ZINCORE METALS INC.

Management's Discussion and Analysis of Financial Condition and Results of Operations

For the Nine Month Period and Quarter Ended
December 31, 2006

ZINCORE METALS INC.

Nine month period ended December 31, 2006
and period from September 21, 2005 to March 31, 2006

GENERAL

The following Management's Discussion and Analysis ("MD&A") of Zincore Metals Inc. and its subsidiaries ("Zincore" or the "Company") for the three and nine month periods ended December 31, 2006 should be read in conjunction with the Company's audited consolidated financial statements including the notes thereto for the periods ended December 31, 2006 and March 31, 2006. This report has taken into account information available up to and including March 14, 2007.

All financial information in this MD&A is prepared in accordance with Canadian generally accepted accounting principles and presented in Canadian dollars unless otherwise noted.

In June 2006 Zincore changed its financial year end from March 31 to December 31. As a result its reporting period is from April 1, 2006 through December 31, 2006. As this period includes nine months it may not be representative of future annual periods.

The Company has commenced exploration of its mineral properties and has not yet determined whether these properties contain ore reserves. The recoverability of the amounts shown on the Company's consolidated balance sheets for mineral properties and related deferred costs is dependent upon the ability of the Company to obtain necessary financing to complete the exploration and development and upon future profitable production or proceeds from the disposition of such properties. The amounts shown as mineral properties represent costs to date and do not necessarily represent present or future values.

FORWARD-LOOKING STATEMENTS

Certain statements in this MD&A constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause actual results and performance of the Company to be materially different from those expressed or implied by such forward-looking statements. Readers are advised to consider such forward-looking statements while considering the risks set forth later in this MD&A.

DESCRIPTION OF BUSINESS

Zincore was incorporated on September 21, 2005 as an indirect wholly owned subsidiary of Southwestern Resources Corp. ("Southwestern") and commenced operations as a zinc mineral exploration and development company following the restructuring by Southwestern of its zinc properties. On November 8, 2006 Zincore closed its initial public offering ("IPO") by issuing 38 million common shares for gross proceeds of $19 million and the trading of its common shares commenced on the Toronto Stock Exchange under the symbol ZNC.

The Company is engaged in the exploration and development of zinc mineral properties located in Peru. Zincore's properties are in the exploratory stage and are thus non-producing and consequently do not generate operating income or cash flow from operations. The Company is dependent on additional equity or debt capital or divestitures to finance its activities.

Zincore's strategy consists of exploration, definition drilling and a technical study at its Accha-Yanque Property, initial exploration of its other properties to further assess potential and develop more detailed exploration programs, and adding high potential properties to its portfolio.

Zincore's near term success will be measured by its ability to increase the amount and quality of its zinc mineral resources and by its ability to advance its projects towards development decisions. The Company's key objectives for 2007 are the completion of the drilling programs on the Accha and Yanque deposits, preparation of mineral resource estimates for each deposit and the delivery of a pre-feasibility study on the Accha-Yanque Property by the end of the year.

As of the date of this MD&A, Southwestern owned 38.6 million common shares of Zincore or 50.4% of the total issued and outstanding number of Zincore's common shares. Of these common shares held by Southwestern, 34 million are subject to a lockup agreement expiring on November 7, 2008.

OVERALL PERFORMANCE

Significant events for the Company in fiscal 2006 include the structuring of the Company and closing of the transaction with Southwestern to acquire zinc assets, the IPO of its common shares and the commencement of trading on the Toronto Stock Exchange. These activities enabled Zincore to raise the capital required by the Company to execute its exploration strategy.

Zincore established its Vancouver-based head office and Peru-based exploration operations in 2006. In November 2006 the Company commenced active exploration on its properties with a focus on the Accha-Yanque zinc oxide project.

The Company ended 2006 in a strong financial position with $17.7 million in cash and no long term debt. All of the Company's properties are in the exploration stage and as a result Zincore's performance is largely dictated by the success of its exploration activities rather than its operating and financial results.

SELECTED ANNUAL INFORMATION

Fiscal period ended	**Nine month period ended December 31 2006**	Sept 21, 2005 to March 31 2006
Interest and other income	**$ 111,149**	$ 640
Net loss	**$ 1,566,303**	$ 28,344
Net loss per share	**$ 0.06**	N/A
Total assets	**$ 21,927,177**	$ 2,426,143
Financial liabilities	**$ 506,380**	$ 2,554,867
Cash dividends per share	**Nil**	Nil

The Company was relatively inactive prior to March 31, 2006 as it had not commenced active exploration on any of its properties. Therefore annual period comparisons are not relevant.

RESULTS OF OPERATIONS

Zincore has limited operating history and no relevant historical periods upon which to compare 2006 financial results or December 31, 2006 quarterly results. The Company was inactive pending negotiation of the agreement to acquire Southwestern's zinc assets for common shares. In general, the levels of activity and spending have been increasing quarter on quarter in relation to the maturity of the Company as it transitioned from a wholly owned subsidiary to a publicly traded company and in relation to its increasing exploration activities. Spending is expected to increase through the first quarter of 2007 and stabilize near those levels assuming no material change in the current scope of operations.

For the nine month period ended December 31, 2006, the Company had a net loss of $1,566,303 or $0.06 per share. Expenditures increased throughout the year as a result of corporate activity, related to management and public company costs, and exploration activity, due to commencing its operations in Peru and evaluating new property opportunities.

The largest expense items were consulting and management fees totalling $499,728 and stock-based compensation costs of $433,094. Stock-based compensation expenses resulted from stock options issued to directors, management, employees and consultants concurrent with the IPO. General exploration expenses totalled $389,919 for the period and consisted principally of reconnaissance exploration costs and preliminary work on new properties and a portion of the Peru exploration office costs. Costs relating to new properties have been expensed until an assessment of their potential is completed and a decision made to commence a detailed exploration program. Office expenses of $84,464 primarily related to the services agreement with Southwestern pursuant to which Southwestern provides office space, accounting and administrative services to Zincore. Zincore anticipates moving into its own office space during the second quarter of 2007, and this services agreement with Southwestern will be restructured as appropriate. Legal and accounting expenses of $74,808 were incurred for internal and external legal services unrelated to the IPO and audit fees.

Interest income of $111,149 was earned with the majority of such income earned in the fourth quarter as a result of the increase in the Company's cash resources upon closing of the IPO.

Accha-Yanque Property

Zincore's initial exploration and development activities are concentrated on the 100% owned Accha-Yanque zinc oxide property in Peru. The Accha-Yanque Property which originally consisted of 23 claims totalling 14,230 hectares has, through the application to the Peruvian government for 33 new claims, increased to over 45,000 hectares. The Company identified an exploration program with the objectives of defining the historical mineral resources on the Accha deposit as current mineral resources under National Instrument 43-101 ("NI 43-101"), expanding the known historical mineral resources and increasing and updating the current inferred mineral resources at Yanque.

The objectives of the first exploration phase are resource definition and expansion, including the preparation of NI 43-101 current mineral resource estimates and preliminary engineering studies. Provided that upon conclusion of the first exploration phase sufficient measured and indicated mineral resources are identified and satisfactory engineering and metallurgical studies and test work results are achieved and a recommendation from a qualified person is received, a pre-feasibility phase totalling approximately $1.2 million will commence.

On November 23, 2006 the Company announced that a 20,000 metre diamond drill program had commenced at the Accha deposit. The initial drilling within this program was within the historical resource envelope with later drilling targeting deposit expansion. On January 18, 2007 the Company announced the results of the first four holes which included intercepts of 34.9 metres of 9.31% zinc from 48 metres and 17.3 metres of 8.65% zinc from 103 metres.[1] Results from the four holes were consistent with expectations based on the historical resource model with a new zone being identified at depth. On February 28, 2007 the Company announced results of 10 subsequent drill holes. Highlights of this drilling include 11 metres of 39.4% zinc from 113 metres, 33 metres of 12.5% zinc from 209 metres and 34 metres at 9.4% zinc from 87 metres.[2] The drill program is ongoing with two drills active and a third drill on site.

The Company has commenced a consultation process with the communities around the Yanque deposit with the objective of obtaining an access agreement. An access agreement with local communities is required before the application for a drilling permit can be submitted. A number of meetings have been held within the Yanque community and progress towards completing an agreement has been made.

At year end the Company had a site team of 19 individuals including 5 geologists. Additionally Watts, Griffis and McOuat ("WGM") has been retained to advise on the exploration drilling and prepare NI 43-101 mineral resource estimates. WGM has travelled to site to review the drill program and confirm the quality assurance procedures.

Metallurgical test work commenced in October 2006 with a focus on testing the response of different Accha ore types to dense media separation. Four new metallurgical holes were drilled and mineralized sections of core from these holes have been shipped to South Africa for use in the test work program.

Other activities related to the scoping study work were completed during the year including water sampling and baseline environmental work. Requests for proposals have been distributed for environmental and geotechnical work and for logistics, power sourcing and related activities.

In the quarter ending December 31, 2006, Zincore deferred $892,392 in expenditures related to the Accha-Yanque Property and expenditures of $1,707,773 for the nine month period ended December 31, 2006.

Cerro Condorini Property

In October 2006 the Company entered into a letter agreement to acquire an interest in the Cerro Condorini Property from Brett Resources Inc. ("Brett"). Following the completion of Zincore's due diligence, definitive agreements were prepared and executed on February 22, 2007. As of such date Zincore assumed responsibility for the Cerro Condorini Property and the exploration program pursuant to the definitive agreements and a related mining assignment agreement that was registered with the public registry in Peru.

The Cerro Condorini Property comprises 3,600 hectares, located 10 kilometres from the town of Nunoa in southern Peru and 35 kilometres south of Bear Creek Mining Corporation's Corani Project. Early stage work by Brett found high-grade zinc, lead and silver mineralization in historical mine workings on the properties and identified zones of oxide zinc mineralization along strike to the northwest of the historical mine in a broad zone.

Under the terms of the agreement, the Company has the option to earn a 60% interest in the property, by spending $1,725,000[3] on exploration on the property and making cash payments to Brett of $86,250 over three years. The first year's exploration expenditure of $230,000 and payment of $28,750 is a firm commitment. Zincore has been appointed operator of the property. The parties will incor-

[1] For complete details see Zincore's press release dated January 18, 2007 available at www.zincoremetals.com or on SEDAR at www.sedar.com.

[2] For complete details see Zincore's press release dated February 28, 2007 available at www.zincoremetals.com or on SEDAR at www.sedar.com.

[3] All commitments are in United States dollars and have been converted to Canadian dollars at 1.15 CAD/USD.

porate a Peruvian corporation in accordance with their respective interests to continue exploration on the property. Upon earning its 60% interest, the Company can earn an additional 10% interest in the Cerro Condorini Property (for a total 70% interest) by contributing $2,875,000 over two years toward further exploration on the property, and a subsequent 10% interest in the property (for a total 80% interest) by contributing $4,600,000 over the following four years towards continued exploration on the property.

Other Exploration Properties

Since incorporation, the Company has taken a number of steps to increase its exploration property portfolio beyond those properties it acquired from Southwestern. Zincore applied for nine claims covering five new properties and 6,300 hectares in central and southern Peru. The claims cover areas identified by historical exploration work as hosting surface zinc mineralization.

The Company completed an initial review and compilation of all data available for the recently staked properties in advance of planned field work expected to be completed over the next year. Expenditures on these properties were expensed as incurred.

No work was completed on the Minasccasa Property during the fourth quarter while work on the Sayani Property was limited to compilation of historical data.

QUARTERLY FINANCIAL INFORMATION

The following selected consolidated financial data has been prepared in accordance with Canadian generally accepted accounting principles and should be read in conjunction with the Company's audited consolidated financial statements dated December 31, 2006.

Fiscal quarter ended	**December 31 2006**	September 30 2006	June 30 2006[4]
Interest and other income	**$ 108,721**	$ 806	$ 1,622
Net loss	**$ 969,754**	$ 395,620	$ 200,929
Net loss per share	**$ 0.03**	$ 0.03	N/A
Total assets	**$ 21,927,177**	$ 3,594,188	$ 3,070,974
Financial liabilities	**$ 506,380**	$ 1,216,985	$ 3,400,627
Cash dividends per share	**Nil**	Nil	Nil

Expenditures have increased quarter on quarter reflecting the increased level of activity with Zincore becoming a listed issuer in the fourth quarter and commencing active exploration on its properties. The fourth quarter net loss was $969,754 compared to a loss of $395,620 in the third quarter. Contributing to this increased loss was a fourth quarter expense of $433,094 for stock-based compensation resulting from the grant of stock options to management and consultants concurrent with the IPO. Consulting and management fees were $95,380 higher in the fourth quarter relative to the third quarter due to the increased activity as described above. Legal and accounting expenses in the fourth quarter were higher reflecting primarily the year end audit costs. Additionally, costs in the fourth quarter associated with IPO related travel, preparation of year end materials and the annual report contributed to higher costs relative to the third quarter. These higher costs were partially offset by interest income of $108,721 in the fourth quarter versus interest income of $806 in the third quarter reflecting the higher cash balances upon receipt of the IPO funds.

The increase in total assets in the fourth quarter reflects principally the $18,280,254 in net cash proceeds raised through the IPO and related over-allotment option.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Zincore is a mineral exploration company and as such is not in commercial production at any of its mineral properties and, accordingly, it does not generate cash from operations. The Company intends to finance its activities by raising capital through the equity markets.

The Company had working capital of $17,332,644 as at December 31, 2006 compared to a working capital deficiency of $673,307 at September 30, 2006. The change resulted from the proceeds raised through the IPO combined with the repayment of loans to Southwestern in common shares as detailed further below.

Prior to its IPO Zincore financed its operations through working capital loans from Southwestern including a $200,000 convertible loan and $1.3 million bridge loan. In August 2006 Southwestern elected to convert the $200,000 drawn on the convertible loan into two million common shares of Zincore and accrued interest was waived. In October 2006 the bridge loan was made repayable at Zincore's election by way of the issuance of common shares of Zincore at the IPO price. On October 18, 2006 the bridge loan was repaid through the issuance of 2.6 million common shares to Southwestern.

On November 8, 2006 Zincore closed its IPO by issuing 38 million common shares for gross proceeds of $19 million. After

[4] The Company did not prepare financial statements for prior quarters as it was a non-reporting issuer at such time.

deducting commissions and offering costs, net cash proceeds were $17,345,254. On November 22, 2006 the underwriters of the IPO fully exercised their over-allotment option granted in relation to the IPO and the Company issued a further two million common shares for additional net cash proceeds of $935,000. The underwriters were also issued a total of 2.47 million warrants exercisable for one year at the IPO price of $0.50. The fair value of the warrants was calculated using the Black-Scholes option pricing model for warrant valuation assuming an average volatility of 79%, a risk free interest rate of 3.9%, a one year term to expiry and no annual dividends. A fair value for the warrants of $395,200 was recorded as share issue costs.

Zincore's cash position at December 31, 2006 was $17,672,092. The Company had no long-term liabilities and current liabilities of $506,380. Accounts payable related to drilling costs incurred at the Accha-Yanque Property and other payables. An amount due to affiliated companies of $56,066 was an intercompany payable in favour of Southwestern relating to Southwestern employees who provided services to Zincore outside of the scope of the services agreement that exists between the two companies.

The Company's material contractual obligations include an office lease agreement for its corporate office in Vancouver. The lease is for a four-year term commencing on March 1, 2007 and expiring on February 28, 2011. The agreement covers rent and operating expenses which are currently estimated at $9,905 per month.

Contractual Obligations		Payments due by period		
	Total	Less than 1 year	1-3 years	3-5 years
Operating lease obligations	$475,440	$99,050	$237,720	$138,670

Zincore has no commitments for capital expenditures, and required exploration and development expenses are limited to $0.23 million in exploration on the Cerro Condorini Property. However, during 2007 the Company expects to spend approximately $8 million on exploration and development of the Accha-Yanque Property and $0.5 million on exploration at other properties. The majority of these expenditures will be capitalized to mineral properties. Net corporate and other exploration costs in Canada and Peru are expected to total approximately $2 million in 2007. In order to maintain its claims in Peru in good standing, approximately $85,000 must be spent on concession holding costs over the next 12 months.

The Company has financial resources that exceed its planned 12 month exploration and technical study expenditures and corporate costs. The success of exploration programs and other property transactions can have a significant impact on spending requirements. Should the Company decide to accelerate its programs, add new property programs or further develop any of its properties, additional capital may be required and no assurance can be given as to the ability of the Company to raise such required capital. Zincore has no pre-arranged sources of debt financing.

The Company is exposed to foreign exchange risks as it holds the majority of its cash balances in Canadian dollars and incurs expenses principally in Canadian and US dollars, Peruvian soles and South African rand. A weakening of the Canadian dollar relative to these currencies would result in a higher reported exploration and development expense.

OFF-BALANCE SHEET TRANSACTIONS

The Company does not utilize off-balance sheet transactions.

RELATED PARTY TRANSACTIONS

Zincore has entered into an Administrative Services Agreement with Southwestern whereby Southwestern agreed to provide the Company with office space, use of Southwestern's office facilities, secretarial and accounting services in Canada and services in China at a cost of $16,000 per month. The terms of this agreement will be renegotiated on Zincore moving to its own office space. Exploraciones Collasuyo S.A.C. ("Collasuyo"), the Company's indirect wholly owned subsidiary, entered into an Outsourcing Operating Assistance Services Agreement with Southwestern's indirect wholly owned subsidiary, Minera del Suroeste ("MISOSA"), whereby MISOSA agreed to provide Collasuyo with office space, use of MISOSA's facilities and secretarial and accounting services in Peru at a cost of $13,225 (US$11,500) per month. Effective February 1, 2007 the Collasuyo services agreement was amended to an amount of $9,370 (US$8,150) per month reflecting Collasuyo's reduced use of services as it has hired additional employees. During the nine month period ended December 31, 2006, the Company paid a total of $239,633 to Southwestern and MISOSA under these services agreements.

During the nine month period ended December 31, 2006, Zincore paid $87,840 for management services under an agreement with a company controlled by a director who is also an officer of the Company.

Prior to its IPO, Zincore was a wholly owned subsidiary of Southwestern. Southwestern provided financing by way of loans to fund Zincore's operations as detailed in the liquidity section above. Additionally Zincore acquired from Southwestern the zinc assets in exchange for shares in the Company. The Company issued 31,999,999 shares to Southwestern in consideration for the zinc assets, working capital advances and other assets valued at $2,902,476. Zincore also issued 4.6 million shares to Southwestern in repayment of loans totalling $1.5 million.

Southwestern subscribed for two million shares in the IPO at a cost of $1 million.

PROPOSED TRANSACTIONS

As is typical of the mineral exploration and development industry, the Company is continually reviewing potential merger, acquisition, investment and joint venture transactions and opportunities that could enhance shareholder value.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments consist of cash, advances and other receivables, accounts payable and payables due to an affiliated company. 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.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Acquisition costs of mineral properties together with direct exploration and development expenditures are capitalized. When production is attained, these costs will be amortized. When capitalized expenditures on individual properties exceed the estimated net realizable value, the properties are written down to the estimated value. Costs relating to properties abandoned are written off when the decision to abandon is made.

Investments in corporations in which the Company exercises significant influence are accounted for using the equity method, whereby the investment is initially recorded at cost and is adjusted to recognize the Company's share of earnings or losses and reduced by dividends and distributions received. Other investments are accounted for using the cost method. Impairments in value, other than those that are temporary in nature, are recorded as a charge to operations.

The Company's financial assets and liabilities are cash and cash equivalents, exploration advances and other receivables, payable due to affiliated companies and accounts payable and accrued charges. The fair values of these financial instruments are estimated to be their carrying values due to their short-term or demand nature. Cash and cash equivalents includes those short-term money market instruments which, on acquisition, have a term to maturity of three months or less and expose the Company to minimal risk.

CICA Handbook section 3870, "Stock-Based Compensation and Other Stock-Based Payments," establishes standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments made in exchange for goods and services. Compensation expense is determined using the Black-Scholes option pricing model based on estimated fair values of all stock-based awards at the date of grant and is expensed to operations over each award's vesting period.

The Black-Scholes option pricing model utilizes subjective assumptions such as expected price volatility and expected life of the option. Changes in these input assumptions can significantly affect the fair value estimate.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

The Company did not change or adopt any accounting policies. In June 2006 Zincore changed its financial year-end from March 31 to December 31.

FUTURE CHANGES IN ACCOUNTING POLICIES

A new Canadian standard for the accounting of Financial Instruments – Recognition and Measurement, Section 3855, becomes effective for annual and interim periods in fiscal years beginning on or after October 1, 2006.

Section 3855 establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. It requires that financial assets and financial liabilities including derivatives be recognized on the balance sheet when the Company becomes a party to the contractual provisions of the financial instrument or a non-financial derivative contract. All financial instruments should be measured at fair value on initial recognition except for certain related party transactions. Measurement in subsequent periods depends on whether the financial instrument has been classified as held-for-trading, available-for-sale, held-to-maturity, loans and receivables, or other liabilities. Adoption of this standard will not have a material impact on the Company's financial statements.

SHARE CAPITAL INFORMATION

As at the date of this report the Company has an unlimited number of common shares authorized for issuance, with 76.6 million issued and outstanding. Zincore has 3,298,000 options outstanding of which 1,172,333 have vested and are available for exercise. The Company also has 2,470,000 outstanding warrants available to be exercised. No warrants or options were exercised between December 31, 2006 and the date of this report.

The Company has two classes of preferred shares authorized with none issued.

SUBSEQUENT EVENTS

On January 18, 2007 the Company issued 100,000 stock options with a strike price of $0.76 per option to a director of the Company as part of an agreement for the director to provide technical services to the Company.

On February 22, 2007 Zincore executed definitive agreements with Brett relating to its right to earn-in to the Cerro Condorini Property from Brett as described in "Results of Operations."

On February 25, 2007 the Company issued 100,000 stock options with a strike price of $0.74 per option to a consultant to the Company as part of an agreement for the consultant to provide exploration related services to the Company.

RISKS AND UNCERTAINTIES

No History of Earnings

The Company has only recently commenced business. To date, the Company has had no revenue from the exploration activities on its properties. The Company has not yet determined that development activity is warranted on any of its properties. Even if the Company does undertake development activity on any of its properties, there is no certainty that the Company will produce revenue, operate profitably or provide a return on investment in the future.

Uncertainty of Additional Financing

Current financial resources are expected to be able to fund the Company's operations through the next fiscal year. Operations past that time may require additional financing. There is no assurance that the Company will be successful in obtaining the required financing, which could cause the Company to postpone its exploration plans or result in the loss or substantial dilution of its interest (as existing or as proposed to be acquired) in its properties.

Mineral Exploration and Development Activities Are Inherently Risky

The business of mineral exploration and extraction involves a high degree of risk. Few properties that are explored are ultimately developed into production. At present, none of the Company's properties has a known body of commercial ore and there is no assurance that any will ever be found to contain a body of commercial ore. There is no assurance that the results of the Company's Phase I exploration program will be sufficient for the Company to proceed with the Phase II pre-feasibility study on the Accha-Yanque Property. Unusual or unexpected formations, formation pressures, power outages, labour disruptions, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the conduct of exploration programs. These factors can all affect the timing, cost and success of exploration programs and any future development. Although the Company will carry liability insurance with respect to its mineral exploration operations, the Company may become subject to liability for damage to life and property, environmental damage, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. There are also physical risks to the exploration personnel working in the rugged terrain of Peru, often in difficult climate conditions.

Previous operations may have caused environmental damage at certain of the Company's properties. It may be difficult or impossible to assess the extent to which such damage was caused by the Company or by the activities of previous operators, in which case, any indemnities and exemptions from liability may be ineffective, and the Company may be responsible for the costs of reclamation.

If any of the Company's properties is found to have commercial quantities of ore, the Company would be subject to additional risks respecting any development and production activities.

Uncertainty of Acquiring Required Permits or Access Agreements

The Company must obtain additional permits to complete its planned exploration and development program. Prior to applying for permits, access agreements with local communities are required. There is no assurance that the Company will be able to obtain the permits or access agreements or obtain them in a timely manner.

Uncertainty of Quantification/Estimation of Mineral Resource Estimates

The figures for inferred mineral resources for the Yanque area are estimates and no assurance can be given that the stated tonnages and grades will be achieved. In addition, while the Company has historical JORC mineral resources on the Accha area, they are not NI 43-101 current mineral resources at this time. Until sufficient work is completed to classify these historical resource estimates as current mineral resources under NI 43-101, the Company will not be able to determine their reliability.

Dependence on Management

The Company will be dependent upon the personal efforts and commitment of its management, which is responsible for the development of future business. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

Political Investment Risk; Political Instability in Developing Countries

The Company's mineral interests are in countries that may be affected by varying degrees of political instability and the policies of other nations in respect of these countries. These risks and uncertainties include military repression, political and labour unrest, fluctuations in currency exchange rates, high rates of inflation, terrorism, hostage taking and expropriation.

The Company's exploration and development activities may be affected by changes in government, political instability and the nature of various government regulations relating to the mining industry. Presidential, congressional and regional elections took place in Peru in the spring of 2006, and a new national government took office in July 2006. The Company cannot predict the new government's positions on foreign investment, mining concessions, land tenure, environmental regulation or taxation. A change in government positions on these issues could adversely affect the Company's business and/or its holdings, assets and operations in Peru. Any changes in regulations or shifts in political conditions are beyond the control of the Company. The Company's operations in Peru will entail significant governmental, economic, social, medical and other risk factors common to all developing countries. See "Economic Uncertainty in Developing Countries." The status of Peru as a developing country may make it more difficult for the Company to obtain any required financing because of the investment risks associated with it.

Economic Uncertainty in Developing Countries

The Company's operations in Peru may be adversely affected by economic uncertainty characteristic of developing countries. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, environmental legislation and safety factors. Any such changes could have a material adverse effect on the Company's results of operations and financial condition.

Exploration and development in Peru are also subject to risk. Peru's fiscal regime has historically been favourable to the mining industry and has been relatively stable over the past 10 years or so, but there is a risk that this could change. In addition, labour in Peru is customarily unionized and there are risks that labour unrest or wage agreements may impact operations. The Company believes that the current conditions in Peru are relatively stable and conducive to conducting business. However, its current and future mineral exploration activities could be impacted by political and/or economic developments.

Risks Relating to Statutory and Regulatory Compliance

The current and future operations of the Company, from exploration through development activities and commercial production, if any, are and will be governed by laws and regulations governing mineral concession acquisition, prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Companies engaged in exploration activities and in the development and operation of mines and related facilities may experience increased costs and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. Permits are subject to the discretion of government authorities and there can be no assurance that the Company will be successful in obtaining all required permits. Further, there can be no assurance that all permits which the Company may require for future exploration, construction of mining facilities and conduct of mining operations, if any, will be obtainable on reasonable terms or on a timely basis, or that such laws and regulations would not have an adverse effect on any project which the Company may undertake.

Failure to comply with applicable laws, regulations and permits may result in enforcement actions thereunder, including the forfeiture of claims, orders issued by regulatory or judicial authorities requiring operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or costly remedial actions. The Company may be required to compensate those suffering loss or damage by reason of its mineral exploration activities and may have civil or criminal fines or penalties imposed for violations of such laws, regulations and permits. The Company is not currently covered by any form of environmental liability insurance. See "Insurance Risk" below.

Existing and possible future laws, regulations and permits governing operations and activities of exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or require abandonment or delays in exploration.

Current Mineral Exploration Conditions
While the current infrastructure in Peru is adequate to support the Company's activities at its properties, the infrastructure at the Accha-Yanque Property and other properties will require augmentation if advanced exploration or development is undertaken.

Title Risks
The acquisition of title to resource properties or interests therein is a very detailed and time-consuming process. Title to and the area of resource concessions may be disputed. Based on a review of records maintained by the relevant government agencies in Peru, and, based upon legal opinions prepared for the Company, the Accha-Yanque Property and other properties are registered in the name of the Company or are under application to the applicable government authority. There is no guarantee of title to any of the Company's properties. The properties may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects. Title may be based upon interpretation of a country's laws, which laws may be ambiguous, inconsistently applied and subject to reinterpretation or change. The Company has not surveyed the boundaries of any of its mineral properties and consequently the boundaries of the properties may be disputed.

Fluctuation of Mineral Prices
Factors beyond the control of the Company may affect the market price of minerals produced and the marketability of any ore or minerals discovered at and extracted from the Company's properties. Resource prices have fluctuated widely, particularly in recent years, and are affected by numerous factors beyond the Company's control including international economic and political trends, inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and increased production due to new and improved extraction and production methods. The effect of these factors cannot accurately be predicted.

Foreign Currency Fluctuations
The Company's exploration activities in Peru will render it subject to foreign currency fluctuations. While the Company expects to minimize the risks associated with foreign currency fluctuations by holding essentially all of its cash and short term investments in U.S. and Canadian dollars rather than the local currencies, to the extent that its operations in those countries are carried out using the local currency, any appreciation of such local currency relative to the U.S. and Canadian dollars could have an adverse impact on the financial position of the Company. Since the Company's financial results will be reported in Canadian dollars, its financial position and results will be impacted by exchange rate fluctuations between the Canadian and U.S. dollars.

Repatriation of Earnings
Peru has no limitation on profit or capital remittances to foreign shareholders provided that all applicable Peruvian taxes have been paid. However, there can be no assurance that additional restrictions on the repatriation of earnings in Peru will not be imposed in the future.

Insurance Risk
No assurance can be given that insurance to cover the risks to which the Company's activities are subject will be available at all or at commercially reasonable premiums. The Company maintains insurance within ranges of coverage which it believes to be consistent with industry practice for companies of a similar stage of development. The Company carries liability insurance with respect to its mineral exploration operations, but does not currently intend to carry any form of political risk insurance or any form of environmental liability insurance, since insurance against political risks and environmental risks (including liability for pollution) or other hazards resulting from exploration and development activities is prohibitively expensive. The payment of any such liabilities would reduce the funds available to the Company. If the Company is unable to fully fund the cost of remedying an environmental problem, it might be required to suspend operations or enter into costly interim compliance measures pending completion of a permanent remedy.

Competition

Significant and increasing competition exists for mineral deposits in each of the jurisdictions in which the Company conducts operations. As a result of this competition, much of which is with large established mining companies with substantially greater financial and technical resources than the Company, the Company may be unable to acquire additional attractive mining claims or financing on terms it considers acceptable. The Company also competes with other mining companies in the recruitment and retention of qualified employees.

Legal Proceedings

Since substantially all of the Company's assets are located outside of Canada, there may be difficulties in enforcing in Canadian courts any judgments obtained by the Company in foreign jurisdictions. Similarly to the extent that the Company's assets are located outside of Canada, investors may have difficulty collecting from the Company on any judgments obtained in Canadian courts and predicated on the civil liability provisions of securities legislation. The Company may be subject to legal proceedings and judgments in foreign jurisdictions.

Conflicts

Certain of the directors of the Company also serve as directors of other companies involved in mineral resource exploration and development and, to the extent that such other companies may participate in ventures in which the Company may participate, there exists the possibility for such directors to be in a position of conflict. In accordance with the laws of British Columbia, directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In addition, such directors will declare and abstain from voting on any matter in which such directors may have a conflict of interest.

Dividends Unlikely

The Company has not paid any dividends since the date of its incorporation, and it is not anticipated that dividends will be declared in the short or medium term.

Dilution

Issuances of additional securities will result in a dilution of the equity interests of any persons who may become holders of common shares as a result of or subsequent to the IPO.

Share Price Subject to Volatility

The market price of the securities of a publicly traded issuer, in particular a junior resource issuer, is affected by many variables not directly related to exploration success, including the market for junior resource securities, economic performance, commodity prices, availability of alternative investments and the breadth of the public market for the securities. The effect of these and other factors on the market price of Zincore's common shares suggest that Zincore's share price may be subject to volatility.

DISCLOSURE CONTROL AND PROCEDURES

Management is responsible for establishing and maintaining a system of controls and procedures over the public disclosure of financial and non-financial information regarding the Company. Management is also responsible for establishing and maintaining adequate internal controls over financial reporting to provide reasonable assurance regarding the integrity and reliability of the Company's financial information and the preparation of its financial statements in accordance with Canadian generally accepted accounting principles. Management maintains appropriate information systems, procedures and controls to ensure integrity of the financial statements and maintains appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete and reliable. The Company has a Disclosure Policy and a Disclosure Committee in place to mitigate risks associated with the disclosure of inaccurate or incomplete information.

As required by Multilateral Instrument 52-109, an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures and internal control over financial reporting was conducted as of December 31, 2006 by and under the supervision of management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"). Based on that evaluation, the CEO and CFO have concluded that the Company's disclosure controls and procedures were operating effectively as of December 31, 2006.

There have been no changes in internal controls over financial reporting during the year ended December 31, 2006 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com, including the Company's audited consolidated financial statements for the period ended March 31, 2006 presented in the Company's prospectus dated October 26, 2006. The annual information form for the period ended December 31, 2006 will be filed on or about March 21, 2007.