

Corporate Strategy

14th January 2019

Dear shareholders,

At Kincora Copper our focus is twofold - discovery of the next generation of Tier 1 copper porphyries in the world-class (but under explored) Southern Gobi belt; and, further countercyclical corporate and expansion activities.

Today, and after extensive systematic exploration over multiple field seasons we have multiple drill ready targets at our two most advanced, wholly owned projects. Our technical team has an exceptional discovery track record and now looking to drill targets described *“as good as you get within a global setting”*.

But much has happened in the past few years, which is worth putting into context, and demonstrates the strong position we are in today, and conviction the team has pursuing our strategy and operating in Mongolia.

In 4Q 2015, we successfully resolved the 106-licence dispute with the Government, which had impeded exploration activities and corporate discussions for our Bronze Fox project.

2016 was a busy year with an election, change of government, recommencement of the underground development of Oyu Tolgoi (and the associated project financing, the largest in the hard rock mining industry), and completion of our transformational transaction with the HPX group (controlled by Robert Friedland).

Kincora consolidated the dominant position in the Gobi copper belt via the IBEX merger. We secured a strategic landholding between and on-strike from Rio Tinto's 'Oyu Tolgoi' mine (the industry's largest global expansion project), and the privately owned 'Tsagaan Suvarga' open pit development project (>US\$1 billion capex, with >US\$370 million invested to date).

We backed up this premier landholding by enhancing our technical team – who collectively are credited with multiple discoveries of Tier 1 copper assets. John Holliday (chair of our Technical committee) and Peter Leaman (VP Exploration) lead a team of highly experienced Mongolians and international consultants with specific applicable experience and technical knowledge associated with porphyry hunting.

Based on these developments we completed a two-phase equity raise for C\$5.9 million in September/October 2017. This attracted two new large-scale institutional groups who conducted extensive due diligence.

This raising supported our new exploration and expansion strategy. We commenced the first modern systematic Tier 1 drill testing and district scale exploration program in the Southern Gobi (first on this scale since the BHP/Friedland inspired period of the late 90's/2000's). And we became the most active international group pursuing further countercyclical expansion

opportunities in Mongolia.

Unfortunately in late 2017, significant shareholder overhangs emerged which negatively impacted the ability to fully execute our strategy and our share price.

Over a six-month period we fixed this issue. Three of the five person board were replaced and 29% of the register transitioned. In June 2018, a new cornerstone shareholder was in place (taking out the overhangs at 13c v the last raising price of 33c/sh). The final piece of the reform was the appointment of a new Chairman, Cameron McRae (who had advised the Kincora board from 2014-17 and has been an active shareholder).

Cameron served 28 years with Rio Tinto and was CEO and President of Oyu Tolgoi LLC, where he led the construction and start-up of the then US\$6 billion Oyu Tolgoi copper-gold mine. He remains based in Mongolia, is very active in the Mongolian business community and is a director/investor/advisor in the resources sector internationally

In 2018, we overcame our corporate headwinds AND remained focused progressing our two pronged strategy, AND we conserved cash wisely in the process.

After careful reviews we reduced our ground position from >1400km² to <800km². We have refined multiple exciting drill ready targets, and systematically advanced our district scale exploration programs.

During 2018, a large-scale exploration target, supported by an independently defined block model, was announced at Bronze Fox. This ranks as one of the largest in-situ copper-gold systems in Mongolia and with only modest drilling (conducted before the 106 licence dispute emerged).

Extensive geological and geophysical work has now completed since the last successful drilling program at Bronze Fox. We have new high-grade targets in two underexplored and highly prospective zones with plans and unrestricted access to drill for the first time since the 106-license dispute.

These targets sit within a very large and deep seated preserved portion of the interpreted porphyry system across a key regional fault – a setting not previously appreciated by Kincora or Ivanhoe Mines when both completing limited previous drilling. Kincora has only drilled 4 holes in this zone with 3 intersecting greater than 1% copper. At that time this attracted an offer for the Company and a separate period of exclusivity with a copper major.

At East Tsagaan Survarga, (acquired through the IBEX merger) a number of Tier 1 scale brownfield targets are drill ready. These are less than 15km from the existing privately owned open pit development project at Tsagaan Survarga.

The ability in a couple year period to have secure this ground, advance these targets and now looking to drill for the equivalent preserved high grade Hugo or Heruga orebody, or series of orebodies, as at Oyu Tolgoi within the brownfield Tsagaan Survarga system, where no previous drilling has occurred for such a target, is testament to the unique opportunity Kincora, and

exploration in Mongolia, presents.

From past experiences we know many industry players will closely follow our drilling activities at these two projects. Successful proof of our geological concepts will put these assets in a unique and much sought after position on a global basis.

Importantly, the Company has a low cash overhead cost structure, has a board/management with "*skin in the game*" and strong backing from a sophisticated and consolidated shareholder register, with >60% of the register new investors in the last 15 months.

Both corporately and exploration wise we have built the foundations for success in 2019.

Kincora's team is working hard executing our two-pronged strategy and is intensely focused on value creation for our shareholders. We look forward to providing progress updates.

Sincerely,

Sam Spring
President & CEO
Kincora Copper Ltd.