

ZINCORE METALS INC.

Management's Discussion and Analysis

Year ended – December 31, 2023

(Expressed in Canadian dollars, unless otherwise noted)

March 20, 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 consolidated financial statements for 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.sedar.com. The 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 year ended December 31, 2023.

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.

CORPORATE OVERVIEW

The following Management's Discussion and Analysis ("MD&A") of Zincore Metals Inc. and its subsidiary ("Zincore" or the "Company"), for the year ended December 31, 2023 and should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2023, which were prepared in accordance with International Financial Standards ("IFRS") as issued by the International Accounting Standards Board. All of these statements are available on the Company's website at www.zincoremotals.com or on the SEDAR website at www.sedar.com. Additional information relating to the Company is also available on SEDAR at www.sedar.com.

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

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. In November 2006, Zincore completed an initial public offering and commenced trading on the Toronto Stock Exchange ("TSX"). In May 2010, the Company's shares were approved for trading on the Lima Stock Exchange, or Bolsa de Valores de Lima ("BVL"). The address of the Company's registered office is 1030 West Georgia Street, Suite 1012, Vancouver BC, V6E 2Y3. On March 20, 2015, the Company announced that it had applied for voluntary delisting of its shares from the TSX and concurrently applied for a listing on the NEX, a separate board of the TSX-V. At market close on March 30, 2015, the Company's shares ceased to trade on the TSX and commenced trading on the NEX at market open on March 31, 2015 under the symbol "ZNC.H". Given that the Company's listing on the BVL was conditional in part on a TSX or TSX-V listing, the Company's shares ceased to trade on the BVL during the first quarter of 2015. Zincore shares are not differentiated based on the exchange they are bought or sold on. Accordingly, shareholders who purchased shares on the BVL are still able to complete transactions on the NEX, subject to the capabilities of their broker/dealer. On July 26, 2016, the Company's shares commenced trading on the NEX, a separate board of TSX Venture Exchange, on a consolidated basis at the open of the market. The Company's name and trading symbol (ZNC.H) remain the same.

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

HIGHLIGHT – Q4 2023

Stock consolidation – May 11, 2023

On May 11, 2023, the Company consolidated its common shares on a 2-to-1 ratio. For all periods presented herein, the number of common shares, stock options, and share purchase warrants have been retroactively restated.

Private Placement – May 16, 2023

On May 16, 2023, the Company closed a non-brokered private placement of 15,000,000 common shares at \$0.05 per share for proceeds of \$750,000.

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)

	Year ended December 31, 2023 \$	Year ended December 31, 2022 \$	Year ended December 31, 2021 \$
General and administrative expenses (1)	(87,053)	(81,506)	(102,213)
Consulting and management fee	(18,000)	(17,300)	(36,000)
Foreign exchange gain (loss)	18,901	(26,547)	(4,678)
Gain on debt settlement	15,500	31,230	49,458
Other income	–	2,395,590	–
Net income (loss)	(70,652)	2,301,467	(93,433)
Total assets	132,703	5,196	14,643
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 year ended December 31, 2023, the Company incurred a net loss of \$70,652, which is a higher loss compared to a net income of \$2,301,467 in 2022, and slightly lower than a net loss of \$93,433 in 2021. The higher loss in 2023 compared to 2022 was mainly due to an increase in G&A expenses without other income to offset them. In 2022, other income was recognized from a \$2,395,590 non-cash gain in disposition of the Peruvian subsidiaries. The Company has revised its corporate structure for tax planning purposes.

Total assets were higher in 2023 compared to 2022 and 2021 due to the closing of a private placement in February and May 2023 which increased overall cash for the Company.

Consolidated quarterly loss – 8 quarters historic trend

	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Other income	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –
Net income (loss)	\$ 72,935	\$ (7,409)	\$ (54,558)	\$ (81,620)	\$ 2,441,233	\$ (39,478)	\$ (79,774)	\$ (20,514)
Gain (loss) per share	\$ 0.00	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ 0.24	\$ (0.00)	\$ (0.00)	\$ (0.00)
Total assets	\$ 132,703	\$ 193,014	\$ 194,101	\$ 2,241	\$ 5,196	\$ 15,365	\$ 25,922	\$ 21,834
Total liabilities	\$ 1,109,957	\$ 1,243,203	\$ 1,236,881	\$ 1,735,899	\$ 1,829,125	\$ 1,884,707	\$ 1,855,786	\$ 1,771,926

Three months ended December 31, 2023 vs. all historic quarters in 2023, 2022

During the three months ended December 31, 2023, the net income was higher than all historical quarters' net loss, except Q4 2022, due to a consulting fee reversal that resulted from the discontinuance of corporate development consultants. 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), reversal of accrued corporate overhead expenses and gain on debt settlement. This was higher than all historic quarters in 2023 and 2022 as the other historic quarters did not realize such gain. The Company also has maintained a higher asset value compared to previous quarters due to the cash increase from financing activities in Q2 2023.

LIQUIDITY AND CAPITAL RESOURCES

	Year Ended December 31,		
	2023	2022	2021
	\$	\$	\$
Cash used for operating activities	(107,711)	(93,358)	(96,534)
Cash provided by financing activities	237,326	85,936	–
Change in cash flows	129,615	(7,422)	(96,534)
Cash balance	132,703	3,088	10,510

As at December 31, 2023, the Company's working capital deficit was \$977,254 compared to \$1,823,929 at December 31, 2022. The decrease in working capital was due to the proceeds received from the private placement financing during the year, which were also used to pay down outstanding promissory notes.

Cash flow used for operating activities was \$107,711 during the year ended December 31, 2023 compared to \$93,358 during the year ended December 31, 2022 and reflected the fact that, overall, operations were consistent on a year-to-year basis in fiscal 2022 and 2023.

Cash flow provided by financing activities was \$237,326 during the year ended December 31, 2023 compared to \$85,936 during the year ended December 31, 2022. During fiscal 2023, the Company received proceeds from private placements of \$917,327 offset by repayment of promissory notes of \$690,001. In fiscal 2022, the cash provided by financing activities were from issuances of promissory notes.

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 December 31, 2023 and the date of this report, there were the following common shares outstanding:

	Common shares	Share purchase warrants
As at December 31, 2023	34,093,174	9,540,000
As at date of the report	34,093,174	–

As at the date of this report, there were the following share warrants outstanding:

	Number of warrants	Weighted average exercise price \$
Outstanding as at December 31, 2023	9,540,000	0.05
Exercised	(9,540,000)	0.05
Outstanding, as at date of report	–	–

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 December 31, 2023 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 year ended December 31, 2023, the Company incurred \$Nil (2022 - \$7,000) of consulting fees for the services provided by the Chief Financial Officer.
- (b) For the year ended December 31, 2023, the Company incurred \$2,000 (2022 - \$10,300) of consulting fees to directors of the Company.
- (c) As at December 31, 2023, an amount of \$Nil (2022 - \$17,300) 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 December 31, 2023 and 2022:

	December 31, 2023	December 31, 2022
	\$	\$
Financial Assets		
Amortized cost:		
Cash	132,703	3,088
Financial Liabilities		
Amortized cost:		
Accounts payable and accrued liabilities	6,876	26,131
Promissory note	1,103,081	1,802,994

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 December 31, 2023, the Company had cash of \$132,703 (2022 - \$3,088).

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 December 31, 2023 and 2022, 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 December 31, 2023 and 2022, 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:

	December 31, 2023	December 31, 2022
Total equity for shareholders	\$ (977,254)	\$ (1,823,929)
Less: cash	(132,703)	(3,088)
	<u>(1,109,957)</u>	<u>(1,827,017)</u>

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, 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.