ZINCORE METALS INC.

For the Three and Nine Months Ended
September 30, 2013 and 2012

Condensed Consolidated Interim Financial Statements

CONTENTS

NOTICE TO READER

These condensed consolidated interim financial statements of Zincore Metals Inc. have been prepared by management, reviewed by the Audit Committee, and approved and authorized for issue by the Board of Directors of the Company on November 1, 2013. In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed these condensed consolidated interim financial statements, notes to the condensed consolidated interim financial statements and the related quarterly Management Discussion and Analysis.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

IN CANADIAN DOLLARS

As at	SEPTEMBER 30, 2013	DECEMBER 31, 2012
Assets		
Current assets		
Cash and cash equivalents	$ 1,116,240	$ 2,012,766
Prepaids, advances and other receivables	37,495	773,482
	1,153,735	2,786,248
Non-current assets		
Exploration advances and other receivables	12,877	–
Property, plant, and equipment	135,258	137,884
Mineral properties (note 4)	43,836,838	37,948,447
	43,984,973	38,086,331
Total Assets	$ 45,138,708	$ 40,872,579
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	$ 1,465,548	$ 1,961,749
Convertible loan (note 7)	2,115,625	–
	3,581,173	1,961,749
Non-current liabilities		
Long term obligation (note 11)	48,642	48,642
Share purchase warrants (note 5)	157,361	–
Option to acquire mineral property (note 4)	5,648,285	3,135,222
	5,854,288	3,183,864
	9,435,461	5,145,613
Equity		
Share capital (note 5)	55,462,992	54,823,819
Reserves	9,140,299	7,654,890
Deficit	(28,900,044)	(26,751,743)
	35,703,247	35,726,966
Total Equity and Liabilities	$ 45,138,708	$ 40,872,579

Nature and continuance of operations (note 1)
Commitments (note 11)

See accompanying Notes to the Condensed Consolidated Interim Financial Statements

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS (UNAUDITED)

IN CANADIAN DOLLARS

	THREE MONTHS ENDED SEPTEMBER 30, 2013	THREE MONTHS ENDED SEPTEMBER 30, 2012	NINE MONTHS ENDED SEPTEMBER 30, 2013	NINE MONTHS ENDED SEPTEMBER 30, 2012
Expenses				
Consulting and management fees	$ 188,696	$ 386,649	$ 468,096	$ 655,784
General exploration	154,526	199,032	564,737	694,811
Salaries and benefits	97,254	171,874	467,039	612,761
Travel	76,667	49,673	152,725	76,261
Shareholder information	67,380	32,802	177,118	160,994
Office expense	61,632	46,249	183,072	312,816
Legal and accounting	26,370	74,479	130,595	165,993
Depreciation	1,530	2,018	4,927	6,130
Foreign exchange (gain) loss	(42,939)	3,189	12,888	7,015
Loss before undernoted item	(631,116)	(965,965)	(2,161,197)	(2,692,565)
Interest and other income	195	15,704	12,896	31,554
Loss for the period	(630,921)	(950,261)	(2,148,301)	(2,661,011)
Other comprehensive income:				
Foreign currency translation differences in foreign operations	(950,789)	(1,175,029)	1,329,486	(1,101,648)
Total comprehensive loss	$ (1,581,710)	$ (2,125,290)	$ (818,815)	$ (3,762,659)
Loss per share - basic and diluted (note 10)	$ (0.02)	$ (0.03)	$ (0.06)	$ (0.09)

See accompanying Notes to the Condensed Consolidated Interim Financial Statements

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS (UNAUDITED)

IN CANADIAN DOLLARS

	NINE MONTHS ENDED SEPTEMBER 30, 2013	NINE MONTHS ENDED SEPTEMBER 30, 2012
Operating Activities		
Loss before income taxes	$ (2,148,301)	$ (2,661,011)
Items not involving cash:		
Depreciation	4,927	6,130
Share-based compensation (note 5)	197,590	229,304
Accrued interest on convertible loan (note 7)	59,328	–
Foreign exchange on convertible loan	15,097	–
Interest income	(12,896)	(30,354)
	(1,884,255)	(2,455,931)
Change in non-cash operating working capital items:		
Decrease in prepaids, advances and other receivables	43,987	10,569
Decrease in accounts payable and accrued liabilities	(11,089)	(484,078)
Cash used in operating activities	(1,851,357)	(2,929,440)
Investing Activities		
Additions to property, plant and equipment	(18,605)	(10,106)
Mineral property expenditures	(5,080,548)	(3,366,431)
Interest received	12,896	30,354
Cash used in investing activities	(5,086,257)	(3,346,183)
Financing Activities		
Shares and warrants issued	771,375	8,657,086
Proceeds from option to acquire mineral property (note 4)	3,205,063	–
Proceeds from issuance of convertible loan (note 7)	2,041,200	–
Long-term obligation	–	48,642
Cash provided by financing activities	6,017,638	8,705,728
Effects of exchange rate change on cash and cash equivalents held in a foreign currency	23,450	(38,206)
(Decrease) increase in cash and cash equivalents during the period	(896,526)	2,391,899
Cash and cash equivalents at beginning of period	2,012,766	2,018,821
Cash and cash equivalents at end of period	$ 1,116,240	$ 4,410,720
Cash and cash equivalents consist of:		
Cash	1,058,740	2,953,220
Short-term investments	57,500	1,457,500
	$ 1,116,240	$ 4,410,720

See accompanying Notes to the Condensed Consolidated Interim Financial Statements

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

IN CANADIAN DOLLARS

	SHARE CAPITAL		RESERVES				
	NUMBER OF SHARES	AMOUNT	SHARE-BASED PAYMENT RESERVE	WARRANTS	FOREIGN CURRENCY TRANSLATION RESERVE	DEFICIT	TOTAL
Balance at January 1, 2012	27,384,179	$ 47,642,108	$ 3,569,597	$ 3,162,982	$ (217,992)	$ (22,993,857)	$ 31,162,838
Private Placements (net of share issue costs totalling $565,789)	7,689,813	7,181,711	–	1,475,375	–	–	8,657,086
Share-based compensation	–	–	229,304	–	–	–	229,304
Comprehensive loss for period	–	–	–	–	(1,101,648)	(2,661,011)	(3,762,659)
Balance at September 30, 2012	35,073,992	$ 54,823,819	$ 3,798,901	$ 4,638,357	$ (1,319,640)	$ (25,654,868)	$ 36,286,569
Share-based compensation	–	–	142,791	–	–	–	142,791
Comprehensive loss for period	–	–	–	–	394,481	(1,096,875)	(702,394)
Balance at December 31, 2012	35,073,992	$ 54,823,819	$ 3,941,692	$ 4,638,357	$ (925,159)	$ (26,751,743)	$ 35,726,966
Private Placement (net of cash share issue costs of $16,508)	2,777,775	597,506[1]	–	–	–	–	597,506
Share-based compensation	126,262	41,667	155,923	–	–	–	197,590
Comprehensive income for period	–	–	–	–	1,329,486	(2,148,301)	(818,815)
Balance at September 30, 2013	37,978,029	$ 55,462,992	$ 4,097,615	$ 4,638,357	$ 404,327	$ (28,900,044)	$ 35,703,247

[1] Includes value of warrants totalling $157,361 which were also recorded in share issue costs and with a corresponding entry to non-current liabilities in the Condensed Consolidated Interim Statements of Financial Position

See accompanying Notes to the Condensed Consolidated Interim Financial Statements

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the three and nine months ended September 30, 2013 (all items are in Canadian dollars except as otherwise notes)

1/ NATURE AND CONTINUANCE OF OPERATIONS

Zincore Metals Inc. ("Zincore" or the "Company") is an exploration company focused on the identification, acquisition, exploration, evaluation and development of zinc and related base metals projects in the Americas. Its primary objective is to define economically feasible projects through focused exploration and to develop, joint venture, or sell properties of economic merit.

The Company was incorporated as Peru Zinc Corporation on September 21, 2005 in the Province of British Columbia. The Company subsequently changed its name to Southern Zinc Corporation on April 26, 2006 and to Zincore Metals Inc. on June 5, 2006. In November 2006, Zincore completed an initial public offering and commenced trading on the Toronto Stock Exchange ("TSX"). In May 2010 the Company's shares were approved for trading on the Lima Stock Exchange, or Bolsa de Valores de Lima ("BVL"). The address of the Company's registered office is Suite 450 – 1040 W. Georgia Street, Vancouver, BC, Canada V6E 4H1.

The Company has not yet determined whether its properties contain mineral reserves that are economically recoverable. The recoverability of amounts shown for mineral properties is dependent upon proving economically recoverable reserves, obtaining necessary financing to complete the development of such mineral reserves and attaining profitable production or proceeds from disposition.

Although Zincore has taken steps to verify title to the properties in which it has an interest, in accordance with industry standards for properties in the exploration stage, these procedures do not guarantee Zincore's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

These condensed consolidated interim financial statements have been prepared on a going concern basis. Zincore does not generate cash flows from operations and accordingly, Zincore will need to raise additional funds through future issuance of securities or through property option or joint venture agreements. Although Zincore has been successful in raising funds in the past, there can be no assurance Zincore will be able to raise sufficient funds in the future, in which case Zincore may be unable to meet its obligations as they come due in the normal course of business. It is not possible to predict whether financing efforts will be successful or if Zincore will attain a profitable level of operations. Since inception, Zincore has incurred cumulative losses of $28,900,044 as at September 30, 2013 and a comprehensive loss for the nine months ended September 30, 2013 of $818,815. These factors may cast significant doubt regarding Zincore's ability to continue as a going concern. Should Zincore be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts on the statements of financial position.

2/ BASIS OF PRESENTATION

On August 26, 2013, the Company completed a six-for-one consolidation of the Company's common shares. All comparative period information for common shares, stock options, and warrants has been adjusted to reflect this consolidation.

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the IASB have been condensed or omitted and these unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2012.

The accounting policies applied in preparation of these unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's consolidated financial statements for the year ended December 31, 2012, with the exception of certain amendments to accounting standards issued by the IASB, which were applicable from January 1, 2013. For the purpose of preparing and presenting the financial information for the relevant period, the Company has adopted all the following new standards relevant to the current period:

IFRS 10, Consolidated Financial Statements: effective for accounting periods commencing on or after January 1, 2013; IFRS 11, Joint Arrangements: effective for accounting periods commencing on or after January 1, 2013;

IFRS 12, Disclosure of Interests in Other Entities: effective for accounting periods commencing on or after January 1, 2013;

IFRS 13, Fair Value Measurement: effective for accounting periods commencing on or after January 1, 2013;

IAS 27 (2011), Consolidated and Separate Financial Statements: effective for accounting periods commencing on or after January 1, 2013;

IAS 28 (2011), Investments in Associates and Joint Ventures: effective for accounting periods commencing on or after January 1, 2013; and

Amendments to IAS 1, Presentation of Items of Other Comprehensive Income: effective for accounting periods commencing on or after July 1, 2012.

These amendments did not have a significant impact on the Company's unaudited condensed interim consolidated financial statements.

The Company's management makes judgements in its process of applying the Company's accounting policies in the preparation of its unaudited condensed interim consolidated financial statements. In addition, the preparation of the financial data requires that the Company's management make assumptions and estimates of effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. The critical judgements and estimates applied in preparation of the Company's unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in notes 2(n) and 2(o) to the Company's consolidated financial statements for the year ended December 31, 2012.

The Company's interim results are not necessarily indicative of its results for a full year.

Basis of consolidation

These unaudited condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiaries. All amounts are expressed in Canadian dollars, unless otherwise stated. The principal subsidiaries of Zincore and their geographic locations at September 30, 2013 were as follows:

	JURISDICTION	NATURE OF OPERATIONS
Zincore Metals Inc.	Canada	Holding company
Polymex Resources Ltd.	Canada	Holding company
Nazca Minerals Ltd.	Bermuda	Holding company
Wari Minerals Limited	Bermuda	Holding company
Exploraciones Collasuyo S.A.C	Peru	Exploration company
Exploraciones y Metales del Centro SACV	Mexico	Exploration company
Paracas Minerals Ltd.	Bermuda	Holding company
Exploraciones Antacollo S.A.C.	Peru	Exploration company

Intercompany transactions and balances between the Company and its subsidiaries are eliminated.

3/ CHANGES IN ACCOUNTING POLICIES

Certain new accounting standards and interpretations have been published that are not effective for the September 30, 2013 reporting period. The Company is currently assessing the potential impact of the adoption of the following standard:

IFRS 9, Financial Instruments: The IASB recently suspended the originally planned effective date of January 1, 2015 and at present the effective date has not been determined.

4/ MINERAL PROPERTIES

A) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013:

	AZOD	MINASCCASA	DOLORES	TOTAL
Balance, January 1, 2013	$ 31,473,146	$ 382,668	$ 6,092,633	$ 37,948,447
Property, acquisition and maintenance	208,246	44,580	13,904	266,730
Geophysics	54,252	-	56,047	110,299
Geology	689,862	16,530	183,067	889,459
Drilling	-	-	518,194	518,194
Pre Feasibility	2,019,420	-	-	2,019,420
Project administration	454,259	29,338	298,370	781,967
Foreign exchange movement	1,071,694	13,038	217,590	1,302,322
Balance, September 30, 2013	$ 35,970,879	$ 486,154	$ 7,379,805	$ 43,836,838

B) FOR THE YEAR ENDED DECEMBER 31, 2012:

	AZOD	MINASCCASA	DOLORES	TOTAL
Balance, January 1, 2012	$ 26,466,677	$ 316,399	$ 3,012,476	$ 29,795,552
Property, acquisition and maintenance	202,935	33,580	69,868	306,383
Geophysics and analytical	367,028	-	309,631	676,659
Geology	864,725	3,032	513,489	1,381,246
Drilling	732,666	-	1,876,939	2,609,605
Pre Feasibility	2,665,783	-	-	2,665,783
Project administration	764,527	36,863	400,097	1,201,487
Foreign exchange movement	(591,195)	(7,206)	(89,867)	(688,268)
Balance, December 31, 2012	$ 31,473,146	$ 382,668	$ 6,092,633	$ 37,948,447

As at September 30, 2013, the Company holds a 100% interest in the AZOD, Dolores, and Minasccasa projects.

On August 6, 2013, the Company announced it had a received a positive Pre-feasibility Study ("PFS") on the AZOD district. The PFS has categorized certain of the Projects resources as proven and probable reserves. See news release, dated August 6, 2013, for further details.

On August 28, 2012 the Company and First Quantum Minerals Ltd. ("First Quantum") entered into a formal Earn-In Shareholders Agreement (the "Earn-In Agreement") relating to the Company's Dolores coppery porphyry project. Under the terms of the Earn-In Agreement, First Quantum can earn up to an 80% interest in Polymex Resources Ltd. ("Polymex") (currently a 100% owned subsidiary of Zincore) which indirectly controls the Dolores project. In order to earn its 80% interest First Quantum must fund the advancement of the project through exploration, and if warranted, development and production. Details of the funding/earn-in structure are as follows:

- First and Second Earn-Ins: First Quantum has committed to spend US $3.0 million at Dolores by August 28, 2013 to earn an unvested 30% equity interest in Polymex.
  - The 30% interest will vest if First Quantum provides written notice (the "Vesting Notice") within 60 days of the first anniversary of the Formal Agreement Date that it will commit to spend an additional US $5.0 million (the "Second Earn-In") within 18 months of the date of the Vesting Notice (the "Vesting Notice Date"). This notice was received by Zincore in October 2013. After the additional US $5.0 million is spent, First Quantum will have earned a 50.1% interest in Polymex. If First Quantum fails to meet its Second Earn-In commitment it will have to forfeit its 30% interest in Polymex.
  - Zincore will be the operator until First Quantum has fulfilled the requirements of the Second Earn-In with oversight from First Quantum by way of a technical committee.

- Third Earn-In: First Quantum can earn an additional 9.9% in Polymex by producing a NI-43-101 compliant Indicated resource estimate (and associated technical report) of more than one million tonnes of contained copper at a 0.20% cut-off grade within three years following the Vesting Notice Date.

- Fourth Earn-In: First Quantum will have the option to earn an additional 10% of Polymex by providing within four years of the Vesting Notice Date studies in sufficient detail that under industry customs and norms a fully informed construction decision can be made.

- Fifth earn-In: First Quantum can acquire an additional 10% interest in Polymex provided that commercial production at Dolores commences within 96 months of the Formal Agreement Date. First Quantum will be responsible for funding all costs associated with construction of a mine and bringing the Dolores Area to commercial production including Zincore`s share of capital expenditures for construction. Zincore will repay its portion of the construction cost from 70% of its portion of the available cash flow from the project.

At the end of the completion of the fifth earn-in the Company will have a 20% interest in Polymex which it can elect to convert to a 3% Net Smelter Return Royalty.

As of September 30, 2013, First Quantum had contributed US $5,670,814 ($5,648,285 in Canadian dollars) in cash towards their earn in commitment and this amount has been recorded as a liability in the consolidated statements of financial position. First Quantum has also incurred exploration expenditures totalling US $496,733 to make their total earn in contribution to the project, as of September 30, 2013, a total of US $6,167,547. First Quantum has fulfilled its first earn in expenditure commitment relating to the Dolores property and is working towards the second earn in. In October 2013 First Quantum made an additional contribution of US $671,000 towards its earn-in on the Dolores property.

On July 23, 2013, the Company announced that it has expanded its strategic partnership with First Quantum under a binding Memorandum of Understanding ("MOU") to pursue a regional copper exploration program over 55,000 hectares of Zincore's 100% owned property package (the "Reconnaissance Properties"). This Reconnaissance Phase extends until April 1, 2015 and Zincore will provide to First Quantum access to all geological, geophysical and general information for the Reconnaissance Properties. In turn, First Quantum, utilizing Zincore staff, will conduct exploration activities with the goal of defining one or more "Copper Target Properties" that comprise one or more "Copper Target Areas" within the Reconnaissance Properties. In the event First Quantum determines it wishes to select a Copper Target Area, the two companies will execute a framework agreement, as described below, to further develop the target under a new joint venture. During the Reconnaissance Phase, First Quantum is not subject to any minimum investments, except to fully fund the exploration programs designed and agreed upon by a Technical Committee, comprised of two representatives each from First Quantum and Zincore and to maintain the Reconnaissance Properties in good standing.

Upon First Quantum selecting one or more Copper Target Areas, the two parties will execute a Framework Agreement to govern a joint venture for each Copper Target Area (the "Copper Target JV"). Each Framework Agreement will be subject to the laws of Peru and will allow First Quantum, at its sole discretion, the right to earn up to an 80% interest in the Copper Target JV by achieving specified objectives.

- First Earn-In: First Quantum can earn a 50.1% interest in a the Copper Target JV by incurring at least US $4 million in exploration expenditures per Copper Target Area within 30 months of First Quantum being granted a mining assignment for such Copper Target Area (the "Effective Date"). Once First Quantum has incurred an aggregate of US $4 million in exploration expenditures for a Copper Target Area, its 50.1% interest in the Copper Target JV shall be earned (the "Vesting Date").

- Second Earn-In: First Quantum shall have the right to acquire an additional 9.9% interest in the Copper Target JV, for an aggregate interest of 60%, by producing a Canadian NI 43-101 compliant technical report with a minimum threshold of an Indicated resource estimate of 1 million tonnes of contained copper, using a 0.20% cut-off grade within the relevant Copper Target Area, within 18 months of the Vesting Date.

- Third Earn-In: First Quantum shall have the right to earn an additional 10%, for an aggregate 70% interest in the Copper Target JV, by providing within 36 months of the Vesting Date, studies in sufficient detail that under industry customs a fully informed development decision can be made.

- Fourth Earn-In: First Quantum shall have the right to acquire an additional 10%, for an aggregate 80% in the Copper Target JV by commencing copper production at the target within 96 months of the Effective Date. If commercial production does not commence within the designated period, the parties' interests in the Copper Target JV shall remain at 70% for First Quantum and 30% for Zincore. First Quantum will be responsible for funding all costs associated with construction of a mine and bringing any Copper Target Area to commercial production including Zincore`s share of capital expenditures for construction to reach commercial production. Zincore's 20% (or 30%, if applicable) portion of the construction costs shall be repaid from 70% of the dividends that Zincore would otherwise be entitled to receive on a pro rata basis from the Copper Target JV.

At any time, Zincore has the option to convert its shareholding interest in a Copper Target JV into a 3% net smelter royalty payable on all minerals extracted and marketed from the Copper Target Area.

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. To date, no preferred shares have been issued.

B) CHANGES IN ISSUED SHARE CAPITAL AND RESERVES WERE AS FOLLOWS:

On August 26, 2013, the Company completed a six-for-one consolidation of the Company's common shares. All comparative period information for common shares, stock options, and warrants has been adjusted to reflect this consolidation. As well, the consolidation effected a reduction in the number shares of common shares issuable upon any potential conversion of the outstanding convertible loan held by First Quantum described in note 7 as well as a proportionate increase to the loan conversion price.

On September 16, 2013, the Company announced its intention to raise by a brokered private placement gross proceeds of US $1.585 million by issuing 5,866,709 units at a price of US $0.27 per unit. Each unit will consist of one common share and one-half of a common share purchase warrant. Each whole warrant will entitle the holder to purchase one common share at US $0.36 for up to 24 months. On September 27, 2013 the Company announced that it had closed the first tranche of the private placement for gross proceeds of US $750,000 ($771,375 in Canadian dollars). This first tranche consisted of 2,777,775 units at a price of US $0.27. In connection with the closing of the first tranche of the offering, the Company will pay the agent a cash fee of US $2,925. The 1,388,887 warrants issued relating to this first tranche were valued at $157,361 by using the Black-Scholes options pricing model assuming no dividends are to be paid, volatility of 103%; risk free interest rate of 1.24%; and an estimated life of 2 years. This amount was recorded in share capital as share issue costs, and share purchase warrants, in the Condensed Consolidated Interim Statements of Financial Position. On October 17, 2013, the Company announced that is private placement would be closed and the Company would not be proceeding with a second tranche.

On September 16, 2013, the Company issued 126,262 common shares, valued at $41,167 and recorded in consulting and management fees, to its CEO in lieu of payment of a portion of his fees relating to the four month period ending August 31, 2013.

On May 10, 2012, First Quantum purchased, by way of a private placement, 3,185,645 common shares of the Company at a price $1.20 per share for gross proceeds totalling $3,822,775. The Company paid fees totalling $187,275 in connection to this private placement.

On March 16, 2012, the Company raised, by way of a non-brokered private placement, gross proceeds totalling $5,405,000 by issuing 4,504,168 units at $1.20 per unit. Each unit consisted of one common share and one-half common share purchase warrant. Each whole share purchase warrant will entitle the holder to purchase one common share at $1.80 for up to 2 years. These warrants were valued at $1,475,375 by using the Black-Scholes options pricing model assuming no dividends are to be paid, volatility of 89%; risk free interest rate of 1.12%; and an estimated life of 2 years. The Company paid fees totalling $378,514 in connection to this private placement.

C) SHARE PURCHASE OPTION COMPENSATION PLAN

The Company has a share purchase option plan providing for the issuance of options that shall not at any time exceed 10% of the total number of issued and outstanding common shares of the Company as at the date of grant of the options. The Company may grant options to directors, officers, employees, consultants and other personnel of the Company or any of its subsidiaries. The exercise price of each option is the volume weighted average trading price for the last five trading days prior to the date of grant of options. The option vesting periods are established by the Board of Directors or Exchange policies if applicable. Options may not be granted for a term exceeding ten years and all options granted to date have been for a term of five years.

At September 30, 2013, there were 2,034,995 share options outstanding, of which 1,756,942 were exercisable.

	NINE MONTHS ENDED SEPTEMBER 30, 2013			YEAR ENDED DECEMBER 31, 2012		
	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE		NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	
Outstanding at beginning of period	1,934,166	$	1.67	1,638.943	$	2.08
Granted	166,667	$	0.42	500,833	$	0.78
Forfeited	(65,838)	$	1.56	(205,610)	$	3.25
Outstanding at end of period	2,034,995	$	1.57	1,934,166	$	1.67
Exercisable at end of period	1,756,942	$	1.72	1,600,277	$	1.86

EXERCISE PRICE RANGE	NUMBER OF OPTIONS OUTSTANDING	WEIGHTED AVERAGE EXERCISE PRICE	WEIGHTED-AVERAGE REMAINING YEARS	NUMBER OF OPTIONS EXERCISABLE	WEIGHTED AVERAGE EXERCISE PRICE
$0.42-$1.00	667,499	$0.69	4.2	389,446	$0.73
$1.01-$2.00	1,135,828	$1.70	1.9	1,135,828	$1.70
$2.01-$4.00	231,668	$3.48	2.2	231,668	$3.48
	2,034,995	$1.57	2.7	1,756,942	$1.72

As a result of common shares issued, and share options granted and the vesting and amortization of previous grants, during the three and nine months ended September 30, 2013 the Company recognized $73,384 (September 30, 2012 – $41,118) and $197,590 (September 30, 2012 - $229,304) as share-based compensation expense. Of these amounts, as a result of the common shares issued to the Company's CEO as described above, $41,667 (September 30, 2012 – $nil) was recorded in share capital for the three and nine month periods ending September 30, 2013. As well, as a result of share options granted, and the vesting and amortization of previous grants, during the three and nine month periods ending September 30, 2013, the Company recognized $31,717 (September 30, 2012 - $41,118) and $155,923 (September 30, 2013 - $229,304) as share-based compensation expense and recorded this amount in share based payment reserve. These amounts were recorded as follows:

	THREE MONTHS ENDED SEPTEMBER 30, 2013		THREE MONTHS ENDED SEPTEMBER 30, 2012		NINE MONTHS ENDED SEPTEMBER 30, 2013		NINE MONTHS ENDED SEPTEMBER 30, 2012	
Consulting and management fees	$	52,964	$	3,225	$	81,877	$	18,275
General exploration		3,320		8,869		18,812		49,780
Salaries and benefits		17,100		29,024		96,901		161,249
Total	$	73,384	$	41,118	$	197,590	$	229,304

The value of the share options granted during the three and nine months ended September 30, 2013 was determined using the Black-Scholes option pricing model. During the nine months ended September 30, 2013 the weighted average grant-date fair value of $0.24 for each option granted was estimated using the following weighted average assumptions: no dividends are to be paid; volatility of 97%; risk free interest rate of 1.2%; forfeiture rate of 0%; and expected life of 3.5 years. There were no stock options granted during the three and nine month periods ended September 30, 2012. Share – based compensation recorded in those periods was the result of the vesting and amortization of grants issued in prior years. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable measure of the fair value of the share purchase options.

D) WARRANTS

As at September 30, 2013 the Company had the following warrants outstanding:

AMOUNT	EXERCISE PRICE		EXPIRY DATE
2,252,083	$	1.80	MARCH 16, 2014
1,908,333	$	2.40	JUNE 15, 2014
1,388,887	$	U.S. 0.36	SEPTEMBER 27,2015
5,549,303			

As at December 31, 2012 the Company had the following warrants outstanding:

AMOUNT		EXERCISE PRICE	EXPIRY DATE
2,252,083	$	1.80	MARCH 16, 2014
1,908,333	$	2.40	JUNE 15, 2014
4,160,416			

6/ ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities include $462,000 (December 31, 2012- $634,533) in deferred compensation earned in 2012. This amount is only payable upon completion of a successful financing by the Company. The remaining amount is primarily related to trade payables.

7/ CONVERTIBLE LOAN

On April 17, 2013, the Company completed a loan agreement with First Quantum whereby First Quantum provided the Company with US $2 million ("the Loan") for working capital purposes. The term of the agreement is for one year, or as extended by mutual agreement between both parties and the interest rate is LIBOR plus 5%. The repayment options are as follows: Unless Zincore chooses to repay the loan in cash prior to maturity, First Quantum will choose at or before maturity, one of the following three conversion options to receive repayment:

- Credit all or a portion of the loan amount towards the First Quantum's obligations to incur project expenditures for the Dolores joint venture as per the Earn-in Agreement discussed in note 4;
- Credit all or a portion of the loan amount towards the First Quantum's obligations to earn into any new copper target relating to the "MOU" announced on July 23, 2013 and discussed in note 4; or
- Convert all or a portion of the loan amount into Zincore shares, subject to the prior approval of Zincore shareholders if the conversion would result in the issuing of a number of shares greater than 10% of the Company's issued and outstanding common shares at the time of conversion. Any conversion of loan amount into Zincore shares would be at the greater of the volume weighted average trading price of the Company's shares on TSX for the five days prior to the date of conversion, or US $0.48/share. The price of the conversion was originally US $0.08/share, but was changed to US $0.48/share as a result of the share consolidation described in note 5.

As of September 30, 2013, the Company had accrued interest expense of US $57,000 ($59,328 in Canadian dollars) related to this loan.

8/ 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:

	AT SEPTEMBER 30, 2013	AT DECEMBER 31, 2012
Peru	$ 43,962,740	$ 38,059,171
Canada	22,233	27,160
Total	$ 43,984,973	$ 38,086,331

9/ RELATED PARTY TRANSACTIONS

The Company paid remuneration for management services to a company controlled by Zincore's Chief Executive Officer. Fees are paid based on a daily rate pursuant to a consulting contract, approved by the Company's Board of Directors. Details of these related party transactions are as follows:

	THREE MONTHS ENDED SEPTEMBER 30, 2013	THREE MONTHS ENDED SEPTEMBER 30, 2012	NINE MONTHS ENDED SEPTEMBER 30, 2013	NINE MONTHS ENDED SEPTEMBER 30, 2012
Remuneration paid to a company controlled by a director for contracting services	$ 92,228	$ 97,084	$ 217,516	$ 296,884

These amounts are recorded as consulting fees and management fees in the Condensed Consolidated Interim Statements of Comprehensive Loss.

10/ LOSS PER SHARE

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the three and nine months ended September 30, 2013 was based on the loss attributable to common shareholders of $630,921 (September 30, 2012 - $950,261) and $2,148,301 (September 30, 2012 - $2,661,011), respectively. The weighted average number of common shares outstanding for the same periods were 35,183,785 (September 30, 2012 – 35,073,992) and 35,110,857 (September 30, 2012 – 32,319,609), respectively.

Diluted loss per share did not include the effect of 2,034,995 (September 30, 2012 – 1,433,333) share options and 5,549,303 (September 30, 2012 – 4,541,917) warrants as they are anti-dilutive.

11/ COMMITMENTS

The Company's material contractual obligations are for an office sub-lease entered into in September 2010 and expiring in September 2017.

	TOTAL	2013	2014	2015	2016	2017
Operating lease obligations	$ 686,569	$ 43,037	$ 173,516	$ 176,256	$ 176,256	$ 117,504

In March 2012 the Company signed an agreement to sublease its current office space until September 2017 which will enable it to fully offset the remaining commitment relating to its operating lease obligations. The agreement became effective on April 15, 2012. Pursuant to that agreement the Company collected a three month damage deposit and recorded it as a long-term obligation.

12/ MANAGEMENT OF CAPITAL RISK

The capital structure of the Company consists of equity attributable to common shareholders, comprising issued capital, reserves and deficit. Its capital resources consist of cash, cash equivalents and tax credits receivable. The Company manages its capital to fund its 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.

13/ 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 and price risk (including currency and interest rate 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 a portion 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 Board has not approved the use of derivative financial products.

A) FAIR VALUE ESTIMATION

The fair values of the Company's cash and cash equivalents, exploration advances and other receivables, accounts payable, convertible loan, and share purchase warrants approximate their carrying values due to their short term nature. The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk and market risk with respect to currency risk and interest risk.

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, Peru, and Mexico. All accounts are held at commercial banks with credit ratings of A or higher. As a result the Company does not believe their credit risk is significant.

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 operating requirements 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 operating expenditures. The Company has considerable discretion to reduce or increase exploration plans or budgets depending on current or projected liquidity. When appropriate, the Company will seek joint venture partners in order to fund or share in the funding of its exploration properties to minimize shareholder risk.

As discussed in notes 5 and 7, during the past 18 months ended on September 30, 2013, the Company has raised gross proceeds of approximately $12.1 million by completing three private placements of common shares and entering into one convertible loan agreement. However, as a result of current market conditions, it has become increasingly difficult for exploration stage companies to raise capital. Therefore, as discussed in note 4, the Company has expanded its strategic partnership with First Quantum, whereby First Quantum will be funding certain exploration expenditures on the Company's property portfolio until April 1, 2015. The Company is continuously evaluating alternatives in order to raise additional capital to increase liquidity and to cut costs where possible, but there is no certainty that additional capital will be raised. As at September 30, 2013, cash resources totalled $1,116,240.

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 smaller exposures mainly to Peruvian soles and Canadian dollars. As well, the Company holds a US dollar denominated convertible loan. A weakening Canadian dollar relative to these currencies increases the Company's reported expenses and increases its deferred mineral properties and value of the convertible loan. However, a weakening Canadian dollar results in a foreign exchange gain on the Company's non-Canadian monetary assets.

A 10% weakening in the Canadian dollar relative to the U.S. dollar would increase the net loss by approximately $38,000 over the next three months with a 10% strengthening having the opposite effect.

A 10% weakening of the Canadian dollar relative to the U.S. dollar would increase budgeted deferred mineral property expenditures over the next three months by approximately $60,000 with the opposite effect of a 10% strengthening. A 10% weakening in the Canadian dollar relative to the Peruvian soles has an immaterial effect on the Company's net earnings or deferred mineral property expenditures.

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, and interest accrued on its convertible loan from First Quantum. A 1% decrease in short term rates would decrease interest income, from the Company's cash and cash equivalents, and increase net loss of the Company by approximately $4,000 over the next three months. However, due to the convertible loan from First Quantum, the same 1% decrease in short term interest rates would decrease interest expense and decrease net loss by approximately $5,000 over the same three month period.