

Tax Act from Mongolian Tax Authority

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- A Mongolian subsidiary of Kincora has received a Tax Act ("2021 tax assessment") for 2.7 billion MNT, approximately US\$950,000, from the Mongolian Tax Authority ("MTA") relating primarily to the 2016 merger with IBEX
- The 2016 IBEX merger required a tax assessment ("2016 tax assessment") as a condition precedent to closure and re-registration of the merged entities
- The 2021 tax assessment is a retrospectively calculated liability and is not in-line with the 2016 tax assessment
 - Three independent external legal opinions support Kincora's view that the 2016 tax assessment and merger were properly formulated and supported by the Mongolian authorities at that time
 - Accordingly Kincora disagrees with the basis the 2021 tax assessment relating to the IBEX merger
 - There is limited liability recourse to Kincora's Australian and Canadian assets and operations from the 2021 assessment
- Kincora is actively engaging with the MTA and is seeking a conclusion in line with Mongolian law and the 2016 assessment which was relied upon by both Kincora and the Mongolian authorities that allowed for closure of the 2016 IBEX merger
- Kincora has provided a standstill to, and in discussions with, Resilience Mining Mongolia Pty Ltd ("RMM") for the Option and Acquisition Agreement in relating to Kincora's Mongolian portfolio and subsidiaries

VANCOUVER, Jan. 20, 2021 - [Kincora Copper Ltd.](#) (the "Company", "Kincora") (TSXV: KCC) today announced that its subsidiary Golden Grouse IBEX LLC ("GGI") has received a Tax Act ("2021 tax assessment") for 2.7 billion MNT, approximately US\$950,000, from the Mongolian Tax Authority ("MTA").

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

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

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

Kincora notes that 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 is referenced to the historical invested capital of the IBEX entity counterparty to the 2016 merger, all of which has since been paid off.

Sam Spring, President and CEO, commented: "Kincora recognizes that the MTA, similar to many other countries' design tax administrators, has the right to conduct a periodic audit of tax returns filed by companies within its jurisdiction to ensure the application of domestic tax laws and that resolution processes are in place for any disputed tax rulings.

However, Kincora strongly refutes the merit of three of the four findings of the 2021 tax assessment, including the vast majority of the liability now being sought relating to the 2016 merger with IBEX which in our view, and of three separate counsels views, unfortunately seeks to move the goal posts that were relied upon for a commercial transaction to close without legal basis.

The Company is seeking to proactively engage with the MTA, defend the 2016 tax assessment and come to a conclusion in line with Mongolian law, which was relied upon for the 2016 IBEX merger".

In the Company's view the 2021 tax assessment, if upheld and enforced, would create confusion for investors, as tax is imposed, retrospectively, on:

- Invested capital;
- Non-cash transactions where no profit was made or will ever be made;
- Exploration tenure that is now held by the State; and,
- A different basis to the binding 2016 assessment that was relied upon by both Kincora and the Mongolian authorities for closure of the 2016 IBEX merger.

Kincora remains in active discussions with Resilience Mining Mongolia Pty Ltd ("RMM"). On December 14th, 2020, the Company executed a binding Option and Acquisition Agreement ("Agreement") with RMM relating to Kincora's Mongolian portfolio and subsidiaries. The Company has provided RMM a standstill for any RMM obligations relating to this Agreement as the Company engages with the MTA, seeking to defend the 2016 tax assessment.

The Company notes, limited recourse to Kincora's Australian and Canadian assets and operations from the 2021 tax assessment. Assets held within GGI primarily include the Tourmaline Hills project exploration license (the western of the two adjacent licenses that make up the wider Bronze Fox projects) and Red Well exploration license.

Kincora will continue to inform the market of any material developments relating to the 2021 tax assessment and RMM agreement.

About Kincora Copper Limited
(KCC – TSXV)

Kincora Copper is an active explorer and project generator focused on world-class copper-gold discoveries.

The Company is currently drilling the only brownfield project (Trundle) held by a listed junior in Australia's foremost porphyry belt (the Macquarie Arc, in NSW), with district scale project pipeline, and seeking to confirm its position as the leading pure play porphyry explorer in Australia.

The Company has assembled an industry leading technical team who have made multiple Tier 1 copper discoveries, who have "skin in the game" equity ownership and who are backed by a strong institutional shareholder base.

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

We have corporate offices in Vancouver and Melbourne. Kincora is listed on the TSX Venture Exchange under the ticker symbol KCC and is seeking a listing on the ASX for early in 2021 (subject to market conditions).

Forward-Looking Statements

Certain information regarding Kincora contained herein may constitute forward-looking statements within the meaning of applicable securities laws. Forward-looking statements may include estimates, plans, expectations, opinions, forecasts, projections, guidance or other statements that are not statements of fact. Although Kincora believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. Kincora cautions that actual performance will be affected by a number of factors, most of which are beyond its control, and that future events and results may vary substantially from what Kincora currently foresees. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration results, continued availability of capital and financing and general economic, market or business conditions. The forward-looking statements are expressly qualified in their entirety by this cautionary statement. The information contained herein is stated as of the current date and is subject to change after that date. Kincora does not assume the obligation to revise or update these forward-looking statements, except as may be required under applicable securities laws.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

SOURCE [Kincora Copper Ltd.](#)

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