ZINCORE METALS INC.

For the three months Ended
March 31, 2020 and 2019

# Management's Discussion and Analysis

# CONTENTS

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the Three Months Ended March 31, 2020 and 2019
All figures in Canadian dollars unless otherwise noted

## GENERAL

The following Management's Discussion and Analysis ("MD&A") of Zincore Metals Inc. and its subsidiaries ("Zincore" or the "Company"), for the three months ended March 31, 2020 and 2019 is prepared as of May 26, 2020 and should be read in conjunction with the Company's unaudited financial statements for the three months ended March 31, 2020 and the audited financial statements for the year ended December 31, 2019 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.zincoremetals.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 5626 Larch Street, Suite 202, Vancouver, BC, Canada V6M 4E1. 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's business is the exploration and development of mineral properties and does not have any source of revenue or operating assets. The recoverability of the amounts shown for mineral properties is dependent upon the ability of the Company to obtain necessary financing to complete exploration, technical studies and, if warranted, development and future profitable production or proceeds from the disposition of properties. The amounts shown as mineral properties represent costs to date and do not necessarily represent present or future values. Given the current negative market circumstances, the Company is not currently engaged in the exploration or development of its properties and projects, other than seeking financing, joint venture partnership or disposition, as warranted.

***COVID-19***

During March 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by almost all levels of government in Canada and around the World regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence, however, it has gotten demonstrably more difficult to conduct normal business tasks and source potential financing. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

## OUTLOOK

Increasing concerns about near-term global growth have had a very negative effect on the ability of junior resource companies to finance. This is demonstrated by the greater than 30% decline in the TSX-V value from its 2018 peak in early January of over 900 points, to its current level of under 600 points. 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 or sale of the AZOD Project. Annual claims maintenance fees and related penalties for the claims, which now make up the 3,600 hectare AZOD Project, were paid in June 2019 and are next due in June 2020. Zincore does not generate cash flows from operations and accordingly, Zincore will 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 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

Given Zincore's financial circumstances, the Company did not make the annual payments for property claims maintenance fees and related penalties for the rest of its wholly-owned properties as due in June 2016. Accordingly, the Company no longer holds the rights to any properties other than the 3,600 hectares, which comprise the AZOD Project as described below.

On February 16, 2017, the Company announced that it had reached an agreement with First Quantum Minerals Ltd to terminate the Dolores copper porphyry project joint-venture. Under the terms of the agreement, the Company regained 100% ownership of the 4,500 hectares which comprised the Dolores Project, in Southern Peru. As consideration for the US$8 million investment made by First Quantum in the Dolores Project and related areas, and in full repayment of the US$2 million convertible loan between the two companies, the Company granted First Quantum a 3.5% a Net Smelter Returns Royalty on any future production that may occur at the Dolores Project, if held by Zincore. Given the Company's financial situation, Zincore did not make the property claims payments associated with the Dolores claims due to the Peru government by December 31, 2017. Consequently, Zincore no longer holds the claims making up the Dolores project and has no further commitments to First Quantum with regard to the Dolores project, except to maintain Directors and Officers Insurance over the next 6 years (commitment ends on February 2023).

There can be no assurances that the Company will be able to raise sufficient funds to meet its future property claims and related fee payments or other obligations as they come due in the normal course of business.

On January 21, 2019, the Company announced that that it had entered into a Letter of Intent ("LOI") dated January 13, 2019 with Mines & Metals Trading (Peru) PLC, ("MMTP") Upon successful completion of the proposed acquisition of the securities of MMTP (the "Transaction"), it is anticipated that the Company (the "Resulting Issuer") will be listed as a Tier 2 issuer on the TSX Venture Exchange ("TSX-V") and will carry on the business of the continued exploration and development of MMTP's Recuperada zinc-lead-silver project in Huancavelica, Peru. The Transaction is at arms-length and constitutes a 'reverse takeover' of the Company pursuant to Policy 5.2 of the TSX-V. Zincore and MMTP are working towards completing a Definitive Agreement.

Pursuant to the Transaction, it is expected that before the effect of any proposed financing or debt settlements, the holders of MMTP shares will hold 95% of the Resulting Issuer's shares, with the remaining 5% held by current Zincore shareholders.

As per the LOI , it is anticipated that prior to or concurrently with the closing of the Transaction, Zincore or MMTP, as the case may be, will complete a brokered private placement (the "Offering") for gross proceeds of US$5,000,000, or such other amount as may be agreed by the parties, with a view to satisfying the minimum listing requirements of the TSX-V with respect to working capital requirements and public distribution applicable to the Resulting Issuer.

The Transaction is subject to a number of terms and conditions, including, but not limited to, the parties entering into a definitive agreement with respect to the Transaction, with such agreement to include representations, warranties, conditions and covenants typical for a transaction of this nature, the completion of satisfactory due diligence investigations, the completion of a debt settlement of the Company's related party debt as further described below, and the approval of the TSX-V and other applicable regulatory authorities. As at the date of the report, there is no conclusive agreement between the parties.

In order to provide Zincore with liquidity necessary to conduct its operations until closing of the Transaction, MMTP and Zincore will enter into a loan agreement (the "Loan Agreement") pursuant to which MMTP will make available to Zincore a non-revolving credit facility, (the "Facility") by way of loans, ("Loans") up to a maximum amount of US$268,000. MMTP may, in its sole discretion, from time to time upon request by Zincore, increase the maximum amount available to Zincore under the Facility at such times and in such amounts as may be agreed by the parties. The Loan Agreement will provide that Loans advanced under the Facility will mature, and the outstanding principal amount of such Loans and interest accrued thereon will become due and payable, on the date that is six months from the date of the Loan Agreement (the "Maturity Date"). Loan amounts advanced under the Facility will be used by Zincore to effect mutually agreed upon payments. The Loan Agreement will provide that interest shall accrue on the principal amount of each Loan advanced pursuant to the Facility from the date of such advance, as well as all overdue amounts outstanding in respect of interest, at the rate of 10% per annum, calculated daily and compounded monthly, and be payable by Zincore to MMTP on maturity or earlier, as otherwise set out in the Loan Agreement. Any obligations of Zincore under the Loan Agreement that are outstanding at the time of Closing shall be assumed by the Resulting Issuer.

On August 14, 2019, the Company provided the following update on the proposed reverse takeover transaction with Mines & Metals Trading (Peru) PLC ("MMTP") as originally announced on January 21, 2019 (the "Transaction"). Upon completion of the Transaction, it is anticipated that the Company (the "Resulting Issuer") will be listed as a Tier 2 issuer on the TSX Venture Exchange ("TSX-V") and will continue the exploration and development of MMTP's Recuperada zinc-lead-silver project in Huancavelica, Peru, and the reactivation of Zincore's Accha Zinc Oxide District ("AZOD") Project. Zincore and MMTP continue to pursue the Transaction as provided in the letter of intent dated January 13, 2019 (the "LOI"). Conditions in the LOI relating to entry into a definitive agreement have been extended to August 30, 2019.

The Transaction is conditional upon the settlement of debts owed by Zincore to the Company's CEO, Jorge Benavides, in the amount of US$482,234 (the "Benavides Debt"). On August 8, 2019, the Company and Mr. Benavides entered into a debt settlement agreement providing for the settlement of the Benavides Debt through the issuance of common shares of Zincore ("Shares") at a price per Share that shall be no less than the issue price per security of MMTP issued pursuant to the concurrent brokered private placement that MMTP will undertake in connection with the Transaction (the "Debt Settlement"). Assuming that the Shares are consolidated on a four-to-one basis in connection with the Transaction, Zincore will issue a maximum of 3,184,290 consolidated Shares pursuant to the Debt Settlement. Completion of the Debt Settlement is conditional upon the satisfaction or waiver of the conditions to the completion of the Transaction, and receipt of shareholder and TSX-V approval. At the Company's September 5, 2019 shareholder meeting, the Company's shareholders ratified the debt settlement, contingent on successful completion of the RTO and any other necessary approvals.

On December 24, 2019, the Company announced that it entered into an arm's length definitive business combination agreement dated December 23, 2019, with Mines & Metals Trading (Peru) PLC ("MMTP") providing for the reverse takeover of Zincore by MMTP (the "Transaction"). Upon completion of the Transaction, it is anticipated that the Company (the "Resulting Issuer") will be listed as a Tier 2 issuer on the TSX Venture Exchange ("TSX-V") and will continue the exploration and development of MMTP's Recuperada zinc-lead-silver project in Huancavelica, Peru, and the reactivation of Zincore's Accha Zinc Oxide District ("AZOD") Project.

On April 21, 2020, the Company amended its business combination agreement with Mines & Metals Trading (Peru) PLC ("MMTP") to extend the deadline for completion of the reverse takeover of Zincore by MMTP (the "Transaction") to June 1, 2020. Upon completion of the Transaction, it is anticipated that the Company (the "Resulting Issuer") will be listed as a Tier 2 issuer on the TSX Venture Exchange ("TSX-V") and will continue the exploration and development of MMTP's Recuperada zinc-lead-silver project in Huancavelica, Peru, and the reactivation of Zincore's Accha Zinc Oxide District ("AZOD") Project.

## DESCRIPTION OF BUSINESS

Zincore is an exploration stage mining company engaged in the identification, acquisition, evaluation, exploration and development of zinc and base metal properties in Peru. Its primary objective is to define economically feasible projects through focused exploration and to develop, joint venture, or sell properties of economic merit. Zincore's properties are at the exploration stage and are thus non-producing. Consequently, they do not generate revenue or cash flow from operations and the Company is dependent on additional equity, debt capital or proceeds from divestitures to finance its activities.

Zincore's main activities are related to defining a strategy to advance its AZOD Project in Peru.

## OVERALL PERFORMANCE AND CURRENT ECONOMIC CONDITIONS

The Company's focus during the year of 2020 continued to be searching for partnership, financing, cost reduction and settling its outstanding payment obligations. In order to settle a significant portion of its payment obligations, the Company entered into Shares for Debt Agreements in Q2 2017 with certain creditors whereby Zincore issued common shares of the Company in settlement of amounts owing as described below.

Exploration expenditures for the AZOD Project continue to be put on hold until a sufficient financing can be completed. The Company continues to work towards maintaining the essential project claims in good standing and continues to towards securing funding, or finding a partner or buyer, for the project. However, there can be no assurances that the Company will be successful in this endeavour.

In 2017, the Company's Peruvian subsidiary, Exploraciones Collasuyo S.A.C., ("Collasuyo") entered into an agreement (the "Creditor Agreement") with a creditor of the Company to turn a current payable amount owing of US$287,792 into a long term debt obligation. In addition, the Company entered into agreements totalling US$245,117 with the Company's CEO, Jorge Benavides, to turn current amounts owing and other payables into long term debt obligations. The obligations will be subject to interest rates of 12-month LIBOR, with the principal and applicable interest due at maturity and will be guaranteed by Zincore. In the event that the Company is unable to pay the obligations when they are due, they will be subject to an additional 2% annualized penalty.

On January 22, 2019, Roman Friedrich tendered his resignation from the Company's Board of Directors. Concurrently, the Company announced that it had appointed Allan Williams to its Board.

As at March 31, 2020, the Company had negative working capital, comprised of current assets less current liabilities, totaling $1,580,693 (December 31, 2019 - $1,375,726). The Company continues to explore ways to raise new funds while continuing to minimize cash outflows and seeking ways to settle its outstanding payables.

## PROPERTY REVIEW

**Accha Zinc Oxide District ("AZOD") Project**

On August 6, 2013, the Company announced that it had received a positive pre-feasibility report ("PFS") for the Company's flagship, the 100%-owned Accha Zinc Oxide District ("AZOD") Project. The AZOD Project is located at approximately 70 kilometres south of Cusco, in the mining-prolific Yauri-Andahuaylas Copper District of southern Peru. The AZOD Project now comprises four claims covering 3,600 hectares and includes deposits at two District locations, Accha and Yanque. The technical report prepared in accordance with National Instrument 43-101 outlining two potential production scenarios for the zinc-lead project was completed and filed on SEDAR on August 26, 2013. For further details and to view the full 43-101 technical report, please visit www.sedar.com.

The company has held onto the key claims which make up the Accha Zinc Oxide District Project in southern Peru at all costs in an effort to take advantage of market sentiment to deliver value to our shareholders in the future.

## RESULTS OF OPERATIONS

| | THREE MONTHS ENDED MARCH 31, 2020 | THREE MONTHS ENDED MARCH 31, 2019 |
|---|---|---|
| General exploration | 11,151 | 1,346 |
| General and administrative expenses (1) | 63,238 | 94,109 |
| Consulting and management fee | 18,000 | 15,000 |
| Foreign exchange loss | 46,742 | (1,381) |
| Net loss (income) | $ 139,131 | $ 109,074 |

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

During the three months ended March 31, 2020, the Company incurred a net loss of $139,131 which is higher than the $109,074 loss in 2019. During Q1 2020, the Company incurred higher general exploration expense due to increased office rent in Collasuyo, which was not in place during Q1 2019. The change in foreign exchange gain or loss was due to fluctuation of foreign exchange rates through the period. The Company continued to reduce its business activities to conserve cash and other resources until it gets adequately capitalized.

## QUARTERLY FINANCIAL INFORMATION

| FISCAL QUARTER ENDED | MAR 31, 2020 | DEC 31, 2019 | SEPT 30, 2019 | JUN 30, 2019 | MAR 31, 2019 | DEC 31, 2018 | SEPT 30, 2018 | JUN 30, 2018 |
|---|---|---|---|---|---|---|---|---|
| Interest and other income (loss) | $ - | $ 280,338 | $ - | $ 18 | $ - | $ 93 | $110 | $1,040 |
| Net gain (loss) | (139,131) | 207,063 | $ (102,232) | $ (214,575) | $ (109,074) | $ (100,903) | $ (94,249) | $(216,761) |
| Gain(loss) per share | $ (0.01) | $ 0.01 | $ (0.01) | $ (0.01) | $ (0.01) | $ (0.01) | $ (0.00) | $(0.01) |
| Total assets | $ 3,242 | $ 6,035 | $ 13,635 | $ 6,755 | $ 13,617 | $ 5,199 | $8,864 | $20,043 |
| Total liabilities | $ 1,583,935 | $ 1,381,761 | $ 1,616,136 | $ 1,493,586 | $ 1,308,823 | $ 1,211,874 | $1,152,930 | $1,085,530 |

**Three months ended March 31, 2020 vs. prior quarters in 2019, 2018**

During the three months ended March 31, 2020, the Company incurred a net loss of $139,131, which is higher than previous quarters in 2019, except Q2 2019. The higher loss in current quarter was mainly due to fluctuation of foreign exchange rate which resulted in higher exchange loss. During Q2 2019, the company incurred more costs in legal and consulting as the company initiated and progressed along the RTO with MMTP. In addition, during Q2 2019, the Company paid US$82,800 for mineral tenure fee, resulted in significantly higher exploration expense during the quarter. During Q4, 2019, the Company incurred a net income of $207,063, which is significantly higher income than previous quarters in 2019. The higher income is due to debt settlement and lower exploration and G&A costs.

During the three months ended March 31, 2020, the Company incurred a net loss of $139,131, which is higher than historic quarters in 2018, except Q2 2018. The higher loss in current quarter compared with Q3 and Q4 2018 was mainly due to fluctuation of foreign exchange rate which resulted in higher exchange loss. The higher loss in Q2 2018 was due to higher stock-based compensation $ 23,961 recognized and timing difference in expenses.

**Other changes**

Total liabilities continued to grow in the past quarters, as the Company continued to finance its activities through shareholder and third party loans. The Company continued to reduce its business activities to conserve cash and other resources until it gets adequately capitalized.

Total assets were declining throughout past years, as the Company used up cash for operations. Total assets were highest in Q2 2018, compared to all other quarters due to receiving of cash from shareholder loans. During 2019, the Company received funds from MMTP resulted in increased total assets. The fluctuation over the years was mainly due to the use of cash to fund its corporate expenses and general exploration activities.

## LIQUIDITY AND CAPITAL RESOURCES

| | THREE MONTHS ENDED MARCH 31, 2020 | THREE MONTHS ENDED MARCH 31, 2019 |
|---|---|---|
| Cash outflow from operations | $ (9,114) | $ (69,697) |
| Cash inflows from financing activities | $ 7,093 | $ 74,527 |
| Increase (decrease) in cash and cash equivalents | $ (2,021) | $ 4,830 |
| Cash and cash equivalents | $ 1,010 | $ 7,487 |

As at March 31, 2020, the Company had working capital deficit of -$1,580,693 (December 31, 2019 – deficit $1,375,726). The increase in the working capital deficit was due to increase in short term promissory notes; as the Company continued to finance its activities through loans.

Cash outflow from operations for the period ended March 31, 2020 was lower than the comparative periods in 2019, due to timing of settlement of account receivables and payables.

Cash inflows from financing activities for the three months ended March 31, 2020 was $7,093 as the Company received third party loan. The Company received several third party loans totaled $74,527 in 2019.

Cash inflow from investing activities for the period ended March 31, 2020, and 2019 was $nil.

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

**Commitments**

As part of the convertible debenture settlement with First Quantum in fiscal 2017, the Company is required to maintain Directors and Officers Insurance until February 2023. The Company's insurance obligation for March 31, 2021 is $9,600.

| | WITH 1 YEAR | OVER 1 YEAR | TOTAL |
|---|---|---|---|
| Insurance | $ 9,600 | $ 18,400 | $ 28,000 |

## OFF-BALANCE SHEET TRANSACTIONS

The Company does not utilize off-balance sheet transactions.

## PROPOSED TRANSACTIONS

The Company does not have any proposed transactions as at March 31, 2020 other than as disclosed elsewhere in this document.

## RELATED PARTY TRANSACTIONS

1) Prior to October 2013, the Company paid remuneration for management services to a company controlled by Zincore's CEO. Fees were paid based on a daily rate pursuant to a consulting contract, approved by the Company's Board of Directors. In October 2013, the Company commenced paying its CEO directly rather than to a company controlled by him. The Company also paid the remuneration of the Chief Financial Officer ("CFO") through a company controlled by the CFO. These amounts are recorded as consulting fees in the Consolidated Annual Statements of Comprehensive Loss.

2) On September 29, 2015, the Company's Peruvian subsidiary, Exploraciones Collauyo S.A.C., arranged two unsecured loans with Jorge Benavides Alfaro, the CEO, for an aggregate of U.S. $215,536. The Benavides loans were in respect of advances in an aggregate of U.S. $143,836 made by Mr. Benavides to the Company over the previous 9 months, and for consulting fees of U.S. $71,700 owed by the Company to Mr. Benavides for the period of October 2014 to September 2015, respectively. The Loans, which were to mature after 24 months on September 29, 2017, carried interest rates of 12% compounded annually. The Loan principals and applicable accrued interest were to be repaid at maturity, with any early repayment at the option of the Company. On May 16, 2017 the Company partially settled the loans ($282,314) by issuing 1,447,763 common shares. As the fair value of the shares on issuance was lower than the deemed price per share, the Company recognized a gain of $43,433 for year ended December 31, 2017.

3) On February 9, 2017, the Company's Peruvian subsidiary, Exploraciones Collauyo S.A.C., arranged an unsecured loan with Jorge Benavides Alfaro, the President, CEO, and a director of the Company, for U.S. $6,700. The Loan, which matures in 24 months on February 9, 2019, carries an interest rate of 12% compounded annually. The Loan principal and applicable accrued interest are to be repaid at maturity, with any early repayment at the option of the Company. The proceeds of the Loan are to be used for outstanding payables and general working capital.

4) On March 17, 2017, the Company's Peruvian subsidiary, Exploraciones Collauyo S.A.C., arranged an unsecured loan with Jorge Benavides Alfaro, the President, CEO, and a director of the Company, for U.S. $24,679. The Loan, which matures in 24 months on March 17, 2019, carries an interest rate of 12% compounded annually. The Loan principal and applicable accrued interest are to be repaid at maturity, with any early repayment at the option of the Company. The proceeds of the Loan are to be used for outstanding payables and general working capital.

5) On March 17, 2017, the Company, arranged an unsecured loan with Jorge Benavides Alfaro, the President, CEO, and a director of the Company, for U.S. $40,634. The Loan, which matures in 24 months on March 17, 2019, carries an interest rate of 12% compounded annually. The Loan principal and applicable accrued interest are to be repaid at maturity, with any early repayment at the option of the Company. The proceeds of the Loan are to be used for outstanding payables and general working capital.

6) On February 16, 2018, the Company's Peruvian subsidiary, Exploraciones Collauyo S.A.C., arranged an unsecured loan with Jorge Benavides Alfaro, the President, CEO, and a director of the Company, for U.S. $16,522. The Loan, which matures in 24 months on February 16, 2020, carries an interest rate of 12% compounded annually. The Loan principal and applicable accrued interest are to be repaid at maturity, with any early repayment at the option of the Company. The proceeds of the Loan are to be used for outstanding payables and general working capital.

7) On March 15, 2018, the Company, arranged an unsecured loan with Jorge Benavides Alfaro, the President, CEO, and a director of the Company, for U.S. $16,000. The Loan, which matures in 24 months on March 15, 2020, carries an interest rate of 12% compounded annually. The Loan principal and applicable accrued interest are to be repaid at maturity, with any early repayment at the option of the Company. The proceeds of the Loan are to be used for outstanding payables and general working capital.

8) On April 16, 2018, the Company's Peruvian subsidiary, Exploraciones Collauyo S.A.C., arranged an unsecured loan with Jorge Benavides Alfaro, the President, CEO, and a director of the Company, for U.S. $1,000. The Loan, which matures in 24 months on April 16, 2020, carries an interest rate of 12% compounded annually. The Loan principal and applicable accrued interest are to be repaid at maturity, with any early repayment at the option of the Company. The proceeds of the Loan are to be used for outstanding payables and general working capital.

9) On May 16, 2018, the Company's Peruvian subsidiary, Exploraciones Collauyo S.A.C., arranged an unsecured loan with Jorge Benavides Alfaro, the President, CEO, and a director of the Company, for U.S. $100,000. The Loan, which matures in 24 months on May 16, 2020, carries an interest rate of 12% compounded annually. The Loan principal and applicable accrued interest are to be repaid at maturity, with any early repayment at the option of the Company. The proceeds of the Loan are to be used for outstanding payables and general working capital.

10) On May 30, 2018, the Company's Peruvian subsidiary, Exploraciones Collauyo S.A.C., arranged an unsecured loan with Jorge Benavides Alfaro, the President, CEO, and a director of the Company, for U.S. $33,000. The Loan, which matures in 24 months on May 30, 2020, carries an interest rate of 12% compounded annually. The Loan principal and applicable accrued interest are to be repaid at maturity, with any early repayment at the option of the Company. The proceeds of the Loan are to be used for outstanding payables and general working capital.

11) On May 1, 2018, the Company, arranged an unsecured loan with Jorge Benavides Alfaro, the President, CEO, and a director of the Company, for U.S. $15,000. The Loan, which matures in 24 months on May 1, 2020, carries an interest rate of 12% compounded annually. The Loan principal and applicable accrued interest are to be repaid at maturity, with any early repayment at the option of the Company. The proceeds of the Loan are to be used for outstanding payables and general working capital.

12) On July 23, 2018, the Company's Peruvian subsidiary, Exploraciones Collauyo S.A.C., arranged an unsecured loan with Jorge Benavides Alfaro, the President, CEO, and a director of the Company, for US$43,686. The loan, which matures in 24 months on July 23, 2020, carries an interest rate of 12% compounded annually. The Loan principal and applicable accrued interest are to be repaid at maturity, with any early repayment at the option of the Company. The proceeds of the Loan are to be used for outstanding payables and general working capital.

13) On August 10, 2018, the Company arranged an unsecured loan with Jorge Benavides Alfaro, the President, CEO, and a director of the Company, for US$7,100. The loan, which matures in 24 months on August 10, 2020, carries an interest rate of 12% compounded annually. The Loan principal and applicable accrued interest are to be repaid at maturity, with any early repayment at the option of the Company. The proceeds of the Loan are to be used for outstanding payables and general working capital.

14) On November 20, 2018, the Company arranged an unsecured loan with John Power, a shareholder of the Company, for US$7,850. The loan, which matures in 6 months on May 19, 2019, extended 90 days to August 19, 2019, carries an interest rate of 12% compounded annually. The Loan principal and applicable accrued interest are to be repaid at maturity, with any early repayment at the option of the Company. The proceeds of the Loan are to be used for outstanding payables and general working capital. The Company is currently negotiating terms of an extension. The Company repaid the loan principal plus interest on July 24, 2019.

15) Loan Settlement

    a. On May 3, 2016, the Company's Peruvian subsidiary, Exploraciones Collauyo S.A.C., arranged an unsecured loan with Jorge Benavides Alfaro, the President, CEO, and a director of the Company, for U.S. $11,400. The Loan, which was to mature in 24 months on May 3, 2018, carried an interest rate of 12% compounded annually.

The Loan principal and applicable accrued interest was to be repaid at maturity, with any early repayment at the option of the Company. The proceeds of Loan were to be used for outstanding payables and general working capital. On May 16, 2017, the Company settled the principal and interest in full ($17,244) by issuing 88,429 common shares. As the fair value of the shares on issuance was lower than the deemed price per share, the Company recognized a gain of $2,650 for year ended December 31, 2017.

b. On June 21, 2016, the Company's Peruvian subsidiary, Exploraciones Collauyo S.A.C., arranged an unsecured loan with Jorge Benavides Alfaro, the President, CEO, and a director of the Company, for Peruvian Sol 35,000. The Loan, which was to mature in 24 months on June 21, 2018, carried an interest rate of 12% compounded annually. The Loan principal and applicable accrued interest were to be repaid at maturity, with any early repayment at the option of the Company. The proceeds of the Loan were to be used for outstanding payables and general working capital. On May 16, 2017, the Company settled the principal and interest in full ($16,098) by issuing 82,553 common shares. As the fair value of the shares on issuance was lower than the deemed price per share, the Company recognized a gain of $2,476 for year ended December 31, 2017.

c. On September 28, 2016, the Company's Peruvian subsidiary, Exploraciones Collauyo S.A.C., arranged an unsecured loan with Jorge Benavides Alfaro, the President, CEO, and a director of the Company, for U.S. $700. The Loan, which was to mature in 24 months on September 28, 2018, carried an interest rate of 12% compounded annually. The Loan principal and applicable accrued interest were to be repaid at maturity, with any early repayment at the option of the Company. The proceeds of the Loan were to be used for outstanding payables and general working capital. On May 16, 2017, the Company settled the principal and interest in full ($1,013) by issuing 5,193 common shares. As the fair value of the shares on issuance was lower than the deemed price per share, the Company recognized a gain of $155 for year ended December 31, 2017.

d. On October 13, 2016, the Company's Peruvian subsidiary, Exploraciones Collauyo S.A.C., arranged an unsecured loan with Jorge Benavides Alfaro, the President, CEO, and a director of the Company, for U.S. $1,000. The Loan, which was to mature in 24 months on October 13, 2018, carried an interest rate of 12% compounded annually. The Loan principal and applicable accrued interest were to be repaid at maturity, with any early repayment at the option of the Company. The proceeds of the Loan were to be used for outstanding payables and general working capital. On May 16, 2017, the Company settled the principal and interest in full ($1,440) by issuing 7,387 common shares. As the fair value of the shares on issuance was lower than the deemed price per share, the Company recognized a gain of $222 for year ended December 31, 2017.

e. On October 13, 2016, the Company, arranged an unsecured loan with Jorge Benavides Alfaro, the President, CEO, and a director of the Company, for U.S. $6,000. The Loan, which was to mature in 24 months on October 13, 2018, carried an interest rate of 12% compounded annually. The Loan principal and applicable accrued interest were to be repaid at maturity, with any early repayment at the option of the Company. The proceeds of the Loan were to be used for outstanding payables and general working capital. On May 16, 2017, the Company settled the principal and interest in full ($8,643) by issuing 44,323 common shares. As the fair value of the shares on issuance was lower than the deemed price per share, the Company recognized a gain of $1,329 for year ended December 31, 2017.

f. On November 30, 2016, the Company, arranged an unsecured loan with Jorge Benavides Alfaro, the President, CEO, and a director of the Company, for an aggregate of U.S. $15,000. The Loan, which was to mature in 24 months on November 30, 2018, carried an interest rate of 12% compounded annually. The Loan principal and applicable accrued interest were to be repaid at maturity, with any early repayment at the option of the Company. The proceeds of the Loan were to be used for outstanding payables and general working capital. On May 16, 2017, the Company settled the principal and interest in full ($21,288) by issuing 109,168 common shares. As the fair value of the shares on issuance was lower than the deemed price per share, the Company recognized a gain of $3,275 for year ended December 31, 2017.

g. On December 16, 2016, the Company's Peruvian subsidiary, Exploraciones Collauyo S.A.C., arranged an unsecured loan with Jorge Benavides Alfaro, the President, CEO, and a director of the Company, for U.S. $2,250. The Loan, which was to mature in 24 months on December 16, 2018, carried an interest rate of 12% compounded annually. The Loan principal and applicable accrued interest were to be repaid at maturity, with any early repayment at the option of the Company. The proceeds of the Loan were to be used for outstanding payables and general working capital. On May 16, 2017, the Company settled the principal and interest in full ($3,241) by issuing 16,621 common shares. As the fair value of the shares on issuance was lower than the deemed price per share, the Company recognized a gain of $499 for year ended December 31, 2017.

h. On May 16, 2017, the Company completed shares for debt transactions to settle shareholder loans with certain creditors of the Company and the Company's Peruvian subsidiary, Exploraciones Collasuyo SAC. The Company issued 1,801,437 (see above from 1) to 8)) common shares of the Company to settle $351,280 of debentures. As the fair value of the shares was lower than the deemed value at the date of issuance, a gain of $54,039 was recognized from settlement for year ended December 31, 2017.

16) Other arrangements

a. December 14, 2017, the Company and its Peruvian subsidiary, Exploraciones Collasuyo S.A.C., ("Collasuyo") entered into agreements (the "Creditor Agreements") with the Company's CEO and Director Jorge Benavides to turn the applicable loans as indicated above, into long term debt obligations, subject to the Company completing a minimum $600,000 financing. Upon completion of such a financing, the Creditor Agreements will become active, and the applicable funds will become due and payable 20-months after the closing of the financing.

The Creditor Agreements will be subject to interest rates of 12-month LIBOR, with the principal and applicable interest due at maturity. The Obligations will be guaranteed by Zincore. In the event that the Company is unable to pay the Obligations when they are due, they will be subject to an additional 2% annualized penalty.

b. December 14, 2017, the Company and its Peruvian subsidiary, Exploraciones Collasuyo S.A.C., ("Collasuyo") entered into agreements (the "Creditor Agreements") with the Company's CEO and Director Jorge Benavides to turn outstanding fees into long term obligations, subject to the Company completing a minimum $600,000 financing. The total amount of payables that are subject to these Creditor Agreements is $143,303 (US$114,231). The Creditor Agreements will become active and the applicable funds will become due and payable 20 months after the closing of a minimum $600,000 financing.

The Creditor Agreements will be subject to interest rates of 12-month LIBOR, with the principal and applicable interest due at maturity. The Obligations will be guaranteed by Zincore. In the event that the Company is unable to pay the Obligations when they are due, they will be subject to an additional 2% annualized penalty.

17) On August 8, 2019, the Company and Mr. Benavides entered into a debt settlement agreement providing for the settlement of the Benavides Debt through the issuance of common shares of Zincore ("Shares") at a price per Share that shall be no less than the issue price per security of MMTP issued pursuant to the concurrent brokered private placement that MMTP will undertake in connection with the Transaction (the "Debt Settlement"). The Transaction settled of debts owed by Zincore to the Company's CEO, Jorge Benavides, in the amount of US$482,234 (the "Benavides Debt"). Assuming that the Shares are consolidated on a four-to-one basis in connection with the Transaction, Zincore will issue a maximum of 3,184,290 consolidated Shares pursuant to the Debt Settlement.

As at March 31, 2020, total of $604,343 (U.S. $425,984) (December 31, 2019 - $543,653 (U.S. $418,581)) is outstanding from shareholders, with Jorge Benavides being also a director and officer of the company. During the period ended March 31, 2020, the Company recorded accrued interest expenses of $9,956 (2019 – $11,750) related to these loans.

18) Compensation of key management personnel:

| | THREE MONTHS ENDED MARCH 31, 2020 | THREE MONTHS ENDED MARCH 31, 2019 |
|---|---|---|
| Remuneration paid to CFO | 18,000 | 15,000 |

As at March 31, 2020, related party accounts payable was $279,660 (December 31, 2019 - $247,063).

## PROMISSORY NOTE

As at March 31, 2020, the Company has eight promissory notes plus account payables in the principal amount of $422,938 (USD$277,809) (December 31, 2019 - $353,438 (USD$272,126)) which is due to Mines and Metals Trading (Peru) PLC ("MMTP"), an isle of man legal entity. These notes are unsecured, bears interest at 10% per annum, and is due on 6 months and extended 6 months for each.

Interest accrued on the Promissory Notes for the three months ended March 31, 2020 was $7,144 (December 31, 2019 - $19,477) and included in the account payables and accrued liabilities. As at March 31, 2020, the Company is still finalizing the legal agreement but have agreed to the following terms:

a) On January 15, 2019, the Company arranged an unsecured loan with MMTP, for US$25,000. The loan, which matures in 6 months on July 15, 2019, extended 6 months to January 15, 2020, carries an interest rate of 10% compounded monthly. The Loan principal and applicable accrued interest are to be repaid at maturity, with any early repayment at the option of the Company.

b) On February 15, 2019, the Company arranged an unsecured loan with MMTP, for US$10,000. The loan, which matures in 6 months on August 15, 2019, extended 6 months to February 15, 2020, carries an interest rate of 10% compounded monthly. The Loan principal and applicable accrued interest are to be repaid at maturity, with any early repayment at the option of the Company.

c) On February 27, 2019, the Company arranged an unsecured loan with MMTP, for US$10,000. The loan, which matures in 6 months on August 27, 2019, extended 6 months to March 21, 2020, carries an interest rate of 10% compounded monthly. The Loan principal and applicable accrued interest are to be repaid at maturity, with any early repayment at the option of the Company.

d) On March 21, 2019, the Company arranged an unsecured loan with MMTP, for US$10,000. The loan, which matures in 6 months on September 21, 2019,extended 6 months to March 21, 2020, carries an interest rate of 10% compounded monthly. The Loan principal and applicable accrued interest are to be repaid at maturity, with any early repayment at the option of the Company.

e) On June 26, 2019, the Company arranged an unsecured loan with MMTP, for US$50,000. The loan, which matures in 6 months on December 26, 2019, extended 6 months to June 26, 2020, carries an interest rate of 10% compounded monthly. The Loan principal and applicable accrued interest are to be repaid at maturity, with any early repayment at the option of the Company. The US$82,800 portion of the loan were sent directly from MMTP to pay for concession fees on behalf of the Company.

f) On June 27, 2019, USD$82,800 were sent directly from MMTP to pay for concession fees on behalf of the Company. The loan, which matures in 6 months on December 27, 2019, extended 6 months to June 27, 2020, carries an interest rate of 10% compounded monthly. The Loan principal and applicable accrued interest are to be repaid at maturity, with any early repayment at the option of the Company.

g) On July 19, 2019, the Company arranged an unsecured loan with MMTP, for US$50,000. The loan, which matures in 6 months on January 15, 2020, carries an interest rate of 10% compounded monthly. The Loan principal and applicable accrued interest are to be repaid at maturity, with any early repayment at the option of the Company.

h) On August 21, 2019, USD$4,150 were sent directly from MMTP to pay for Acclaim IOM company incorporation management fee on behalf of the Company. The loan, which matures in 6 months on February 21, 2020, carries an interest rate of 10% compounded monthly. The Loan principal and applicable accrued interest are to be repaid at maturity, with any early repayment at the option of the Company.

i) On November 5, 2019, the Company arranged an unsecured loan with MMTP, for US$30,000. The loan, which matures in 6 months on May 5, 2020, carries an interest rate of 10% compounded monthly. The Loan principal and applicable accrued interest are to be repaid at maturity, with any early repayment at the option of the Company.

j) On March 10, 2020, the Company arranged an unsecured loan with MMTP, for US$5,000. The loan, which matures in 6 months on September 10, 2020, carries an interest rate of 10% compounded monthly. The Loan principal and applicable accrued interest are to be repaid at maturity, with any early repayment at the option of the Company.

k) During the year ended December 31, 2019, USD$176 was sent directly from MMTP to pay tax on behalf of the Company.

l) During the three months ended March 31, 2020, USD$682 (2019 - $nil) was sent directly from MMTP to settle debt on behalf of the Company.

## FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Zincore's financial instruments consist of cash and cash equivalents, exploration advances and other receivables, convertible loan, share purchase warrants, and accounts payable. The Company has designated its cash and cash equivalents as financial assets at fair value through profit or loss, which are measured at fair value. Exploration advances and other receivables are classified as loans and receivables, which are measured at amortized cost. Accounts payable are classified as other financial liabilities, which are measured at amortized cost. Convertible loan and share purchase warrants are classified as financial liabilities at fair value through profit and loss, which are measured at fair value. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risk arising from these financial instruments. The fair value of these financial instruments approximates their carrying value due to their short-term maturity or capacity of prompt liquidation. The following table summarize the Company's financial instruments as at March 31, 2020 and December 31, 2019.

| | MARCH 31, 2020 | | DECEMBER 31, 2019 | |
|---|---|---|---|---|
| | Carrying Amount ($) | Fair Value ($) | Carrying Amount ($) | Fair Value ($) |
| FINANCIAL ASSETS | | | | |
| Fair value through profit or loss | | | | |
| Cash and cash equivalents | 1,010 | 1,010 | 3,031 | 3,031 |
| Other receivables | 1,452 | 1,452 | 3,004 | 3,004 |
| FINANCIAL LIABILITIES | | | | |
| Accounts payable and accrued liabilities | 527,536 | 527,536 | 441,183 | 441,183 |
| Shareholder loan | 601,033 | 601,033 | 535,235 | 535,235 |
| Promissory note | 422,938 | 422,938 | 372,915 | 372,915 |
| Short term obligation | 32,428 | 32,428 | 32,428 | 32,428 |

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 Company has classified all of its financial instruments at Level 2.

## CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Critical accounting policies and estimates are disclosed in the notes to the Company's audited consolidated financial statements for the period ended March 31, 2020. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- the recoverability of prepaid, exploration advances, and receivables which are included in the consolidated statements of financial position;
- the inputs used in accounting for share-based compensation expense in the consolidated statements of comprehensive income (loss);
- the inputs used in accounting for share purchase warrants in the consolidated statements of comprehensive income (loss);
- the provision for income taxes which is included in the consolidated statements of comprehensive loss and composition of deferred income tax assets and liabilities included in the consolidated statement of financial position at December 31, 2019; and
- the inputs used in determining the various commitments and contingencies accrued in the consolidated statements of financial position.

## CHANGES IN ACCOUNTING POLICIES

No changes in accounting policies were identified as at March 31, 2020 that will materially impact the consolidated financial statements and the MD&A.

## SHARE CAPITAL INFORMATION

Zincore has an unlimited number of common shares authorized for issuance. As at March 31, 2020 and date of this report, the total number of shares outstanding is 19,106,338.

**Stock options**

The following table summarizes the outstanding stock options as at March 31, 2020 and the date of this report:

| | AT MARCH 31, 2020 | | AT DECEMBER 31, 2019 | |
|---|---|---|---|---|
| | NUMBER OF OPTIONS | WEIGHTED AVERAGE EXERCISE PRICE | NUMBER OF OPTIONS | WEIGHTED AVERAGE EXERCISE PRICE |
| Outstanding at beginning of year | 848,000 | $ 0.17 | 1,691,333 | $ 0.18 |
| Expired and cancelled | - | $ - | (843,333) | $ 0.20 |
| Outstanding at end of period | 848,000 | $ 0.17 | 848,000 | $ 0.17 |
| Exercisable at end of period | 848,000 | $ 0.17 | 848,000 | $ 0.17 |

| EXERCISE PRICE RANGE | NUMBER OF OPTIONS OUTSTANDING | WEIGHTED AVERAGE EXERCISE PRICE | WEIGHTED-AVERAGE REMAINING YEARS | NUMBER OF OPTIONS EXERCISABLE |
|---|---|---|---|---|
| $0.01-$0.50 | 848,000 | $0.17 | 2.2 | 848,000 |
| | 848,000 | $0.17 | 2.2 | 848,000 |

**Warrants**

As at date of the report and March 31, 2020 the Company has no warrants outstanding.

## 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.

## FORWARD-LOOKING STATEMENTS

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. In this MD&A this specifically includes statements regarding the Prefeasibility Study ("PFS") on the Accha Zinc Oxide District ("AZOD") Project, future exploration on the AZOD Project, a potential joint venture with First Quantum Minerals Ltd. ("First Quantum") relating to the Reconnaissance Properties (as defined herein), and timing of various stages of the Dolores drilling program. Often, this information includes words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate" or "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

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.