ZINCORE METALS INC.

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

For the Year Ended December 31, 2007 and Nine Months Ended December 31, 2006

ZINCORE METALS INC.

For the year ended December 31, 2007 and nine months ended December 31, 2006
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 year ended December 31, 2007 should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2007 and the Company's audited financial statements for the period from April 1, 2006 until December 31, 2006 available on the Company's website at www.zincoremetals.com or on SEDAR at www.sedar.com. Additional information relating to the Company including its Annual Information Form ("AIF") dated March 10, 2008 is also available on SEDAR at www.sedar.com. This report has taken into account information available up to and including March 10, 2008.

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.

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 for mineral properties and related deferred costs is dependent upon the ability of the Company to obtain necessary financing to complete exploration and development and upon 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.

FORWARD-LOOKING STATEMENTS

Statements in this MD&A that are forward-looking are subject to various risks and uncertainties concerning the specific factors disclosed under the heading "Risk Factors" and elsewhere in Zincore's AIF. Such information contained herein represents management's best judgment as of the date hereof based on information currently available. Zincore does not assume the obligation to update any forward-looking statements other than as required pursuant to applicable securities laws.

DESCRIPTION OF BUSINESS

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

Zincore is focused on exploration, definition drilling and technical studies at its Accha-Yanque property as well as conducting initial exploration at its other properties to further assess potential and develop more detailed exploration programs. Zincore is also pursuing opportunities to add 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.

OVERALL PERFORMANCE

Zincore has been a public company with an active exploration and development program since completing its initial public offering ("IPO") in November 2006. Prior to November 2006, the Company's activities were limited to corporate functions focused on structuring the Company and preparing for an IPO of common shares. As a result, comparisons with the historical periods are not highly relevant.

For the year ended December 31, 2007, the Company incurred a net loss of $3,152,001 relating to its operations and exploration and development activities on its properties. This compares to a net loss of $1,566,303 in the nine months ending December 31, 2006. The increased loss reflects the significantly higher level of corporate activities to support the exploration and development activities, higher stock-based compensation expense, higher foreign exchange loss and costs associated with being a public company for the full year.

In 2007, the Company's cash position declined by $9,276,624. Spending on operations, exploration and development as Zincore conducted an aggressive exploration and development program at the Accha deposit was partially offset by funds raised through the exercise of IPO warrants and stock options. In 2007, $8,221,340 was expended on capitalized items being mineral properties or property, plant and equipment.

During the nine-month period ended December 31, 2006 the Company's cash position increased by $17,430,835 as the cash proceeds from the IPO and other financings were only partially offset by corporate costs and post-IPO exploration spending. In this period, $1,486,191 was expended on capitalized items being mineral properties or property, plant and equipment.

At December 31, 2007, the Company maintained a strong financial position with $8.4 million in cash and cash equivalents on hand, no long-term debt and minor fixed exploration and property maintenance commitments.

In 2007, the focus of the Company's exploration and development work was the Company's 100% owned Accha-Yanque property in southern Peru. Significant accomplishments in 2007 included the completion of 14,500 metres of drilling at Accha in 62 exploration holes and the completion of a National Instrument 43-101 ("NI 43-101") mineral resource estimate on the Accha deposit. The Accha mineral resources are estimated at 5.1 million tonnes of indicated resources grading 8.2% zinc and 0.9% lead and 1.4 million tonnes of inferred resources grading 5.9% zinc and 0.7% lead (see the Property Review section for further details).

Additionally a metallurgical program was completed on Accha which successfully concluded that a low calcium oxide concentrate suitable for acid leaching can be produced from the Accha ore.

As a result of the exploration and metallurgical successes at Accha, a pre-feasibility study on producing and selling zinc oxide concentrates from Accha commenced in October 2007.

In the last four months of 2007 Zincore drilled over 2,500 metres at the Yanque deposit and released the results of the first 21 holes from a planned 10,000 metre drill program. The drilling successfully improved drill spacing within a portion of the inferred mineral resources and intersected mineralization outside of the limits of the inferred mineral resources.

On March 3, 2008 the Company released an NI 43-101 mineral resource estimate on the Yanque deposit. Yanque mineral resources are estimated at 10.3 million tonnes of inferred resources grading 5.3% zinc and 5.3% lead (see the Property Review section for further details).

Significant events for the Company in the nine months ended December 2006 included 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. In November 2006 the Company commenced active exploration on its properties with a focus on the Accha-Yanque zinc oxide project.

SELECTED ANNUAL INFORMATION

	Year ended Dec 31, 2007	Nine months ended Dec 31, 2006	Sept 21, 2005 to March 31, 2006
Interest and other income	**$ 497,150**	$ 111,149	$ 640
Net loss	**$ 3,152,001**	$ 1,566,303	$ 28,344
Net loss per share	**$ 0.04**	$ 0.06	N/A
Total assets	**$ 20,863,704**	$ 21,927,177	$ 2,426,143
Financial liabilities	**$ 390,135**	$ 506,380	$ 2,554,867
Cash dividends per share	**$ -**	$ -	$ -

Comparisons between annual periods are not highly relevant. In the year ended December 31, 2007 Zincore was an active mineral exploration and development company while in the nine months ending December 31, 2006 Zincore's principal activities were acquiring zinc assets and financing. In the period to March 31, 2006 Zincore was inactive. Further discussion is presented in the Results of Operations section.

RESULTS OF OPERATIONS

	Year ended Dec 31, 2007	Nine months ended Dec 31, 2006
General exploration expense	**$ 1,245,207**	$ 475,417
Consulting and management expense	**$ 998,469**	$ 720,749
Other general and administrative expenses	**$ 943,237**	$ 493,109
Foreign exchange loss (gain)	**$ 451,396**	$ (12,155)
Amortization	**$ 8,231**	$ 332
Property costs written-off	**$2,611**	$ -
Mineral properties and plant & equipment	**$ 12,103,737**	$ 4,012,813

The Company's spending levels have increased commensurate with the increased level of exploration and development work undertaken by the Company since it completed its IPO in November 2006. As a reference, Zincore drilled 18 diamond drill holes at Accha-Yanque in 2006 and 71 diamond drill holes at Accha-Yanque in 2007.

Stock-based compensation expense increased from $433,094 for the nine months ending December 31, 2006 to $941,723 for the year ending December 31, 2007. The increase represented the combined effects of a larger number of employees and consultants, the schedule of vesting periods and additional options granted in 2007 to attract and retain employees and consultants.

General exploration expense increased from $389,919 to $946,302, net of stock-based compensation expense allocation, due to the expensed portion of costs associated with operation of the Peru exploration office being incurred for the full year and the costs related to acquiring exploration concessions in Chile which were fully expensed.

Consulting and management costs increased marginally from $499,727 to $576,462, net of stock-based compensation expense allocation, as a reduction in consulting expenses associated with forming the company in 2006 were more than offset by higher management expenses with the Company operating for the full year.

General and administrative costs increased from $366,535 to $722,426, net of stock-based compensation expense allocation, due to costs associated with establishing and operating the head office in 2007, administrative and support costs and Board and regulatory costs being incurred for a full year.

For the year ending December 31, 2007 the Company incurred a foreign exchange loss of $451,396 versus a gain of $12,155 in the prior period as the Canadian dollar strengthened considerably during 2007 which impacted the valuation of non-Canadian dollar denominated monetary assets. The stronger Canadian dollar reduces reported exploration and development costs as contracts and costs related to these items are generally denominated in US dollars.

PROPERTY REVIEW

Accha-Yanque Property

The Accha-Yanque property covers over 45,000 hectares and presently hosts zinc and lead oxide resources within two deposits. Mineralization has been identified in numerous other showings on the property but limited exploration on these has been completed. Zincore's objective for the Accha-Yanque property is to define sufficient mineral resources to justify the construction of a dedicated leach, solvent extraction and electrowinning zinc refinery.

Through the first eight months of 2007 Zincore continued exploration of the Accha deposit that commenced in late 2006. The results of 14,500 metres of drilling in 62 diamond drill holes were integrated into the historical drill database and an NI 43-101 mineral resource estimate was prepared by independent consultant Pincock, Allen & Holt ("PAH") and released on December 6, 2007[1]. The Company filed a technical report in relation to the mineral resource estimate on the Accha property on January 21, 2008. The table below summarizes the results of the mineral resource estimate that

[1] For full details see press release dated December 6, 2007 available on Zincore's website at www.zincoremetals.com

showed Accha hosts high-grade, near surface zinc oxide mineralization.

Accha Deposit Mineral Resources at Various Cut-off Grades

Indicated Mineral Resources			
Cut-off grade	Tonnes	Zinc (%)	Lead (%)
1.0%	8,351,725	5.47	0.68
2.0%	**5,067,986**	**8.15**	**0.87**
3.0%	4,513,991	8.85	0.92
4.0%	3,634,550	10.14	1.02
5.0%	2,574,876	12.45	1.13

Inferred Mineral Resources			
Cut-off grade	Tonnes	Zinc (%)	Lead (%)
1.0%	2,579,428	3.81	0.52
2.0%	**1,428,674**	**5.92**	**0.66**
3.0%	1,265,099	6.33	0.71
4.0%	979,433	7.16	0.73
5.0%	561,003	9.09	0.84

1. All mineral resources have been calculated in accordance with the standards of the CIM Definition Standards on Mineral Resources and Mineral Reserves, as required by NI 43-101.
2. Mineral resources that are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political or other relevant issues.
3. Inferred mineral resources are that part of a mineral resource for which quantity and grade can be estimated on the basis of geological evidence and limited sampling and can be reasonably assumed. It is uncertain if further exploration will result in upgrading them to an indicated or measured mineral resource.
4. Cut-off grades are based on zinc values only. Cut-off grades applicable to the open pit and underground portions of the mineral resources will be assessed during the pre-feasibility study.
5. Density utilized in the mineral resource estimates was 2.5 tonnes per cubic metre (t/m^3) of ore.
6. The mineral resource estimate was prepared by PAH under the direction of Mr. Aaron McMahon, Geologist of PAH, a professional geologist and, an independent Qualified Person as defined by NI 43-101.

In addition to exploration drilling at Accha, the Company also drilled five holes to extract metallurgical samples and with consultants Green Team International ("GTI"), completed a pre-feasibility study level program of metallurgical test work on Accha. The program's main objective was to determine the ability to separate Accha's zinc minerals from the host limestone or calcium ("pre-concentration"), a necessary step to allow economical acid leaching of the zinc oxide mineralization. The work successfully concluded that a low calcium concentrate suitable for acid leaching can be produced at Accha through dense media separation and flotation. Composite samples grading 7.6% zinc were concentrated to between 25% and 30% zinc with greater than 90% of the acid consuming gangue material being rejected. Zinc recovery from extraction through to zinc oxide concentrate was approximately 75%.

Further optimization of concentrate grade and recovery through lock-cycle testing is planned as a second phase of test work which would be conducted following a positive pre-feasibility study.

Due to successful exploration and metallurgical results, the Company announced on October 25, 2007 that it was commencing a pre-feasibility study on the Accha deposit based on third-party sales of zinc oxide concentrate ("Accha Concentrator Project"). SNC Lavalin Chile SA ("SNC") has been retained to complete the pre-feasibility study with PAH completing the mine planning and GTI providing the metallurgical processing design.

The pre-feasibility study is advancing on schedule with open-pit design largely complete and plant, waste dump and tailings sites selected and respective designs advancing. GTI has delivered to SNC the process engineering package. Infrastructure items such as power sourcing, water supply and transportation routes have been determined. The pre-feasibility study is scheduled to be completed early in the second quarter of 2008.

In total, during 2007 Zincore capitalized expenditures on the Accha deposit totalling $4.7 million on exploration related activities and $1.8 million on technical and engineering related activities.

During the third and fourth quarters of 2007 exploration activities shifted to the Yanque deposit 30 kilometres southwest of Accha. The Company constructed a satellite exploration camp and completed 21 diamond exploration holes targeted at infilling and expanding the inferred mineral resources on the property.

On March 3, 2008, Zincore released an updated Yanque mineral resource estimate prepared by independent consultant PAH. This estimate was completed after drilling the first 21 holes or 2,560 metres of a planned 10,000-metre drill program. The new estimate represents a 55% increase in tonnes and an 88% increase in contained metal over the previous inferred mineral resource estimate. All of the resources are near surface and amenable to open pit mining. A technical report relating to this mineral resource estimate will be filed on SEDAR. The table below summarizes the resource estimate.[2]

Yanque Deposit Inferred Mineral Resource Estimates

Cut-off grade – zinc plus lead (%)	Tonnes (000's)	Zinc Grade (%)	Lead Grade (%)
6.0	7,520	6.22	6.33
5.5	8,498	5.85	5.92
5.0	9,621	5.44	5.58
4.5	**10,258**	**5.28**	**5.34**
4.0	11,113	5.05	5.08
3.5	12,361	4.74	4.74

1. All mineral resources have been calculated in accordance with the standards of the CIM Definition Standards on Mineral Resources and Mineral Reserves, as required by NI 43-101.
2. Mineral resources that are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political or other relevant issues.
3. Inferred mineral resources are that part of a mineral resource for which quantity and grade can be estimated on the basis of geological evidence and limited sampling and can be reasonably assumed. It is uncertain if further exploration will result in upgrading them to an indicated or measured mineral resource.
4. Density utilized in the mineral resource estimates was 2.5 tonnes per cubic metre.

Zincore is currently conducting additional exploration at Yanque and nearby targets, including mapping and geophysics, in advance of the next phase of drilling that will commence in March. Metallurgical studies are under way at Mintek Laboratories in Johannesburg under the supervision of GTI. Initial work is being conducted on two metallurgical samples taken from the first 21 drill holes. Further metallurgical sampling and test work will be ongoing during the next phase of drilling.

In total, during 2007 Zincore capitalized expenditures on the Yanque deposit totalling $1.2 million on exploration related activities and $88,000 on technical and engineering related activities.

Other Exploration Properties

Zincore completed a surface sampling and mapping program at the Condorini property in order to assess and identify areas to be drill tested. Based on this program, the Company has identified areas on the property to be drilled and has submitted a drill permit application for the property.

In January 2008, Zincore reached an agreement with Brett Resources Inc. ("Brett") to extend the period of the required exploration earn-in commitments from 12 to 15 months. As a result, Zincore must now incur a minimum $200,000[3] in exploration expenditures on the property before May 28, 2008. As of December 31, 2007 Zincore had incurred $82,431 in qualifying expenditures toward this total.

Zincore commenced engaging with the community that controls the surface rights on the Minasccasa property in late 2007 with the objective of obtaining an access agreement to

[2] For full details see press release dated March 3, 2008 available on Zincore's website at www.zincoremetals.com.

[3] Cerro Condorini and other commitments that are in United States dollars have been converted to Canadian dollars at 1.00 CAD/USD.

allow exploration work on the property. A meeting involving local and regional authorities is now scheduled for late March to discuss issues of interest for the community and to further advance negotiations.

QUARTERLY FINANCIAL INFORMATION

The 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 for the period ended December 31, 2007.

Zincore became a public company with the closing of its IPO on November 8, 2006. Since that time overall spending levels have increased commensurate with the increase in the Company's exploration, development and corporate activities.

Losses decreased marginally quarter on quarter during 2007 as the Company incurred lower expenses, principally in stock-based compensation, which were somewhat offset by lower interest income due to reduced cash balances through the year.

Quarterly expense levels of manageable expenses showed no specific trend and were generally comparable quarter on quarter as Zincore made no significant changes in its management team, staffing levels or scope of activities:

Stock-based compensation decreased significantly quarter on quarter through 2007 due to the vesting schedules of the November option grant and annual March grant weighting the expense towards the earlier quarters of the year.

Foreign exchange losses varied based on the strengthening of the Canadian dollar relative to the US dollar and Peruvian soles. Foreign exchange losses totalled $255,412 in the second quarter, versus $131,018 in the third quarter and approximately $30,000 in the first and fourth quarters.

Interest income trended lower through the year as the Company carried lower cash balances.

Total assets in the fourth quarter of 2007 increased due to the exercise of 1,879,801 IPO warrants for cash proceeds of $939,901. The decrease in total assets in prior quarters principally reflected the use of cash for non-capitalized expenditures primarily related to management, general exploration and general and administrative costs.

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 $8,162,509 at December 31, 2007 compared to working capital of $9,688,312 at September 30, 2007 and $17,292,942 at December 31, 2006. The decrease in working capital resulted from lower cash balances as a result of planned expenditures and investments on exploration, development, management and other operating activities somewhat offset by the proceeds from the

Selected Quarterly Financial Data
(unaudited) Fiscal quarter ended

	Dec 31 2007	Sep 30 2007	Jun 30 2007	Mar 31 2007	Dec 31 2006	Sep 30 2006	Jun 30 2006	Mar 31, 2006
Interest Income	**$97,973**	$117,964	$130,043	$151,170	$108,721	$806	$1,622	$640
Net loss	**$(703,186)**	$(723,169)	$(851,226)	$(874,420)	$(969,754)	$(395,620)	$(200,929)	$(28,092)
Net loss per share	**$(0.01)**	$(0.01)	$(0.01)	$(0.01)	$(0.03)	$(0.03)	N/A	N/A
Total assets	**$20,863,704**	$20,500,445	$20,902,432	$21,543,888	$21,927,177	$3,594,188	$3,070,974	$2,426,143
Financial liabilities	**$390,135**	$395,287	$391,720	$661,609	$506,380	$1,216,985	$3,400,627	$2,554,867

exercise of options and warrants totaling $1,263,050 in 2007. The Company remains in a strong financial position to fund its exploration and development programs and has an ability to alter or change its programs, with the exception of its commitments on the Condorini property, without impacting its ownership interests in its exploration property portfolio.

Zincore's cash position at December 31, 2007 was $8,395,468. The Company does not hold any asset-backed commercial paper. The Company had no long-term liabilities and current liabilities of $390,135. Accounts payable related principally to expenditures incurred on the engineering work related to the Accha-Yanque property. An amount due to affiliated companies of $11,046 was an intercompany payable in favour of Southwestern Resources Corp. ("Southwestern"), Zincore's 48.2% shareholder, relating to Southwestern employees who provided services to Zincore outside of the scope of a services agreement that exists between the two companies (see Related Party Transactions).

During the fourth quarter of 2007, 1,879,801 IPO warrants were exercised for cash proceeds of $939,901. No further warrants are outstanding.

The Company's material contractual obligations include an office lease agreement for its corporate office in Vancouver. The lease expires on March 31, 2011. The agreement covers rent and operating expenses which are currently estimated at $9,905 per month.

Contractual Obligations	Total	Less than 1 year	1-3 years	3-5 years
Operating lease obligations	$386,295	$118,860	$237,720	$29,715

Zincore has no commitments for capital expenditures and required exploration and development expenses are limited to $120,000 [4] in exploration on the Cerro Condorini properties by May 28, 2008, a $25,000 payment to Brett if Zincore elects to continue on the Condorini earn-in and annual property maintenance payments totaling approximately $185,000 in Peru and $35,000 in Chile.

Zincore's 2008 budgets total approximately $4.0 million of exploration expenditures and $1.5 million of technical and engineering expenditures on the Accha-Yanque property. In addition, subject to overall priorities the Company will spend up to $1.0 million on exploration at other properties. Corporate costs for 2008 are anticipated to total approximately $2.0 million. Zincore has considerable flexibility to revise and reduce spending levels in 2008 should liquidity levels dictate such reductions. Zincore will evaluate partnering opportunities, equity financing and other sources of financing throughout the year to raise funding for programs in and beyond 2008 and to provide funds to accelerate the exploration and development programs. No assurance can be given as to the ability of the Company to raise such required capital. The success of exploration programs and other property transactions can have a significant impact on spending requirements. Zincore has no pre-arranged sources of debt financing.

On September 26, 2007 the Ministry of Energy and Mines in Peru approved the application by Exploraciones Collasuyo SAC ("Collasuyo"), Zincore's wholly indirectly owned subsidiary, for early recovery of the Impuesto General A Las Ventas ("IGV") or general sales tax on qualifying expenditures. The current rate of IGV is 19% on all goods and services purchased. Under this approved application Collasuyo can, as of the above date, apply to the Peruvian tax authorities for the monthly rebates of IGV paid on qualifying expenditures. Qualifying expenditures include all site exploration and drilling costs and certain site related engineering and development costs. Under the program, the Company can receive reimbursement of amounts paid or offset taxes payable to the Peruvian Government with the corresponding amount of IGV paid on services and goods purchased during the course of the exploration and development program. At the end of the fourth quarter, the Company recorded a receivable of $115,315 related to this program.

The Company is exposed to foreign exchange risks as it holds the majority of its cash balances in Canadian dollars and incurs

[4] Cerro Condorini and other commitments that are in United States dollars have been converted to Canadian dollars at 1.00 CAD/USD.

expenses principally in Canadian and U.S. dollars, Peruvian soles and the South African rand. A strengthening of the Canadian dollar relative to these currencies would result in lower reported exploration and development expenses.

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 accounting and corporate secretarial services in Canada. This agreement was amended from $16,000 per month to $9,500 per month effective June 1, 2007 and to $8,500 per month effective October 1, 2007. Collasuyo 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. This agreement was amended from US$11,500 per month to US$8,150 per month effective February 1, 2007, to US$7,250 effective August 1, 2007 and to US$8,600 effective February 1, 2008. During 2007, the Company paid a total of $249,498 to Southwestern and MISOSA under these services agreements. In the nine-month period ending December 31, 2006, Zincore paid $239,633 under these service agreements.

During 2007, Zincore paid $145,000 for management services under an agreement with a company controlled by a director who is also an officer of the Company. In the nine-month period ending December 31, 2006, Zincore paid $87,840 under this agreement.

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 and cash equivalents, advances and other receivables, accounts payable, accrued charges 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

The Company's Consolidated Financial Statements have been prepared on a going-concern basis. The Company has incurred losses since inception, and the ability of the Company to continue as a going concern depends on its ability to develop profitable operations and to continue to raise adequate financing. To date, the Company has financed its capital requirements by issuing common stock. There is no certainty that the Company will be able to raise funds sufficient to support its business plans.

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant estimates where management's judgment is applied include asset valuations, income taxes, stock-based compensation and contingent liabilities. Actual results may differ from those estimates.

Mineral properties and related exploration and development costs are recorded at cost on a property-by-property basis.

Costs incurred for general exploration that are not project specific or do not result in the acquisition of mineral properties and preliminary exploration to assess mineral properties are expensed as incurred. Management periodically reviews the underlying value of mineral properties. If impairment is determined to exist, the mineral property will be written down to its net realizable value. The recoverability of the amounts capitalized for mineral properties is dependent upon the delineation of economically recoverable ore reserves, the Company's ability to obtain the necessary financing to complete development and realize profitable production or proceeds from the disposition thereof. It is reasonably possible that changes could occur that would adversely affect management's estimates and, therefore, result in future write-downs of capitalized mineral property amounts. The amounts shown for mineral properties and deferred development expenditures represent costs incurred to date less write-downs, if any, and are not intended to reflect present or future values.

Compensation expense for stock options granted is determined based on the estimated fair value of the stock options at the time of grant, the cost of which is recognized over the vesting periods of the respective stock options. The fair value of all stock-based awards is estimated using the Black-Scholes model.

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. The Company relies on market and historical information as the basis for these assumptions.

The Company's functional currency is the Canadian dollar. The Company's foreign subsidiaries are considered to be integrated operations. Accordingly, the Company utilizes the temporal method to translate the financial statements of these subsidiaries into Canadian dollars. All foreign currencies are translated into Canadian dollars using weighted average rates for the period for items included in the consolidated statements of loss, comprehensive loss and deficit, the rate in effect at the balance sheet date for monetary assets and liabilities, and historical rates for other assets included in the consolidated balance sheets. Translation gains or losses are included in the determination of income.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Effective as of January 1, 2007 the Company has adopted Canadian Institute of Chartered Accountants (CICA) Handbook Section 3855 – Financial Instruments – Recognition and measurement, CICA Handbook Section 3861 – Financial Instruments – Disclosure and presentation, CICA Handbook Section 1530 – Comprehensive Income, CICA Handbook Section 3865 – Hedges, and CICA Handbook Section 3251 - Equity. These accounting policy changes were adopted on a prospective basis with no restatement of prior period financial statements.

In accordance with CICA Handbook Section 3855, the Company now classifies all financial instruments as either held-to-maturity, available-for-sale, held-for-trading, loans and receivables, or other financial liabilities. Financial assets held-to-maturity, loans and receivables and financial liabilities other than those held-for-trading, are measured at amortized cost. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Instruments classified as held-for-trading are measured at fair value with unrealized gains and losses recognized on the statement of loss. Transaction costs are expensed as incurred.

Upon adoption of this new standard, the Company has designated its cash and cash equivalents as held-for-trading, 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 and accrued charges are classified as other financial liabilities, which are measured at amortized cost. As at December 31, 2007 the Company did not have any financial assets classified as available-for-sale and therefore, the adoption of this standard had no effect on the presentation of the Company's financial statements.

Comprehensive income is the change in shareholders' equity during a period from transactions and other events and circumstances from non-owner sources. In accordance with

CICA Handbook Section 1530, the Company is required to report a statement of comprehensive income and a new category, accumulated other comprehensive income, in the shareholders' equity section of the balance sheet. The components of this new category include unrealized gains and losses on financial assets classified as available-for-sale. The Company had no "other comprehensive income or loss" transactions during the year ended December 31, 2007 and no opening or closing balances for "accumulated comprehensive income or loss" and therefore, the adoption of the standards noted above had minimal effect on the presentation of the Company's financial statements.

FUTURE CHANGES IN ACCOUNTING POLICIES

In June 2007, the CICA issued changes to Section 1400, General Standards of Financial Statement Presentation. Section 1400 has been amended to include requirements to assess and disclose an entity's ability to continue as a going concern. Management shall make an assessment of an entity's ability to continue as a going concern. When management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, those uncertainties shall be disclosed. When financial statements are not prepared on a going concern basis, that fact shall be disclosed, together with the basis on which the financial statements are prepared and the reason why the entity is not regarded as a going concern. Section 1400 is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008. Earlier adoption is encouraged. The adoption of this standard will have no impact on the Company's operating results or financial position and management expects that there will not be a material impact on the Company's financial statement disclosure.

In December 2006, the CICA issued Section 1535, Capital Disclosures. The main features of the new Section are as follows:

- Requirements for an entity to disclose qualitative information about its objectives, policies and processes for managing capital;
- Requirements for an entity to disclose quantitative data about what it regards as capital; and
- Requirements for an entity to disclose whether it has complied with any externally imposed capital requirements and, if not, the consequences of such non-compliance.

Section 1535 is effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007. The adoption of this standard will have no impact on the Company's operating results or financial position and management is currently in the process of evaluating the impact that these additional disclosure standards will have on the Company's financial statements.

SHARE CAPITAL INFORMATION

As at the date of this MD&A, the Company has an unlimited number of common shares authorized for issuance, with 79.1 million common shares issued and outstanding. Of these 38.1 million or 48.2% are owned by Southwestern.

During the fourth quarter, 17,500 options were exercised by employees or consultants for proceeds of $8,750. During 2007, 54,833 options were exercised for proceeds of $28,050. No options were exercised in 2006.

As at the date of this MD&A, Zincore has 4,993,000 options outstanding with an average exercise price of $0.59 per option of which 3,208,310 with an average price of $0.58 per option have vested and are available for exercise.

During the fourth quarter, 1,879,801 underwriter's warrants relating to Zincore's IPO were exercised into common shares for proceeds of $939,901. During 2007, 2,470,000 underwriter's warrants were exercised into common shares for proceeds of $1,235,000. No warrants were exercised in 2006. As of December 31, 2007 and as of the date of this MD&A, no warrants remain outstanding.

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

RISKS AND UNCERTAINTIES

Uncertainty of Additional Financing

Current financial resources are able to fund the Company's operations. Operations past current cash resources or accelerating operations 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.

Uncertainty Caused by Southwestern

Southwestern owns 48.2% of Zincore's common shares. Thirty-four million of these shares are subject to a lock-up agreement extending until November 7, 2008. Southwestern is currently subject to class action litigation arising from alleged fraudulent reporting of assay results from their Boka project. Uncertainty exists with regard to the impact the litigation could have on Southwestern's need to raise funds by divesting some or all of its Zincore shares (subject to the lock-up agreement). The intentions and/or actions of Southwestern may impact any financings undertaken by Zincore.

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.

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.

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. 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 carries 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 mineral resources for the Accha and Yanque deposits are estimates and no assurance can be given that the stated tonnages and grades will be achieved.

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.

Our Officers and Directors May Have Potential Conflicts of Interest.

Certain of the Company's directors and officers may serve as directors and/or officers of other public and private companies and devote a portion of their time to manage other business interests. This may result in certain conflicts of interest, to the extent that such other companies may participate in ventures in which the Company is also participating. The laws of British Columbia require the directors and officers to act honestly, in good faith, and in the best interests of the Company. In addition, each director must declare his or her interest and abstain from voting on any contract or transaction in which the director may have a conflict of interest.

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. The Company cannot predict the 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 and Chile entail governmental, economic, social, medical and other risk factors common to all developing countries. See the Economic Uncertainty in Developing Countries section. 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, 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 there under, 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 the Insurance Risk section 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 process. Title to 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 dollar 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.

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 are holders of common shares.

OUTLOOK

The Company’s principal efforts in the early part of 2008 will be focused on exploration and drilling of the Yanque deposit and the completion of the pre-feasibility study of the Accha Concentrator Project. Zincore expects to spend approximately $2.6 million on Yanque exploration in 2008 and $590,000 completing the pre-feasibility study. Zincore has recently commenced a metallurgical test program and preliminary engineering on Yanque and this is expected to be completed in the third quarter of 2008 at a total cost of $800,000.

Zincore has commenced exploration on the zinc belt between Accha and Yanque. While this program has not developed sufficiently to define specific targets and drill programs, the Company expects to spend approximately $1.4 million on direct exploration through the zinc belt and on costs at the Accha exploration camp to support the Yanque and zinc belt programs.

Zincore will drill test targets on the Condorini property prior to the end of the second quarter of 2008. The Company expects to spend approximately $160,000 on this work which is sufficient to satisfy its first stage earn-in requirements on the project.

Zincore is in the process of negotiating a community access agreement on the Minasccasa property that would allow active exploration work to commence. While assurance can not be given that the agreement will be obtained, Zincore has budgeted exploration spending of $450,000 at Minasccasa under the assumption that it will be successful in obtaining the agreement.

If the pre-feasibility study on the Accha Concentrator Project is positive and should Zincore obtain additional financing during 2008, the Company will commence a second phase exploration program at Accha and initiate a feasibility study on the Accha Concentrator Project.

DISCLOSURE CONTROLS 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 the design and maintenance of effective internal control 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 and Stock Trading 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 was conducted as of December 31, 2007 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 concluded that the Company's disclosure controls and procedures were operating effectively as of December 31, 2007.

There have been no changes in internal control over financial reporting during the year ended December 31, 2007 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.