First Quarter 2023 Financial Statements and Management's Discussion & Analysis

Kincora Copper Limited

ARBN: 645 457 763

Please find attached for release to the market, Kincora Copper Limited's First Quarter 2023 Financial Statements and Management's Discussion & Analysis, prepared in accordance with National Instrument 51-102 Continuous Disclosure Obligations and NI 51-102F1 Management's Discussion and Analysis, issued by the Canadian Securities Administrators, for lodgement on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR).

May 12, 2023

This announcement has been authorized for release by the Board of Kincora Copper Limited (ARBN 645 457 763)

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Kincora Copper Limited

(An Exploration Stage Company)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Expressed in Canadian Dollars

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023

As at May 12, 2023

Introduction

The following Management's Discussion and Analysis (*"MD&A"*) of the Company has been prepared as of May 12, 2023, and reported in Canadian dollars. This MD&A should be read in conjunction with the interim condensed consolidated financial statements of Kincora Copper Limited and the notes thereto for the three-month period ended March 31, 2023, 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.

Additional information relating to the Company, including most recent financial reports, are available on the Canadian System for Electronic Document Analysis and Retrieval ("*SEDAR*") at www.sedar.com, on the Australian Securities Exchange ("*ASX*") announcements platform under the Company's code 'KCC' and on the Company's website at www.kincoracopper.com.

Business Overview

Kincora Copper Limited (the "*Company*" or "*Kincora*") is an active explorer and project generator focused on world-class copper-gold discoveries. The Company is the leading listed pure play explorer in one of the most significant gold rich porphyry regions in the world, the Macquarie Arc within the Lachlan Fold Belt ("*LFB*"), located in the Central West of New South Wales ("NSW") in Australia. This region has multiple world-class mining operations, an established exploration and mining culture, excellent existing infratructure, a supportive government environment and multiple recent private sector exploration, development and mining successes.

The Company has assembled an industry leading technical team who have made multiple world-class copper and gold discoveries, who have "*skin in the game*" equity ownership, who are backed by a strong institutional shareholder base and dual listed on the Australian Securities Exchange ("*ASX*") in March 2021.

Kincora's portfolio includes district scale landholdings and scale-able drill ready targets in both Australia and Mongolia's leading porphyry belts, the Macquarie Arc and Southern Gobi respectively. The Company is currently seeking third party investors to advance the Mongolian portfolio of assets to assist streamline our core focus of advancing a highly prospective pipeline of 13 drill targets across 5 projects in Australia. In addition, the Company has a success based exploration alliance with an artificial intelligence explorer who is responsible for generating, funding and drill testing targets at a further NSW based project of Kincora's (the Cundumbul project).

Our exploration model applies a robust systematic approach utilizing modern exploration techniques supporting high-impact, value add programs underpinned by targets with strong indications for world-class scale potential.

Over 30,000 metres have been drilled since Kincora's entry into NSW and initial on the ground activities commencing in 2Q'20. Two corporate transactions and a total of four direct applications for new licenses have been successful.

Drilling is ongoing at the Condobolin project, having completed 5 diamond drill holes at the Trundle project in 2023. All holes of the current Trundle program have confirmed an extensive multiple system gold-copper complex across a 3.2km strike, up to 900m wide and a verticial depth of greater than 800m (all open). Assay results have been received for four of the five holes with a technical workshop planned at the end of May to review final results and plan follow up activities.

The Company has also been successfully awarded five separate project grants from the NSW Governments' New Frontiers Exploration program and gained a total of A$609,5000 in co-operative funding drilling grant awards (A$200,000 claimed to date). The grants follow a competitive expert panel review process, monies are non-dilutionary and on a matched one-to-one basis.

Drilling has advanced the Company's geological models and conviction for the Trundle, Fairholme and Nyngan projects. Only in August 2022, the Company announced the highest grade assay results to date from the Trundle project, at the emerging Southern Extension Zone ("*SEZ*") discovery.

In 2H'2022, Kincora announced a large Maiden Mineral Resource and updated Exploration Target reported under the JORC Code[1] for the Bronze Fox project, the flagship of the Mongolian project portfolio, and situated on an existing mining license. The Bronze Fox project consists of one of the largest copper-gold systems in Mongolia, with only modest drilling having been completed, and the maiden resource hosted within a small portion of one of three large and underexplored intrusive complexes identified to date.

The Company remains committed to extracting appropriate value from the Mongolian assets while we continue to focus our efforts towards active and systematic exploration activities in NSW.

On March 26th, 2021, the Company was admitted to the official list of the ASX with quotation of the Company's Chess Depositary Interests ("*CDI's*") representing fully paid ordinary shares at a ratio of 1:1. The listing commenced on March 30th, 2021 following the Company having raised $9,620,000 (A$10,000,000) pursuant to the offer under prospectus. On December 13, 2022, the Company announced a two tranche non-brokered private placement to raise A$2,400,000 via the issuance of CDI's.

Kincora has corporate offices in Vancouver and Melbourne, and operating offices in Ulaanbaatar (Mongolia) and Trundle (NSW).

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 under the symbol **KCC**. As at May 2, 2023, the Company has 47.3 million shares on the TSX Venture Exchange and 119.3 million CDIs on the ASX.

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

[1] The maiden Mineral Resource and Exploration Target have been prepared by independent consultant DG & JG Larsen Consulting Pty Ltd and are reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 (JORC Code), and is not based on Canadian Institute of Mining, Metallurgy and Petroleum (CIM) definitions. As a result, the estimate is not recognized under National Instrument 43-101 of the Canadian Securities Administrators (NI 43-101). For further details please refer to the July 27, 2022 press releases on the ASX and SEDAR.
The Mineral Resource and Exploration Target were commissioned and paid for by Resilience Mining Mongolia Limited, meeting a condition precedent from the June 30th 2021 Joint Venture and Acquisition Agreement, and subsequent extension agreements, which has been subsequently terminated by Kincora. Kincora currently retains a 100% interest in the Mongolian asset portfolio.

Operational and Corporate Highlights

Highlights for the three-month period ended March 31, 2023 include:

- **Drilling recommences with shallow mineralisation at Trundle:** *A new high impact phase of drilling at the Trundle project commenced on January 10th to test 5 adjacent system and separate large scale porphyry targets across an existing 3.2km mineralised strike. The next phase of drilling in NSW is expected to test a total of 13 new copper-gold discovery opportunities across 5 projects.*

- **New largest shareholder and board changes:** *Following shareholder approvals for tranche two of the December 2022 capital raising, The Bloomfield Group resulted as Kincora's largest shareholder. Luke Murray, Chief Operating Officer of The Bloomfield Group, joins the Company's board as a non-executive director and brings senior executive experience in open cut mining, processing, logistics and permitting in New South Wales to the Kincora team. Concurrently, Lewis Marks has stepped down as a non-executive director, but remains as an advisor to the Company.*

- **Appeal to the Mongolian Supreme Court:** *Following an adverse Appeal Court ruling, outside of the litigants' appeal and counter-arguments, which overturned a prior First Instance Administrative Court and preceded in a timeframe far too short to consider the merits of the case, Kincora has appealed to the Supreme Court in is ongoing defence of a 2016 tax ruling. This appeal was accepted.*

Subsequent Events:

- **Field Work at Cundumbul Project:** *The Company's exploration alliance partner Earth AI Pty. Ltd. has commenced reconnaissance fieldwork at the Cundumbul project. The reconnaissance work program will assist, confirm and refine target assessment ahead of a planned drilling program utilizing Earth AI's in-house diamond drill rig that is based in Young, NSW.*

- **Extensive multiple system porphyry complex confirmed at Trundle Project:** *All five diamond holes of the current Trundle project program have confirmed an extensive multiple system gold-copper complex. Four adjacent mineralised system targets have been drilled with shallow higher grade and board gold-copper mineralised zones returned. A technical workshop is planned for the end of May to review final results and plan follow-up activities.*
  A 3.2km gold-copper mineralised strike remains open to the north and south, confirmed up to 900m wide (open) and a vertical depth of greater than 800m.
  A maiden Kincora drilling program has commenced at the Condobolin project while Trundle results are finalised and workshop completed. Drilling at the Condobolin project tests new geological concepts at existing high grade and shallow gold-base metal targets at the Meritilga, Phoenix and Tilga prospects

President & CEO, Sam Spring said: *"Kincora has made a strong start to the ongoing drilling program that will drill test a total of 13 gold copper discovery opportunities across 5 projects, and, in addition to this, it is pleasing to see our artificial intelligence exploration alliance partner, Earth AI, commence field work at the Cundumbul project.*

Initial drilling results further illustrate the very extensive scale of the mineralised system (3.2km and open) at the brownfield Trundle project with demonstrated higher grade potential, including most recent assay results of up to 2.24% copper and 1.75g/t gold.

Initial visuals are encouraging from our maiden drilling program at the Condobolin, where high-grade gold-base metal results are expected at 3 targets.

There is a strong pipeline of news flow and value catalysts in the upcoming quarter, which we expect to be a very exciting period for the Company.

We continue to see many significant positive developments in our district, including new mine permits, exploration successes and increasingly corporate transactions from earn-in exploration agreements to billion dollar plus M&A."

Macquarie Arc, Australia portfolio

The latest phase of drilling in NSW commenced in mid January 2013. The designed program is the result of detailed project reviews and Technical Committee workshops to rank and prioritise resulting targets across the project portfolio. Kincora's plans include drill programs at 5 projects testing 13 shallow prospects (only one hole >500m), with drilling commenced at the brownfield Trundle project.

Trundle Project

The Trundle project is located in the Junee-Narromine volcanic belt of the Macquarie Arc in a brownfield setting within the westerly rift separated part of the Northparkes Igneous Complex ("NIC"). Trundle is estimated to potentially host a quarter of the interpreted total near surface NIC, with the eastern portion of the NIC hosting the Northparkes mine (owned by CMOC and Sumitomo and host to Australia's second largest porphyry mine). Trundle is the only brownfield project held by a listed junior in the Macquarie Arc, which is Australia's foremost porphyry belt.

During the March 2023 quarter, two neighbouring explorers also undertook drilling at the western and southern extensions of the Trundle project. FMG completed drilling immediately adjacent to the south, testing the potential southern extension and associated magnetic anomalies of the 3.2km mineralised and magnetic corridor Kincora is currently drill testing at the Dunn's-NE Gold Zone-Botfield prospects. Rimfire Pacific Mining completed a two rig program on the neighbouring western license, one drilling its Valley target adjacent to the northern section of the Trundle project, testing the western undercover extension of Kincora's Mordialloc target.

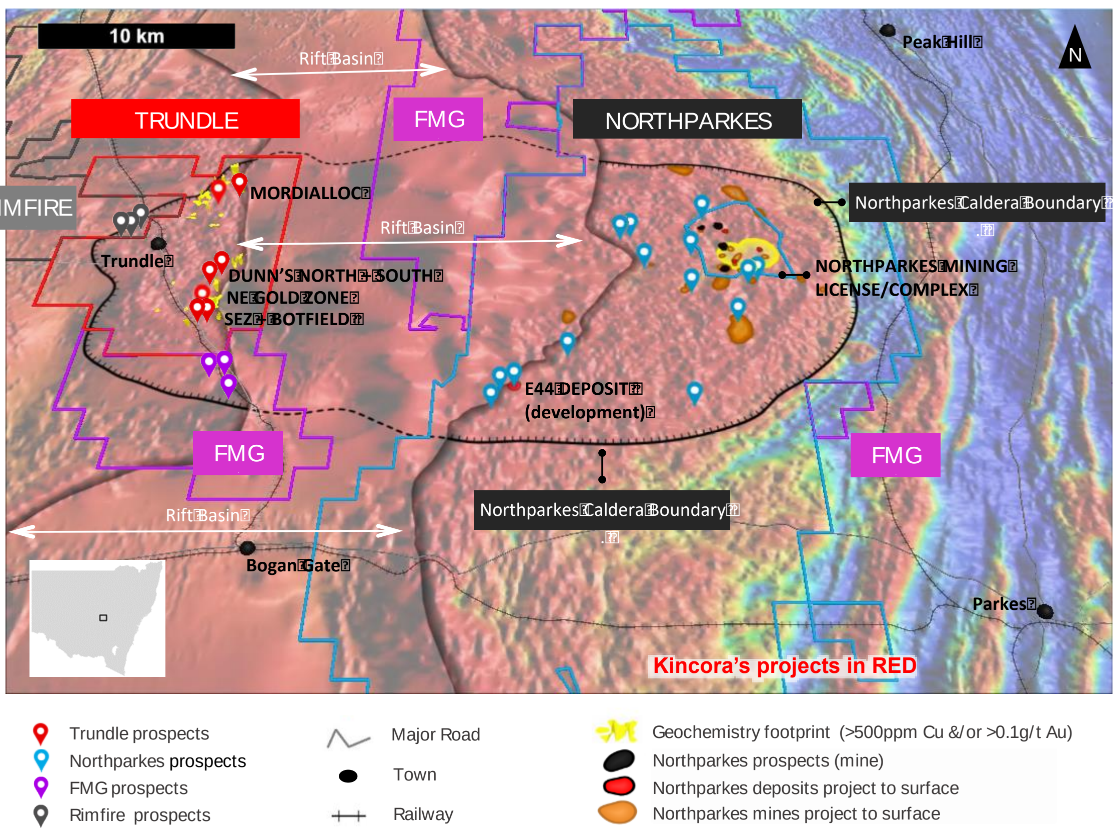

Figure 1: Trundle - Quarter of a world-class mining complex with neighbour explorer drilling both on the north and southern sections of the project testing potential common mineral systems

Northparkes is Australia's 2nd largest porphyry mine and is hosted in the eastern section of the complex with a with a mineral endowment of over 24Moz AuEq

Historically small base metal and gold occurrences were mined at the Trundle project with a combination of open cut and underground workings. Numerous groups have carried out mineral exploration over the last 40 years (the last being Robert Friedland's High Powered Exploration, a predecessor company to Ivanhoe Electric Inc (NYSE American: IE; TSX: IE), until the last commodity cycle downturn) focusing on porphyry copper-gold mineralisation associated with shoshonitic Ordovician igneous rocks like those at Goonumbla (Northparkes) and Cadia.

A total of 61,146m for 2208 holes of prior explorer drilling, mainly air-core, has taken place with over 90% of holes within 50m from surface. Extensive near surface mineralisation has been defined along a 10km north-south strike length with coincident (and largely untested) magnetic anomalies. Prior to Kincora only 11 holes have previously been drilled to depths greater than 250m.

Kincora has recognized that despite various positive indicators supporting deeper drilling that there had been a lack of drilling to intersect porphyry systems at depths similar to those at Cadia (>90Moz AuEq, host to five main porphyry and two skarn deposits) and Northparkes (>24Moz AuEq, host to 22 porphyry discoveries, 9 of which have positive economics).

Subsequently, Kincora's approach has been to develop a detailed 3D model to advance and refine geological interpretations, to identify mineralised trends, then rank and test targets. A key advancement has been the development of this 3D working model, based upon the observed and ongoing geological logging, and also incorporating the structural, alteration, geochemical and mineralogical results. This significantly improved geological understanding and has both guided and justified deeper drilling.

Before the recently commenced phase of drilling, Kincora had completed 34 diamond holes for 23,513m with a focus in the southern portion of the license at the Trundle Park prospect with 25 holes and 16,224m (up to 1,032m depth). To date, Kincora has discovered two new porphyry intrusion areas (the Eastern and Central Zones) with associated skarn horizons, and more recently a down faulted extension to the wider system to the south - the "Southern Extension Zone" ("*SEZ*").

The skarn system at the Trundle Park prospect is believed to be the largest mineralised skarn system in NSW, with the size of the skarn system providing significant encouragement for the size and metal tenor of the causative porphyry source.

In 2022, Kincora announced the highest primary mineralisation to date at the Trundle project in hole TRDD032 which returned: 34m @ 1.45 g/t Au, 0.25% Cu in skarn, including an interpreted porphyry vein that drove 2m at 19.9 g/t Au, 2.43% Cu, within a broad interval of 104m @ 0.59g/t Au and 0.11% Cu. While the interpreted porphyry vein in hole TRDD032 was only milometers width, it was very high grade, within a 40cm semi-massive interval that drove the 19.9g/t Au and 2.43% Cu over a 2 metre sample. The newly identified and interpreted first direct porphyry vein in the SEZ provides strong evidence for potential ore grade porphyry vein mineralisation.

Prograde and retrograde skarn alteration and mineralisation have been returned in all four holes to date within the SEZ (holes TRDD029-32), with no causative porphyry intrusive source yet confirmed. Ore grade gold-copper in skarn has been intersected within the SEZ over a 330m SSE strike and 225m W-E wide system, which is open. The intersected tabular, bedded, mineralised skarn system across multiple horizons (with greater than 120m cumulative skarn widths in three of the four holes in the SEZ) has assisted to provide various geological vectors for follow up drilling.

In 2H'22, Kincora concluded extensive internal and external technical reviews of all datasets across the Trundle project and undertook an extensive relogging exercise for the Trundle Park prospect. This review has resulted in the designed 2023 program.

Post the review, Kincora sought and was awarded funding supported, via the NSW Government's New Frontiers Exploration Program, for the first direct follow up hole to the high-grade zone in hole TRDD032 in the SEZ. The designed hole will be the most southern diamond hole at the Trundle project and seeking to test the interpreted causative intrusive porphyry source to the SEZ at two alternative settings and targets, one nearer surface below previous bornite veins hosted within volcanics, and the other, the down dip of the aforementioned very high grade porphyry vein, within an interpreted structural corridor.

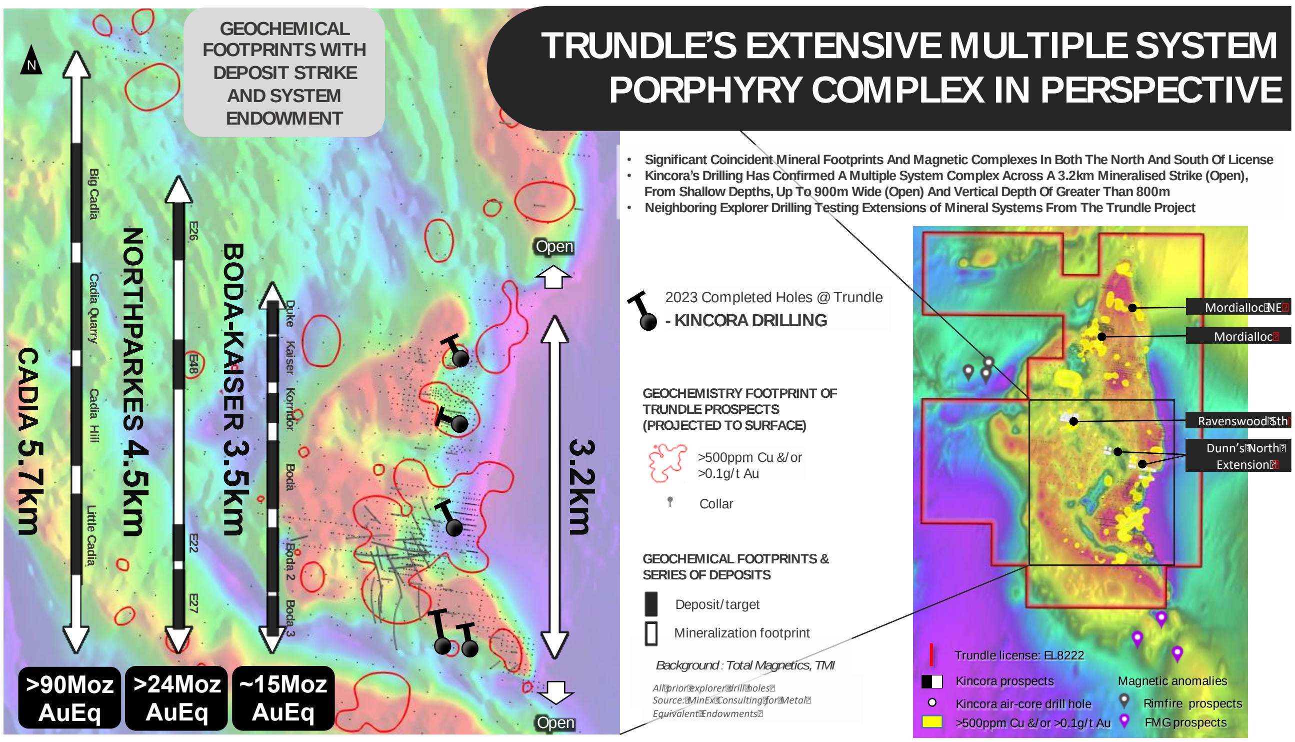

Figure 3: Kincora 2023 drilling at Trundle has confirmed an extensive multiple system gold-copper complex
A 3.2km gold-copper mineralised strike remains open to the north and south, confirmed up to 900m wide (open) and a vertical depth of greater than 800m

Kincora's current phase of drilling at the Trundle project commenced in January and has drilled 5 diamond holes for 1,972m testing four adjacent mineral systems. All holes have intersected zones of gold-copper mineralisation at shallow depths with broader lower grade intervals and localised higher grades.

Assay results returned for four holes, and detailed geological logging of all holes, are suggestive of an interpreted proximal setting to the targeted porphyry intrusions. The observed alteration and mineralisation at each prospect drilled during this program are interpreted to be analogous to a proximal setting in comparison to the deposits at Northparkes and Cadia mines. This setting, coupled with the coincident magnetic response, across a long strike, and open both to the north and south, strongly supports the Company's concept that the southern portion of the Trundle project has the potential for a series or cluster of high-grade and gold endowed porphyry copper and skarn deposits.

Highlights of the current 2023 program include:

- **Dunn's North and Dunn's South prospects**: Kincora's first ever holes into the Dunn's North and South prospect, located 640m apart, intersected multiple phased intrusive complexes from near surface. Assay results include higher grade results:

- Dunn's North prospect (hole TRDD035): 12.5m @ 2.77g/t gold from 77.5m, with 2m @ 14.2g/t gold

- Dunn's South prospect (TRDD036): 31m @ 0.49g/t gold, 0.25% copper and 55ppm molybdenum from 65.9m, including:
  - o 8.6m @ 1.21g/t gold, 0.26% copper and 90ppm molybdenum from 65.9m, with 1m @ 6.88g/t gold, 0.30% copper & 46ppm molybdenum
  - o 4.5m @ 0.50g/t gold, 0.79% copper and 180ppm molybdenum from 92.4m, with 0.5m @ 1.72g/t gold, 2.54% copper and 721ppm molybdenum

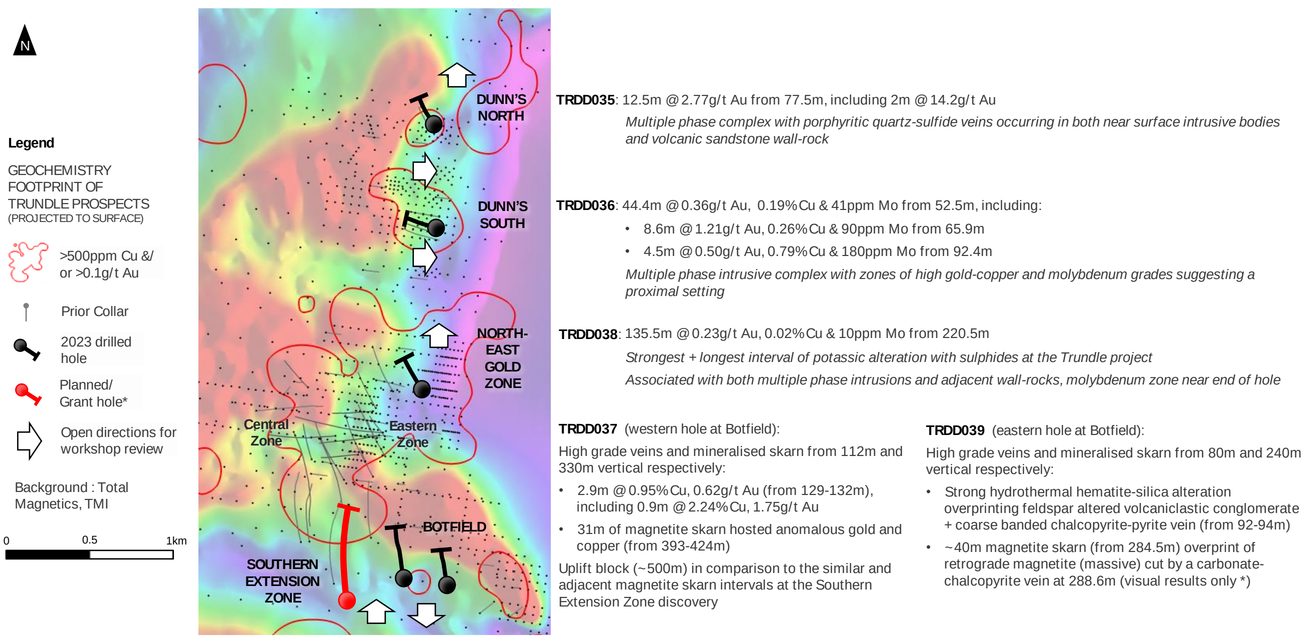

Figure 4: Four adjacent mineralised system targets drilled with shallow higher grade and board gold-copper mineralised zones

- **Botfield prospect:** Kincora has completed two holes at the Botfield prospect that have for the first time drill tested a large magnetic high complex coincident with shallow anomalous copper-gold results and an Induced Polarisation (IP) chargeability high anomaly.

  Kincora's first and most western hole TRDD037 at Botfield was drilled on the margin of this coincident magnetic and IP chargeability anomaly, with follow up hole TRDD039 a step out 260 to the east and into the geophysical anomalies core, seeking to test if the Botfield prospect was a large untested skarn and/or porphyry complex associated with the adjacent Southern Extension Zone (SEZ) discovery.

  Holes TRDD037 and TRDD039 indicate that the Botfield prospect is located in an uplifted block, in the order of over 500m, to the immediately adjacent SEZ prospect across an interpreted significant N-S fault zone, with high grade, coarse banded vein hosted mineralisation intersected as close as 80m vertical depth and board magnetite skarn horizons from 240m vertical depth.

  Massive to semi-massive and banded magnetite skarn with associated pyrite and chalcopyrite has been discovered over a NW-SE strike length of over 900m from the most western hole at the SEZ (TRDD031) through to and including the most eastern hole at Botfield (TRDD039). This magnetite skarn is an extensive mineralising system, with mineralising porphyry intrusive source rocks and pathway to the skarn yet to be confirmed and open for further exploration.

- Assay results for hole TRDD037 (western of the holes at the Botfield prospect):
  - 2.9m @ 0.62g/t gold, 0.95% copper, within coarse banded chalcopyrite-bornite-pyrite veins (from 129-132m), including 0.9m @ 1.75g/t gold, 2.24% copper (from 131m).
  - 31m @ 0.16g/t gold, 0.08% copper, within massive magnetite-pyrite-chalcopyrite skarn (>80% magnetite, from 393-424m downhole, 330m vertical).
  - 18m @ 0.20g/t gold, 0.10% copper, within banded magnetite-pyroxene-feldspar skarn with pyrite and chalcopyrite (<30% magnetite from 402-420m).
- Visual interpretation of hole TRDD0391 (eastern of the holes at Botfield):
  - Strong hydrothermal hematite-silica alteration overprinting early feldspar altered volcaniclastic conglomerate and coarse banded chalcopyrite-pyrite vein (from 92-94m, interpreted to be similar to 129-132m in hole TRDD037).
  - Almost a 40m interval of semi-massive to massive magnetite skarn from 284.5m to 322.40m, including early garnet veins overprinted by retrograde magnetite (massive) cut by a carbonate-chalcopyrite vein at 288.6m.

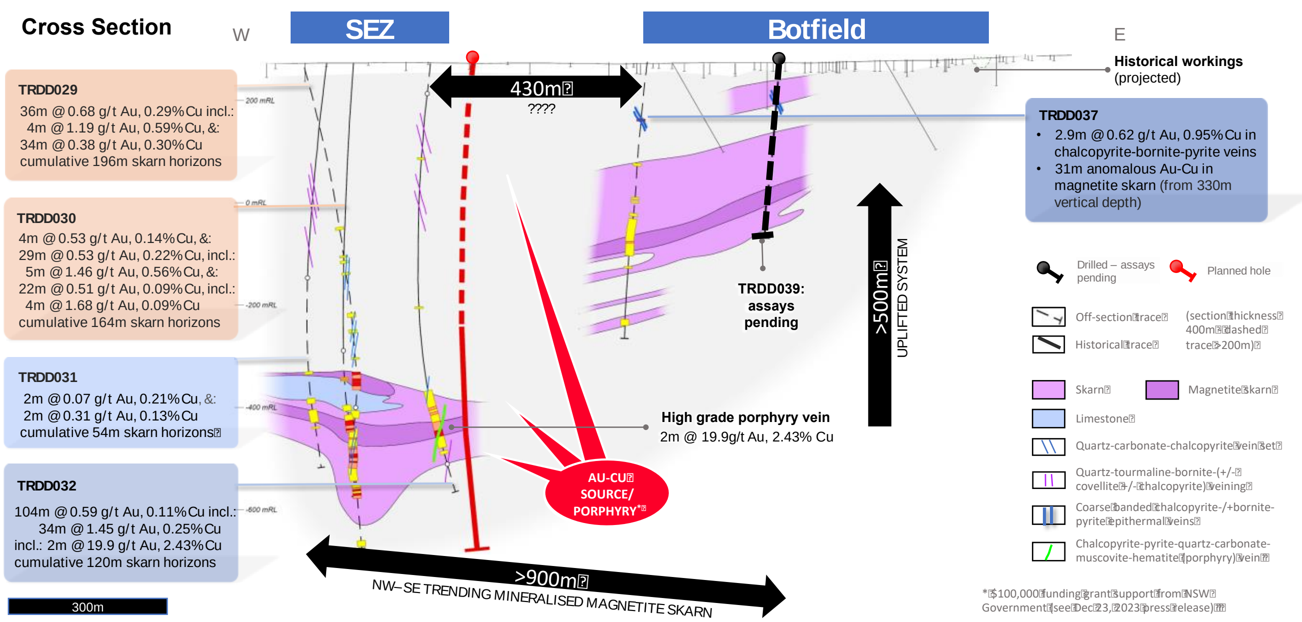

Figure 4: Extensive mineralised magnetite skarn system coming toward surface
Causative mineralising porphyry source and pathway yet to be confirmed for the Southern Extension Zone (SEZ)-Botfield magnetite skarn

- **North-East Gold Zone prospect**: Hole TRDD038 was a 170m step out from previous shallow intrusive hosted gold mineralisation. Geological logging indicates the strongest and longest interval of potassic alteration (secondary biotite) with sulphides to date at Trundle (mainly pyrite with trace chalcopyrite) hosted with both diorite and monzodiorite intrusions and also into the adjacent volcaniclastic wall-rocks. This presence of secondary biotite and pyrite with traces of chalcopyrite is indicative of a proximal setting to the mineralising system.

A broad interval was returned of 135.5m @ 0.23g/t gold, 0.02% copper and 10ppm molybdenum from 220.5m, in a sequence of volcaniclastic sandstone and andesite with monzodiorite intrusions – see Table 2 for further details. The hole remains open (end of hole 357.3m) pending the upcoming technical workshop and noting:

- 3m @ 0.53 g/t gold and 0.03% copper from 243-246m within monzodiorite
- 2m @ 0.73g/t gold and 0.11% copper from 354-356m within altered volcaniclastic sandstone, and;
- 20m @ 0.20g/t gold, 0.02% copper and 48.9ppm molybdenum from 326-346m within altered volcaniclastic sandstone.

A workshop, led by the Company's technical committee, is scheduled for the end of the month to undertake an analysis and review, pending results, to assist and plan follow-up exploration activities and drilling at the Trundle project.

In the interim, a maiden Kincora drilling program has commenced at the Condobolin project, located within the Cobar Superbasin and serviced from the Company's Trundle regional base. This program will test three near surface, high-grade gold-base metal targets within a 2km radius.

For further details on Kincora's initial results at the Trundle project please refer to the March 21st, 2023 "*Drilling at Trundle intersects shallow mineralisation*" and May 10th, 2023 *"Extensive multiple system porphyry complex confirmed at Trundle" press releases.*

Further details on the Trundle project, and neighbouring Northparkes mine, are available at:
https://kincoracopper.com/the-trundle-project

Condobolin

The Condobolin Base Metal District (CBMD) is a historical mining province that saw production from approximately 25 small, high-grade pits between the late 1800s and early 1900s, and is located in the southern extension of the Cobar Superbasin. The project is located 40km south from the mill at the Mineral Hill precious and base metals restart operation, and north of the Condobolin town.

The CBMD has lacked systematic modern exploration with historical mining operations largely ceasing due to water (70-90 metre depth). Similar mineral districts within the Cobar Superbasin have hosted recent significant discoveries.

Having undertaken detailed reviews, Kincora designed a drilling program seeking to test new geological concepts and structural controls of the identified high-grade mineralisation.

The Company has consolidated the near surface potential associated with the CBMD, total project size 207.4km^2 across two adjacent licenses. Kincora's proposed maiden drill program seeks to test for higher-grade precious and base metals potential at shallow open-pitable depths (<300m) at three separate target areas within a 2km radius. If successful, the program would support Kincora's new geological concepts and warrant further drilling to test the potential for a hub and spoke development scenario.

The prospects to be drilled include:

• Meritilga: strong rock chip and RC drilling gold-base metal anomalies (including 4m @ 20 g/t gold, 30.1 g/t silver and 0.26% copper (from 75m down hole), and, 5m @ 7.89 g/t gold, 22.28 g/t silver (from 99m) within a broader interval of 15m @ 2.76 g/t gold, 8.78 g/t silver (from 90m down hole) with geological, geochemical and alteration vectors for Cobar style mineralisation that remain to be tested for structural controls for high grade zone(s) previously untested by diamond drilling.

• Phoenix: coincident gold-base metal soil anomaly at the surface with historical mining at head grades of up to 6 g/t gold, 5% copper, 10% lead to 70m depth and 10m wide. Limited subsequent drilling undertaken at an interpreted unfavourable orientation.

• Tilga: coincident 1500 x 300m gold-silver-arsenic-tin soil geochemical anomaly, the most attractive multi-element soil anomaly at the Condobolin project, with a favourable structural setting but not previously drill tested.

Drilling has commenced at the high grade Meritilga prospect with promising initial visual results. For further details please refer to the May 10th, 2023 *"Extensive multiple system porphyry complex confirmed at Trundle"* press release.

Cundumbul Project

The Cundumbul project is located in the central Molong volcanic belt of the Macquarie Arc, approximately 30km south of Alkane's Boda-Kaiser porphyry project (maiden Boda resource >10Moz AuEq and maiden Kaiser resource 4.8Moz AuEq), 25km north of Copper Hill (>3Moz AuEq resource) and 70km north of Cadia (>90Moz AuEq endowment).

Field based exploration efforts at the Cundumbul project were last lead by Mitsubishi Materials Corporation during an earn-in period (concluded 2015). Mineralised monzonitic intrusions have been identified at both the Bells and Andrews prospects, in the north and south respectively of the Cundumbul project, located over 10km apart.

More recent exploration by Sultan Resources at multiple common prospect mineral systems adjacent to the projects license boundary have returned extensive hydrothermal alteration, anomalous copper and gold, and further confirmed porphyry potential.

On October 6th, 2022, Kincora announced a success-based exploration alliance agreement with Earth AI Pty Ltd ("Earth AI") to generate and drill test artificial intelligence and machine-based learning targets at the Cundumbul project. The agreement supports a co-funding and royalty model with Earth AI to spend up to A$4.5m generating and drill testing targets and to earn a royalty only upon a new drilling discovery (qualify intersection). The agreement does not affect the capital structure of the Company or current ownership in the project.

In May 2023, after a thorough geological research and Artificial Intelligence (AI) targeting phase, ground truthing field work commenced by Earth AI to confirm and refine drill hole targeting hypotheses at the Cundumbul project ahead of near term drilling.

For further details please refer to the October 6th, 2022 *"Alliance with Artificial Intelligence Explorer for Cundumbul project"* and May 2nd, 2023 *"Earth AI Commences Field Work at Cundumbul project"* press releases for further details.

Fairholme Project

The Fairholme project is located in the southern sector of the Junee-Narromine Belt of the Macquarie Arc in the Cowal block with license contiguous to Evolution Mining's flagship Cowal project.

The Cowal mine hosts a cluster of epithermal, quartz-carbonate-base metal-gold mineralization deposits across a 7.5 x 2km north-south oriented "gold corridor", located on the western edge of Lake Cowal.

Modern exploration in the Cowal region commenced following the discovery of porphyry mineralization in Goonumbla district (Northparkes), seeking to test a similar geophysical profile under generally shallow post mineral cover, with the large low grade E39 porphyry discovery and then Newcrest's discovery of the Marsden porphyry deposit (>0.5Mt copper and >1Moz gold). Newcrest undertook the majority of drilling at Fairholme, total prior explorer drilling 62,768m for 641 holes, between 1990-2005.

The last exploration prior to Kincora's involvement at Fairholme was by Kaizen Discovery earning into the project (an Ivanhoe Electric group company, chairman Robert Friedland). Despite Kaizen recognizing the potential for Cowal style gold deposits its focus was the copper porphyry potential and undertook exploration to moderate-deep depths (including Typhoon™ Induced Polarization survey, magnetics and drilling). Kaizen left the project at the start of the last commodity cycle downturn (March 2016).

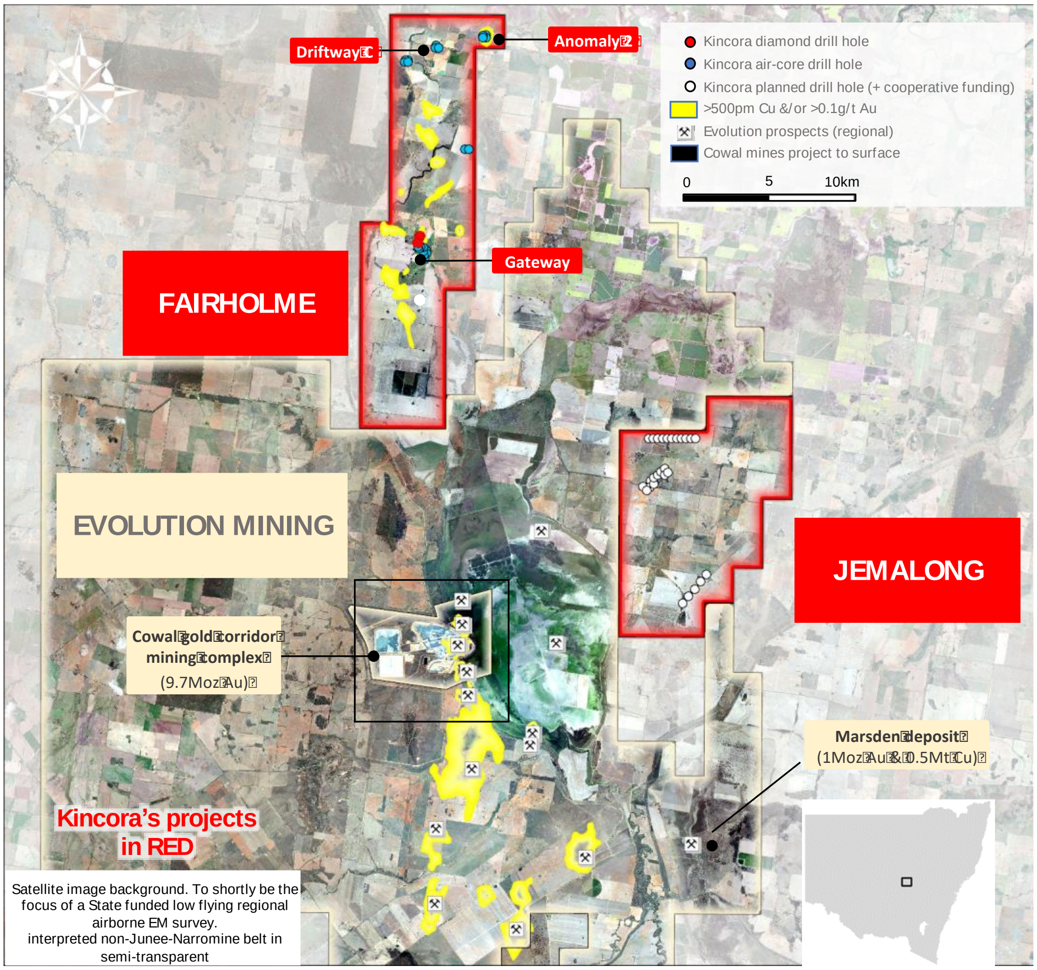

Figure 5: Fairholme – On mineralised trend and adjacent to the Cowal "gold corridor" and mine
The wider Cowal project hosts a 14Moz gold and 0.5Mt copper endowment

In 2015, Evolution Mining acquired the Cowal mine from Barrick and has since grown gold inventory from 3.4Moz to 9.7Moz (net of 1.7Moz mine depletion), with a target total endowment of 15Moz Au (noting total historical production of 4Moz gold).

Previous explorers have largely underestimated the scale potential of the gold corridor at Cowal, and no drilling has taken place at Fairholme since Evolutions rapid resource growth with the regions higher level gold endowment now far outshining the deeper copper porphyry potential (the latter generally the focus of previous explorers).

The Fairholme project is host to a number of advanced to early-stage exploration prospects across a 16km north-south mineralised strike, with relatively limited effective previous drilling having identified multiple and large intrusive related mineralised systems. Kincora's strategy is not restricted to focusing on copper porphyry targets, and seeks to benefit from the various exploration techniques and successes achieved by Evolution at Cowal.

Kincora's initial drilling program included completion of five diamond holes at the Gateway prospect located less than 15km along strike from the five epithermal, carbonate base-metal deposits that comprise the Cowal mine.

This program was completed in 2021, identifying zonation and controls to mineralisation with a mineralised system confirmed over 600m in strike. These results assisted with the design of a second phase and follow up air-core drilling program (completed in 2022), which successfully both extend the southern mineralised trend and strike, and confirmed higher-grade potential.

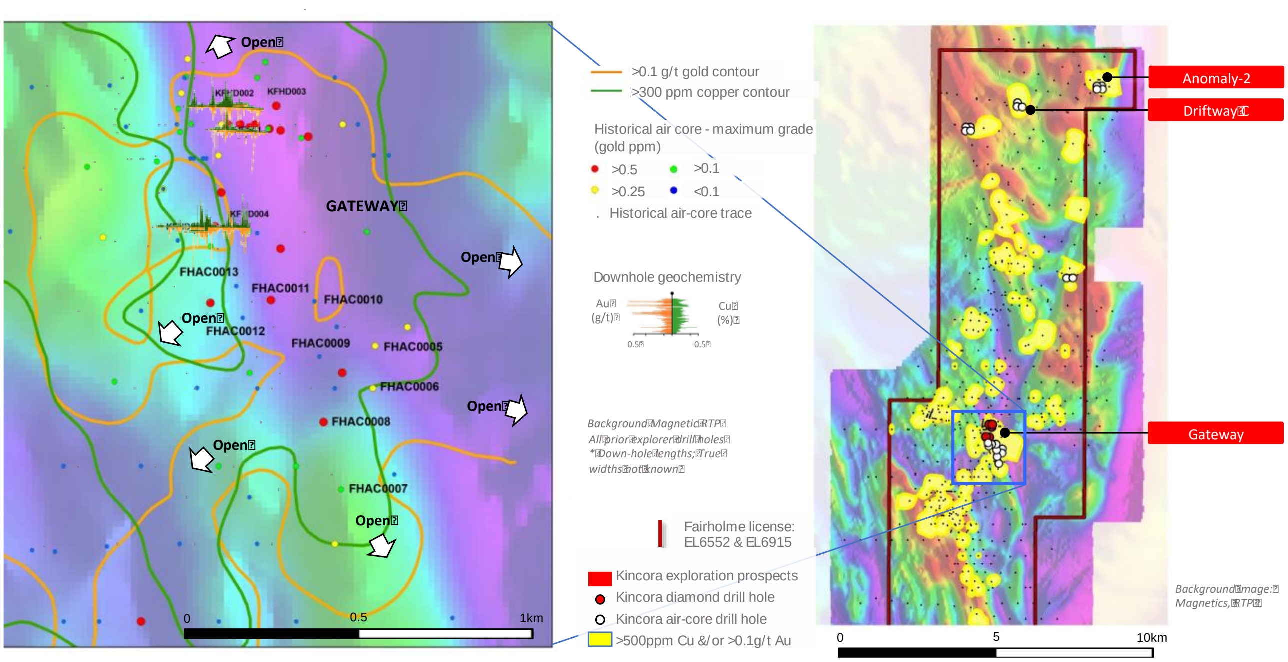

Figure 6: Gateway prospect strike >1.6km with vectors
Recent drilling returned anomalous gold and copper in all nine holes, including the 5th highest grade air-core interval to date at the Fairholme project (3.35g/t gold over 2m in hole FHAC008, noting a total of 552 prior explorer air-core holes)

Anomalous gold and copper results were returned in all nine air-core holes across a ~900m strike including the 5th highest grade air-core interval to date at the Fairholme project (3.35 g/t gold over 2m, from 52m in hole FDAC008).

The first phase diamond drilling and second phase air-core program have confirmed a zoned and structurally controlled mineralised corridor across a greater than 1.6km strike at Gateway (and open).

Kincora was awarded a A$200,000 project drilling grant for the diamond and air-core drilling programs at the Gateway prospect under the New Frontiers Cooperative Drilling program from the NSW Government.

The 2022 Kincora air-core program also tested four other prospects, being the first drilling at these prospects since 1997. The program was analogous to the original Geopeko reconnaissance RAB drilling to bedrock program over many targets, largely selected on the basis of geophysical data and insufficiently followed up geochemical data. That program by Geopeko ultimately led to the discovery of the Cowal gold-base metal deposits and is an exploration strategy Kincora is looking to further replicate.

The air-core program successfully converted two of the four anomalies drilled to highly prospective targets. All holes drilled at the Driftway C target returned broad anomalous copper, including end of hole primary mineralisation. At the Anomaly 2 target, all holes drilled returned anomalous copper, with intrusion related anomalous copper and gold noted in half the holes.

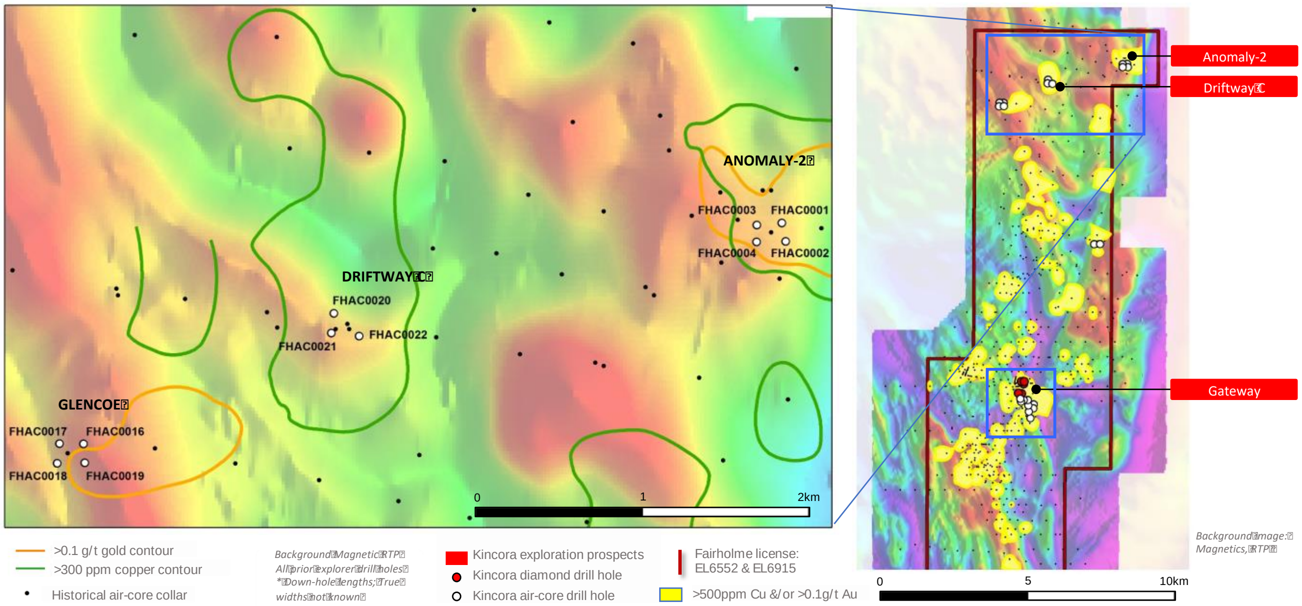

Figure 7: First drilling at northern prospects since 1997 delivers
Anomaly 2 and Driftway identified as highly prospective follow up targets - all Kincora holes returned anomalous copper

Follow up air-core and diamond drilling programs have been designed to expand the open near surface footprints and evaluate the untested potential for underlying porphyry gold-copper related systems at shallow to moderate depth at the Gateway, Driftway C and Anomaly 2 targets.

Further details on the Fairholme project, and neighbouring Cowal mine, are available at:
https://kincoracopper.com/fairholme-project

Northern Junee-Narromine Belt

Kincora's Northern Junee-Narromine belt portfolio and strategy includes the wholly owned Nyngan, Nevertire and Mulla licenses covering 1,739.5km^2. The portfolio includes a large portion of what is interpreted by Kincora to be the most prospective and shallow to moderate covered part of the commonly accepted northwards extension of the Junee-Narromine Belt of the Macquarie Arc.

Kincora was an early mover into the region, which is within a structural jog along the Junee-Narromine belt. This jog is favourably comparable to the Lachlan Transverse Zone and other NW-SE lineaments that have often been interpreted as fundamental controls on the formation of the porphyry related mineralized systems in the Macquarie Arc (e.g. Cadia, Northparkes, Boda and Cowal-Marsden).

The broad region was previously the focus of St Barbara Ltd.'s Big Gold Lachlan Project-Marra Joint Group project that covered various separate license areas across an 80km strike. St Barbara interpreted *"the area to contain the largest volcano-intrusive centre of the Ordovician-Early Silurian Macquarie Arc, which to the south hosts the Northparkes and Cadia Valley mines."*

The region has attracted significant recent interest with majors and juniors alike pegging ground and recently commencing exploration. Inflection Resources and FMG are both currently undertaking stratigraphic and target testing drilling programs within the region.

In June 2022, Inflection Resources (ticker "AUCU" on the CSE) intersected interpreted Macquarie Age rocks with a maiden drilling program at the Duck Creek prospect, located within 2.5km from Kincora's Nyngan project. This technical success was a catalyst for Inflection's oversubscribed C$1.65m raising @ C$8.8m pre-money valuation.

In February 2023, Inflection Resources announced a Heads of Agreement with Anglo-Gold Ashanti for multiple-year, multiple stage exploration earn-in for up to $135 million for its Macquarie Arc project portfolio, which provides a very attractive direct peer group valuation and proof of concept for Kincora's Northern Junee-Narromine Belt project portfolio.

Cooperative funding grants are in place to support Kincora's maiden drilling at Nevertire and second hole at Nyngan. Kincora's targets at both projects seek to test the shoulders of local magnetic high anomalies along NW-SE/cross arc structures, which is a common setting for Macquarie Arc (e.g. Boda, Cadia & Cowal) and other global significant porphyry deposits.

Further details available at:
https://kincoracopper.com/northern-junee-narromine-belt

Southern Gobi, Mongolia portfolio

Kincora has undertaken the first modern district scale exploration across the world-class Southern Gobi copper-gold porphyry belt and retains a 100% interest in one of the largest land positions in the belt.

The Company's Mongolian portfolio assets include the Bronze Fox mining license (the eastern license of the Bronze Fox project), Tourmaline Hills (the western license of the Bronze Fox project) and Red Well exploration licenses, the White Pearl camp and one of (if not) the largest project generation databases for Mongolia.

On July 26th, 2022, the Company noted the maiden inferred mineral resource estimate (MRE) and updated exploration target for the West Kasulu prospect reported under the JORC code[1] by Resilience Mining Mongolia Limited (Resilience).

The majority of the MRE and exploration target are situated within the existing Bronze Fox mining licence with the balance being on the adjoining Tourmaline Hills exploration licence (collectively the Bronze Fox project).

West Kasulu prospect is open on strike and at depth, hosted within a small portion of the much larger mineralised Bronze Fox Intrusive Complex, which is one of three so far identified near surface and under explored intrusive complexes at the wider Bronze Fox project.

During 2H'2022, Kincora terminated the Joint Venture Agreement with Resilience to retain a 100% and unrestricted interested in our Mongolian license portfolio and subsidiaries. Kincora continues to pursue various alternatives to realised value for the Mongolian portfolio, including discussions with Resilience and other investors, as it also seeks to defend the 2016 tax ruling that was relied upon to close the transaction with IBEX.

Refer to the March 3rd, 2023 press release for further details on the 2016 tax ruling defense.

Further details available at:
https://kincoracopper.com/southern-gobi-belt

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 Paul Cromie (BSc Hons. M.Sc. Economic Geology, PhD, member of the Australian Institute of Mining and Metallurgy and Society of Economic Geologists), Exploration Manager Australia, who is the Qualified Persons for the purpose of NI 43-101.

JORC Competent Person Statement
Information that relates to Exploration Results, Mineral Resources or Ore Reserves has been reviewed and approved by. Paul Cromie, a Qualified Person under the definition established by JORC and have 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’.

Paul Cromie (BSc Hons. M.Sc. Economic Geology, PhD, member of the Australian Institute of Mining and Metallurgy and Society of Economic Geologists), is Exploration Manager Australia for the Company. Paul Cromie consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.
The review and verification process for the information disclosed herein for the Trundle project has included the receipt of all material exploration data, results and sampling procedures of previous operators and review of such information by Kincora’s geological staff using standard verification procedures.

Results of Operations

Three-Month Period Ended March 31st, 2023

The Company’s loss for the three-month period ended March 31st, 2023 (the “*Current Period*”) was $372,000 or $0.00 per share as compared with $608,000 or $0.01 per share for the three-month period ended March 31st, 2022 (the “*Comparative Period*”).

General and administrative expenses were $236,000 lower in the Current Period at $372,000 compared with $608,000 in the Comparative Period. This difference was due to lower directors and audit committee fees ($24,000 versus $61,000), lower insurance ($8,000 versus $27,000), lower share-based compensation ($45,000 versus $185,000), lower investor relations ($46,000 versus $47,000), lower management fees ($55,000 versus $75,000) and higher foreign exchange gain ($47,000 versus $13,000 loss). These decreases were offset by higher consultants ($38,000 versus $37,000), higher corporate administrative and office services ($86,000 versus $75,000), higher legal and accounting ($46,000 versus $27,000) and higher transfer agent and filling fees ($47,000 versus $37,000). Consultants - geologists and consultants – technical retained at $5,000 and $19,000, respectively from 2022.

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 $	March 31, 2023 ($)	December 31, 2022 ($)	September 30, 2022 ($)	June 30, 2022 ($)	March 31, 2022 ($)	December 31, 2021 ($)	September 30, 2021 ($)	June 30, 2021 ($)
Financial Results								
Net loss for period	(372)	(469)	(395)	(489)	(608)	(1,185)	(424)	(19,966)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.01)	(0.00)	(0.17)
Exploration expenditures, net of impairment (recovery)	719	299	369	1,018	1,120	1,352	2,154	(17,366)
Financial Position								
Cash and cash equivalents	1,891	2,224	1,188	2,052	3,348	4,831	6,736	9,031
Exploration and evaluation assets	14,182	13,463	13,164	12,795	11,777	10,657	9,305	7,151
Total assets	16,492	16,094	14,847	15,386	15,710	16,286	16,693	16,702
Shareholders' equity	16,047	15,630	14,603	14,907	15,303	15,605	15,999	16,287

Liquidity and Capital Resources

As of March 31st, 2023, the Company had $1,891,000 in cash.

On March 6, 2023, the Company issued 15,132,794 shares at $0.05 (A$0.055) per share for gross proceeds of $756,640 (A$832,304) from the second tranche of the December 2022 private placement. The Company incurred share issuance costs of $32,657.

The Company does not have any positive 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 novel coronavirus (COVID-19) pandemic, cost pressures and results of exploration activities, management constantly reviews expenditures and exploration programs and equity markets.

As at March 31st, 2023, the Company had an accumulated deficit of $186,747,000, working capital of $1,635,000 and a cash balance of $1,891,000, and a net loss for the three-month period ended March 31st, 2023 of $372,000.

During the three-month period ended March 31st, 2023, the Company had cash of $340,000 used in operating activities, $724,000 provided by financing activity and $697,000 used in investing activities which was mainly used for the acquisition of equipment and expenditures for the exploration and evaluation assets, offset by security deposits. 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 positive 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 caliber of its management, corporate activity and exploration results. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration activities and industry conditions. 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 three-month period ended March 31, 2023, the Company incurred $18,450 (2022 - $18,450) to a company with an officer in common for management and accounting services.

b) During the three-month period ended March 31, 2023, the Company incurred $55,000 (2022 - $75,000) to an officer and a company with an officer in common for management services.

c) During the three-month period ended March 31, 2023, the Company incurred director's fees of $41,500 (2022 - $78,500) to current directors.

d) During the three-month period ended March 31, 2023, the Company incurred consulting fees of $5,000 (2022 - $5,000) to a director of the Company.

e) At March 31, 2023, the Company owed $202,663 (December 31, 2022 - $267,330) in accrued directors' fees and management and accounting fees in accounts payable and obligation to issue shares.

Compensation of key management personnel

In thousand $		**March 31, 2023**		March 31, 2022
Management, chairman, directors, and audit committee fees	**$**	**120**	$	177
Share-based payments		**45**		171
	$	**165**	$	348

Share Capital Information

The table below presents the Company's common share data as of May 12, 2023.

	Price ($)	Expiry date	Number of common shares
Common shares, issued and outstanding			166,573,541
Securities convertible into common shares			
Warrants	***n/a***	***n/a***	-
Stock options	***various***	***various***	19,585,081
Performance rights		***Various***	5,520,449
			191,679,071

The Company had a shareholder meeting on March 3, 2023 approving the second tranche of the December 15, 2022, non-brokered private placement, which resulted in the issuance of a further 15,132,795 common shares on March 6, 2023.

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 and are disclosed prior to the Company's ASX offering under the prospectus dated March 1st, 2021.

During the three-month period ended March 31, 2023, 745,995 stock options with an exercise price of $0.26 and 118,810 stock options with an exercised price of $0.75 have expired unexercised.

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 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.

Mongolia

During the year ended December 31, 2021, the Company's Mongolian subsidiary, Golden Grouse IBEX LLC ("GGI"), has received a tax act for 2.7 billion tugriks (MNT), approximately $800,000 (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 four 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.

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.

Since 2021, the Company has pursued defencing the 2016 tax ruling, paid a 100,000,000 MNT security deposit to facilitate this legal defence, and objection to the 2021 tax act via the Mongolian administrative courts.

Subsequent to the 2021 tax assessment Kincora executed a Joint Venture Agreement with Resilience Mining Mongolia (RMM) that provided significant upside to exploration, project generation and development successes in Mongolia without near to medium term funding obligations, and, would absorb the defence and exposure to the MTA Tax Act.

On July 8th, 2022, the Company advised that it has issued a notice to RMM notifying it of the failure of conditions under the Joint Venture Agreement. During the last half, Kincora terminated the Joint Venture Agreement with RMM to retain a 100% and unrestricted interested in the Mongolian license portfolio and subsidiaries.

Kincora has indicated that it is willing to consider any further proposal, which may be put forward by RMM. Conversations with various potential investors continue. The Company remains committed to extracting appropriate value from the Mongolian assets for the benefit of our shareholders, while we continue to focus our efforts towards active and systematic exploration activities in NSW.

In March 2023, Kincora applied to the Mongolian Administrative Chamber for the dispute to receive a hearing at the Supreme Court, which is the last legal defence step available under the Mongolian judicial system. This application was successful and followed the last Appeal Court ruling (in January 2023) being outside of the litigants' appeal and counter-arguments, overturned a prior First Instance Administrative Court ruling that referred the reassessed tax act back to the MTA (with annulment occurring in 3 months should the MTA take no action), and preceded in a timeframe far too short to consider the merits of the reassessed Tax Act.

Brazil

Brazilian Diamonds, a former name of the Company, in 2001 to 2005, via the Brazilian subsidiary Samsul, held certain mineral rights, and some of these rights were the focus of alluvial diamond operations undertaken by an assignor in the State of Goias. In 2015, a lawsuit was filed by state and federal prosecutors seeking indemnification from certain defendants (including but not limited to Samsul and the assignor) in the amount of BRL 492,840, equivalent to seventy (70) carats of diamonds and 9000M3 of gravel. The case is with the lower courts in Brazil and the timing for hearing is undeterminable as at audit report date. The Company does not believe there is merit in this case

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 investments.

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.

Due to the difficult market conditions and the Company's share price performance, the Remuneration Committee in mutual agreement with the CEO has elected to suspend bonus payments for the CEO and key staff for the year ending 2021. In September 2022, the Directors of the Company elected to accrue the portion of cash payments due for fees until market conditions improve.

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 March 31, 2023 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 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 and Australia wiring funds as and when needed to foreign subsidiaries to meet 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 and Australia, with more limited funds held in Mongolia, where the Mongolian subsidiaries make monthly cash calls. As most of the Company's cash is held by three banks there is a concentration of credit risk, and, in Mongolia one of the two subsidiary's bank accounts has been frozen by the Mongolian Tax Authority as a result of an ongoing tax dispute. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies and looking to avoid holding more than one months budgeted cash reserves in Mongolia.

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

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

Liquidity Risk
The Company attempts to manage liquidity risk by maintaining sufficient cash and cash equivalent balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term obligations.

As at March 31, 2023, the Company had a cash balance of $1,891,000 (December 31, 2022 - $2,224,000) to settle current liabilities of $445,000 (December 31, 2022 - $464,000). On December 15, 2022, the Company raised $1,330,000 from the first tranche of a non-brokered private placement. In addition, the Company had a shareholder meeting on March 3, 2023 approving the second tranche A$832,304 of the December 15, 2022 placement, which resulted in the issuance of a further 15,132,795 common shares on March 6, 2023.

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 and control procedures 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 general market prices and investor sentiment, particularly relating to copper and gold. The Company closely monitors general market conditions and commodity prices to determine the appropriate course of action to be taken.

Critical Accounting Estimates

The preparation of condensed interim 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 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. On July 8th, 2022, the Company provide RMM notice of failure of conditions precedent of the binding term sheet. 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 material changes to known and unknown risks and uncertainties during the three-month period ended March 31st, 2023 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 condensed interim consolidated financial statements for the three-month period ended March 31, 2023. These statements are available on Kincora's website at www.kincoracopper.com or on its SEDAR Page Site accessed through www.sedar.com or the Australian Securities Exchange ("ASX") at https://www2.asx.com.au.

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.

This announcement has been authorized for release by the Board of Kincora Copper Limited (ARBN 645 457 763)

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Subsidiary office Australia
Vista Australia (formerly Leydin Freyer Corp Pty Ltd)
Level 4, 100 Albert Road
South Melbourne, Victoria 3205

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.

Kincora Copper Limited

(An Exploration Stage Company)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Expressed in Canadian Dollars

(Unaudited – Prepared by Management)

For the three-month periods ended March 31, 2023 and 2022

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these interim condensed consolidated financial statements in accordance with the standards established by and the Chartered Professional Accountants of Canada for a review of the interim financial statements by an entity's auditor.

Kincora Copper Limited

Statement 1

(An Exploration Stage Company)

Interim Condensed Consolidated Statements of Financial Position

As at

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

		March 31, 2023		December 31, 2022
		(Unaudited)		(Audited)
ASSETS				
Current				
Cash	**$**	**1,891**	$	2,224
Receivables, prepaids and deposits		**189**		155
		2,080		2,379
Security deposits (Notes 6 and 12)		**140**		175
Equipment (Note 11)		**90**		77
Exploration and evaluation assets (Note 6)		**14,182**		13,463
	$	**16,492**	$	16,094
LIABILITIES				
Current				
Accounts payable (Note 7 and 9)	**$**	**445**	$	405
Accrued liabilities		**-**		59
		445		464
SHAREHOLDERS' EQUITY				
Share capital (Note 7)		**188,654**		187,930
Share-based payment reserve (Note 7)		**14,209**		14,164
Obligation to issue shares (Note 7 and 9)		**235**		195
Foreign currency translation reserve		**(304)**		(284)
Deficit		**(186,747)**		(186,375)
		16,047		15,630
	$	**16,492**	$	16,094

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

Approved and authorized by the Board of Directors on May 12, 2023

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

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

Kincora Copper Limited

(An Exploration Stage Company)

Interim Condensed Consolidated Statements of Loss and Comprehensive Loss
For the three-month periods ended March 31,

(Figures in tables are expressed in thousands of Canadian dollars, except per share amounts)
(Unaudited – Prepared by Management)

		2023		2022
Expenses				
Consultants (Note 9)	**$**	**38**	$	37
Consultants – Geologists (Note 9)		**5**		5
Consultants – Technical		**19**		19
Corporate administrative and office services		**86**		75
Directors and audit committee fees (Note 9)		**24**		61
Foreign exchange loss		**(47)**		13
Insurance		**8**		27
Investor relations		**46**		47
Legal and accounting		**46**		27
Management fees (Note 9)		**55**		75
Share-based compensation (Notes 7 and 9)		**45**		185
Transfer agent and filing fees		**47**		37
		(372)		(608)
Net loss for the period		**(372)**		(608)
Foreign currency translation		**(20)**		33
Comprehensive loss for the period	**$**	**(392)**	$	(575)
Loss per share – basic and diluted	**$**	**(0.00)**	$	(0.01)
Weighted average number of common shares outstanding (*000's*)		**155,692**		120,712

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

Kincora Copper Limited

Statement 3

(An Exploration Stage Company)

Interim Condensed Consolidated Statements of Cash Flows
For the three-month periods ended March 31,

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

Cash provided by (used in):		**2023**		**2022**
Operating activities				
Loss for the period:	**$**	**(372)**	$	(608)
Items not affected by cash:				
Obligation to issue shares		**40**		91
Share-based compensation		**45**		191
Changes in non-cash working capital items:				
Receivables, prepaids and deposits		**(34)**		200
Accounts payable and accrued liabilities		**(19)**		(274)
Net cash used in operating activities		**(340)**		(400)
Investing activities				
Acquisition of equipment		**(32)**		(7)
Security deposits		**35**		(9)
Exploration and evaluation asset expenditures		**(700)**		(1,100)
Net cash used in investing activities		**(697)**		(1,116)
Financing activity				
Proceeds from private placement, net of issue costs		**724**		-
Net cash provided by financing activity		**724**		-
Effect of foreign exchange translation		**(20)**		33
Change in cash and cash equivalents		**(333)**		(1,483)
Cash and cash equivalents – beginning of period		**2,224**		4,831
Cash and cash equivalents – end of period	**$**	**1,891**	$	3,348

Supplemental Disclosure of Cash Flow Information (Note 10)

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

Kincora Copper Limited

(An Exploration Stage Company)

Interim Condensed Consolidated Statements of Changes in Shareholders' Equity
For the three-month periods ended March 31, 2023 and 2022

(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 $	Foreign currency translation reserve $	Deficit $	Total $
Balance, December 31, 2021	120,712,026	186,237	2,099	11,930	(247)	(184,414)	15,605
Shares for services to be issued	-	-	91	-	-	-	91
Share-based compensation	-	-	-	182	-	-	182
Loss for the period	-	-	-	-	33	(608)	(575)
Balance, March 31, 2022	**120,712,026**	**186,256**	**2,190**	**12,112**	**(214)**	**(185,022)**	**15,303**
Balance, December 31, 2022	151,440,747	187,930	195	14,164	(284)	(186,375)	15,630
Shares issued for private placement, net	15,132,794	724	-	-	-	-	724
Shares for services to be issued	-	-	40	-	-	-	40
Share-based compensation	-	-	-	45	-	-	45
Loss for the period	-	-	-	-	(20)	(372)	(392)
Balance, March 31, 2023	166,573,541	188,654	235	14,209	(304)	(186,747)	16,047

*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 interim condensed consolidated financial statements.

1. Nature of Operations and Going Concern

Kincora Copper Limited ("the Company" or "Kincora") was incorporated in British Columbia, Canada 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") and began trading on the Australian Securities Exchange ("ASX") effective March 30, 2021, both under the symbol KCC.

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

These interim condensed 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 March 31, 2023, the Company has an accumulated deficit of $186,747,000, a net loss for the three-month period ended March 31, 2023 of $372,000, has working capital of $1,635,000 and a cash balance of $1,891,000. If the going concern assumption was not appropriate for these interim condensed 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.

2. Basis of Preparation

Statement of Compliance

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

These interim condensed consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

They have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these interim condensed consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The significant accounting policies, as disclosed, have been applied consistently to all periods presented in these interim condensed consolidated financial statements. The interim condensed consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2022 prepared in accordance with IFRS applicable to annual consolidated financial statements.

2. **Basis of Preparation** - *continued*

Statement of Compliance - continued

Critical Accounting Estimates

The preparation of these interim condensed 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 interim condensed consolidated financial statements and the reported expenses during the period. Actual results could differ from these estimates.

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

- 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 recognition of deferred tax assets based on the change in unrecognized deductible temporary tax differences.

3. Significant Accounting Policies

a) Basis of consolidation

The interim condensed 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"), Kincora Australia Limited and Kincora Copper Australia Pty Ltd. Inter-company balances and transactions are eliminated on consolidation. BSGII, Game Creek, Kincora Australia Limited and KGL are British Virgin Island incorporated companies. Nadmin and Golden Grouse were incorporated in Mongolia. Samsul is incorporated in Brazil. Kincora Copper Australia Pty Ltd was incorporated in Australia in 2019.

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:

3. Significant Accounting Policies – *continued*

d) Exploration and evaluation assets – *continued*

- 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.

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 year. For all years 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.

3. Significant Accounting Policies – *continued*

g) Income taxes – *continued*

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 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 (except Kincora Copper Australia Pty Ltd), for the three-month period ended March 31, 2023 and the year ended December 31, 2022 is the Canadian Dollar, and the functional currency of Kincora Copper Australia Pty Ltd is the Australian 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.

<u>Foreign operations</u>

The financial results and position of foreign operations whose functional currency is different from the Company's presentation currency are translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date; and
- income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are recognized in other comprehensive income and recorded in the Company's foreign currency translation reserve in equity. These differences are recognized in the profit or loss in the period in which the operation is disposed.

3. Significant Accounting Policies – *continued*

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.

Under the legislative environments the Company may operate in, environmental bonds and prepayments can be required to support gaining operational and exploration approvals, and held until such work is completed and rehabilitation completed. Such payments are recorded as a prepayment until return and receipt to the Company. The Company's estimates of reclamation costs, environmental bonds and prepayments 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 March 31, 2023 and December 31, 2022, the Company had no provisions for environmental rehabilitation.

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.

3. Significant Accounting Policies – *continued*

j) Impairment of assets **–** *continued*

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

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;

3. **Significant Accounting Policies** – *continued*

k) Financial Instruments - Measurement - *continued*

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.

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

3. Significant Accounting Policies – *continued*

l) Leases – *continued*

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 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 and Australia wiring funds as and when needed to foreign subsidiaries to meet operating expenditures, and believes this risk to be minimal.

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 and Australia, with more limited funds in Mongolia, where the Mongolian subsidiaries make monthly cash calls. As most of the Company's cash is held by two banks there is a concentration of credit risk, and, in Mongolia one of the two subsidiary's bank accounts has been frozen by the Mongolian Tax Authority as a result of an ongoing tax dispute. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies and looking to avoid holding more than one month's budgeted cash reserves in Mongolia. 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 March 31, 2023, the Company had a cash balance of $1,891,000 (December 31, 2022 - $2,224,000) to settle current liabilities of $445,000 (December 31, 2022 - $464,000). On December 15, 2022, the Company raised $1,330,000 from the first tranche of a non-brokered private placement. On March 6, 2023, the Company raised $724,000 from the second tranche of the December 15, 2022 placement. On March 19, 2021, Company raised.

5. **Management of Financial Risk** – *continued*

Liquidity risk - continued

$9,620,000 (A$10,000,000) through an initial public offering ahead of commencement of trading and dual listing on the ASX.

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 general market prices and investor sentiment, particularly relating to copper and gold. The Company closely monitors general market conditions and 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 three-month period ended March 31, 2023 (000's)

	Bronze Fox	Golden Grouse	Macquarie Arc	Total
Acquisition costs				
Acquisition & maintenance	$ -	$ -	$ -	$ **-**
Total current acquisition costs	$ -	$ -	$ -	$ **-**
Exploration costs				
Amortization	$ 10	$ 9	$ -	$ **19**
Assaying	-	-	29	**29**
Camp	3	3	3	**9**
Drilling	-	-	293	**293**
Fuel	-	-	11	**11**
License/fees/taxes	-	-	1	**1**
Rental/utilities	2	-	63	**65**
Salaries/labor	25	45	177	**247**
Supplies/safety gear	-	-	-	**1**
Transportation/travel	-	-	-	**44**
Total current exploration costs	$ 40	$ 57	$ 622	$ **719**
Total costs incurred during the period	$ 40	$ 57	$ 622	$ **719**
Balance, opening	1,241	388	11,834	**13,463**
Balance, ending	$ 1,281	$ 445	$ 12,456	$ **14,182**

6. Exploration and Evaluation Assets – *continued*

Cumulative costs:								
Acquisition	$	36,624	$	1,094	$	773	$	**38,491**
Exploration		13,353		3,902		11,867		**29,122**
Exclusivity payment received		(198)		-		-		**(198)**
Government grant received		-		-		(184)		**(184)**
Impairment		(48,498)		(4,551)		-		**(53,094)**
	$	1,281	$	445	$	12,456	$	**14,182**

For the year ended December 31, 2022 (000's)

		Bronze Fox		**Golden Grouse**		**Macquarie Arc**		**Total**
Acquisition costs								
Acquisition & maintenance	$	-	$	-	$	-	$	**-**
Total current acquisition costs	$	-	$	-	$	-	$	**-**
Exploration costs								
Amortization	$	35	$	31	$	-	$	**66**
Assaying		5		-		237		**242**
Camp		7		10		-		**17**
Drilling		-		-		987		**987**
Fuel		-		-		66		**66**
Geological/geophysics		1		4		-		**5**
License/fees/taxes		1		1		10		**12**
Rental/utilities		2		2		143		**147**
Salaries/labor		70		136		1,026		**1,232**
Supplies/safety gear		-		-		63		**63**
Transportation/travel		-		-		208		**208**
Total current exploration costs	$	121	$	184	$	2,740	$	**3,045**
Total costs incurred during the year	$	121	$	184	$	2,740	$	**3,045**
Balance, opening		1,175		204		9,278		**10,657**
Exclusivity payment received		(55)		-		-		**(55)**
Government grant received		-		-		(184)		**(184)**
Balance, ending	$	1,241	$	388	$	11,834	$	**13,463**

Cumulative costs:								
Acquisition	$	36,624	$	1,094	$	773	$	**38,491**
Exploration		13,313		3,845		11,245		**28,403**
Exclusivity payment received		(198)		-		-		**(198)**
Government grant received		-		-		(184)		**(184)**
Impairment		(48,498)		(4,551)		-		**(53,049)**
	$	1,241	$	388	$	11,834	$	**13,463**

6. Exploration and Evaluation Assets – *continued*

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 indirectly 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 in 2020 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 (or any other jurisdiction).

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 the carrying value relating to the merger with IBEX subsidiaries in 2016.

During the year ended December 31, 2021, the Company assessed the property for impairment in relation to the acquisition and joint venture agreement entered by the Company with Resilience Mining Mongolia Pty. Ltd. ("RMM") on June 30, 2021, and recorded an impairment loss of $18,043,000.

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, which have been relinquished back to the Mongolian Government, were written down by $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.

6. Exploration and Evaluation Assets – *continued*

Exploration and evaluation assets – Mongolia – Golden Grouse - continued

During the year ended December 31, 2021, the Company assessed the property for impairment in relation to the acquisition and joint venture agreement entered by the Company with RMM on June 30, 2021, and recorded an impairment loss of $1,154,000.

Impairment of evaluation and exploration assets – Mongolia

On June 30, 2021, the Company entered into a definitive acquisition and joint venture agreement with RMM in connection with the binding term sheet entered into by the parties on December 12, 2020. Pursuant to the agreement, RMM would acquire 80 percent interest in the Company's subsidiary, KGL which owns Nadmin and Golden Grouse ("Mongolian subsidiaries"), by granting an equity interest of 9.9 percent in RMM upon successful admission to the ASX and having raised a minimum of A$5,000,000 in new equity to the Company's subsidiary, BSG II. Through a share purchase agreement, Kincora will also retain an effective carried asset level interest in the Mongolian subsidiaries until certain material project level milestones.

As consideration for an exclusivity period granted by the Company, RMM agreed to pay A$20,000 for a two-month period ended January 31, 2021, and an additional A$15,000 per month from February 1, 2021 until the earlier of completion or termination of the agreement. As of March 31, 2023, a total of $198,000 (A$215,000), 2021: 198,000 (A$215,000)) was received from RMM.

On July 8, 2022, the Company issued a notice to RMM notifying it of the failure of conditions under the existing joint venture agreement. The effect of the notice was that the joint venture agreement terminated and enables the Company to pursue other strategic options for the Mongolian asset portfolio.

The Company assessed the exploration and evaluation assets of KGL for impairment based on the estimated fair value less costs of disposal of the 80 percent ownership interest of KGL during the year ended December 31, 2021. The fair value of the 80 percent ownership interest was estimated based on the proposed Initial Public Offering ("IPO") price and share structure of RMM in the ASX Listing. The Company recognized an impairment loss of $19,197,000 on the Mongolian properties, Bronze Fox and Golden Grouse, pro-rated based on the respective carrying amount of the properties.

Exploration and evaluation assets – Australia – Direct pegging activity

On November 21, 2019, the Company announced an application for a new exploration licence covering 762 km2 named the Nyngan project located in the Lachlan fold belt ("LFB"), central New South Wales ("NSW"), Australia. On January 6, 2020, the Company's application was formally approved and exploration license EL8929 granted.

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 km2. On April 14, 2020, the Company was successfully granted a new exploration licence (EL8960) for the Nevertire project.

On June 9, 2021, the Company announced an application for the Mulla gold copper porphyry project, covering 616km2 to the south of the existing Nyngan license and adjacent to the Nevertire license. The Mulla license was

6. Exploration and Evaluation Assets – *continued*

Exploration and evaluation assets – Australia – Direct pegging activity – continued

awarded in the fourth quarter of 2021. The 100% owned Nyngan, Nevertire and Mulla projects cover an area in the Macquarie Arc of the Lachlan Fold Belt in NSW, Australia.

Further direct application for the Condobolin East, gold-base metals license was made during the fourth quarter of 2021, which has since been awarded.

Exploration and evaluation assets – Australia – Joint Venture projects

On January 30, 2020, the Company entered into a binding memorandum of understanding ("MoU") and made a non-refundable option payment of A$25,000 to RareX Limited ("RareX") providing the exclusive right to acquire a 65% interest in six mineral leases and five projects 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 (post a subsequent 3:1 share consolidation by the Company) common shares of the Company upon closing (post a subsequent 3:1 share consolidation by the Company), subject to a voluntary 12-month lockup and transfer of titles with the NSW regulator, resulting in RareX becoming a then 9.9% shareholder (issued on March 27, 2020);
- Payment of A$150,000 in cash to RareX upon closing as follows:
  - A$100,000 in cash consideration (paid on March 30, 2020); and,
  - A$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;
- RareX has 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 held security deposits of $131,607 in relation to RareX claims as at March 31, 2023 (December 31, 2022: $165,823).

During the year ended December 31, 2022, the Company utilised and received a NSW government grant of $184,000 (A$200,000) for the Fairholme project.

Exploration and evaluation assets – Australia – Exploration Alliance Agreement

On October 6, 2022, the Company announced the execution of an Exploration Alliance Agreement with Earth AI Pty. Ltd. ("Earth AI") covering the Cundumbul project. Earth AI is a San Francisco (USA) headquartered Artificial Intelligence (AI) company, with a field camp in Young (NSW), that has a vertically integrated metals exploration approach to targeting, testing and verifying discoveries that are required for the electric vehicle and renewable energy revolutions.

6. Exploration and Evaluation Assets – *continued*

Exploration and evaluation assets – Australia – Exploration Alliance Agreement – continued

Key terms of the Exploration Alliance

The Exploration Alliance allows for a co-funding model and joint technical committee, whereby Earth AI will have day-to-day management and control of exploration activities, and contribute up to A$4.5m of total exploration expenditure across the project over a two-year period with an option to extend for a further year.

Subject to a minimum of 1500 metres of diamond drilling and a Qualifying Drilling Intersection resulting in a new discovery (as defined within the Exploration Alliance Agreement), Earth AI is entitled to a net smelter return royalty (Royalty) of up to 3% in connection with a to be agreed upon area surrounding the discovery (Area of Interest, size dependent on the extent of the newly discovered mineral system).

Kincora is under no obligation to explore, develop or mine the Cundumbul project during the period of the Exploration Alliance. However, upon Earth AI successfully drilling a Qualifying Drilling Intersection and having carried out a minimum of 1,500 metres of diamond drilling, whereafter the second anniversary of the Royalty Trigger Date if no mineral resource has been defined and the annual exploration expenditure in the Area of Interest falls below US$250,000, Earth AI will have the option to assume operational control and buy all of the Royalty Tenements that overlap with the Area of Interest under the Royalty Deed, for a cash purchase price equal to US$1,000,000 plus a 2% net smelter.

The Agreement will not affect the capital structure of the Company or current ownership in the project, with Kincora and RareX retaining the existing 65% and 35% respective interests in the Cundumbul project/license (until the milestone of a positive PEA). Rights of first refusal customary for such an ownership and Exploration Alliance structure are in place.

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) During the year ended December 31, 2022, the Company arranged a private placement of up to A$2,400,000 at a price of A$0.055. On December 15, 2022, the Company issued 28,503,570 shares at $0.05 (A$0.055) per share for gross proceeds of $1,422,684 (A$1,567,696), in the first tranche of the capital raising. The Company incurred share issuance costs of $92,980.

b) On March 6, 2023, the Company issued 15,132,794 shares at $0.05 (A$0.055) per share for gross proceeds of $756,640 (A$832,304) from the second tranche of the December 2022 private placement. The Company incurred share issuance costs of $32,657.

c) On May 17, 2022, the Company issued 2,225,151 shares with a fair value of $363,000 to certain directors, officers and service providers for services rendered in 2021.

(Expressed in Canadian Dollars)

7. **Share Capital** – *continued*

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 three-month period ended March 31, 2023, the Company accrued fees of $39,750 (2022: $90,750) to its officers and directors. As at March 31, 2023, the Company has a balance owing of $241,100 (December 31, 2022: $235,683, with $234,850 (December 31, 2022: $195,100) recorded in obligation to issue shares and the remaining in accounts payable.

Stock options:

The Company has an equity incentive plan in place under which it is authorized to grant options or performance rights to executive officers and directors, employees and consultants enabling them to acquire up to 20% of the issued and outstanding common stock of the Company, and the amount approved for the purposes of the ASX rules, being up to 7,000,000 performance rights. 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 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. The total fair value of the options granted and vested was determined to be $393,392.

On March 26, 2021, the Company recorded an obligation to issue 10,000,000 stock options as share issuance cost for the successfully completed initial public offering on the ASX of $9,620,000 (A$10,000,000) that closed during the year ended December 31, 2021. Each option is exercisable at $0.29 (A$0.30) per share for a period of three years. The fair value of the options was determined to be $1,700,078. The options were issued during the year ended December 31, 2022 and are not exercised as at March 31, 2023.

On October 1, 2021, the Company announced Board approvals of a new Equity Incentive Plan ("EIP") and issuance of stock options. Under the EIP, the Company granted 7,580,575 options with a 2.5-year term to certain directors, officers, employees and consultants of the Company, which are exercisable at $0.18 (A$0.20) per share within the first 18-month period and $0.28 (A$0.30) per share after 18 months. The total fair value of the options granted and vested was determined to be $631,739.

During the three-month period ended March 31, 2023, $Nil (2022: $3,450) of share-based payment was reallocated from prepaid expenses to statement of loss and comprehensive loss.

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

	October 1, 2021	March 26, 2021	January 8, 2021
Expected dividend yield	0%	0%	0%
Expected stock price volatility	136.19%	136.49	125.36%
Risk free rate	0.50%	0.23%	0.18%
Forfeiture rate	0%	0%	0%
Expected life of options	2.5 years	3 years	3 years

(Expressed in Canadian Dollars)

7. **Share Capital** – *continued*

Stock options: – continued

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

	Number of options	Weighted average exercise price
Balance outstanding – December 31, 2021	**11,671,090**	**$0.36**
Granted	10,000,000	0.29
Expired	(11,666)	0.26
Expired	(118,810)	0.33
Expired	(1,090,728)	0.75
Balance outstanding – December 31, 2022 and March 31, 2023	**20,449,886**	**$0.31**

The weighted average life of the stock options are 0.94 years.

The weighted average price for options granted during 2022 was $0.29.

As at March 31, 2023, the following stock options are outstanding and exercisable:

Number	Price per share	Expiry date	Options exercisable
745,995	$0.26	April 30, 2023	745,995
118,810	$0.75	April 30, 2023	118,810
2,004,506	$0.48	January 8, 2024	2,004,506
10,000,000	$0.29	March 29, 2024	10,000,000
7,580,575	$0.28	March 31, 2024	7,580,575
20,449,886	**$0.31**		**20,449,886**

As at the time of writing the total number of options outstanding is 19,585,081 with a weighted average strike price of $0.31

Warrants:

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

	Number of warrants	Weighted average exercise price
Balance – December 31, 2020	**38,602,283**	**$0.75**
Expired	(20,838,321)	0.75
Balance – December 31, 2021	**17,763,962**	**0.75**
Expired	(17,763,962)	0.75
Balance – December 31, 2022 and March 31, 2023	**-**	**$ -**

As of March 31, 2023, the Company has Nil outstanding and exercisable warrants. During the year ended December 31, 2022, 17,763,962 warrants (2021 – 20,838,321) have expired unexercised.

7. Share Capital – *continued*

Performance rights:

In December 2021, the Company granted 5,520,449 performance rights to certain directors and officers of the Company, pursuant to the Company's new EIP. 4,535,385 of the performance rights are vesting two years from the issue date, 454,154 performance rights are vesting one year from the issue date, and 530,910 performance rights are vesting 1/3 each of the calendar years ended 2021, 2022, and 2023. During the three-month period ended March 31, 2023, the Company recorded share-based compensation of $45,197 (2022 - $181,810) for the performance rights vested.

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.

Exchange gains and losses arising from translation of foreign currency denominated transactions are included in foreign currency translation reserve.

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 March 31, 2023						
Mineral properties	$	1,726	$	12,456	$	14,182
Equipment	$	90	$	-	$	90

In thousand $		Mongolia		Australia		Total
Balance at December 31, 2022						
Mineral properties	$	1,629	$	11,834	$	13,463
Equipment	$	77	$	-	$	77

9. Related Party Transactions

The Company incurred the following amounts for related party services:

a) During the three-month period ended March 31, 2023, the Company incurred $18,450 (2022 - $18,450) to a company with an officer in common for management and accounting services.

b) During the three-month period ended March 31, 2023, the Company incurred $55,000 (2022 - $75,000) to an officer and a company with an officer in common for management services.

9. Related Party Transactions – *continued*

c) During the three-month period ended March 31, 2023, the Company incurred director's fees of $41,500 (2022 - $78,500) to current directors.

d) During the three-month period ended March 31, 2023, the Company incurred consulting fees of $5,000 (2022 - $5,000) to a director of the Company.

e) At March 31, 2023, the Company owed $202,663 (December 31, 2022 - $267,330) in accrued directors' fees and management and accounting fees in accounts payable and obligation to issue shares.

Compensation of key management personnel

In thousand $		**March 31, 2023**		March 31, 2022
Management, chairman, directors, and audit committee fees	**$**	**120**	$	177
Share-based payments		**45**		171
	$	**165**	$	348

10. Supplemental Disclosures of Cash Flow Information

Supplemental Disclosure of Non-Cash Financing and Investing Activities include *('000):*		**March 31, 2023**		March 31, 2022
Amortization capitalized to exploration and evaluation assets	**$**	**19**	$	20

11. Equipment

Net carrying costs at March 31, 2023 and 2022 are as follows ('000):

		Computers		Exploration Equipment		Total
Cost						
Balance as at December 31, 2021	$	25	$	1,176	$	1,201
Additions		-		67		67
Balance as at December 31, 2022		25		1,243		1,268
Additions		-		32		32
Balance as at March 31, 2023	$	25	$	1,275	$	1,300
Accumulated amortization and impairment						
Balance as at December 31, 2021	$	(25)	$	(1,100)	$	(1,125)
Amortization		-		(66)		(66)
Balance as at December 31, 2022		(25)		(1,166)		(1,191)
Additions		-		(19)		(19)
Balance as at March 31, 2023	$	(25)	$	(1,185)	$	(1,210)
Net book value						
At December 31, 2022	$	-	$	**77**	$	**77**
At March 31, 2023	**$**	**-**	**$**	**90**	**$**	**90**

12. 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 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.

Mongolia
During the year ended December 31, 2021, Golden Grouse received a tax act for $2.7 billion Tugriks (MNT), approximately $1 million (US$800,000) 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 a retrospective tax assessment of 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 prior 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 paid and 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 four 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.

Since 2021, the Company has pursued defending the 2016 tax ruling, paid a $52,000 (MNT $100 million) security deposit (materially more than the agreed liability owed of 16.2 million MNT) to facilitate this legal defence and objection to the 2021 tax act via the Mongolian administrative courts.

In March 2023, Kincora applied to the Mongolian Administrative Chamber for the dispute to receive a hearing at the Supreme Court, which is the last legal defence step available under the Mongolian judicial system. This application was accepted and follows the last Appeal Court ruling (in January 2023) being outside of the litigants' appeal and counter-arguments, overturned a prior First Instance Administrative Court ruling that referred the reassessed tax act back to the MTA (with annulment occurring in 3 months should the MTA take no action), and preceded in a timeframe far too short to consider the merits of the reassessed Tax Act.

Brazil
Brazilian Diamonds, a former name of the Company, in 2001 to 2005, via the Brazilian subsidiary Samsul, held certain mineral rights, and some of these rights were the focus of alluvial diamond operations undertaken by an assignor in the State of Goias. In 2015, a lawsuit was filed by state and federal prosecutors seeking indemnification from certain defendants (including but not limited to Samsul and the assignor) in the amount of $126,000 (BRL $492,840), equivalent to seventy (70) carats of diamonds and 9000M3 of gravel. The case is with the lower courts in Brazil and the timing for hearing is undeterminable as at audit report date. The Company does not believe there is merit in this case.