

# ZINCORE METALS INC.

## Management's Discussion and Analysis

### Nine months ended – September 30, 2024

(Expressed in Canadian dollars, unless otherwise noted)

November 28, 2024

*This Management's Discussion and Analysis ("MD&A") relates to the financial condition and results of operations of Zincore Metals Inc. ("Zincore" or the "Company") together with its subsidiary as of the date of this report, and is intended to supplement and complement the Company's unaudited condensed interim consolidated financial statements for the nine months ended September 30, 2024 and audited year ended December 31, 2023. Readers are cautioned that this MD&A contains forward-looking statements and that actual events may vary from management's expectations. Zincore's public disclosure documents are available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). The condensed interim consolidated financial statements and MD&A are presented in Canadian Dollars, except where noted, and have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This discussion addresses matters we consider important for an understanding of our financial condition and results of operations as of and for the period ended September 30, 2024.*

*The first, second, third and fourth quarters of the Company's fiscal years are referred to as "Q1", "Q2", "Q3" and "Q4", respectively. The years ended December 31, 2023 and 2022 are also referred to as "fiscal 2023" and "fiscal 2022", respectively. All amounts are presented in Canadian dollars, the Company's reporting and presentation currency, unless otherwise stated. Statements are subject to the risks and uncertainties identified in the "Risks and Uncertainties" and "Cautionary Note Regarding Forward-Looking Statements" sections of this document. The Company has included the non-IFRS performance measure of earnings "Earnings Before Interest, Taxes, Depreciation and Amortization" ("EBITDA"). The Company has also included measures of recurring revenue and customer retention such as Monthly Recurring Revenue ("MRR"), and Customer Retention Rate. For further information and detailed calculations of these measures, see the "Non-IFRS and additional IFRS Measures" section of this document.*

*All financial information in this MD&A is presented in Canadian dollars unless otherwise noted.*

## CORPORATE OVERVIEW

Zincore Metals Inc. ("Zincore" or the "Company") was incorporated as Peru Zinc Corporation on September 21, 2005 in the Province of British Columbia. The Company subsequently changed its name to Southern Zinc Corporation on April 26, 2006 and to Zincore Metals Inc. on June 5, 2006. The Company, located at 1030 West Georgia Street, Suite 1012, Vancouver BC, V6E 2Y3, is a publicly traded shell company looking for transactions to build shareholder value. In 2019, the Company announced a potential transaction which halted the Company's common shares in trading. In 2020, the Company mutually terminated the transaction with the targeted company. The Company resumed trading on July 12, 2022 and is currently looking for other ventures to build value for its shareholders.

## HIGHLIGHT – Q3 2024

### Warrants exercised

During the current period ended September 30, 2024, total 9,540,000 warrants were exercised for proceeds of \$477,000.

## OUTLOOK

Management continues to pursue its efforts to maximize shareholder value, including but not limited to seeking investment or sale of the Company, or joint venture. Although Zincore has been successful in raising funds in the past, there can be no assurance Zincore will be able to raise sufficient funds in the future to maintain its assets, in which case Zincore may be unable to meet its obligations as they come due in the normal course of business. It is not possible to predict whether financing efforts will be successful or if Zincore will attain a profitable level of operations.

The Company currently holds no operating assets and is currently looking for other ventures to build value for its shareholders.

## SUMMARY OF CONSOLIDATED INCOME (LOSS)

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
General and administrative expenses (1)	\$ (19,352)	\$ (7,409)	\$ (54,245)	\$ (125,584)
Consulting and management fee	–	–	–	(18,000)
Foreign exchange gain (loss)	–	–	–	(3)
Net income (loss)	(19,352)	(7,409)	(54,245)	(143,587)
Total assets	56,327	193,014	56,327	193,014
Total non-current liabilities	–	–	–	–
Total dividends declared	–	–	–	–

(1) General and administrative expenses include office expenses, shareholder information, legal and accounting expense, interest, and travel expenses.

During the nine months ended September 30, 2024, the Company incurred a net loss of \$54,245, which is a lower loss compared to a net loss of \$143,587 in 2023. The lower loss in 2024 compared to 2023 was mainly due to a decrease in G&A expenses as the Company is trying to conserve cash.

Total assets were lower in 2024 compared to 2023 due to no private placements occurring during the period, along with the repayment of promissory notes.

### Consolidated quarterly loss – 8 quarters historic trend

	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Other income	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –
Net income (loss)	\$ (19,352)	\$ (10,021)	\$ (24,872)	\$ 72,935	\$ (7,409)	\$ (54,558)	\$ (81,620)	\$ 2,441,233
Gain (loss) per share	\$ (0.00)	\$ 0.00	\$ (0.00)	\$ 0.00	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ 0.24
Total assets	\$ 56,327	\$ 78,844	\$ 80,480	\$ 132,703	\$ 193,014	\$ 194,101	\$ 2,241	\$ 5,196
Total liabilities	\$ 610,826	\$ 613,991	\$ 605,606	\$ 1,109,957	\$ 1,243,203	\$ 1,236,881	\$ 1,735,899	\$ 1,829,125

### Three months ended September 30, 2024 vs. all historic quarters in 2023 and 2022

During the three months ended September 30, 2024, the Company incurred a net loss of \$19,352, which is lower than majority of the quarters that recorded a loss. This is expected as the Company is trying to minimize its corporate activities to conserve cash. There were two quarters in the last two fiscal years that earned a net income. In Q4 2023, the Company had a non routine gain on debt settlement of \$15,500, foreign exchange gain of \$18,901, and various reversal of accruals. This resulted a net income of \$72,935. In Q4 2022, the Company had income of \$2,441,233 due to a non-cash gain of \$2,395,590 resulting from the disposition of Peruvian subsidiaries (for tax planning purposes).

Total assets increased throughout 2023 due to private placements, increasing its cash position (main asset of the Company). The cash raised were used to settle liabilities; hence, the liabilities had decreased from 2022 to 2024. During the first three quarters of the 2024, total assets have decreased due to the lack of private placements in the period, as well as repayments of the promissory notes.

## LIQUIDITY AND CAPITAL RESOURCES

	Three months Ended September 30,		Nine months Ended September 30,	
	2024	2023	2024	2023
Cash (outflow) from operating activities	\$ (22,516)	\$ (11,087)	\$ (43,376)	\$ (47,400)
Cash inflow (outflow) from financing activities	-	10,000	(33,000)	237,326
Change in cash flows	(22,516)	(1,087)	(76,376)	189,926
Cash balance	56,327	193,014	56,327	193,014

As at September 30, 2024, the Company's working capital deficit was 554,499 compared to \$977,254 at December 31, 2023. The decrease in working capital was due to the proceeds received from the warrants during the year, which were also used to pay down outstanding promissory notes.

Cash flow used for operating activities was \$43,376 during the nine months ended September 30, 2024 compared to cash outflow of \$47,400 during the nine months ended September 30, 2023. This was mainly driven by change in working capital items.

Cash outflow provided by financing activities was \$33,000 during the nine months ended September 30, 2024 compared to inflow of \$237,326 during the period ended September 30, 2023. The inflow was driven by equity financing (private placement or warrants) and the outflow due to repayment of promissory note.

The Company's future financial condition is still dependent on finding sources of financing in order to continue as a going concern.

## SHAREHOLDERS' EQUITY

As at September 30, 2024 and the date of this report, there were the following common shares outstanding:

	Common shares
As at September 30, 2024	43,633,174
As at date of the report	43,633,174

## REGULATORY DISCLOSURES

### Off-Balance Sheet Arrangements

As at the date of this report, the Company did not have any off-balance sheet arrangements.

### Proposed Transactions

The Company does not have any proposed transactions as at September 30, 2024 and as at the date of the report, other than as disclosed elsewhere in this document.

### Related Party Transactions

The Company's related parties include its subsidiaries and key management. Transactions with related parties for goods and services are made on normal commercial terms and are considered to be at arm's length.

Short-term employee benefits include salaries payable within twelve months of the consolidated statement of financial position date and other annual employee benefits.

- (a) For the nine months ended September 30, 2024, the Company incurred \$Nil (2023 - \$2,000) of consulting fees to directors of the Company.
- (b) As at September 30, 2024, related party accounts payable an amount of \$Nil (December 31, 2023 - \$nil) was paid to officers and directors of the Company. During the year ended December 31, 2023, an amount of \$15,500 due to a company that employs by the Chief Financial Officer of the Company was forgiven, and recorded as gain on settlement of debt.

## Financial Instruments

The fair values of the Company's cash, accounts payable and accrued liabilities, and promissory notes approximate their carrying values due to their short-term nature. The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk and market risk with respect to currency risk and interest risk. The following table summarize the Company's financial instruments as of September 30, 2024 and December 31, 2023:

	September 30, 2024	December 31, 2023
	\$	\$
<b>Financial Assets</b>		
Amortized cost:		
Cash	56,327	132,703
<b>Financial Liabilities</b>		
Amortized cost:		
Accounts payable and accrued liabilities	17,745	6,876
Promissory note	593,081	1,103,081

Financial instruments disclosure requires a statement of the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of fair value are:

Level 1 Unadjusted quoted prices in active markets for identical assets and liabilities

Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, and;

Level 3 Inputs that are not based on observable market data Fair values of financial instruments

The Company has classified all of its financial assets at Level 1.

### A) 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 has in place a planning and budgeting process to help determine the funds required to support the Company's operating requirements as well as its planned capital expenditures. The Company manages its financial resources to ensure that there is sufficient working capital to fund near term planned exploration work and operating expenditures. The Company has considerable discretion to reduce or increase exploration plans or budgets depending on current or projected liquidity. When appropriate, the Company will seek joint venture partners in order to fund or share in the funding of its exploration properties to minimize shareholder risk. The Company's cash assets are held in demand accounts in Canada.

The Company is continuously evaluating alternatives in order to raise additional capital to increase liquidity and to cut costs where possible, but there's no certainty that additional capital will be raised. As of September 30, 2024, the Company had cash of \$56,327 (December 31, 2023 - \$132,703).

### B) CURRENCY RISK

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company holds its cash resources principally in Canadian dollars with a secondary amount held in U.S. dollars and incurs expenses principally in U.S. dollars with smaller exposures mainly to Canadian dollars. As at September 30, 2024 and December 31, 2023, the Company had minimal holdings and transactions in U.S. dollars and the potential impact of foreign exchange currency changes would not have a material impact on the Company's financial position.

### C) INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to short term interest rates through the interest earned on

cash, as at September 30, 2024 and December 31, 2023, there's no material impact if there is a 1% increase or decrease in short term rates.

#### D) CREDIT RISK

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash. The carrying amount of the financial assets represents the maximum credit exposure. The Company's cash is held through large Canadian financial institutions.

#### Management of Capital

The capital structure of the Company consists of equity attributable to common shareholders, comprising share capital, reserves, and deficit. Its capital resources consist of cash. The Company manages its capital to fund its exploration and development expenditures and corporate costs with the primary objective of maintaining adequate liquidity within the Company to safeguard its ability to continue as a going concern while minimizing dilution to current equity holders.

The capital of the Company consists of items included in shareholders' equity, net of cash as follows:

	September 30, 2024	December 31, 2023
Total equity (deficit) for shareholders	\$ (554,499)	\$ (977,254)
Less: cash	(56,327)	(132,703)
	(610,826)	(1,109,957)

To effectively manage its resources and minimize risk the Company maintains the majority of its capital at the parent company level and funds activities in its operating subsidiaries through a monthly cash call process. The Company prepares annual expenditure budgets that are updated as necessary depending on factors including success of programs and general industry conditions. The budget and any revisions to it are approved by the Board of Directors (the "Board").

The Company maintains an investment policy that specifies the investment products and credit exposures permitted relating to the short-term investments of the Company's cash (the "Cash Investment Policy").

The Company is not subject to any externally imposed capital requirements, and it does not have exposure to asset-backed commercial paper or similar products.

#### Significant Accounting Policies

The preparation of these consolidated financial statements requires management to make certain estimates, judgements and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the report period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions, and other factors including expectations of future events that are believed to be reasonable under the circumstances.

#### Change in accounting policy and new accounting pronouncements

Please refer to audited consolidated financial statements for the year ended December 31, 2023, and unaudited condensed interim consolidated financial statements for the period ended September 30, 2024 which were filed on SEDAR+.

**Risk and uncertainties,**

In making and providing the forward-looking information included in this MD&A, the Company has made numerous assumptions. These assumptions include among other things:

- (i) assumptions about the price of zinc, lead, copper and other base metals;
- (ii) that there are no material delays in the exploration and drill programs on its properties;
- (iii) assumptions about operating costs and expenditures;
- (iv) assumptions about future production and recovery;
- (v) that the supply and demand for zinc, lead, and copper develops as expected;
- (vi) that there is no unanticipated fluctuation in foreign exchange rates; and
- (vii) that there is no material deterioration in general economic conditions.

Although management believes that the assumptions made and the expectations represented by such information are reasonable, there can be no assurance that the forward-looking information will prove to be accurate. By its nature, forward-looking information is based on assumptions and involves known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements, or results, to be materially different from future results, performance or achievements expressed or implied by such forward-looking information. Such risks, uncertainties and other factors include among other things the following:

- (i) decreases in the price of zinc, lead, and copper;
- (ii) the risk that the Company will continue to have negative operating cash flow;
- (iii) the risk that additional financing will not be obtained as and when required;
- (iv) material increases in operating costs;
- (v) adverse fluctuations in foreign exchange rates;
- (vi) environmental and political risks and changes in environmental and mining legislation;
- (vii) community relations risks associated with operating in Peru; and
- (viii) the risk that the Company will not be able to meet its continued listing requirements by the NEX.

**Cautionary note regarding forward-looking information**

Certain information in this MD&A, including all statements that are not historical facts, constitutes forward-looking information within the meaning of applicable Canadian securities laws. Such forward-looking information includes, but is not limited to, information which reflect management's expectations regarding the Company's future growth, results of operations (including, without limitation, future production and capital expenditures), performance (both operational and financial), and business prospects (including the timing, execution, and success of exploration activities) and opportunities.

This MD&A contains information on risks, uncertainties and other factors relating to the forward-looking information. Although the Company has attempted to identify factors that would cause actual actions, events, or results to differ materially from those disclosed in the forward-looking information, there may be other factors that cause actual results, performances, achievements, or events not to be anticipated, estimated, or intended. Also, many of the factors are beyond the Company's control. Accordingly, readers should not place undue reliance on forward-looking information. The Company undertakes no obligation to reissue or update forward-looking information as a result of new information or events after the date of this MD&A except as may be required by law. All forward-looking information disclosed in this document is qualified by this cautionary statement.