

ZINCORE METALS INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three and six months ended June 30, 2023 and 2022

(In Canadian Dollars)

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

	Notes	June 30, 2023 (unaudited)	December 31, 2022
ASSETS			
Current			
Cash		\$ 194,101	\$ 3,088
Prepays and other receivables		-	2,108
Total Assets		\$ 194,101	\$ 5,196
LIABILITIES			
Current			
Accounts payable and accrued liabilities	5	\$ 123,888	\$ 26,131
Promissory note	4	1,112,993	1,802,994
Total Liabilities		\$ 1,236,881	1,829,125
SHAREHOLDERS' DEFICIT			
Share capital	3	\$ 57,932,450	57,015,123
Reserves		9,483,906	9,483,906
Deficit		(68,459,136)	(68,322,958)
Total Shareholders' Deficit		\$ (1,042,780)	(1,823,929)
Total Liabilities and Shareholders' Deficit		\$ 194,101	\$ 5,196

Note 1 – Going Concern

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 these condensed consolidated interim financial statements.

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

	Three months ended		Six months ended		
	Notes	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
EXPENSES					
Consulting fees (recovery)	\$	(36,000)	\$ 27,000	\$ 18,000	\$ 54,000
Foreign exchange gain		-	6,634	3	6,634
General administration		55,306	37,370	62,622	41,964
Shareholder information		1,513	8,769	4,421	10,019
Professional fees		17,305	-	34,698	-
Travel		16,434	-	16,434	-
Expenses before other items		54,558	79,773	136,178	112,617
OTHER ITEMS					
Gain on debt settlement	\$	-	\$ -	\$ -	\$ (12,330)
NET LOSS AND COMPREHENSIVE					
LOSS	\$	(54,558)	\$ (79,773)	\$ (136,178)	\$ (100,287)
Loss per share - Basic and diluted					
	\$	(0.00)	\$ (0.01)	\$ (0.01)	\$ (0.01)
Weighted average number of shares					
outstanding – basic and diluted		26,510,756	9,553,174	20,450,633	9,553,174

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

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

	Common Shares		Reserves			Deficit	Total Equity
	Number	Amount	Share-Based Payment Reserve	Warrants Reserve	Foreign Currency Translation Reserve		
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	-	-	-	-	-	(136,178)	(136,178)
BALANCE, JUNE 30, 2023	34,093,174	57,932,450	4,585,368	4,898,538	-	(68,459,136)	(1,042,780)
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 loss	-	-	-	-	-	(100,287)	(100,287)
BALANCE, JUNE 30, 2022	9,553,174	57,015,123	4,585,368	4,898,538	2,395,818	(70,724,712)	(1,829,865)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

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

	Notes	Three months ended		Six months ended	
		June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
CASH FLOWS FROM OPERATING ACTIVITIES					
Net loss for the period		\$ (54,558)	\$ (79,773)	\$ (136,178)	\$ (100,287)
Items not affecting cash:					
Gain on debt settlement		-	-	-	(12,330)
Foreign exchange		-	6,633	-	6,634
		(54,558)	(73,140)	(136,178)	(105,983)
Changes in non-cash working capital items:					
Prepays and other receivables		-	5,374	2,108	(5,304)
Accounts payable and accrued liabilities		982	6,227	97,757	46,261
Net Cash Used in Operating Activities		(53,576)	(61,539)	(36,313)	(65,026)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of note payable	4	(500,000)	-	(690,001)	-
Proceeds from private placement	3	750,000	-	940,800	-
Proceeds from promissory note		-	71,000	-	71,000
Share issuance costs		(4,564)	-	(23,473)	-
Net Cash Provided by Financing Activities		245,436	71,000	227,326	71,000
Change in Cash		191,860	9,461	191,013	5,974
Cash, Beginning of period		2,241	7,023	3,088	10,510
Cash, End of period		\$ 194,101	\$ 16,484	\$ 194,101	\$ 16,484

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

ZINCORE METALS INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS THREE AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022

(unaudited)

(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 an exploration company focused on the identification, acquisition, exploration, evaluation and development of zinc and related base metals projects 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. In 2019, the Company announced a potential transaction which halted the Company’s common shares in trading. In 2020, the Company mutually terminated 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. As at June 30, 2023, the Company no longer holds any exploration properties.

These condensed consolidated interim 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 period ended June 30, 2023, the Company had no revenues (2022 - \$nil) and used \$36,313 (2022 - \$65,026) of cash for operating activities. As at June 30, 2023, Zincore has incurred cumulative losses of \$68,459,136 (December 31, 2022 – \$68,322,958) since inception and has a working capital deficit of \$1,042,780 (December 31, 2022 - \$1,823,929) 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 condensed consolidated interim financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain disclosures included in annual consolidated financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) have been condensed or omitted and these audited condensed consolidated interim financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2022.

The Company’s management makes judgements in its process of applying the Company’s accounting policies in the preparation of its audited annual consolidated financial statements. In addition, the preparation of the financial data requires that the Company’s management make assumptions and estimates of effects of uncertain future events on the carrying amounts of the Company’s assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company’s assets and liabilities are accounted for prospectively.

ZINCORE METALS INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS THREE AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022

(unaudited)

(in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of Preparation (continued)

Statement of Compliance

Stock 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, were represented to reflect the Stock Consolidation.

Closing of Private Placement – May 16, 2023

On May 16, 2023, the Company closed its non-brokered private placement consisting of 15,000,000 common shares at a price of \$0.05 per share for gross proceeds of \$750,000, less share issuance costs of \$4,564. The Company will apply the gross proceeds of the Offering to pay down portions of the Company’s promissory note and for general working capital purposes.

Basis of Measurement

These condensed consolidated interim 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 condensed consolidated interim financial statements are in Canadian dollars, unless otherwise indicated.

(b) Basis of Consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned inactive subsidiaries. All amounts are expressed in Canadian dollars, unless otherwise stated. Intercompany transactions and balances between the Company and its wholly-owned subsidiaries are eliminated on consolidation. The principal subsidiaries of Zincore and their geographic locations as at June 30, 2023 and December 31, 2022 were as follows:

	Jurisdiction	Nature of Operations	Ownership Percentage
Zincore Metals Inc.	Canada	Holding company	100%
Polymex Resources Ltd.	Canada	Holding company	100%

(c) New Accounting Standards and Interpretations

A number of new standards, and amendments to standards and interpretations, were not yet effective for the period ended June 30, 2023 and have not been early adopted in preparing these condensed consolidated interim 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 condensed consolidated interim financial statements.

ZINCORE METALS INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS THREE AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022

(unaudited)

(in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Significant Accounting Judgments and Estimates

The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires management to make judgments and estimates and form assumptions that affect the reported amount of assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenues, and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

In preparing these condensed consolidated interim financial statements, significant judgments made by management in applying the Company's accounting policies and the key sources of estimation were the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2022.

These interim consolidated financial statements were authorized by the Board of Directors on August 29, 2023.

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 \$18,909. Each unit consisted of one common share of the Company and one common share purchase warrant, where each warrant entitles the holder to acquire one common share at an exercise price of \$0.10 per share expiring 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.

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 \$4,564.

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	0.10
Outstanding, June 30, 2023	9,540,000	0.10

As at June 30, 2023, the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price \$	Expiry date
9,540,000	0.10	February 14, 2024

ZINCORE METALS INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS THREE AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022

(unaudited)

(in Canadian dollars)

4. PROMISSORY NOTES

As of June 30, 2023, the Company owed \$1,112,993 (December 31, 2022 - \$1,802,994) of promissory notes to a non-related party, which are unsecured, non-interest bearing, and due on demand. During six months ended June 30, 2023, \$690,001 repayment has been applied to note payable, reducing the promissory note from \$1,802,994 to \$1,112,993.

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.

1. For the six months ended June 30, 2023, the Company incurred \$nil (2022 - \$18,000) of consulting fees for the services provided by the Chief Financial Officer.
2. For the six months ended June 30, 2023, the Company incurred \$2,000 (2022 - \$18,000) of director's fee.
3. As at June 30, 2023, related party accounts payable was \$21,682 (December 31, 2022 - \$17,500), which includes unpaid travel expenses with related parties.

The Company's related parties include its subsidiaries, associates over which it exercises significant influence, and key management personnel. Key management personnel are those people who have the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include officers, directors or companies with common directors of the Company.

6. FINANCIAL INSTRUMENTS

Fair value

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, promissory notes, and shareholder loan approximate their carrying values due to their short-term nature.

ZINCORE METALS INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS THREE AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022

(unaudited)

(in Canadian dollars)

6. FINANCIAL INSTRUMENTS (continued)

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 June 30, 2023, cash was \$194,101 (December 31, 2022 - \$3,088).

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 June 30, 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 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 exposed to short term interest rates through the interest earned on cash, as of June 30, 2023, there's no material impact if there is a 1% increase or decrease in short term 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.

ZINCORE METALS INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS THREE AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022

(unaudited)

(in Canadian dollars)

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:

	June 30, 2023	December 31, 2022
Total equity for shareholders	\$ (1,042,780)	\$ (1,823,929)
Less: cash	(194,101)	(3,088)
	<u>(1,236,881)</u>	<u>(1,827,017)</u>

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

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

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