57 per share as compared with $4,956,000 or $0.14 per share for the year ended December 31, 2019 (the "*Comparative Period*").

General and administrative expenses were $150,000 lower in the Current Period at $2,025,000 compared with $2,175,000 in the Comparative Period. This difference was due to lower share-based compensation ($242,000 versus $318,000), lower investor relations ($148,000 versus $154,000), lower management fees ($345,000 versus $549,000), lower travel fees ($44,000 versus $65,000), lower legal and accounting ($207,000 versus $216,000), lower consultants - technical ($75,000 versus $87,000), and lower corporate administrative and office services ($225,000 versus $282,000). These decreases were offset by higher consultants ($214,000 versus $144,000), higher consultants - geologists ($121,000 versus $58,000), higher transfer agent and filing fees ($69,000 versus $50,000), higher insurance cost ($26,000 versus $14,000), and higher foreign exchange loss ($65,000 versus gain of $30,000).

During the year ended December 31st, 2020, the Company recognized $45,000 (2019 - $36,000) gain on settlement of debt, write-off of accounts payable of $416,000 (2019 - $Nil), and $30,667,000 (2019 - $2,817,000) loss on impairment of exploration and evaluation assets.

Summary of Quarterly Results – *000's*

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

In thousand $	December 31, 2020 ($)	September 30, 2020 ($)	June 30, 2020 ($)	March 31, 2020 ($)	December 31, 2019 ($)	September 30, 2019 ($)	June 30, 2019 ($)	March 31, 2019 ($)
Financial Results								
Net loss for period	(466)	(30,261)	(1,123)	(381)	(3,523)	(530)	(588)	(315)
Basic and diluted loss per share	(0.01)	(0.17)	(0.01)	(0.00)	(0.03)	(0.00)	(0.01)	(0.00)
Exploration expenditures, net of impairment (recovery)	1,410	(28,978)	(270)	1,033	(2,110)	998	175	190
Financial Position								
Cash and cash equivalents	4,461	6,021	2,153	2,899	2,903	2,904	2,813	576
Exploration and evaluation assets	23,634	22,224	51,202	51,472	50,439	52,549	51,551	51,376
Total assets	28,531	28,663	53,661	54,589	54,291	57,450	58,060	52,223
Shareholders' equity	27,699	28,146	53,181	53,696	53,467	56,724	57,129	51,552

Liquidity and Capital Resources

As of December 31st, 2020, the Company had $4,461,000 in cash. During the year, the Company closed an oversubscribed non-brokered private placement with total subscriptions of $5,329,194.

Subsequent to period end, on March 26th, 2021, the ASX announced that Kincora was admitted to the official list of ASX Limited with official quotation of Kincora's CDI's to commence on March 30th, 2021, following the Company having raised A$10-million pursuant to its prospectus dated March 1st, 2021, by the issue of 50 million shares (settled on the ASX in the form of CDIs).

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 and continued efforts to reduce non-core expenditure. Given volatility in equity markets, global uncertainty in economic conditions, the Covid19 pandemic, cost pressures and results of exploration activities, management constantly reviews expenditures and exploration programs and equity markets.

At December 31st, 2020, the Company had an accumulated deficit of $161,833,000, a net loss for the year ended December 31st, 2020 of $32,231,000, has working capital of $3,973,000 and a cash balance of $4,461,000. During the year, the Company closed an oversubscribed non-brokered private placement with total subscriptions of $5,329,194.

During the year ended December 31st, 2020, the Company had cash of $392,000 used in operating activities, $5,143,000 provided from financing activity, and $3,193,000 used in investing activities which was mainly used for the acquisition of equipment and expenditures for the exploration and evaluation assets. The Company's cash position is highly dependent on the ability to raise cash through financings and the expenditures on its exploration programs. As results of exploration programs are determined and other opportunities become available to the Company, management may complete an external financing as required.

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 caliberof 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) During the year ended December 31st, 2020, the Company incurred consulting fees of $32,400 (2019 - $39,150) to BridgeMark Financial Corp. and $34,020 (2019 - $34,650) to Regiis Oak Capital Corp., companies with a former officer in common for management and accounting services.

b) During the year ended December 31st, 2020, the Company incurred consulting fees of $7,380 (2019 - $Nil) to a company with an officer in common for management and accounting services.

c) During the year ended December 31st, 2020, the Company incurred $345,144 (2019 - $549,485) in management fees for companies with an officer in common for management services.

d) During the year ended December 31st, 2020, the Company incurred consulting and director's fees of $384,000 (2019 - $314,000) to current directors.

e) During the year ended December 31st, 2020, the Company incurred consulting fees of $20,000 (2019 - $20,000) to a director of the Company.

f) At December 31st, 2020, the Company owed $375,206 (2019 - $227,411) in accrued directors' fees in accounts payable.

g) During the year ended December 31st, 2020, the Company issued 827,824 common shares to settle $144,000 payables owing to officers and directors of the Company. During the year ended December 31, 2019, the Company issued 227,822 common shares with a fair value of $79,306 to settle $91,500 payables owing to the officers and directors of the Company.

Compensation of key management personnel

In thousand $		**December 31, 2020**		December 31, 2019
Management, chairman, directors, and audit committee fees	**$**	**823**	$	957
Share-based payments*		**207**		282
	$	**1,030**	$	1,239

** The estimated fair value of the stock options vested 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 March 29, 2021.

	Price ($)	Expiry date	Number of common shares
Common shares, issued and outstanding			69,386,944
Securities convertible into common shares			
Warrants	***$0.750***	***various***	38,602,283
Stock options	***various***	***various***	6,672,153
			114,661,380

The Company consolidated its capital on the basis of three existing shares for one new share effective January 8th, 2021. All shares figures and references have been retroactively adjusted to reflect the share consolidation and are disclosed prior to Kincora's ASX offering under the prospectus dated March 1st, 2021.

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.

Subsequent to the year ended December 31st, 2020, the Company's Mongolian subsidiary, Golden Grouse IBEX LLC (GGI), has received a tax act for 2.7 billion tugriks ("MNT"), approximately $950,000 (U.S.), from the Mongolian Tax Authority ("MTA").

The 2021 tax assessment comprises four items, of which the Company strongly refutes the merit of three including the very vast majority of the liability sought relating to the 2016 merger with IBEX (the agreed liability owed is 16.2 million MNT or approximately $5,700 (U.S.)).

The 2016 IBEX merger required a tax assessment, which followed an audit of the IBEX entity's prior-year periods and the on-shore and off-shore agreements to the merger (IBEX and parent entities). The 2016 tax assessment was a condition precedent to close the merger with any adverse liability enabling both counterparties to walk away from the merger. In the company's view, supported by three independent external legal opinions, the 2021 tax assessment's retrospective liability is not in line with the 2016 tax assessment and Mongolian law, and there is no basis for a different determination.

Shortly after the IBEX merger closed, in mid-2017, a tax audit commenced on the merged entity to validate that the merger transaction completed as it was presented to the Mongolian authorities in 2016. This review has only recently completed, with a fourth audit review team, including a team member from the original 2016 review, delivering the 2021 tax assessment. A statute of limitation for the MTA to review and retrospectively enable a contradictory tax act expired on February 10th, 2021. The Company continues to proactive seek to defend the original 2016 tax ruling and lack of basis for the 2021 tax act.

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 Accounting Standards Adopted

IFRS 16 "*Leases*"

The Company adopted IFRS 16 which sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model. The adoption did not result in any impact on the financial statements as the Company did not have any lease during the periods presented.

As at the commencement date of a lease, the Company recognizes a lease liability and an asset representing the right to use the underlying asset during the lease term (i.e. the “right-of-use” asset) unless the underlying asset has a low value or the lease term is twelve months or less, which are expensed in the period incurred. At this date, the right-of-use asset is measured at cost, which includes the initial amount of the lease liability, adjusted for any lease payments made at or before the commencement date, any initial direct costs incurred and also includes an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset. The right-of-use asset is then depreciated using the straight-line method from the lease commencement date to the earlier of the end of the lease term or the end of the useful life of the asset. The right-of-use asset may also be reduced for any impairment losses, if any.

At the lease commencement date, the lease liability is measured at the present value of the future lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or, if that rate cannot be readily determined, the Company’s incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate, which is the rate the Company would pay for similar assets at similar locations over a similar term. The lease liability is measured at amortized cost using the effective interest method.

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 December 31st, 2020 to interest rate risk through its financial instruments.

Currency Risk
The Company’s operations are focused on Australia and Mongolia, where many exploration and administrative expenses are incurred in the Australian Dollar, Mongolian Tugrik and the US Dollar. The Company’s ability to advance funds to Australia and Mongolia is subject to changes in the valuation of the Australian Dollar, Tugrik and the US Dollar, as well as rules and regulations of the Mongolian government. Fluctuations in the value of the Australian Dollar, Tugrik and the US Dollar may have a positive and/or adverse effect on the operations and operating costs of the Company. The Company does hold balances in foreign currencies, the Australian Dollar, Mongolian Tugrik and United States dollar, which provide exposure to foreign exchange risk. Management seeks to limit foreign current risk, primarily seeking to retain funds in Canada wiring funds as and when needed to foreign subsidiaries to met operating expenditures, and believes this risk to be minimal.

Credit Risk
The Company’s primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with major banks in Canada, Australia and Mongolia. As most of the Company’s cash is held by three banks there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies.

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 December 31st, 2020, the Company had a cash balance of $4,461,000 (2019 - $2,903,000), to settle current liabilities of $832,000 (2019 - $824,000). During the year, the Company closed an oversubscribed non-brokered private placement with total subscriptions of $5,329,194.

Fraud Risk
Fraud risk is the vulnerability that the Company faces from entities capable of intentional misconduct because of pressure, opportunity and rationalization. Fraud risk comes from sources both internal and external to the Company. The Company closely monitors its operations to determine the appropriate course of action to be taken.

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.

Critical Accounting Estimates

The preparation of consolidated 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 consolidated financial statements are considered appropriate in the circumstances, but are subject to judgments and uncertainties inherent in the financial reporting process.

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

Risks and Uncertainties

The Company is engaged in the business of acquiring, exploring and developing mineral properties with the expectation of locating economic deposits of minerals. All of the properties are without proven copper/gold deposits and there is no assurance that the Company's exploration programs will result in proven copper/gold deposits, nor can there be any assurance that economic deposits can be commercially mined. As a consequence, any forward-looking information is subject to known and unknown risks and uncertainties.

Confirmation or otherwise of our more advanced geological models, advancement of earlier stage project pipeline and exploration success is expected to materially impact the value of the Company. The ability of the Company to systematically advance its district scale project pipeline from a technical perspective is a fundamental value driver, upside and downside, to the Company and its valuation. The ability of the Company to commercially advance and effect its exploration strategy is also a fundamental value driver.

The Company will be required to negotiate access arrangements and pay compensation to landowners, local authorities, transitional land users, the NSW Government and others who may have an interest in the area covered by a tenement/license. The Company's ability to resolve access and compensation issues may have an impact on the future success and financial performance of the Company's operations.

The Company continues to closely monitor the development of the novel coronavirus (COVID-19), and its spread globally and within Australia. Early preventative measures were taken and a formal COVID-19 safety and management plan was implemented to modify how contractors and the Company conduct business and implement best practice recommendations and policies. Health and safety considerations, and appropriate risk assessments, continue to dictate various project generation functions, exploration and marketing activities.

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on senior management, the exploration team and contractors, who are an integral part of the business. Should there be resignations, there may be difficulties in recruiting similar high-quality personnel and overall team balance. There can be no assurance given that there will be no negative impact on the Company if one or more of these key team members cease their employment.

The Company's core focus is its relatively recent entry into NSW and the NSW project pipeline, with previous projects and subsidiaries viewed as non-core. The Company has announced a binding term sheet for its Mongolian assets with Resilience Mining Mongolia ("RMM") and notice of a Mongolian tax claim from the Mongolian Tax Authority ("MTA") relating to one of its subsidiaries. These non-core assets may have certain ongoing contractual obligations and operations, which have inherent business risk and potential legacy risks. The Company has been listed since 1983, operating in emerging and frontier markets such as Brazil and then Mongolia.

The changes to known and unknown risks and uncertainties during the year ended December 31st, 2020 have been noted in these accounts.

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 consolidated statement of loss and note disclosures contained in its consolidated financial statements for the year ended December 31st, 2020. 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 Consolidated Financial Statements

The information provided in this report, including the consolidated 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 consolidated 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 consolidated financial statements for external purposes in accordance with the Company's IFRS.

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

Nature of the Securities

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

Proposed Transactions

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

Approval

The Board of Directors oversees management's responsibility for financial reporting and internal control systems through an Audit Committee. This Committee meets periodically with management and annually with the independent auditors to review the scope and results of the annual audit and to review the consolidated financial statements and related financial reporting and internal control matters before the consolidated 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 consolidated 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 consolidated 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.