2ND QUARTER REPORT

ZINCORE METALS INC.

Second Quarter Report

For the quarter ended June 30, 2008

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	June 30, 2008	December 31, 2007
ASSETS		
Current		
Cash and cash equivalents	$ 3,621,773	$ 8,395,468
Prepaids, advances and other receivables	111,046	157,176
Due from affiliated companies	4,929	–
	3,737,748	8,552,644
Other assets	20,997	65,435
Exploration advances and other receivables	369,901	141,888
Property, plant and equipment NOTE 3	207,835	229,810
Mineral properties NOTE 4	15,077,754	11,873,927
	$ 19,414,235	$ 20,863,704
LIABILITIES		
Current		
Accounts payable and accrued charges	$ 550,409	$ 379,089
Due to affiliated companies	–	11,046
	550,409	390,135
SHAREHOLDERS' EQUITY		
Share capital NOTE 5(b)	23,961,364	23,961,364
Contributed surplus NOTE 5(b)	1,576,767	1,359,234
Deficit	(6,674,305)	(4,847,029)
	18,863,826	20,473,569
	$ 19,414,235	$ 20,863,704

See accompanying notes to consolidated financial statements

APPROVED BY THE BOARD

W DAVID BLACK

TIMO JAURISTO

CONSOLIDATED STATEMENTS OF LOSS, COMPREHENSIVE LOSS AND DEFICIT
(UNAUDITED)

	Three months ended June 30, 2008	Three months ended June 30, 2007	Six months ended June 30, 2008	Six months ended June 30, 2007
EXPENSES				
General exploration	$ 310,520	$ 266,338	$ 671,463	$ 607,585
Consulting and management fees	123,540	243,323	413,644	556,379
Office	115,747	151,612	248,057	383,854
Legal and accounting	76,029	22,393	102,609	60,113
Shareholder information	46,104	21,898	149,416	77,502
Foreign exchange loss (gain)	32,828	255,412	(10,832)	289,540
Travel	18,927	17,881	59,386	29,127
Amortization	2,966	2,412	6,342	2,759
Mineral property costs written off	292,334	–	292,334	–
Loss before undernoted item	(1,018,995)	(981,269)	(1,932,419)	(2,006,859)
Interest and other income	33,754	130,043	105,143	281,213
Net loss and comprehensive loss for the period	(985,241)	(851,226)	(1,827,276)	(1,725,646)
Deficit at beginning of period	(5,689,064)	(2,569,448)	(4,847,029)	(1,695,028)
Deficit at end of period	$ (6,674,305)	$ (3,420,674)	$ (6,674,305)	$ (3,420,674)
Loss per share – basic and diluted	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.02)
Weighted average number of shares outstanding	79,124,833	76,730,487	79,124,833	76,665,244

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOW (UNAUDITED)

	Three months ended June 30, 2008	Three months ended June 30,2007	Six months ended June 30, 2008	Six months ended June 30, 2007
OPERATING ACTIVITIES				
Net loss for the period	$ (985,241)	$ (851,226)	$ (1,827,276)	$ (1,725,646)
Items not involving cash				
Mineral property costs written off	292,334	-	292,334	-
Stock-based compensation	47,767	218,561	217,533	554,462
Amortization	2,966	2,412	6,342	2,759
	(642,174)	(630,253)	(1,311,067)	(1,168,425)
Change in non-cash operating working capital items				
Decrease in prepaids, advances and other receivables	38,240	84,936	85,639	83,133
(Decrease) increase in accounts payable and accrued charges	(24,209)	(61,250)	67,729	(38,588)
Cash used in operating activities	(628,143)	(606,567)	(1,157,699)	(1,123,880)
INVESTING ACTIVITIES				
Additions to property, plant and equipment	(1,997)	(53,520)	(7,606)	(87,182)
Mineral property expenditures	(2,046,033)	(2,376,118)	(3,608,390)	(4,118,987)
Cash used in investing activities	(2,048,030)	(2,429,638)	(3,615,996)	(4,206,169)
FINANCING ACTIVITY				
Shares issued	–	261,100	–	261,100
Cash provided by financing activity	–	261,100	–	261,100
Decrease in cash and cash equivalents during the period	(2,676,173)	(2,775,105)	(4,773,695)	(5,068,949)
Cash and cash equivalents at beginning of period	6,297,946	15,378,248	8,395,468	17,672,092
Cash and cash equivalents at end of period	$ 3,621,773	$ 12,603,143	$ 3,621,773	$ 12,603,143
Cash and cash equivalents consist of:				
Cash	$ 2,814,555	$ 7,475,028	$ 2,814,555	$ 7,475,028
Short-term investments	807,218	5,128,115	807,218	5,128,115
Cash and cash equivalents at end of period	$ 3,621,773	$ 12,603,143	$ 3,621,773	$ 12,603,143

See accompanying notes to consolidated financial statements

1/ BASIS OF PRESENTATION

These interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements and follow the same accounting policies and methods of application as the most recent annual consolidated financial statements dated December 31, 2007 except as disclosed in note 2. These financial statements should be read in conjunction with those annual financial statements and notes thereto. Accordingly, this report does not include all of the information and footnotes required by accounting principles generally accepted in Canada for complete financial statements. In the opinion of management, all adjustments (consisting primarily of normal recurring adjustments) considered necessary for fair presentation have been included. Operating results for the three and six month periods ended June 30, 2008 are not necessarily indicative of the results that may be expected for the year ending December 31, 2008.

2/ CHANGES IN ACCOUNTING POLICIES

Effective as at January 1, 2008, the Company adopted three new presentation and disclosure standards that were issued by the Canadian Institute of Chartered Accountants: Handbook Section 1535, Capital Disclosures (“Section 1535”), Handbook Section 3862, Financial Instruments – Disclosures (“Section 3862”) and Handbook Section 3863, Financial Instruments – Presentation (“Section 3863”).

Section 1535 requires the disclosure of both qualitative and quantitative information that enables users of financial statements to evaluate the entity's objectives, policies and processes for managing capital. Section 1535 specifies the disclosure of (i) an entity’s objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. The Company has included disclosures recommended by Section 1535 in note 8 of these interim consolidated financial statements.

Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments – Disclosure and Presentation, revising and enhancing disclosure requirements and carrying forward unchanged its presentation requirements for financial instruments. Sections 3862 and 3863 place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The Company has included disclosures recommended by Sections 3862 and 3863 in note 9 of these interim consolidated financial statements.

3/ PROPERTY, PLANT AND EQUIPMENT

As at June 30, 2008	Cost	Accumulated amortization	Net book value
Office and other equipment	$ 107,270	$ 25,584	$ 81,686
Computer equipment	136,942	44,587	92,355
Leasehold improvements	6,177	2,125	4,052
Vehicles	61,941	32,199	29,742
	$ 312,330	$ 104,495	$ 207,835

As at December 31, 2007	Cost	Accumulated amortization	Net book value
Office and other equipment	$ 103,436	$ 17,061	$ 86,375
Computer equipment	133,174	29,646	103,528
Leasehold improvements	6,177	891	5,286
Vehicles	61,941	27,320	34,621
	$ 304,728	$ 74,918	$ 229,810

Amortization relating to exploration related assets in the amount of $23,239 (June 30, 2007 - $17,837) has been allocated to mineral properties during the six month period ended June 30, 2008.

4/ MINERAL PROPERTIES

a) For the six month period ended June 30, 2008, significant expenditures were:

	Accha-Yanque	Minasccasa	Condorini	Other	Total
Balance, beginning of period	$ 10,961,495	$ 750,831	$ 106,208	$ 55,393	$ 11,873,927
Property, acquisition and maintenance	173,879	11,917	11,394	46,114	243,304
Analytical	188,247	–	12,071	1,456	201,774
Geology	989,421	3,683	31,163	46,071	1,070,338
Drilling	739,198	–	129,285	–	868,483
Technical and engineering	812,995	–	–	–	812,995
Research	1,349	–	136	383	1,868
Project administration	290,147	4,867	2,077	308	297,399
Mineral property costs written off	–	–	(292,334)	–	(292,334)
Balance, end of period	$ 14,156,731	$ 771,298	$ –	$ 149,725	$ 15,077,754

b) For the year ended December 31, 2007, significant expenditures were:

	Accha-Yanque	Minasccasa	Condorini	Other	Total
Balance, beginning of year	$ 3,082,814	$ 737,568	$ 16,171	$ 55,393	$ 3,891,946
Property, acquisition and maintenance	10,219	12,217	38,475	–	60,911
Analytical	208,920	–	1,387	–	210,307
Geology	1,295,620	–	45,286	–	1,340,906
Drilling	3,867,922	–	–	–	3,867,922
Technical and engineering	1,938,490	–	–	–	1,938,490
Research	33,691	–	–	–	33,691
Project administration	526,430	1,046	4,889	–	532,365
Mineral property costs written off	(2,611)	–	–	–	(2,611)
Balance, end of year	$ 10,961,495	$ 750,831	$ 106,208	$ 55,393	$ 11,873,927

The Company holds a 100% interest in the Accha-Yanque, Minasccasa and Other properties. Refer to Zincore's Management's Discussion and Analysis for the quarter ended June 30, 2008 for a review of the exploration and development activities on the properties.

In February 2007, the Company entered into agreements to earn an interest in the Cerro Condorini property from Brett Resources Inc. During the second quarter of 2008, the Company completed its initial exploration and expenditure requirements under the agreement and drilled eight diamond drill holes on the property. Based on the results of the work completed, Zincore decided to terminate the agreements and, as a result, all deferred mineral property expenditures relating to the Condorini property were written off in the second quarter of 2008.

5/ SHARE CAPITAL

a) Common and preferred shares

The authorized share capital of the Company consists of an unlimited number of common shares without par value; an unlimited number of first preferred shares without par value and an unlimited number of second preferred shares without par value.

b) Issued share capital

During the six months ended June 30, 2008, changes in issued share capital were as follows:

	Number of common shares	Amount	Contributed surplus
At December 31, 2006	76,600,000	$ 22,287,531	$ 828,294
Exercise of warrants	2,470,000	1,630,200	(395,200)
Exercise of options	54,833	43,633	(15,583)
Stock-based compensation	–	–	941,723
At December 31, 2007	79,124,833	$ 23,961,364	$ 1,359,234
Stock-based compensation	–	–	217,533
At June 30, 2008	79,124,833	$ 23,961,364	$ 1,576,767

c) Stock options

At June 30, 2008 there were 5,350,664 stock options outstanding, of which 3,631,636 are exercisable.

Six month period ended June 30, 2008	Number of options	Weighted average exercise price
Outstanding at beginning of period	5,013,000	$ 0.59
Granted	1,038,000	0.34
Cancelled	(700,336)	0.60
Outstanding at end of period	5,350,664	$ 0.54
Exercisable at end of period	3,631,636	$ 0.57

Year ended December 31, 2007	Number of options	Weighted average exercise price
Outstanding at beginning of year	3,098,000	$ 0.50
Granted	2,146,000	0.72
Exercised	(54,833)	0.51
Cancelled or expired	(176,167)	0.54
Outstanding at end of year	5,013,000	$ 0.59
Exercisable at end of year	3,149,977	$ 0.57

As a result of stock options vesting and the amortization of previous grants during the three and six month periods ended June 30, 2008, the Company recognized $47,767 (2007 – $218,561) during the three month period and $217,533 (2007 – $554,462) during the six month period as stock-based compensation expense and recorded this amount in contributed surplus. These amounts were recorded as follows:

	Three months ended June 30, 2008	Six months ended June 30, 2008
Consulting and management fees	$ (12,176)	$ 61,140
General exploration	34,197	90,722
Office	25,746	65,671
Total	$ 47,767	$ 217,533

	Three months ended June 30, 2007	Six months ended June 30, 2007
Consulting and management fees	$ 90,061	$ 236,530
General exploration	69,271	178,235
Office	59,229	139,697
Total	$ 218,561	$ 554,462

As a result of stock option forfeitures during the three month period ended June 30, 2008, stock based compensation previously recorded, was reversed for unvested options.

The value of the stock options granted during the six month periods ended June 30, 2008 and 2007 was determined using the Black-Scholes option pricing model. A weighted average grant-date fair value of $0.18 (June 30, 2007 - $0.37) for each option granted was estimated using the following weighted average assumptions: no dividends are to be paid; volatility of 78% (June 30, 2007 – 72%); risk free interest rate of 3.3% (June 30, 2007 – 4.0%); and expected life of 3.5 years (June 30, 2007 – 3.5 years).

6/ SEGMENTED INFORMATION

The Company operates in one reportable operating segment, the acquisition and exploration of mineral properties. The Company has non-current assets in the following geographic locations:

	As at June 30, 2008	As at December 31, 2007
Peru	$ 15,504,245	$ 12,201,014
Canada	85,263	110,046
Chile	86,979	–
	$ 15,676,487	$ 12,311,060

7/ RELATED PARTY TRANSACTIONS

During the three and six month periods ended June 30, 2008 and 2007, the Company paid its significant shareholder Southwestern Resources Corp. ("Southwestern") and Southwestern's subsidiary under the terms of two separate services agreements for certain accounting, corporate secretarial and administrative services in Canada and Peru. In addition, during the same periods, the Company paid remuneration for management services to a company controlled by a director in common as follows:

	Three months ended June 30, 2008	Six months ended June 30, 2008
Services agreements	$ 51,674	$ 101,992
Remuneration paid to a company controlled by a director	$ 86,250	$ 123,750
	Three months ended June 30, 2007	**Six months ended June 30, 2007**
Services agreements	$ 67,862	$ 150,667
Remuneration paid to a company controlled by a director	$ 36,250	$ 80,000

As at June 30, 2008, there was an amount owing from Southwestern totalling $4,929 (December 31, 2007 - $nil) and an amount owing to Southwestern of $nil (December 31, 2007 - $11,046) for miscellaneous services provided outside of the scope of the services agreements. All related party transactions are measured at the exchange amount which is the consideration agreed to between the parties.

8/ MANAGEMENT OF CAPITAL RISK

The Company's capital consists of its cash, cash equivalents and tax credits receivable. The Company manages its capital to effectively fund its budgeted exploration and development expenditures and corporate costs with the primary objective of maintaining adequate liquidity within the Company to safeguard its ability to continue as a going concern while minimizing dilution to current equity holders.

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

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

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

9/ MANAGEMENT OF FINANCIAL RISK

The Company examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include credit risk, liquidity risk, market risk and other price risks. The risk related to financial instruments is managed by the senior management of the Company under policies and directions approved by the Board. Relevant policies include the Cash Investment Policy and the approval allowing up to $3 million of the Company's cash to be held in United States dollars at the discretion of the Chief Financial Officer. The Board monitors these policies on a quarterly basis. The Company's Board has not approved the use of derivative financial products.

a) Fair value estimation

The fair values of the Company's financial instruments are equivalent to their carrying values.

b) Credit risk

Credit risk is the risk of an unexpected loss if a party to a financial instrument fails to meet its contractual obligations.

The Company's cash assets are held in demand accounts in Canada, Bermuda, Peru, Chile and Mexico. All accounts are held at commercial banks with credit ratings of A or higher.

At the end of the quarter, the Company's cash equivalents consisted mainly of money market funds held in Bermuda with a major bank having a credit rating of at least A.

The Company applied for and was approved for early recovery of Impuesto General A Las Vuentas ("IGV") on certain exploration expenditures in Peru. IGV is a value added tax which is charged at a rate of 19% on all goods and services. As a result, the Company has recorded IGV of $324,000 (December 31, 2007 - $115,000) paid on qualifying expenditures, as a receivable. The Company's initial application for recovery of IGV is being reviewed as required by the tax authorities of Peru and, as such, no IGV has been recovered to date. The IGV is receivable from the government of Peru. Should the early IGV recovery scheme be altered or terminated, IGV would be recoverable in the future as a credit against products sold from any mining operations.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has in place a planning and budgeting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis as well as its planned capital expenditures. The Company manages its financial resources to ensure that there is sufficient working capital to fund near term planned exploration work and ongoing operating expenditures.

The Company has considerable discretion to reduce or increase exploration plans or budgets depending on current and projected liquidity. Minimum expenditures over the next 12 months would be limited to approximately U.S.$210,000 in property holding costs (generally due in June 2009) and approximately $1 million in corporate costs in Canada and Peru.

Total net budgeted expenditures for the balance of 2008 on corporate costs and properties exploration and technical work is $2.6 million. The Company is currently evaluating alternatives to raise additional capital to increase liquidity into 2009.

d) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company holds its cash resources principally in Canadian dollars with a secondary amount held in U.S. dollars and incurs expenses principally in U.S. dollars with secondary exposures mainly to Peruvian soles and Canadian dollars. A strengthening Canadian dollar relative to these currencies reduces the Company's reported expenses and reduces its deferred mineral property investments. However, a strengthening Canadian dollar results in a foreign exchange loss on the Company's non-Canadian monetary assets. Therefore, the effects of currency movements on the Company's net income are limited.

A 10% strengthening in the Canadian dollar relative to the U.S. dollar would increase the net loss by approximately $25,000 over the final two quarters of 2008 with a 10% weakening having the opposite effect. A 10% strengthening of the Canadian dollar relative to the U.S. dollar would decrease budgeted deferred mineral property expenditures by approximately $135,000 over the final two quarters of 2008 with the opposite effect of a 10% weakening. A 10% strengthening in the Canadian dollar relative to the Peruvian sole has an immaterial effect on the Company's net earnings.

e) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to short term interest rates through the interest earned on cash and cash equivalents. A 1% increase in short term rates would increase interest income and reduce net loss of the Company by approximately $12,000 over the final two quarters of 2008.

DIRECTORS

W David Black (Chair)

Timo Jauristo

Rex McLennan

Myron Osatenko

Henry Giegerich

OFFICERS

Timo Jauristo
President and CEO

Gregory Martin
VP and CFO

Vernon Arseneau
VP Exploration

Susy Horna
Corporate Secretary

For more information on our directors and management team, please visit www.zincoremetals.com/about/board.php

HEAD OFFICE

Zincore Metals Inc.
Suite 1020
625 Howe Street
Vancouver, BC
V6C 2T6 Canada

Tel 604 669 6611
Fax 604 669 6616
info@zincoremetals.com
www.zincoremetals.com

EXPLORATION OFFICE

Exploraciones Collasuyo S.A.C.
Av. Del Parque Norte 829
Corpac San Isidro, Lima 27 Peru

Tel 511 225 1125
Fax 511 225 2273

INVESTOR RELATIONS

Meghan Brown
Tel 604 685 4644
mbrown@zincoremetals.com

AUDITORS

Deloitte & Touche LLP
Four Bentall Centre
Suite 2800
1055 Dunsmuir Street
Vancouver, British Columbia
V7X 1P4 Canada

TRANSFER AGENT

Computershare Investor Services Inc.
510 Burrard Street
Vancouver, British Columbia
V6C 3B9 Canada

Toll-free within North America:
1 (800) 564 6253
International: (514) 982 7555
service@computershare.com

Manage your shares online at Computershare's Investor Centre at: www.computershare.com

STOCK EXCHANGE LISTING

ZNC – TSX

ZML – FRA