

ZINCORE METALS INC.

CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2023 and 2022

(In Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Zincore Metals Inc.

Opinion

We have audited the consolidated financial statements of Zincore Metals Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of operations and comprehensive loss, changes in shareholders' deficit, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company had no revenues, had negative cash flows from operations, and incurred a comprehensive loss of \$70,652 during the year ended December 31, 2023 and, as of that date, the Company had a working capital deficit of \$977,254, and an accumulated deficit of \$68,393,610. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Except for the matter described in the *Material Uncertainty Related to Going Concern* section of our report, we have determined that there are no key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Henry Chow.

A handwritten signature in black ink that reads "SATURNA GROUP LLP". The letters are cursive and somewhat stylized, with the 'S' being particularly large and looping.

Saturna Group Chartered Professional Accountants LLP

Vancouver, Canada

March 20, 2024

ZINCORE METALS INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(in Canadian dollars)

	Note	December 31, 2023	December 31, 2022
ASSETS			
Current			
Cash		\$ 132,703	\$ 3,088
Prepaid expense and deposits		–	2,108
Total Assets		\$ 132,703	\$ 5,196
LIABILITIES			
Current			
Accounts payable and accrued liabilities	5	\$ 6,876	\$ 26,131
Promissory notes	4	1,103,081	1,802,994
Total Liabilities		\$ 1,109,957	1,829,125
SHAREHOLDERS' DEFICIT			
Share capital	3	\$ 57,932,450	57,015,123
Reserves		9,483,906	9,483,906
Deficit		(68,393,610)	(68,322,958)
Total Shareholders' Deficit		\$ (977,254)	(1,823,929)
Total Liabilities and Shareholders' Deficit		\$ 132,703	\$ 5,196

Going Concern (Note 1)
Subsequent Event (Note 9)

Approved for issuance by the Board of Directors:

/s/ Matthew Roma
Matthew Roma, Director

/s/ Ramon Perez
Ramon Perez, Director

The accompanying notes are an integral part of the consolidated financial statements.

ZINCORE METALS INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(in Canadian dollars)

	Notes	For the years ended December 31,	
		2023	2022
EXPENSES			
Consulting fees	5	\$ 18,000	\$ 17,300
Foreign exchange loss (gain)		(18,901)	26,547
General and administration		17,024	39,354
Shareholder information		7,434	–
Professional fees		46,161	42,152
Travel		16,434	–
Net loss before other items		(86,152)	(125,353)
OTHER ITEMS			
Gain on disposition of subsidiaries	2	–	2,395,590
Gain on debt settlement	5	15,500	31,230
Total other items		15,500	2,426,620
NET INCOME (LOSS)		(70,652)	2,301,467
OTHER COMPREHENSIVE LOSS			
Foreign currency translation	2	–	(2,395,818)
COMPREHENSIVE LOSS		\$ (70,652)	\$ (94,351)
Earnings (loss) per share - basic and diluted		\$ –	\$ 0.24
Weighted average number of shares outstanding - basic and diluted		27,327,969	9,553,174

The accompanying notes are an integral part of the consolidated financial statements.

ZINCORE METALS INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT
(in Canadian dollars, except share number)

	Share Capital		Reserves			Deficit	Total Shareholders' Deficit
	Number	Amount \$	Share-Based Payment Reserve \$	Warrants Reserve \$	Foreign Currency Translation Reserve \$		
BALANCE, DECEMBER 31, 2021	9,553,174	57,015,123	4,585,368	4,898,538	2,395,818	(70,624,425)	(1,729,578)
Net income for the year	–	–	–	–	–	2,301,467	2,301,467
Foreign currency translation	–	–	–	–	(2,395,818)	–	(2,395,818)
BALANCE, DECEMBER 31, 2022	9,553,174	57,015,123	4,585,368	4,898,538	–	(68,322,958)	(1,823,929)
Issuance of common shares – private placement	24,540,000	940,800	–	–	–	–	940,800
Share issuance costs	–	(23,473)	–	–	–	–	(23,473)
Net loss for the year	–	–	–	–	–	(70,652)	(70,652)
BALANCE, DECEMBER 31, 2023	34,093,174	57,932,450	4,585,368	4,898,538	–	(68,393,610)	(977,254)

The accompanying notes are an integral part of the consolidated financial statements.

ZINCORE METALS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in Canadian dollars)

	Note	Years ended December 31,	
		2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss) for the year		\$ (70,652)	\$ 2,301,467
Items not affecting cash:			
Gain on debt settlement		(15,500)	(31,230)
Gain on disposition of subsidiaries		–	(2,395,590)
Foreign exchange loss (gain)		(19,912)	19,913
		(106,064)	(105,440)
Changes in non-cash working capital items:			
Prepays and other receivables		2,108	2,025
Accounts payable and accrued liabilities		(3,755)	10,057
Net Cash Used in Operating Activities		(107,711)	(93,358)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of promissory notes	4	(690,001)	–
Proceeds from private placement	3	940,800	–
Proceeds from promissory notes	4	10,000	85,936
Share issuance costs		(23,473)	–
Net Cash Provided by Financing Activities		237,326	85,936
Change in Cash		129,615	(7,422)
Cash, beginning of year		3,088	10,510
Cash, end of year		\$ 132,703	\$ 3,088
Non-cash investing and financing activities:			
Assignment of shareholder loan to promissory note		–	546,060
Assignment of accounts payable to promissory note		–	733,484

The accompanying notes are an integral part of the consolidated financial statements.

ZINCORE METALS INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(in Canadian dollars)

1. NATURE OF BUSINESS AND CONTINUANCE OF OPERATIONS

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. These consolidated financial statements have been prepared on a going concern basis. Zincore has not been generating cash flows from operations and Zincore would need to raise additional funds through future issuance of securities, loans, or other financing. Although Zincore has been successful in raising funds in the past, there is no assurance that sufficient funds could be raised in the future in which case Zincore might not be able 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. During the year ended December 31, 2023, the Company had no revenues and used \$107,711 of cash for operating activities. As at December 31, 2023, Zincore has incurred cumulative losses of \$68,393,610 since inception, has a working capital deficit of \$977,254, and is unable to pay all of its commitments as they come due. The Company is currently pursuing its alternatives for financing, including potential partnerships. These factors indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. Should Zincore be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts on the consolidated statements of financial position.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

These consolidated financial statements have been approved for issuance by the Board on March 20, 2024.

Share consolidation – May 11, 2023

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

ZINCORE METALS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of Preparation (continued)

Basis of Measurement

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments measured at fair value as described in Note 6. All figures presented in these consolidated financial statements are in Canadian dollars, unless otherwise indicated.

Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned inactive subsidiary, Polymex Resources Ltd. until its sale on December 31, 2023. All amounts are expressed in Canadian dollars, unless otherwise stated. Intercompany transactions and balances between the Company and its wholly-owned subsidiary are eliminated on consolidation.

(b) Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the time of issuance, are readily convertible into known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

(c) Use of Estimates and Judgments

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities and disclosures of contingent assets and contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and could be material. The 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 the revision affects both the current and future periods.

Significant areas requiring the use of estimates include unrecognized deferred income tax assets.

The Company applies judgment in: (i) the application of the going concern assumption, which requires management to take into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period; (ii) classification of financial assets and liabilities in accordance with IFRS 9; and (iii) the determination of functional currency for each of the Company's entities.

ZINCORE METALS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Foreign Currency Translation

The presentation currency of the Company is the Canadian dollar. The functional currency of Zincore Metals Inc. and Polymex Resources Ltd. is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates (“IAS 21”). Assets and liabilities of the Company’s subsidiaries are translated into the presentation currency using the exchange rate at period end, and income, expenses and cash flow items are translated using the rate that approximates the exchange rates at the dates of the transactions (i.e., the average rate for the period). Exchange differences relating to the translation of the results and net assets of the Company’s foreign operations from their functional currencies to the Company’s presentation currency are recognized directly in other comprehensive income (loss) and in accumulated other comprehensive income. Transactions in currencies other than the entity’s functional currency are recorded at the rates of exchange prevailing on dates of transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the consolidated statement of financial position. 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. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(e) Financial Instruments

Non-derivative financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income (loss) (“FVOCI”); or (iii) fair value through profit or loss (“FVTPL”). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are classified as FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income (loss).

The classification determines the method by which the financial assets are carried on the consolidated statement of financial position subsequent to inception and how changes in value are recorded. Cash is measured at amortized cost with subsequent impairments recognized in the consolidated statement of operations.

ZINCORE METALS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Financial Instruments (continued)

Impairment

An ‘expected credit loss’ impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset’s original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in the consolidated statement of operations for the period. The Company recorded a bad debt expense based on the expected credit loss model.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through the consolidated statement of operations to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Non-derivative financial liabilities

Financial liabilities, other than derivatives, are initially recognized at fair value less directly attributable transaction costs. Subsequently, financial liabilities are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company’s accounts payable and accrued liabilities, shareholder loan, and promissory notes payable are measured at amortized cost.

Non-derivative financial liabilities

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon recognition as FVTPL. Fair value changes on these liabilities are recognized in the consolidated statement of operations.

Derivative financial instruments

If the Company issues warrants exercisable in a currency other than the Company’s functional currency, the warrants will be considered as derivative financial instruments.

Derivative financial instruments are initially recognized at fair value and subsequently measured at fair value with changes in fair value recognized in the consolidated statement of operations. Transaction costs are recognized in the consolidated statement of operations as incurred.

ZINCORE METALS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Income Taxes

Income tax on the net income (loss) for the periods presented comprises of current and deferred income tax. Income tax is recognized in the consolidated statement of operations except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current income 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 income 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 amount of deferred income 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 year end. A deferred income 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. To the extent that the Company does not consider it probable that a deferred income tax asset will be recovered, the deferred income tax asset is reduced. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities, when they relate to income taxes levied by the same taxation authority, and when the Company intends to settle its income tax assets and liabilities on a net basis.

(g) Income (Loss) Per Share

Loss per share is calculated using the weighted average number of shares outstanding during the reporting period. The Company uses the treasury stock method for computing diluted loss per share. This method assumes that any proceeds obtained upon exercise of outstanding options or warrants would be used to purchase common shares at the average market price during the period. As the Company has recorded a net loss for each of the periods presented, basic and diluted net loss per share are the same as the exercise of stock options or share purchase warrants are anti-dilutive. As at December 31, 2023, the Company had 9,540,000 (2022 – nil) potentially dilutive shares relating to outstanding share warrants.

(h) Comprehensive Income

Comprehensive income or loss is the change in net assets arising from transactions and other events and circumstances from non-owner sources and comprises net income or loss and other comprehensive income or loss.

(i) New Accounting Standards and Interpretations

A number of new standards, and amendments to standards and interpretations, were not yet effective for the year ended December 31, 2023 and have not been early adopted in preparing these consolidated financial statements. These new standards, and amendments to standards and interpretations were either not applicable or are not expected to have material impact on the Company's consolidated financial statements.

ZINCORE METALS INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(in Canadian dollars)

3. SHARE CAPITAL

Authorized unlimited common shares without par value.

On February 14, 2023, the Company issued 9,540,000 flow-through units at \$0.02 per unit for gross proceeds of \$190,800. As part of the issuance, the Company incurred share issuance costs of \$18,910. Each unit consisted of one flow-through common share and one share purchase warrant, where each warrant entitles the holder to acquire one common share at an exercise price of \$0.05 per share expiring on February 14, 2024. The fair value of the common shares was \$0.06 per share, as a result, no value was allocated to the warrants and there was no flow-through premium.

On May 16, 2023, the Company issued 15,000,000 common shares at \$0.05 per share for gross proceeds of \$750,000. As part of the issuance, the Company incurred share issuance costs of \$4,563.

Share Purchase Warrants

A summary of the changes in share purchase warrants is presented below:

	Number of warrants	Weighted average exercise price \$
Outstanding, December 31, 2021 and 2022	–	–
Issued	9,540,000	0.05
Outstanding, December 31, 2023	9,540,000	0.05

As at December 31, 2023, the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price \$	Expiry date
9,540,000	0.05	February 14, 2024

4. PROMISSORY NOTES

As at December 31, 2023, the Company owed \$10,000 (2022 - \$1,802,994) of promissory notes to a non-related party, which is unsecured, non-interest bearing, and due on demand. During the year, the non-related party transferred \$1,583,081 of promissory notes to shareholders of the Company in a private transaction.

As at December 31, 2023, the Company owed \$1,093,081 (2022 - \$nil) to shareholders of the Company as a result of a private debt assignment agreement for \$1,583,081, which is unsecured, non-interest bearing, and due on demand.

ZINCORE METALS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(in Canadian dollars)

5. 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.

6. FINANCIAL INSTRUMENTS AND RISKS

Fair values

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.

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.

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 its operations. 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 is no certainty that additional capital will be raised. As of December 31, 2023, the Company had cash of \$132,703 (2022 - \$3,088).

ZINCORE METALS INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(in Canadian dollars)

6. FINANCIAL INSTRUMENTS AND RISKS (continued)

Currency Risk

Currency risk is the risk that the fair value of 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 December 31, 2022, the Company had minimal holdings and transactions in U.S. dollars and the potential impact of foreign currency changes would not have a material impact on the Company's consolidated financial position.

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 not exposed to significant interest risk as it does not have any liabilities with variable rates.

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.

7. CAPITAL MANAGEMENT

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:

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

ZINCORE METALS INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

*(in Canadian dollars)***7. CAPITAL MANAGEMENT (continued)**

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 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.

8. INCOME TAXES

This provision for income taxes reported differs from the amounts computed by applying the cumulative Canadian federal and provincial income tax rates to the loss before tax provision due to the following:

	2023	2022
	\$	\$
Net income (loss) before tax	(70,652)	2,301,467
Canadian statutory income tax rate	27%	27%
Income taxes expense (recovery) computed at statutory rate	(19,076)	621,396
Permanent differences and other	(6,198)	(646,810)
Change in deferred income tax asset not recognized	25,274	25,414
Income tax recovery	–	–

The significant components of deferred income tax assets and liabilities are as follows:

	December 31, 2023	December 31, 2022
	\$	\$
Non-capital loss carryforwards	5,023,546	5,003,342
Net capital loss carryforwards	8,243,521	8,243,521
Property and equipment	10,463	10,463
Share issuance costs	5,070	–
Unrecognized deferred income tax assets	(13,282,600)	(13,257,326)
	–	–

ZINCORE METALS INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

*(in Canadian dollars)***8. INCOME TAXES (continued)**

As at December 31, 2023, the Company has non-capital losses carried forward of \$18,605,724 (2022 - \$18,530,856) which may be carried forward to apply against future year income tax for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

	\$
2026	1,165,006
2027	1,311,460
2028	1,590,101
2029	1,422,597
2030	2,517,719
2031	3,094,868
2032	2,234,942
2033	1,234,290
2034	2,871,350
2035	117,681
2036	211,232
2037	25,644
2038	125,253
2039	235,556
2040	191,882
2041	87,152
2042	94,123
2043	74,868
	<u>18,605,724</u>

As at December 31, 2023, the Company has capital loss carry forwards of \$30,531,559 which may be carried forward indefinitely and applied to reduce any future capital gains.

9. SUBSEQUENT EVENT

Subsequent to the year ended December 31, 2023, 9,540,000 warrants were exercised for proceeds of \$477,000.