



**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, 2024 and 2023**

## **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

(An Exploration Stage Company)

## Interim Condensed Consolidated Statements of Financial Position

As at

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

*Statement 1*

	March 31, 2024	December 31, 2023
	(Unaudited)	(Audited)
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 1,028	\$ 1,530
Receivables	16	27
Prepays and deposits	131	144
	<u>1,175</u>	<u>1,701</u>
Security deposits (Notes 6 and 12)	88	89
Equipment (Note 11)	73	74
Exploration and evaluation assets (Note 6)	16,027	15,887
	<u>\$ 17,363</u>	<u>\$ 17,751</u>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable (Note 7 and 9)	\$ 184	\$ 202
Accrued liabilities	45	46
	<u>229</u>	<u>248</u>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 7)	191,384	191,384
Share-based payment reserve	14,450	14,450
Obligation to issue shares (Note 7 and 9)	446	354
Foreign currency translation reserve	(956)	(850)
Deficit	(188,190)	(187,835)
	<u>17,134</u>	<u>17,503</u>
	<u>\$ 17,363</u>	<u>\$ 17,751</u>

**Nature of Operations and Going Concern** (Note 1)

**Contingencies** (Note 12)

*Approved and authorized by the Board of Directors on May 14, 2024*

"Jeremy Robinson"

Jeremy Robinson  
Director

"Sam Spring"

Sam Spring  
Director

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

# Kincora Copper Limited

(An Exploration Stage Company)

Statement 2

## 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)

	2024	2023
<b>Expenses</b>		
Consultants (Note 9)	\$ 54	\$ 38
Consultants – Geologists (Note 9)	5	5
Consultants – Technical	19	19
Corporate administrative and office services	58	86
Directors and audit committee fees (Note 9)	63	24
Foreign exchange loss (gain)	1	(47)
Insurance	8	8
Investor relations	9	46
Legal and accounting	27	46
Management fees (Note 9)	75	55
Share-based compensation (Notes 7 and 9)	-	45
Transfer agent and filing fees	31	47
Travel	5	-
<b>Net loss for the period</b>	<b>\$ (355)</b>	<b>\$ (372)</b>
Foreign currency translation	(106)	(20)
<b>Comprehensive loss for the period</b>	<b>\$ (461)</b>	<b>\$ (392)</b>
Loss per share – basic and diluted	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding	247,174	155,692

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

# Kincora Copper Limited

(An Exploration Stage Company)

Statement 3

## 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)

<b>Cash provided by (used in):</b>	<b>2024</b>		<b>2023</b>	
<b>Operating activities</b>				
Loss for the period:	\$	(355)	\$	(372)
Items not affected by cash:				
Obligation to issue shares		92		40
Share-based compensation		-		45
Changes in non-cash working capital items:				
Receivables		11		(34)
Prepays and deposits		13		-
Accounts payable and accrued liabilities		(19)		(19)
Net cash used in operating activities		<u>(258)</u>		<u>(340)</u>
<b>Investing activities</b>				
Acquisition of equipment		(52)		(32)
Security deposits		-		35
Exploration and evaluation asset expenditures		(192)		(700)
Net cash used in investing activities		<u>(244)</u>		<u>(697)</u>
<b>Financing activity</b>				
Proceeds from private placement, net of issue costs		-		724
Net cash provided by financing activity		<u>-</u>		<u>724</u>
<b>Effect of foreign exchange translation</b>		<u>-</u>		<u>(20)</u>
<b>Change in cash and cash equivalents</b>		<u>(502)</u>		<u>(333)</u>
Cash and cash equivalents – beginning of period		<u>1,530</u>		<u>2,224</u>
<b>Cash and cash equivalents – end of period</b>	\$	<u>1,028</u>	\$	<u>1,891</u>

### 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-months periods ended March 31, 2024 and 2023

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

Statement 4

	Share capital (Number of shares)	Share capital \$	Obligation to issue shares \$	Share-based payment reserve \$	Foreign currency translation reserve \$	Deficit \$	Total \$
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
Net comprehensive loss for the period	-	-	-	-	(20)	(372)	(392)
<b>Balance, March 31, 2023</b>	<b>166,573,541</b>	<b>188,654</b>	<b>235</b>	<b>14,209</b>	<b>(304)</b>	<b>(186,747)</b>	<b>16,047</b>
Balance, December 31, 2023	247,173,541	191,384	354	14,450	(850)	(187,835)	17,503
Shares for services to be issued	-	-	92	-	-	-	92
Net comprehensive loss for the period	-	-	-	-	(106)	(355)	(461)
<b>Balance, March 31, 2024</b>	<b>247,173,541</b>	<b>191,384</b>	<b>446</b>	<b>14,450</b>	<b>(956)</b>	<b>(188,190)</b>	<b>17,134</b>

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

# Kincora Copper Limited

*(An Exploration Stage Company)*

## Notes to the Interim Condensed Consolidated Financial Statements For the three-month periods ended March 31, 2024 and 2023

*(Expressed in Canadian Dollars)*

*(Unaudited – Prepared by Management)*

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### 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”), 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 25<sup>th</sup> 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, 2024, the Company has an accumulated deficit of \$188,190,000, a net loss for the three-month period ended March 31, 2024 of \$355,000, has current assets in excess of current liabilities of \$946,000 and a cash balance of \$1,028,000. 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.

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### 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

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### 2. Basis of Preparation - continued

#### *Statement of Compliance - continued*

financial statements for the year ended December 31, 2023 prepared in accordance with IFRS applicable to annual consolidated financial statements.

#### *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.
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### 3. Material Accounting Policies

#### a) Basis of consolidation

The interim condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries: BSG Investments Inc. (“BSGII”), which owns Kincora Group Ltd (“KGL”) and its subsidiaries, Nadmin IBEX LLC (“Nadmin”) and Golden Grouse IBEX LLC (“Golden Grouse”), Kincora Australia Limited and its subsidiary, Kincora Copper Australia Pty Ltd, Game Creek Company Limited (“Game Creek”) and Samsul Mineração Ltda. (“Samsul”). 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 was 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.



# Kincora Copper Limited

(An Exploration Stage Company)

## Notes to the Interim Condensed Consolidated Financial Statements For the three-month periods ended March 31, 2024 and 2023

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### 3. Material Accounting Policies – *continued*

#### b) Share-based compensation – *continued*

A corresponding increase in share-based payment reserve is recorded when stock options are expensed. When stock options are exercised, share capital is credited by the sum of the consideration paid and the related portion of share-based compensation previously recorded in share-based payment reserve. Share-based compensation arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity settled share-based payment transactions and measured at the fair value of goods or services received. If the fair value of the goods or services received cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or the services.

#### c) Cash and cash equivalents

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

#### d) Exploration and evaluation assets

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

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

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

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.

# Kincora Copper Limited

(An Exploration Stage Company)

## Notes to the Interim Condensed Consolidated Financial Statements For the three-month periods ended March 31, 2024 and 2023

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### 3. Material Accounting Policies – continued

#### 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	3 Years - Straight-line

#### g) Income taxes

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

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

#### h) Functional and presentation currency

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiaries for the three-month period ended March 31, 2024 is the Australian Dollar. The functional currency of the Company and its subsidiaries (except Kincora Copper Australia Pty Ltd), for the year ended December 31, 2023 is the Canadian Dollar, and the functional currency of Kincora Copper Australia Pty Ltd is the Australian Dollar. The functional currency

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### 3. Material Accounting Policies – *continued*

#### h) Functional and presentation currency – *continued*

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.

#### Foreign operations

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.

#### 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.

# Kincora Copper Limited

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## Notes to the Interim Condensed Consolidated Financial Statements For the three-month periods ended March 31, 2024 and 2023

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

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### 3. Material Accounting Policies – *continued*

#### i) Provision for environmental rehabilitation – *continued*

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, 2024 and December 31, 2023, 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.

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.

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## Notes to the Interim Condensed Consolidated Financial Statements For the three-month periods ended March 31, 2024 and 2023

(Expressed in Canadian Dollars)

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### 3. Material Accounting Policies – continued

#### k) Financial instruments – continued

##### Classification – continued

<b>Financial assets/liabilities</b>	<b>Classification</b>
Cash	FVTPL
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;

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 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.

##### 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

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### 3. Material Accounting Policies – *continued*

#### k) Financial instruments – *continued*

##### Derecognition – *continued*

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.

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### 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.

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### 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.

# Kincora Copper Limited

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## Notes to the Interim Condensed Consolidated Financial Statements For the three-month periods ended March 31, 2024 and 2023

(Expressed in Canadian Dollars)

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### 5. Management of Financial Risk – continued

#### *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 currency 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, 2024, the Company had current assets in excess of current liabilities of \$946,000 and a cash balance of \$1,028,000, (December 31, 2023 - \$1, 530,000) to settle current liabilities of \$229,000 (December 31, 2023 - \$248,000).

On December 15, 2022, the Company raised \$1,330,000 from the first tranche of a non-brokered private placement, net of share issuance costs. On March 6, 2023, the Company raised \$724,000 from the second tranche of the December 15, 2022 placement.

# Kincora Copper Limited

(An Exploration Stage Company)

## Notes to the Interim Condensed Consolidated Financial Statements For the three-month periods ended March 31, 2024 and 2023

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

### 5. Management of Financial Risk – continued

#### Liquidity risk – continued

On August 8, 2023, the Company completed an oversubscribed private placement and raised \$1,784,167 (A\$2,030,000) via the issuance of 40,600,000 new Chess Depository Interests (“CDIs”) at \$0.044 (A\$0.05) per CDI. This placement includes a one (1) for two (2) free-attaching option exercisable at A\$0.075 (C\$0.065) and expiring 24-months from the date of issue.

Historically, the Company’s sole source of funding has been the issuance of equity, and one issuance of debt financing. During the period, Kincora announced that proposed divestment of the Mongolian asset portfolio, seeking the recycle capital to support operations in NSW. Also during the period, Kincora secured 100% interest in all NSW projects, supporting the ability to bring in asset level funding partners (not just solely fund the Company via the issuance of equity at the listed company level). 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.

### 6. Exploration and Evaluation Assets

For the three-month period ended March 31, 2024 (000’s)

	<b>Bronze Fox</b>	<b>Golden Grouse</b>	<b>Macquarie Arc</b>	<b>Total</b>
Exploration costs				
Amortization	\$ 9	\$ 12	\$ -	\$ 21
Camp	-	11	1	12
Fuel	-	-	1	1
Rental/utilities	1	-	29	30
Salaries/labor	24	36	69	129
Transportation/travel	-	-	20	20
Total current exploration costs	\$ 34	\$ 59	\$ 120	\$ 213
Total costs incurred during the period	\$ 34	\$ 59	\$ 120	\$ 213
Balance, opening	1,347	424	14,116	15,887
Translation adjustment	118	43	(234)	(73)
Balance, ending	\$ 1,499	\$ 526	\$ 14,002	\$ 16,027



# Kincora Copper Limited

(An Exploration Stage Company)

## Notes to the Interim Condensed Consolidated Financial Statements For the three-month periods ended March 31, 2024 and 2023

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

### 6. Exploration and Evaluation Assets – continued

Cumulative costs:								
Acquisition	\$	36,624	\$	1,094	\$	1,973	\$	39,691
Exploration		13,513		4,182		12,940		30,635
Exclusivity payment received		(258)		(27)		-		(285)
Government grant received		-		-		(339)		(339)
Impairment		(48,498)		(4,766)		-		(53,264)
Translation adjustment		118		43		(572)		(411)
	\$	1,499	\$	526	\$	14,002	\$	16,027

For the year ended December 31, 2023 (000's)

	Bronze Fox		Golden Grouse		Macquarie Arc		Total	
Acquisition costs								
Acquisition & maintenance	\$	-	\$	-	\$	1,200	\$	1,200
Total current acquisition costs	\$	-	\$	-	\$	1,200	\$	1,200
Exploration costs								
Amortization	\$	39	\$	35	\$	-	\$	74
Assaying		-		-		101		101
Camp		13		35		3		51
Drilling		-		-		590		590
Fuel		-		-		37		37
License/fees/taxes		-		-		4		4
Rental/utilities		3		-		143		146
Salaries/labor		111		208		559		878
Supplies/safety gear		-		-		1		1
Transportation/travel		-		-		137		137
Total current exploration costs	\$	166	\$	278	\$	1,575	\$	2,019
Total costs incurred during the year	\$	166	\$	278	\$	2,775	\$	3,219
Balance, opening		1,241		388		11,834		13,463
Translation adjustment		-		-		(338)		(338)
Exclusivity payment received		(60)		(27)		-		(87)
Government grant received		-		-		(155)		(155)
Impairment		-		(215)		-		(215)
Balance, ending	\$	1,347	\$	424	\$	14,116	\$	15,887

Cumulative costs:								
Acquisition	\$	36,624	\$	1,094	\$	1,973	\$	39,691
Exploration		13,479		4,123		12,820		30,422
Exclusivity payment received		(258)		(27)		-		(285)
Government grant received		-		-		(339)		(339)
Impairment		(48,498)		(4,766)		-		(53,264)
Translation adjustment		-		-		(338)		(338)
	\$	1,347	\$	424	\$	14,116	\$	15,887

## **Kincora Copper Limited**

*(An Exploration Stage Company)*

### **Notes to the Interim Condensed Consolidated Financial Statements For the three-month periods ended March 31, 2024 and 2023**

*(Expressed in Canadian Dollars)*

*(Unaudited – Prepared by Management)*

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#### **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.

# Kincora Copper Limited

(An Exploration Stage Company)

## Notes to the Interim Condensed Consolidated Financial Statements For the three-month periods ended March 31, 2024 and 2023

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

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### 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.

In June 2023, Kincora advised that following the receipt of several unsolicited enquiries that the Company had commenced an externally lead strategic review process for the Mongolian asset and license portfolio with the view of maximising shareholder value and streamlining focus toward the core New South Wales (“NSW”) project portfolio. This review had successfully concluded resulting in a confidential and incomplete offer that included the receipt of a non-refundable deposit of \$87,000 (A\$100,000) to enable final due diligence and definitive legal agreements. However, during the three-month period ended March 31, 2024, the Company received notification that the proposed transaction will not proceed (and is seeking to defend its interests from the binding offer letter), however the divestment process is ongoing and further announcements will be made as and when material developments are made. (Note 12).

#### *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.

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 enabled the Company to pursue other strategic options for the Mongolian asset portfolio with an externally lead strategic review (potential divestment) process commenced in June 2023.

During the year ended December 31, 2023, 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.

During the year ended December 31, 2023, the Company recorded an impairment loss of \$215,000 relating to the write-off of exploration license.

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### 6. Exploration and Evaluation Assets – continued

#### *Exploration and evaluation assets – Australia – Direct pegging activity*

On November 21, 2019, the Company announced an application for a new exploration licence covering 762 km<sup>2</sup> named the Nyngan project located in the Lachlan fold belt (“LFB”), central 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 km<sup>2</sup>. 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 616km<sup>2</sup> to the south of the existing Nyngan license and adjacent to the Nevertire license. The Mulla license was 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.

During the three-month period ended March 31, 2024, the Company also pegged the Wongarbron project (ELA6708) as open ground. The Wongarbron project is considered a compelling untested Macquarie Arc porphyry target with immediate high priority targets for drilling.

#### *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, 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 financier 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.

# Kincora Copper Limited

(An Exploration Stage Company)

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### 6. Exploration and Evaluation Assets – continued

#### *Exploration and evaluation assets – Australia – Joint Venture projects – continued*

On July 27, 2023, the Company executed a conditional agreement with RareX to acquire its carried 35% asset level interests in the Trundle, Fairholme, Jemalong, Cundumbul and Condobolin licenses. In consideration, the Company issued 40m CDIs, and granted a 1% NSR for the vended licenses to RareX (the "RareX Transaction"). The consideration was issued by the Company on December 14, 2023 (Note 7).

The RareX Transaction was subject to:

- shareholder approval proposed and obtained at an Annual General and Special Meeting ("AGM") held September 26<sup>th</sup>, 2023; completion of the placement (described below) for an aggregate subscription amount of not less than 30 million CDIs (\$1.5m), which was achieved via the oversubscribed A\$2m private placement announced August 8<sup>th</sup>, 2023; and,
- the parties obtaining approvals required under the Mining Act 1992 (NSW), which was achieved in 4Q'2023.

As part of the acquisition, the Company completed an oversubscribed private placement to raising A\$2 million via the issuance of 40.6 million new CDIs at A\$0.05 per share (C\$0.044). This placement was closed on August 8, and includes a one (1) for two (2) free-attaching option exercisable at A\$0.075 (C\$0.065) and expiring 24-months from the date of issue.

On December 15, 2023, the Company completed the acquisition of RareX's minority and carried interest in various projects to now have a 100% ownership of the entire NSW project portfolio.

The Company held security deposits of \$78,559 in relation to RareX claims as at March 31, 2024 (December 31, 2023: \$80,708).

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. During the year ended December 31, 2023, the Company received \$155,000 (A\$172,352) NSW government grants relating to completed drilling at the Nyngan and Trundle projects.

#### *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.

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.

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(Expressed in Canadian Dollars)

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### 6. Exploration and Evaluation Assets – continued

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

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 ownership in the project. Earth AI is scheduled to commence drilling in the next quarter (at their own cost) at the Cundumbul project.

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### 7. Share Capital

*Authorized share capital:* Unlimited Common shares without par value.

*Share issuances:*

- a) On December 14, 2023, the Company issued 40,000,000 CDIs at a fair value of C\$0.03 per CDI pursuant to the acquisition of 35% interest in the RareX projects (Note 6).
- b) On August 8, 2023, the Company closed a Non-Brokered Placement and issued 40,600,000 new CDIs at a price of \$0.044 (A\$0.05) per CDI for gross proceeds of \$1,784,167 (A\$2,030,000). The Non-Brokered Placement includes a one (1) for two (2) free-attaching option exercisable at A\$0.075 (C\$0.065) and expiring 24-months from the issue (“Attaching Options”). Associated with the raising, 7,500,000 unquoted options were issued at an exercise price of A\$0.075 (C\$0.065) and expiring 24-months from the issue (“Broker Options”) and cash fee of \$94,037 was incurred.
- c) 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.

*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, 2024, the Company accrued fees of \$91,750 (2023: \$39,750) to its officers and directors. As at March 31, 2024, the Company has a balance owing of \$452,100 (December 31, 2023: \$360,350), with \$445,850 (December 31, 2023: \$354,100) recorded in obligation to issue shares and the remaining in accounts payable.

# Kincora Copper Limited

(An Exploration Stage Company)

## Notes to the Interim Condensed Consolidated Financial Statements For the three-month periods ended March 31, 2024 and 2023

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

### 7. Share Capital – continued

#### 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 September 27, 2023, the Company issued 20,300,000 free-attaching options pursuant to the private placement that closed in August 2023. Each option has an exercise price of C\$0.065 (A\$0.075) and expires 24 months from the date of issue. The fair value of the options was determined to be \$nil using the residual method. The Company issued 7,500,000 broker options as share issuance cost. Each option has an exercise price of C\$0.065 (A\$0.075). The fair value of the broker options was \$160,029, determined using the Black-Scholes Option Pricing Model.

The fair value was determined using the Black-Scholes Option Pricing Model using the following weighted average estimates:

	December 31, 2023
Expected dividend yield	0%
Expected stock price volatility	122.11%
Risk free rate	4.62%
Forfeiture rate	0%
Expected life of options	2 years

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

	Number of options	Weighted average exercise price
<b>Balance outstanding – December 31, 2021</b>	<b>11,671,090</b>	<b>\$0.36</b>
Granted	10,000,000	0.29
Expired	(11,666)	0.26
Expired	(118,810)	0.33
Expired	(1,090,728)	0.75
<b>Balance outstanding – December 31, 2022</b>	<b>20,449,886</b>	<b>0.31</b>
Granted	27,800,000	0.07
Expired	(864,805)	0.32
<b>Balance outstanding – December 31, 2023</b>	<b>47,385,081</b>	<b>\$0.16</b>
Expired	(2,004,506)	0.48
Expired	(10,000,000)	0.29
<b>Balance outstanding – March 31, 2024</b>	<b>35,380,575</b>	<b>0.11</b>

The weighted average life of the stock options is 1.17 year.

There were no options granted during the three-month period ended March 31, 2024. The weighted average price for options granted during the year ended December 31, 2023 was \$0.065.

# Kincora Copper Limited

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## Notes to the Interim Condensed Consolidated Financial Statements For the three-month periods ended March 31, 2024 and 2023

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

### 7. Share Capital – continued

*Stock options: – continued*

As at March 31, 2024, the following stock options are outstanding and exercisable:

Number	Price per share	Expiry date	Options exercisable
7,580,575	\$0.28	April 1, 2024	7,580,575
27,800,000	\$0.07	September 27, 2025	27,800,000
<b>35,380,575</b>	<b>\$0.11</b>		<b>35,380,575</b>

*Warrants:*

As of March 31, 2024 and December 31, 2023, the Company had no outstanding and exercisable warrants.

*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, 2024, the Company recorded share-based compensation of \$Nil (2023 - \$45,197) 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.

<i>In thousand \$</i>	Mongolia	Australia	Total
<b>Balance at March 31, 2024</b>			
Mineral properties	\$ 2,025	\$ 14,002	\$ 16,027
Equipment	\$ 73	\$ -	\$ 73
<b>Balance at December 31, 2023</b>			
Mineral properties	\$ 1,771	\$ 14,116	\$ 15,887
Equipment	\$ 74	\$ -	\$ 74



# Kincora Copper Limited

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## Notes to the Interim Condensed Consolidated Financial Statements For the three-month periods ended March 31, 2024 and 2023

(Expressed in Canadian Dollars)

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### 9. Related Party Transactions

The Company incurred the following amounts for related party services:

- a) During the three-month period ended March 31, 2024, the Company incurred \$18,450 (2023 - \$18,450) to a company with an officer in common for management and accounting services.
- b) During the three-month period ended March 31, 2024, the Company incurred \$75,000 (2023 - \$55,000) to an officer and a company with an officer in common for management services.
- c) During the three-month period ended March 31, 2024, the Company incurred director's fees of \$80,500 (2023 - \$41,500) to current directors.
- d) During the three-month period ended March 31, 2024, the Company incurred consulting fees of \$5,000 (2023 - \$5,000) to a director of the Company.
- e) At March 31, 2024, the Company owed \$301,830 (December 31, 2023 - \$242,710) in accrued directors' fees and management and accounting fees in accounts payable, which are non-interest bearing and due on demand, and obligation to issue shares (Note7).
- f) During the year ended December 31, 2023, the Company issued 40,000,000 CDIs to RareX for the acquisition of the 35% interest in the NSW project portfolio (Note 7).

#### *Compensation of key management personnel*

<i>In thousand \$</i>	<b>March 31, 2024</b>	March 31, 2023
Management, chairman, directors, and audit committee fees	\$ 179	\$ 120
Share-based payments	-	45
	<b>\$ 179</b>	<b>\$ 165</b>

### 10. Supplemental Disclosures of Cash Flow Information

Supplemental Disclosure of Non-Cash Financing and Investing Activities include ( <i>'000</i> ):	<b>March 31, 2024</b>	March 31, 2023
Amortization capitalized to exploration and evaluation assets	\$ 21	\$ 19

# Kincora Copper Limited

(An Exploration Stage Company)

## Notes to the Interim Condensed Consolidated Financial Statements For the three-month periods ended March 31, 2024 and 2023

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

### 11. Equipment

Net carrying costs at March 31, 2024 and December 31, 2023 are as follows ('000):

		Computers		Exploration Equipment		Total
<b>Cost</b>						
Balance as at December 31, 2022	\$	25	\$	1,243	\$	1,268
Additions		-		71		71
Balance as at December 31, 2023		25		1,314		1,339
Additions		-		52		52
Translation adjustment		-		(32)		(32)
<b>Balance as at March 31, 2024</b>	<b>\$</b>	<b>25</b>	<b>\$</b>	<b>1,334</b>	<b>\$</b>	<b>1,359</b>
<b>Accumulated amortization and impairment</b>						
Balance as at December 31, 2022	\$	(25)	\$	(1,166)	\$	(1,191)
Amortization		-		(74)		(74)
Balance as at December 31, 2023		(25)		(1,240)		(1,265)
Additions		-		(21)		(21)
<b>Balance as at March 31, 2024</b>	<b>\$</b>	<b>(25)</b>	<b>\$</b>	<b>(1,261)</b>	<b>\$</b>	<b>(1,286)</b>
<b>Net book value</b>						
At December 31, 2023	\$	-	\$	74	\$	74
<b>At March 31, 2024</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>73</b>	<b>\$</b>	<b>73</b>

### 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

Kincora has invested millions of dollars, substantial expertise and resources, other forms of intellectual property and international best practises, and undertaken many years of exploration and defending its rights and interests in Mongolia, in an economic, socially and environmentally sound manner.

During the year ended December 31, 2021, Golden Grouse received a tax act reassessment 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.)).

# Kincora Copper Limited

*(An Exploration Stage Company)*

## Notes to the Interim Condensed Consolidated Financial Statements For the three-month periods ended March 31, 2024 and 2023

*(Expressed in Canadian Dollars)*

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### 12. Contingencies – *continued*

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.

Kincora, IBEX and various Mongolian public sector departments relied upon the 2016 tax audit and rulings to close the merger. The transaction underpinned over C\$12 million of subsequent equity being raised by Kincora, including investments following extensive due diligence from the European Bank for Reconstruction and Development (EBRD, one of the largest investors in Mongolia and an IFI like the IFC), and, Resource Capital Funds (RCF, one of the largest resource specialist private equity groups).

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 having undertaken two prior court hearings (which provided conflicting rulings) and the Mongolian Tax Dispute Counsel failing to hear the required case. 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.

In May 2023, the Supreme Court hearing occurred with the dispute returned to the First Instance Administrative Court with a review ongoing of the reassessment by a court appointed panel of independent tax experts. A First Instance Administrative Court hearing is expected shortly to consider the independent tax experts review.

The Company has sought to defend its position in a fair and equitable manner following due process and Mongolian law, with support from various Third Neighbour missions and business associations.

Kincora has sought to utilise the ombudsman and dispute counsel process with the MTA – and then the government's own Investor Protection Council (IPC) mechanism – both unsuccessfully. This necessitated continuing to defend our position in Mongolian judicial system, which has traversed the three levels of the court process. Post the May 2023 Supreme Court ruling, which sent the matter back to the lowest level court, Kincora has sought government level meetings to get more focused attention from the IPC. Kincora has also drafted a proposed mutually beneficial settlement for the tax dispute and sought engagement with appropriate senior Government of Mongolia officials.

Legal advice has also been received that the MTA officials have behaved in a criminal manner (according to how Mongolian law applies to government officials) but enquiries to the police have not been adequately responded to.

After 3 years, Kincora efforts and initiatives to date have proven ineffective and there is no clear timeline or path for resolution under Mongolian law or the Mongolian judicial system.