

# Zincore and Mines & Metals Trading Sign Letter of Intent for Proposed Reverse Takeover Transaction

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VANCOUVER, January 21, 2019 - [Zincore Metals Inc.](#) (NEX: ZNC.H) ("Zincore" or the "Company") announces that it has entered into a Letter of Intent ("LOI") dated January 13, 2019 with Mines & Metals Trading (Peru) PLC, ("MMTP") whereby Zincore will acquire all of the issued and outstanding securities of MMTP by way of a share exchange, amalgamation or such other form of business combination as the parties may determine. 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 Mining 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 will now work toward negotiating a Definitive Agreement by March 15, 2019.

Referring to the business combination with Zincore, José María García, CEO of MMTP, stated "The transaction not only offers TSX-V investors access to the Recuperada asset that is processing feed from nearby mines, but it also expands the combined entity's project portfolio, with the addition of Zincore's Pre-Feasibility stage Accha Zinc Oxide District ("AZOD") Project".

Mr. García concluded "We are extremely excited to enter this new phase as a combined company. Over this crucial year of 2019 we will work towards strengthening Recuperada's performance and continuing exploration in the district. In addition, we will start work towards reactivating Zincore's AZOD Project".

## Transaction Summary

Pursuant to the Transaction, Zincore will acquire all of the issued and outstanding shares of MMTP in exchange for the issuance of Zincore shares. It is expected that before the effect of any proposed financing, 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 on or before March 15, 2019, 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.

Trading in Zincore shares will remain halted pending the completion of the Transaction. Further details concerning the Transaction and other matters will be announced if and when a Definitive Agreement is reached.

## Information Concerning Mines & Metals Trading ("MMTP")

MMTP is an Isle of Man company incorporated in 2016, which acquired the Recuperada mine from Compañía de Minas Buenaventura S.A.A., in May 2017. Recuperada, located in the Huachocolpa district of Huancavelica, Peru, produced silver, lead and zinc concentrates from the Esperanza and Teresita mines, from the 1950s until it was put on care and maintenance in 2014. With this acquisition, MMTP acquired control of a past producing mine and a processing plant located near several small and medium-sized mining operations. MMTP's initial focus at Recuperada has been to bring the plant back into production by sourcing ore from third party miners.

In February 2018, MMTP acquired an additional concession package of 6,500 hectares located immediately around the Recuperada asset from Pan American Silver. The next step in MMTP's exploration program will be to confirm the area potential. MMTP continues to evaluate further M&A options to extend its regional footprint.

Additional information about MMTP is available at <https://www.mining-sense.com>

MMTP has approximately US\$5m in assets, liabilities of approximately US\$1.5m and (unaudited) revenues for 2018 of US\$388k.

José María García, the CEO and a Director of MMTP, holds 497,000 MMTP shares, representing 49.7% of the outstanding MMTP shares. Sebastian Wahl, CFO and a Director of MMTP also holds 497,000 MMTP shares, representing 49.7% of the outstanding MMTP shares. John Gray is a Director of MMTP and holds 6,000 MMTP shares, representing 0.6% of the outstanding MMTP shares.

#### Management and Board of Directors of Resulting Issuer

Upon closing of the Transaction, the board of directors of the Resulting Issuer shall consist of five members, all of whom shall be nominated by MMTP. They shall include José María García, Sebastian Wahl, and Jorge Benavides. At the request of MMTP, all of the directors and officers of Zincore, other than Jorge Benavides, shall resign at or prior to the closing without payment and shall provide a standard release to Zincore. Upon closing, the board of directors of the Resulting Issuer will appoint the officers of the Resulting Issuer, including José María García as Chief Executive Officer, and Jorge Benavides in a management position to be determined by the parties. The remaining officers and board members will be selected in due course.

#### José María García, Chief Executive Officer and Director

Mr. Garcia is a mining engineer with global experience. He worked for Buenaventura in Peru, Anglo American in Chile and Inmet at Las Cruces Copper in southern Spain. He then moved to Australia, where he was involved in Yandi, one of the world's largest iron ore mines, and provided consulting services on bauxite, copper, coal and gold. He completed a Masters of Philosophy in Mineral Economics at the University of Queensland, and he subsequently joined the Global Leadership Fellows Program of the World Economic Forum in Geneva. Mr. García resides in Madrid, Spain.

#### *Sebastian Wahl, Director*

Mr. Wahl holds a BSc in Business Administration and Management. With a decade of experience in the investment business, for the last seven years he has been involved in mining and commodity trading, mostly in Peru, for private and public companies. Mr. Wahl is in charge of Recuperada's financial planning and execution and resides in Lima, Peru.

#### *Jorge Benavides, Director*

Mr. Benavides has been the CEO and a Director of Zincore since 2009. He has over 40 years experience in the mining industry, including acting as a Senior Advisor to the Chairman of [Hochschild Mining plc](#) and guiding that company's exploration programs and acquisition activities between 2001 and 2008. Prior to that, he spent eight years working for Phelps Dodge Mining Company in South America, including as Exploration Manager for the Andean Region. Mr. Benavides holds a M.Sc. in Ore Deposits and Exploration from

Stanford University and a B.Sc. in Geological Engineering from the Colorado School of Mines. He resides in Lima, Peru.

#### Preliminary Transaction - Loan

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\$50,000. 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.

#### Debt Settlement

Jorge Benavides, CEO of Zincore, has made certain advances of funds to Zincore in order to fund working capital of Zincore and its subsidiaries (the "Benavides Debt"). In connection with the Closing of the Transaction, the Company will apply to the TSXV for approval to convert the Benavides Debt into shares of the Resulting Issuer at a price per share equal to the price per share determined in the context of the financing described below. Mr. Benavides is a related party, as that term is defined in Multilateral Instrument 61-101 &#8211; *Protection of Minority Security Holders in Special Transactions* "MI-61-101", and the settlement of the Benavides Debt will constitute a related party transaction under MI 61-101. The Company intends to rely on exemptions from both the valuation and minority shareholder approval requirements under MI61-101 in connection with the settlement of the Benavides Debt.

#### Financing

Prior to, or concurrently with the closing of the Transaction, Zincore or MMTP, as the case may be, will complete a brokered private placement for gross proceeds of approximately 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 and public distribution applicable to the Resulting Issuer.

#### Shareholder Meeting

The Company intends to apply to the TSX-V for a waiver from shareholder approval to the Transaction as:

1. the Transaction is not a related party transaction with in the meaning of MI 61-101 or the policies of the TSX-V and no other circumstances exist which may compromise the independence of the Company
2. the Company is a NEX-listed issuer without active operations;
3. the Company is not and will not be subject to a cease trade order and will not otherwise be suspended from trading on completion of the Transaction; and
4. shareholder approval of any aspect of the Transaction is not required under applicable corporate laws or securities laws.

There is no assurance that the TSX-V will grant a waiver to the requirement to get shareholder approval for the Transaction.

#### Sponsorship

The Company also intends to apply for a waiver from the requirement to obtain a Sponsor for the Transaction, however, there can be no assurance that a waiver will be obtained. If a waiver from the sponsorship requirement is not obtained, a sponsor will be identified at a later date. An agreement to act as sponsor in respect of the Transaction should not be construed as any assurance with respect to the merits of the Transaction or the likelihood of its completion.

#### Name Change

Upon completion of the Transaction, the Company intends to change its name to a new, as yet to be determined name. The parties expect that the TSX-V will assign a new trading symbol for the Resulting Issuer.

#### About MMTP

MMTP is a young and dynamic mining company with a vision to extract full value from undervalued projects across Latin America. The Company's main asset is the Recuperada silver-lead-zinc mine and processing plant, located in Huancavelica, Peru, which started processing feed from nearby mines in 2018.

#### About Zincore

Zincore is a Vancouver-based mineral exploration company focused on zinc and related base metal opportunities in Peru. The Company's common shares trade on the NEX Board of the TSX Venture Exchange under the symbol ZNC.H.

*Completion of the transaction is subject to a number of conditions, including but not limited to, Exchange acceptance and if applicable, disinterested shareholder approval. Where applicable, the transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the transaction will be completed as proposed or at all.*

*Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the transaction, any information released or received with respect to the transaction may not be accurate or complete and should not be relied upon. Trading in the securities of [Zincore Metals Inc.](#) should be considered highly speculative.*

*The TSX Venture Exchange Inc. has in no way passed upon the merits of the proposed transaction and neither approved nor disapproved the contents of this news release.*

*Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*

For more information please contact:

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*This news release does not constitute an offer to sell and is not a solicitation of an offer to buy any securities in the United States. The securities of the Company and MMTP have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws unless pursuant to an exemption from such registration.*

## Cautionary Note Regarding Forward Looking Statements

*This news release contains certain forward-looking statements. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects" or "does not expect", "is expected", "anticipates" or "does not anticipate" "plans", "estimates" or "intends" or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved) are not statements of historical fact and may be "forward-looking statements". Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to materially differ from those reflected in the forward-looking statements.*

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