ZINCORE METALS INC.

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

For the Three Month Period Ended March 31, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

ZINCORE METALS INC.

Three month period ended March 31, 2007

GENERAL

The following Management's Discussion and Analysis ("MD&A") of Zincore Metals Inc. and its subsidiaries, ("Zincore" or the "Company") for the three months ended March 31, 2007 should be read in conjunction with the Company's unaudited financial statements for the three months ended March 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. This report has taken into account information available up to and including May 10, 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.

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 the 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 Annual Information Form ("AIF") dated March 26, 2007 which is filed on SEDAR and available on Zincore's website at www.zincoremetals.com. 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

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 dependant on additional equity or debt capital or divestitures to finance its activities.

Zincore's is focused on 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 the addition of 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

For the quarter ended March 31, 2007, the Company incurred a net loss of $874,420 relating to its operations, exploration and development activities on its properties. The Company used $2,293,844 in cash during the quarter on operations and exploration and development of which $1,776,530 was capitalized to mineral properties or plant and equipment. The quarter ended March 31, 2007 was the first full quarter of operations as a public company and this is reflected in the spending and investing.

The Company continued to have a strong financial position with $15.4 million in cash on hand, no debt and minor fixed exploration and property maintenance commitments at the end of the quarter.

The Company continued its strategy of exploration and technical work on its 100% owned Accha-Yanque property. During the quarter, 34 exploration and definition diamond drill holes were completed with results being released for 29 holes and assays pending for the balance. The drilling continues to verify the high-grade and near surface nature of Accha's zinc oxide mineralization. Step-out drilling that occurred towards the end of the quarter began to validate the exploration model of the Accha deposit extending in a westerly direction with mineralization being intersected outside of the historical resource envelope. Metallurgical test work continued with a focus on pre-concentration of the ore through dense media separation ("DMS"). The Company delivered the mineralized sections of four dedicated metallurgical sampling HQ diamond drill holes, adjacent to selected resource drill holes, to consultants in South Africa for use in the DMS and other test work.

Zincore continued its strategy of adding high-potential exploration opportunities to its portfolio by executing definitive agreements with Brett Resources Inc. ("Brett") on an earn-in of Brett's Cerro Condorini property in southern Peru. 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.

RESULTS OF OPERATIONS

	Quarter Ended March 31 2007	Quarter Ended March 31 2006
General exploration expense	**$ 341,247**	$ 6,943
Consulting and management expense	**$ 313,056**	$3,390
Other general and administrative expenses	**$ 337,159**	$22,536
Foreign exchange loss (gain)	**$34,128**	$ (4,137)
Interest income	**$ 151,170**	$ 640
Net loss	**$874,420**	$28,092
Net loss per share	**$ 0.01**	N/A
Total assets	**$21,543,888**	$2,426,143
Mineral property and plant & equipment	**$5,919,457**	$2,172,624

Zincore had not commenced active operations during the quarter ended March 31, 2006, and, therefore, detailed analysis of the quarter against quarter changes is not meaningful. The quarter ended March 31, 2007 reflects the increase in management, exploration, general activities and spending associated with Zincore being a public company with an active exploration program in Peru.

Interest income increased from $640 in the first quarter ended 2006 to $151,170 in the first quarter ended 2007 due to the increase in cash balances as a result of completing the Company's IPO in November, 2006 which raised gross proceeds of $20 million including exercise of the over-allotment option.

Included in the quarter ended March 31, 2007 is stock based compensation expense totalling $335,901. Of this amount, $146,469 related to consulting and management, $108,964 to general exploration and $80,468 to office expense (general and administrative) and these amounts are included in those respective expense lines. There was no stock based compensation expense in the quarter ending March 31, 2006.

During the quarter, general exploration expense related to early stage properties in Peru and on assessments of properties that the Company considered for staking or acquisition.

PROPERTY REVIEW

Accha-Yanque Property

Zincore's current exploration and development activities are concentrated on the Accha-Yanque property in Peru. During the quarter, Zincore deferred $1.85 million in expenditures on the Accha-Yanque property. Of this amount, $1.6 million related to the ongoing drilling program and related exploration activities on the Accha deposit. The Company drilled 5,750 metres of diamond core during the quarter with drilling focusing on confirming resources within the strike length of the historical mineral resources and step out drilling to the west towards the end of the quarter.

On January 18, 2007, Zincore announced the results of its initial four holes which included intersections of:

- 35 metres of 9.3% zinc from 48 metres and
- 17 metres of 8.7% zinc from 103 metres[1].

On February 28, 2007, the Company announced the results of the subsequent ten holes including which included intersections of:

- 11 metres at 39% zinc from 113 metres,
- 33 metres of 12.5% zinc from 209 metres and
- 34 metres of 9.4% zinc from 97 metres.

Results of the next 15 holes were released on March 27, 2007. Eleven holes were within the strike length of the historical mineral resources, but three holes tested down dip extensions of the mineralization and all three intersected ore grade mineralization including: 21 metres at 19% zinc from 75 metres. Intersections within the infill drilling included:

- 22 metres at 17% zinc from 15 metres,
- 15 metres of 11% zinc from 25 metres and
- 14 metres at 13% zinc and 5% lead from 57 metres.

Four holes targeted strike extensions to the deposit of which two were 50 metres west where the deposit was projected to continue and two were 50 metres east where expectations of extensions were limited. The westerly holes interested wide zones of mineralization of:

- 12 metres at 10% zinc from 109 metres and
- 35 metres at 8% zinc from 123 metres.

One drill hole 50 metres to the east of the historical mineral resources intersected 7 metres of mineralization grading 13% zinc from 69 metres.

On May 10th, Zincore announced results from a further 13 drill holes of which 8 were exploration holes and 5 were definition drill holes. The highlight of the release was exploration hole AC-42 which intersected 64 metres of 9.7% zinc from 129 metres including intervals of 17 metres at 14.5% zinc and 13 metres at 16.7% zinc. Hole AC-42 was drilled 50 metres west of any previous reported drilling. Exploration hole AC-33, drilled 150 metres west of AC-42, intersected 18 metres at 6.4% zinc from 361 metres.

Highlights of the definition drilling included holes with intersections of:

- 15 metres at 9.8% zinc from 8 metres and 24 metres at 18.6% zinc from 46 metres and
- 32 metres at 4.8% zinc from 23 metres.

The drilling program is ongoing with a greater focus on step-out drilling. The program remains on track to be completed within the budgeted time frames and an updated mineral resource estimate for Accha is expected early in the third quarter of this year.

Zincore is pursuing a development plan which includes processing of the zinc oxide mineralization using solvent extraction/electrowinning technology. Metallurgical test work and preliminary process design by Green Team International ("GTI") commenced during the quarter. In January, the Company shipped full core from four metallurgical holes to South Africa to permit testing to commence on fresh samples. The initial focus of GTI's work is on pre-concentration using DMS to separate zinc minerals from the host limestone prior to the ore leaching process.

[1] For complete details please see Zincore's press releases dated January 18, 2007, February 28, 2007 and March 27 2007 available at www.zincoremetals.com or on SEDAR at www.sedar.com

In addition, Zincore has selected its consultants to complete the water testing, hydrology, geotechnical work and preliminary environmental impact study for the pre-feasibility study. The Company is currently discussing the proposals for preliminary mine designs with a number of international consulting groups.

Zincore continues to fill out its team in Peru and has hired four individuals to lead its community relations efforts. In April of this year, the Company was successful in obtaining majority approval from the residents around the Yanque deposit for an agreement granting Zincore the rights to perform exploration activities on that deposit. With the successful completion of this agreement, Zincore will commence site work on the Yanque deposit consisting of mapping, sampling and water sampling. The Company is now preparing documentation for submission of drill permit applications for the Yanque deposit and Puyani target. Upon the granting of the permits expected before the end of June, drilling activities on the deposit will commence. At quarter end, the Company had a site team of 32 including six geologists.

Cerro Condorini

The Cerro Condorini properties 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 historic mine workings on the properties and identified zones of oxide zinc mineralization along strike to the northwest of the historic mine in a broad zone.

Under the terms of the definitive agreement, the Company has the option to earn a 60% interest in the Cerro Condorini property, by spending $1,725,000[2] 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 incorporate 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

The Company completed its first pass evaluation of the Wanda and Arella properties in the latter part of 2006 and early 2007. The evaluation identified a number of areas on the properties of interest and surface sampling returned ore grade zinc results. Further work will be scheduled to follow up on these positive results.

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 unaudited consolidated financial statements for the period ended March 31, 2007.

Expenditures have increased quarter on quarter reflecting the increased level of activity with Zincore becoming a listed issuer and commencing active exploration on its properties in the fourth quarter of 2006. The first quarter net loss was $874,420 compared to a loss of $969,754 in the fourth quarter. Contributing to this decreased loss was a reduction in stock based compensation expense from $433,094 in the fourth quarter of 2006 to $335,902 in the first quarter of 2007. General exploration increased in the first quarter to $232,283 (net of stock based compensation allocation) from $165,829 in the

Fiscal quarter ended	**March 31 2007**	Dec. 31 2006	Sept. 30 2006	June 30, 2006	March 31, 2006
Interest income	**$ 151,170**	$108,721	$806	$1,622	$640
Net loss	**$874,420**	$969,754	$395,620	$200,929	$28,092
Net loss per share	**$0.01**	$0.03	$0.03	N/A	N/A
Total assets	**$21,543,888**	$21,927,177	$3,594,188	$3,070,974	$2,426,143
Financial liabilities	**$661,610**	$506,380	$1,216,985	$3,400,627	$2,554,867
Cash dividends per share	**Nil**	Nil	Nil	Nil	Nil

[2] Cerro Condorini commitments are in United States dollars a[illegible] to Canadian dollars at 1.15 CAD/USD.

Contractual Obligations	Total	Less than 1 year	1-3 years	3-5 years
Operating lease obligations	$ 475,440	$118,860	$237,720	$118,860

fourth quarter 2006 due to an increase in activities on earlier stage properties and the evaluation of properties for acquisition. This increase was largely offset by an increase in interest income to $151,170 due to interest income on the IPO cash proceeds for the entire quarter.

The decrease in total assets in the first quarter 2007 reflects principally the use of cash for non-capitalized expenditures principally related to management, general exploration and general and administrative.

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 $14,887,482 at March 31, 2007 compared to working capital of $17,332,644 at December 31, 2006. The decrease resulted from lower cash balances as a result of expenditures during the quarter on exploration, development, management and other operating activities.

Zincore's cash position at March 31, 2007 was $15,378,248. The Company had no long-term liabilities and current liabilities of $661,609. Accounts payable related principally to drilling costs incurred at the Accha-Yanque property. An amount due to affiliated companies of $65,742 was an intercompany payable in favour of Southwestern relating to the services agreements in Canada and Peru and for Southwestern employees who provided services to Zincore outside of the scope of the services agreements.

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 April 1, 2007 and expiring on March 31, 2011. The agreement covers rent and operating expenses which are currently estimated at $9,905 per month.

For 2007, Zincore has no commitments for capital expenditures and required exploration and development expenses are limited to $0.23[3] million in exploration on the Cerro Condorini properties. During the final three quarter of 2007, the Company expects to spend approximately $6.8 million on exploration and development of the Accha-Yanque property and $0.7 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 $1.6 million for the remainder of 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 2007 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 the 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

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

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 upon 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. This agreement was amended from $13,225 (US$11,500) per month to $9,370 (US$8,150) per month effective February 1, 2007 reflecting Collasuyo's reduced use of services as it has hired additional employees. During the quarter ended March 31, 2007, the Company paid a total of $82,805 to Southwestern and MISOSA under these services agreements.

During the three month period ended March 31, 2006, Zincore paid $43,750 for management services under an agreement with a company controlled by a director who is also an officer of the Company.

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.

The Company's financial assets and liabilities are cash and cash equivalents, exploration advances and other receivables, payables 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

Effective as of January 1, 2007, the Company adopted two new accounting standards related to financial instruments that were issued by the Canadian Institute of Chartered

Accountants ("CICA"). These accounting policy changes were adopted on a prospective basis with no restatement of prior period financial statements. The new standards and accounting policy changes are as follows:

Comprehensive income (CICA Handbook Section 1530)

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 this new standard, the Company reports a consolidated statement of comprehensive income and a new category, accumulated other comprehensive income, is added to the shareholders' equity section of the consolidated balance sheet for any unrealized gains and losses in financial assets classified as available for sale. The Company had no "other comprehensive income or loss" transactions during the three months ended March 31, 2007 and no opening or closing balances for "accumulated comprehensive income or loss".

Financial Instruments – recognition and measurement (CICA Handbook Section 3855) and disclosure and presentation (CICA Handbook Section 3861)

In accordance with this new standard, the Company now classifies all financial instruments as held-to-maturity, available-for-sale, held-for-trading, loans and receivables or other financial liabilities. Financial instruments classified as held-for-trading are measured at fair value with unrealized gains and losses recognized in operating results. Financial instruments classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Financial instruments classified as held-to-maturity, loans and receivables or other financial liabilities are measured at amortized cost.

Upon adoption of these new standards, the Company has designated its cash and cash equivalents as held-for-trading, which are measured at fair value. Accounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other liabilities, which are measured at amortized cost.

During the three months ended March 31, 2007, the Company had neither available for sale nor held-to-maturity financial instruments.

SHARE CAPITAL INFORMATION

As at the date of this MD&A, the Company has an unlimited number of common shares authorized for issuance, with 76.6 million common shares issued and outstanding. Of these 38.1 million or 49.7% are owned by Southwestern.

On March 14, 2007, Zincore granted stock options to employees and consultants to the Company totalling 1,166,000 options exercisable into common shares at a strike price of $0.69 per option. On March 28, 2007, the Company granted 15,000 options exercisable into common shares to a consultant to the company at a strike price of $0.71 per option. As at the date of this MD&A, Zincore has 4,479,000 options outstanding of which 1,568,477 have vested and are available for exercise.

The Company also has 2,470,000 outstanding warrants relating to its IPO available to be exercised into common shares before November 7, 2007 at a price of $0.50 per warrant.

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

OUTLOOK

The Company's principal efforts during the balance of 2007 will be focused on the Accha-Yanque project where Zincore expects to spend $6.8 million on exploration and development over the final three quarters of the year. Key milestones for the project include a National Instrument 43-101 mineral resource estimate for the Accha deposit early in the third quarter, an updated resource estimate on the Yanque deposit in the fourth quarter and completion of a pre-feasibility study of the project around the end of 2007.

DISCLOSURE CONTROL AND PROCEDURES

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 March 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 have concluded that the Company's disclosure controls and procedures and internal controls over financial reporting were operating effectively as of March 31, 2007.