



2009 Q1

Management's Discussion and Analysis



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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the three month periods ended March 31, 2009 and 2008
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 three month periods ended March 31, 2009 and 2008 should be read in conjunction with the Company's unaudited interim financial statements for the three month periods ended March 31, 2009 and 2008 and audited financial statements for the year ended December 31, 2008 both of which are available on the Company's website at www.zincoremotals.com or on the SEDAR website at www.sedar.com. Additional information relating to the Company, including its Annual Information Form ("AIF") dated March 9, 2009, is also available on SEDAR at www.sedar.com.

This MD&A has taken into account information available up to and including May 11, 2009.

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 is currently engaged in exploration and development of mineral properties and does not have any source of revenue or operating assets. The recoverability of the amounts shown for mineral properties and related deferred costs is dependant upon the ability of the Company to obtain necessary financing to complete exploration, technical studies and, if warranted, development and 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

Zincore is engaged in the exploration and development of zinc, base and precious metal mineral properties located in Peru, Chile and Mexico. 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's main activities have related to exploration, definition drilling and technical studies at its Accha-Yanque property in Peru, initial exploration at its other properties to further assess potential and develop more detailed exploration programs and property acquisition in Chile and Mexico. Due to current market conditions and liquidity constraints, Zincore reduced its corporate and exploration teams and activities during the fourth quarter of 2008 and first quarter of 2009. Planned employee and work reductions are now complete. Current work is limited to metallurgical test work on Yanque ore, maintaining its Accha exploration camp and on securing a community agreement which would enable work to commence on the Minascasca project in Peru. All active exploration programs have been halted and community relationships are being managed to facilitate a resumption of exploration upon additional financing.

OVERALL PERFORMANCE AND CURRENT ECONOMIC CONDITIONS

The zinc market rebounded marginally in the first quarter of 2009 with prices opening at about \$0.55/lb and ending the quarter at \$0.59/lb. Since quarter end base metal prices have continued to trade in a positive direction with zinc prices at approximately \$0.69 as at the date of this MD&A. Zinc-related equities rebounded marginally in the first quarter as a result of the higher metal prices.

Metal price performance remains linked to expectations regarding global economic conditions, and therefore demand for base metals, over the near term period. Asset and corporate valuations of exploration and development stage mineral companies remain relatively low compared to historical valuations due to the limited funding and liquidity available to such companies and uncertainty regarding the global economic climate.

The impacts of the global economic crisis on Zincore include a more challenging market to raise equity capital, a reduction in the market value of development assets, a more challenging project financing market and a reduction of funding from senior mining companies for junior exploration companies.

Zincore's equity price and enterprise valuation, while improved during the first quarter of 2009, remains impacted due to the above issues, concerns relating to the ability of non-cash flow generating companies, such as Zincore, to raise capital to finance their operations and/or the dilution associated with such capital raisings at current valuations and the Company's limited liquidity.

Zincore has completed its staff reductions and restructuring in Vancouver and Peru. The Outlook section of this MD&A contains further discussion on planned activities and budgets. Additionally, the Company is reviewing opportunities to increase financial liquidity including transactions with third parties. On March 24, 2009, Zincore's significant shareholder, Southwestern Resources Corp. ("Southwestern"), announced an agreement whereby Hochschild Mining plc ("Hochschild") would acquire all of the common shares of Southwestern under a plan of arrangement. Southwestern shareholders approved such plan of arrangement on May 8, 2009. As a result, Hochschild, a London Stock Exchange listed mining company with operations in Peru, Argentina and Mexico with a market capitalization of approximately \$1.2 billion is now the significant shareholder of Zincore. Zincore has held preliminary discussions with Hochschild on alternatives to improve liquidity and advance the assets of the Company and further discussions are scheduled before the end of May. There is no certainty that additional capital will be raised or that any discussions underway will result in a transaction or increased liquidity.

At March 31, 2009, the Company had \$770,688 in cash and cash equivalents on hand, with no long-term debt and minor fixed exploration and property maintenance commitments.

RESULTS OF OPERATIONS

	QUARTER ENDED MARCH 31, 2009	QUARTER ENDED MARCH 31, 2008
General exploration expense	\$ 124,198	\$ 360,943
Consulting and management fees	\$ 131,432	\$ 290,104
Other general and administrative expenses	\$ 122,777	\$ 302,661
Foreign exchange (gain) loss	\$ (12,129)	\$ (43,660)
Amortization	\$ 1,661	\$ 3,376
Loss on sale of property, plant and equipment	\$ 49,102	\$ -
Mineral properties and property, plant & equipment	\$ 15,776,409	\$ 15,701,727

Expenses in all areas were lower in the first quarter of 2009 relative to the same quarter of 2008 due to the planned reductions of staff and exploration activities to preserve liquidity until market conditions improve.

General exploration expense in the first quarter of 2009 of \$124,099, net of stock-based compensation expense allocation, was significantly lower than \$304,418 in net general exploration expense in the first quarter of 2008. The decrease reflected lower administrative spending in Peru and lower non-property related exploration costs in Peru, Chile and Mexico relative to the comparative period partially offset by severance costs related to administrative staff in Peru.

Consulting and management fees expense decreased from \$216,788 in the first quarter of 2008 to \$121,660 in the same period of 2009, net of stock-based compensation expense allocation, as management staffing levels were reduced. Stock-based compensation expense attributable to consulting and management decreased from \$73,316 to \$9,772 in these same periods.

General and administrative expenses decreased substantially in the first quarter of 2009 totaling \$122,777 versus \$302,661 in the first quarter of 2008 reflecting lower external legal costs, reduced investor relations activities and lower stock-based compensation expense.

Stock-based compensation expense decreased from \$169,766 in the first quarter of 2008 to \$11,116 in the same quarter of 2009 due to the timing of vesting schedules related to stock option grants, lower value of options granted in 2008 and a reduction of consultants and employees. Stock-based compensation expense in the first quarter 2009 was allocated \$9,772 to consulting and management fees, \$99 to general exploration and \$1,245 to office. In the first quarter of 2008, stock-based compensation was allocated \$73,316 to consulting and management fees, \$56,525 to general exploration and \$39,925 to office expense.

During the first quarter of 2009 the Company incurred a foreign exchange gain of \$12,129 compared to a foreign exchange gain of \$43,660 in the first quarter of 2008. Foreign exchange gains and losses result primarily from the translation of US dollar denominated monetary assets to Canadian dollars. The lower gain in 2009 was the result of lower US dollar cash balances and a slower weakening of the Canadian dollar relative to the US dollar compared to the same quarter in 2008.

In the first quarter of 2009, Zincore recorded a loss on disposal of property, plant and equipment of \$49,102. The loss resulted from disposals of field equipment in Peru and some office and other equipment in Peru and Canada related to the planned downsizing of operations.

PROPERTY REVIEW

ACCHA-YANQUE PROPERTY

The 100%-owned Accha-Yanque property covers more than 45,000 hectares and hosts zinc and lead oxide mineral reserves at the Accha deposit and mineral resources at both the Accha and Yanque deposits: the Accha deposit at the north end of the belt and the Yanque deposit 30 kilometres to the south. Mineralization has been identified in numerous other showings on the property and initial exploration on certain targets 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 electro-winning zinc refinery.

Accha

After considerable exploration work in 2006 and 2007, limited exploration activity was completed at the main Accha deposit in 2008 and the first quarter of 2009, but the exploration camp is being maintained to allow resumption of exploration activities when financing is available.

During the first quarter of 2009, capitalized expenditures on the Accha deposit totaled approximately \$110,000 on support camp and community related activities.

In addition to exploration, extensive engineering work has been completed on the deposit and a preliminary feasibility study ("PFS") study has been published.

In 2007 Zincore completed a 16,500-metre exploration and infill drill program on the Accha deposit. The results were integrated into the historical drill database and a NI 43-101 mineral resource estimate was prepared by independent consultant Pincock, Allen & Holt ("PAH") and released on December 6, 2007¹. The results showed that Accha hosts high-grade, near surface zinc oxide mineralization and reported 5.1 million tonnes of indicated mineral resources at 8.2% zinc and 0.9% lead and 1.4 million tonnes of inferred mineral resources at 5.9% zinc and 0.7% lead.

This resource estimate, combined with metallurgical test work completed during 2007, provided the basis for completion of the PFS in 2008 on the Accha deposit. Led by SNC Lavalin Chile, the PFS looked at the technical capability of producing zinc oxide concentrates from Accha ore and also assessed the economic merits of selling the zinc oxide concentrates to third parties. The zinc oxide concentrates would also be suitable for shipment to a zinc refinery on the Accha-Yanque belt. On May 1, 2008, Zincore released the results of the PFS² which concluded Accha could produce 130,000 tonnes of zinc oxide concentrate grading approximately 27% zinc annually over a seven-year mine life. The PFS estimated site operating costs at US\$0.28 per pound and pre-production capital costs at approximately US\$65 million. The mine plan is a combination of open pit followed by underground mining to supply ore to a conventional dense media separation, milling and flotation circuit.

As a result of the PFS, a portion of Accha mineral resources were reclassified as mineral reserves, totalling 4.2 million tonnes grading 7.9% zinc and 0.8% lead. A revised technical report on the deposit was filed with SEDAR in June 2008.

¹ For full details see press release dated December 6, 2007 available on Zincore's website at www.zincoremals.com or on SEDAR

² For full details see press release dated May 1, 2008 available on Zincore's website at www.zincoremals.com or on SEDAR

The PFS also identified a number of opportunities to improve the project, principally related to resource increases by infill drilling of the inferred mineral resources to convert them to indicated mineral resources, exploration drilling where the deposit remains open, and lock-cycle metallurgical work aimed at improving the concentrate grade.

Yanque

Work in the first quarter of 2009 was limited to metallurgical test work related to ammonia based leaching of Yanque ores. Results of the work have not yet been received. Ammonia based solutions are more selective for base metals over gangue than conventional acid based leach solutions. Should this initial test work prove successful, pre-concentration of ore may not be required prior to leaching and it may provide an alternate development option to be pursued which, if validated by further test work and engineering, could result in a process for producing zinc metal at site.

During 2008, Zincore successfully completed the first phase drilling program at Yanque, drilling 45 holes totalling 6,527 metres. The 24 holes drilled in 2008 complement the 21 holes drilled during 2007. The first 21 holes provided the basis for an updated mineral resource estimate. On March 3, 2008, Zincore released an updated mineral resource estimate prepared by PAH that estimates that Yanque contains 10.3 million tonnes of near surface zinc and lead oxide inferred mineral resources grading 5.3% zinc and 5.3% lead³. The new estimate represented 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 was filed on SEDAR in April 2008.

A further mineral resource estimate incorporating all of the drilling has not been completed.

Preliminary metallurgical studies on core from two drill holes taken from the 2007 drill program at Yanque were completed at Mintek Laboratories in Johannesburg under the supervision of Green Team International ("GTI"). GTI visited the Yanque property in June 2008 to select further metallurgical samples from the drill program to ensure representative samples across the expanded deposit were included in the metallurgical studies. Limited metallurgical work was completed on the second set of metallurgical samples. The result of this preliminary work indicates excellent recovery (75-80%) of the lead minerals, primarily cerussite, through dense media separation ("DMS") and flotation in a manner similar to the process designed for Accha. Further, this work indicated a lead concentrate grading over 50% lead could be produced. Recovery of the zinc minerals through DMS and flotation is variable but, on average, low due to the presence of a high amount of zinc clays and lower grade zinc minerals that do not respond favourably to DMS. The recovery of zinc into the lead concentrate does provide a significant credit to the lead concentrate. Further work, with a focus on improving zinc recoveries, is required to evaluate alternate process opportunities and determine suitable input parameters for a pre-feasibility study.

Other Exploration Properties

At the 100%-owned Minascasa property, Zincore held additional meetings with community leaders during May, 2009. Progress on reaching a community agreement remains slow, but the communities have requested further information to understand the possible exploration activities and consider the request for an agreement. Zincore is continuing its plan of engagement and education and remains confident that an agreement on the project will be reached.

In Chile, no further work on the properties was conducted in the first quarter of 2009. The Company is making payments to retain the Piren concessions which host the gold targets, but is allowing other concessions to lapse.

In Mexico, staking of three properties was fully completed in the first quarter. A partner is being sought to progress work on the properties.

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 unaudited interim consolidated financial statements for the three month periods ended March 31, 2009 and 2008 and the audited consolidated financial statements for the years ended December 31, 2008 and 2007.

In general, overall spending levels have varied commensurate with the changes in the Company's exploration, development and corporate activities. The lower net loss in the first quarter of 2009 reflects the planned reduction in activities to preserve liquidity.

Quarterly expense levels of manageable expenses were generally comparable quarter on quarter prior to the third quarter of 2008 as Zincore has made no significant changes in its management team, staffing levels or scope of activities during that time.

³ For full details see press release dated March 3, 2008 available on Zincore's website at www.zincoremotals.com or on SEDAR

During the quarters ending September 30, 2008 December 31, 2008 and March 31, 2009 Zincore reduced expenditures due to market conditions restricting the financing of exploration and development projects.

Quarterly variances in net loss have generally been impacted by five key factors: deferred mineral property write-offs, stock-based compensation expense, foreign exchange gains or losses, interest income and general exploration expense.

Selected Quarterly Financial Data (unaudited)

FISCAL QUARTER ENDED	MAR 31 2009	DEC 31 2008	SEP 30 2008	JUN 30 2008	MAR 31 2008	DEC 31 2007	SEP 30 2007	JUN 30 2007
Interest income	\$ 2,480	\$ 8,192	\$ 15,867	\$ 33,754	\$ 71,389	\$ 97,973	\$ 117,964	\$ 130,043
Net loss	\$ (414,561)	\$ (1,359,005)	\$ (528,411)	\$ (985,241)	\$ (842,035)	\$ (703,186)	\$ (723,169)	\$ (851,226)
Net loss per share	\$ (0.01)	\$ (0.02)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)
Total assets	\$ 16,765,269	\$ 17,217,550	\$ 18,705,672	\$ 19,414,235	\$ 20,399,498	\$ 20,863,704	\$ 20,500,445	\$ 20,902,432
Total liabilities	\$ 132,946	\$ 181,782	\$ 323,530	\$ 550,409	\$ 598,198	\$ 390,135	\$ 395,287	\$ 391,720

During the second quarter of 2008 Zincore expensed previously deferred costs of \$292,234 relating to its Condorini property on termination of the joint venture agreement and in the fourth quarter of 2008 of \$1,006,775 on its Minasccasa and other properties. During the fourth quarter of 2008 Zincore recorded a loss of \$10,082 and in the first quarter of 2009 a loss of \$49,102 both related to disposals of surplus field equipment and other office assets resulting from the planned reductions.

Stock-based compensation expense is impacted by vesting schedules, forfeitures and the number of options granted by the Board. Foreign exchange losses vary based on the strengthening or weakening of the Canadian dollar relative to the US dollar and Peruvian soles, and interest income varies with cash balances and interest rates.

General exploration expense varies depending on the focus of activities within the Company. During periods where the Company is evaluating new opportunities or establishing a presence in a new country, general exploration expense is generally higher than in other periods. In addition, principally during the fourth quarter of 2008, the Company recorded statutory severance costs relating to the reduction of its Peru based exploration employees.

Total assets in the first quarter of 2009 decreased to \$16.8 million principally reflecting the use of cash for non-capitalized expenditures primarily related to management, general exploration and general and administrative costs and the loss on disposal of equipment.

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 or asset divestitures.

Zincore had working capital of \$851,581 at March 31, 2009 compared to \$1,308,169 at December 31, 2008. Working capital consists of current assets less current liabilities. Current assets includes approximately \$125,000 in taxes receivable from the government of Peru which it expects to receive in the second quarter of 2009 as detailed later in this section. The working capital decrease compared to year end 2008 resulted principally from lower cash balances as a result of expenditures and investments on exploration, project development, corporate costs and other operating activities.

Zincore's cash position at March 31, 2009 was \$770,688. Due to current market conditions for financing and the reduction of valuations within the junior mineral sector, Zincore has reduced its planned cash expenditures to preserve its cash resources. Current market conditions and the valuation of Zincore and other junior mineral exploration companies, make the present environment for raising significant additional financing unfavourable.

Management estimates that Zincore's current liquidity is sufficient to maintain its key properties and fund the Company in a limited operation mode through 2009 as further described in the Outlook section.

The Company requires additional financing to materially advance its assets. The Company is pursuing partners and financing options to improve liquidity. On March 24, 2009, Zincore's significant shareholder, Southwestern, announced an agreement whereby Hochschild would acquire all of the common shares of Southwestern under a plan of arrangement. Southwestern shareholders approved such plan of arrangement on May 8, 2009. As a result, Hochschild, a London Stock Exchange listed mining company with operations in Peru, Argentina and Mexico with a market capitalization of approximately \$1.2 billion is now

the significant shareholder of Zincore. Zincore has held preliminary discussions with Hochschild on alternatives to improve liquidity and advance the assets of the Company and further discussions are scheduled before the end of May. There is no certainty that additional capital will be raised or that any discussions underway will result in a transaction or increased liquidity

Zincore does not hold any asset-backed commercial paper, has long term monetary assets of \$20,997 and long-term monetary obligations of \$20,686. Current liabilities at the end of the first quarter of 2009 totaled \$112,260. Accounts payable and accrued liabilities relate principally to trade payables. Zincore has no pre-arranged sources of debt financing.

The Company's material contractual obligation is an office lease agreement for its corporate office in Vancouver, which expires on March 31, 2011. The agreement covers rent and operating expenses currently estimated at \$10,527 per month. In December 2008 Zincore signed a sublease agreement with a third party that fully funds its obligations regarding the corporate office lease until expiry of the lease agreement. The sublease agreement became effective January 15, 2009.

Contractual obligations	TOTAL	MARCH 31, 2009		
		< 1 YEAR	1-3 YEARS	3-5 YEARS
Operating lease obligations	\$ 252,648	\$ 126,324	\$ 126,324	\$ nil

The Company's long term obligation of \$20,686 relates to the sublease of its office space in Vancouver to a non-related third party subtenant. Under the sublease agreement the subtenant paid to Zincore the equivalent of two months rent and operating expenses to be held interest free and applied against the subtenant's obligations under the agreement.

Zincore has no commitments for capital expenditures. Annual property maintenance payments total approximately US\$178,000 in Peru, due in June 2009. The Company has reviewed its property holdings in Peru and, if required, the amount of maintenance payments can be reduced to approximately US\$58,000 while maintaining the key Accha-Yanque belt and Minasccasa claims. Zincore also has commitments of approximately US\$8,500 to maintain its concessions in Mexico. Payments relating to its Piren concessions in Chile were made in March.

On September 26, 2007 the Ministry of Energy and Mines in Peru approved the application by Exploraciones Collasuyo SAC ("Collasuyo"), Zincore's indirect wholly 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 on the corresponding amount of IGV paid on services and goods purchased during the course of the exploration and development program. During the fourth quarter of 2008, the Company received \$250,000 under this program and currently has a receivable of approximately \$125,000 (December 31, 2008 - \$120,000) related to this program. It is expected that this receivable will be collected during the first half of 2009.

Zincore is exposed to foreign exchange risks as it holds the majority of its cash balances in Canadian dollars and incurs expenses principally in Canadian dollars, US dollars, and Peruvian soles. A weakening of the Canadian dollar relative to the foreign currencies would result in higher 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 a Services Agreement with Southwestern whereby Southwestern agreed to provide the Company with accounting, corporate secretarial and other services in Canada. Exploraciones Collasuyo SAC ("Collasuyo") Zincore's indirect wholly owned subsidiary entered into an Outsourcing Operating Assistance Services Agreement with Southwestern's indirect wholly owned subsidiary Minera del Suroeste SAC ("MISOSA"), whereby MISOSA agreed to provide Collasuyo with office space, use of MISOSA's facilities and secretarial and accounting services in Peru. During the first quarter of 2009, the Company paid a total of \$42,239 to Southwestern and MISOSA under these service agreements. In the first quarter of 2008 Zincore paid \$50,318 under these service agreements.

During the first quarter of 2009, Zincore paid \$8,850 for management services under an agreement with a company controlled by a director who is also an officer of the Company. During the first quarter of 2008 Zincore paid \$37,500 under this agreement.

PROPOSED TRANSACTIONS

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

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Zincore's financial instruments consist of cash and cash equivalents, prepaids, advances and other receivables, accounts payable, accrued liabilities, due to affiliated companies, other assets and long term obligations. The Company has designated its cash and cash equivalents as held-for-trading, which are measured at fair value. Prepaids, advances and other receivables and other assets are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued charges and long term obligations are classified as other liabilities, which are measured at amortized cost.

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

These unaudited interim consolidated financial statements have been prepared on a going concern basis which assumes Zincore will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company's ability to continue to operate for the foreseeable future is conditional upon its ability to secure additional equity capital, divest assets or generate cash flow from operations in the future, none of which are assured. The Company has incurred operating losses since inception, has limited financial resources, no source of operating cash flow and current market conditions make the present environment for raising significant additional equity financing unfavourable. Due to market fluctuations and the inherent risks in the exploration industry, there can be no assurance that management's future financing actions will be successful.

An inability to raise additional financing may impact the future assessment of Zincore as a going concern under CICA 1400 General Standards of Financial Statement Presentation. If the going concern assumption becomes inappropriate for these financial statements, then adjustments would be necessary in the carrying values of assets, liabilities, the reported income, and expenses and the balance sheet classifications used. Such adjustments could be material.

Based on the Company's current budgets and expected tax recoveries, management estimates that the Company will have sufficient funds to operate through 2009. The Company is pursuing partners and has held preliminary discussions with Hochschild on alternatives to improve liquidity and advance the assets of the Company and further discussions are scheduled before the end of May.

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 mineral reserves and 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

In February 2008, the CICA issued a new Handbook Section 3064 - Goodwill and Intangible Assets ("Section 3064"), which replaces CICA Handbook Sections 3062 - Goodwill and Other Intangible Assets ("Section 3062") and 3450 - Research and Development Costs. Various changes have been made to other sections of the CICA Handbook for consistency purposes. Section 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. Standards concerning goodwill are unchanged from the standards included in Section 3062. The new Section is applicable to the Company's financial statements for its fiscal year beginning January 1, 2009. The adoption of this section in 2009 did not have a material impact to the Company's consolidated financial statements.

In January 2009, the CICA issued Handbook Sections 1582 - Business Combinations ("Section 1582"), 1601 - Consolidated Financial Statements ("Section 1601") and 1602 - Non-controlling Interests ("Section 1602") which replaces CICA Handbook Sections 1581 - Business Combinations and 1600 - Consolidated Financial Statements. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under International Financial Reporting Standards ("IFRS"). Section 1582 is applicable for the Company's business combinations with acquisition dates on or after January 1, 2011. Early adoption of this Section is permitted. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for the Company's interim and annual consolidated financial statements for its fiscal year beginning January 1, 2011. Early adoption of this Section is permitted. If the Company chooses to early adopt any one of these Sections, the other two sections must also be adopted at the same time.

SHARE CAPITAL INFORMATION

As at the date of this MD&A, Zincore 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% were, until recently, owned by Southwestern. Southwestern's shareholders approved a plan of arrangement on May 8th whereby Hochschild, acquired all the shares of Southwestern and, consequently, the shares of Zincore held by Southwestern.

As at the date of this MD&A, Zincore has 4,630,333 options outstanding with an average exercise price of \$0.50 per option, of which 4,476,999 have vested and are available for exercise at an average price of \$0.51 per option.

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

OUTLOOK

Due to market conditions for financing and its current liquidity position, Zincore reduced its planned exploration expenditures for 2009 and completed cost cutting measures in Peru and Canada. The Company is actively seeking partners and evaluating options to improve its liquidity position and strengthen the Company. Zincore has held preliminary discussions with Hochschild on alternatives to improve liquidity and advance the assets of the Company and further discussions are scheduled before the end of May.

Corporate costs have been reduced through staff reductions, consolidation of office space and reduced overhead. In Peru, the Lima office staff has been reduced and administrative functions will be performed by MISOSA staff under the services agreement by the end of the first quarter.

At Accha-Yanque, the Accha exploration camp is being maintained with minimal staff. No active exploration is ongoing, but the camp and community agreements are being maintained to allow exploration to resume efficiently.

A test work program is underway on Yanque ore evaluating the effectiveness of ammonia based solutions to leach the base metals from run of mine ore within a heap or tank leach environment. Results of the work have not yet been received. Ammonia based solutions are more selective for base metals over gangue than conventional acid based leach solutions. Should this initial test work prove successful, pre-concentration of ore may not be required prior to leaching and it may provide an alternate development option to be pursued which, if validated by further test work and engineering, could result in a process for producing zinc metal at site.

Zincore continues to pursue a community agreement for the Minascassa project. Further meetings with community leaders occurred in May and progress continues to be made. Should an agreement be reached, Zincore would immediately commence a surface exploration program.

Depending on financing, the Company will determine the extent of concessions that it will continue to hold in Peru. Maintaining all properties would require approximately US\$178,000 in payments and maintaining the key Accha-Yanque and Minascassa concessions would require approximately US\$58,000 in payments.

In Chile and Mexico, the staking of properties has been completed and initial work on the Piren property completed. Further prospecting and follow-up work on these properties has been put on hold pending further financing. The Company intends to maintain its Piren concessions in Chile and all of its Mexican properties. In March 2009, the Piren concession payments were made and US\$10,000 has been budgeted to cover Mexican property costs over the balance of the year.

During the remaining nine months of 2009 the Company expects to spend approximately \$450,000 on corporate and administrative costs. In addition it expects to spend approximately \$120,000 maintaining its subsidiary operations. Excluding property fees and holding costs discussed above and assuming no additional financing, the Company expects to spend approximately \$130,000 on exploration and development activities.

Zincore has evaluated its cash resources based on this planned scope of exploration and development activities and corporate spending and, based on these assumptions, the Company has sufficient cash resources to fund its activities until the end of 2009.

INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010.

The Company has assessed its capabilities to manage the transition of its financial reporting to IFRS. This assessment is based upon continued accounting services being contracted with Southwestern. The Company believes the skills and resources exist within the Company and its accounting team to manage the transition to IFRS with limited external assistance.

The Company has drafted an IFRS changeover plan covering financial statement preparation, education, IT infrastructure and internal control environment. Initial activities have commenced in each of these areas.

The Company has assessed the impacts of the adoption of IFRS on its financial statements. Based on this assessment, including the accounting policy choices available under IFRS and considering the current operations on Zincore, the conversion is expected to have limited impact on the substance of the financial statements. Certain presentation differences will be noted. During 2009 work will include selection of IFRS policies, and further assessment of first-time adoption elections under IFRS 1. Of note to Zincore is the determination of its functional currency under IFRS.

A preliminary review of the key IT support systems indicates the current systems are IFRS compliant. Further testing of the systems will be completed in 2009.

As a result of the limited impact on the substance of the financial statements, the conversion of IFRS is expected to have limited impact on the control environment of the Company.

The Company currently has no material commercial agreements that will be impacted by the conversion to IFRS.

DISCLOSURE CONTROLS AND PROCEDURES

As required by Multilateral Instrument 52-109, management is responsible for the design, establishment and maintenance of disclosure controls and procedures over the public disclosure of financial and non-financial information regarding the Company, and internal control over financial reporting to provide reasonable assurance regarding the integrity of the Company's financial information and reliability of its financial reporting. 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.

The Company's management, with the participation and under the supervision of its Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), have designed the disclosure controls and procedures to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, is made known to them on a timely basis; and designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of the Company's financial reporting.

The Company has maintained accounting personnel in Peru, contracts with third parties in Chile and Mexico and contracts with Southwestern for accounting services in Vancouver. In the fourth quarter Southwestern reduced its accounting department and therefore certain internal control over financial reporting procedures had to be adjusted. Management believes appropriate segregation of duties within the finance department have been maintained. However, where segregation of duty deficiencies exist, the Company relies on certain compensating and detection controls, including dual signatories on all cash disbursements, review and approvals of all bank reconciliations by persons other than the preparer, and quarterly and annual review of financial statements, and other information by the Audit Committee.

An evaluation of the effectiveness of the Company's disclosure controls and procedures was conducted as of December 31, 2008. Based upon the results of that evaluation, the Company's CEO and CFO have concluded that as of the end of the period covered by this report, the Company's disclosure controls and procedures were effective in providing reasonable assurance that the material information relating to the Company was made known to them on a timely basis and was processed and disclosed within the appropriate reports and time periods.

The Company's management believes that any disclosure controls and procedures or internal controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Due to the inherent limitations in all controls systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

There has been no change in the Company's internal control over financial reporting during the three month period ended March 31, 2009 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.