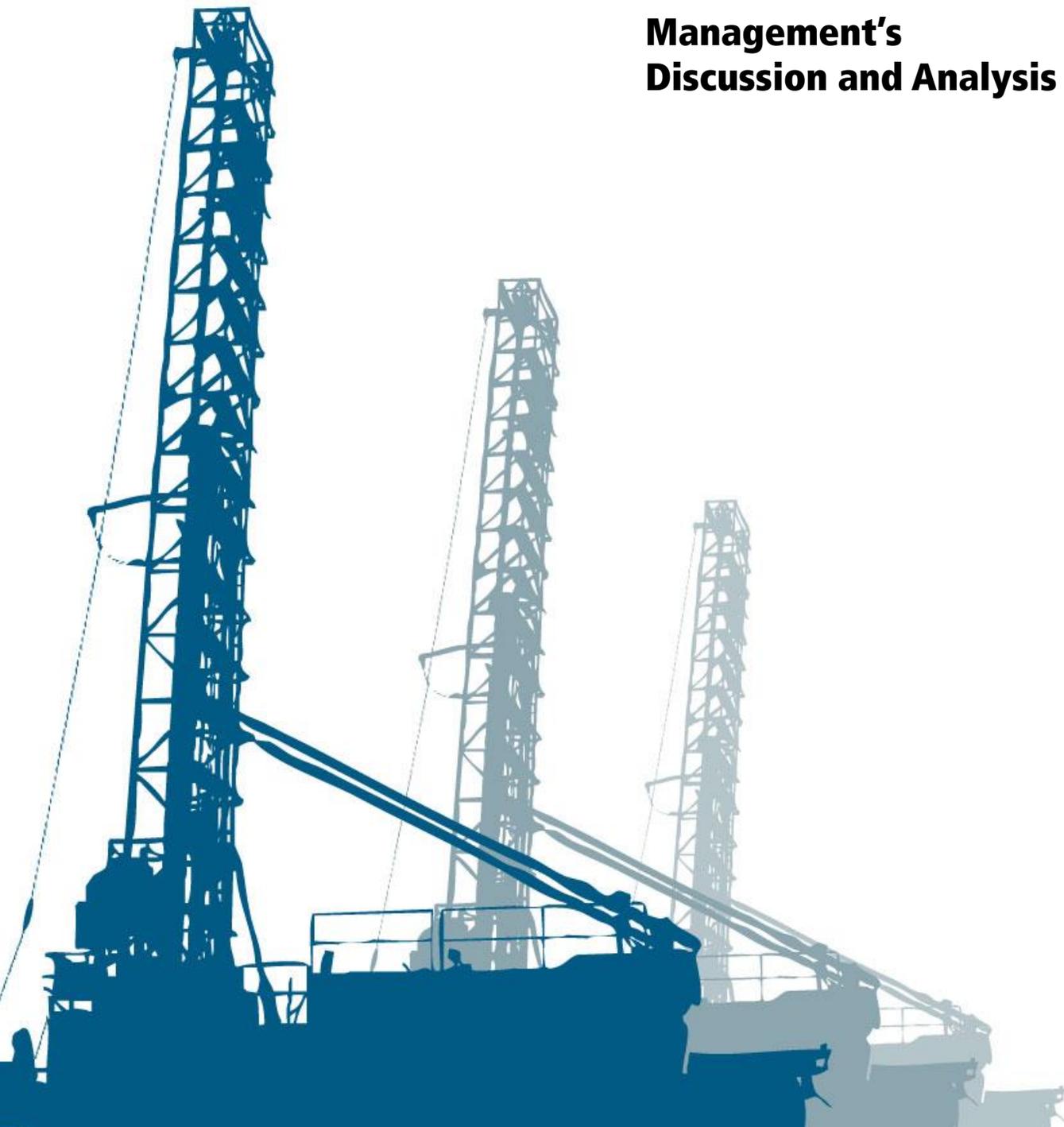


ZINCORE METALS INC.



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

## **Management's Discussion and Analysis**



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

For the Three and Nine Months Ended September 30, 2013 and 2012  
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 and nine month periods ended September 30, 2013 and 2012 is prepared as of November 1, 2013 and should be read in conjunction with the Company's unaudited interim financial statements for the three and nine month periods ended September 30, 2013 and 2012 and the audited financial statements for the years ended December 31, 2012 and 2011 which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. All of these statements are available on the Company's website at [www.zincoremals.com](http://www.zincoremals.com) or on the SEDAR website at [www.sedar.com](http://www.sedar.com). Additional information relating to the Company, including its Annual Information Form ("AIF") dated March 22, 2013, is also available on SEDAR at [www.sedar.com](http://www.sedar.com).

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.

All financial information in this MD&A is 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 is dependent 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

Certain information in this MD&A, including all statements that are not historical facts, constitutes forward-looking information within the meaning of applicable Canadian securities laws. Such forward-looking information includes, but is not limited to, information which reflect management's expectations regarding the Company's future growth, results of operations (including, without limitation, future production and capital expenditures), performance (both operational and financial) and business prospects (including the timing, execution, and success of exploration activities) and opportunities. In this MD&A this specifically includes statements regarding the Prefeasibility Study ("PFS") on the Accha Zinc Oxide ("AZOD"), a potential joint venture with First Quantum Minerals Ltd. ("First Quantum") relating to the Reconnaissance Properties (as defined herein), the election by First Quantum to complete its earn-in for the Company's Dolores project and timing of various stages of the Dolores drilling program. Often, this information includes words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate" or "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

In making and providing the forward-looking information included in this MD&A, the Company has made numerous assumptions. These assumptions include among other things: (i) assumptions about the price of zinc, lead, copper and other base metals; (ii) that there are no material delays in the exploration and drill programs on its properties; (iii) assumptions about operating costs and expenditures; (iv) assumptions about future production and recovery; (v) that the supply and demand for zinc, lead, and copper develops as expected; (vi) that there is no unanticipated fluctuation in foreign exchange rates; and (vii) that there is no material deterioration in general economic conditions. Although management believes that the assumptions made and the expectations represented by such information are reasonable, there can be no assurance that the forward-looking information will prove to be accurate. By its nature, forward-looking information is based on assumptions and involves known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements, or results, to be materially different from future results, performance or achievements expressed or implied by such forward-looking information. Such risks, uncertainties and other factors include among other things the following: (i) decreases in the price of zinc, lead, and copper; (ii) the risk that the Company will continue to have negative operating cash flow; (iii) the risk that additional financing will not be obtained as and when required; (iv) material increases in operating costs; (v) adverse fluctuations in foreign exchange rates; (vi) the risk that First Quantum will not elect to complete a joint venture for the Reconnaissance Properties or elect to complete the earn-in for the Dolores project; (vii) environmental and political risks and changes in environmental and mining legislation and (viii) community relations risks associated with operating in Peru.

The Company's annual information form contains information on risks, uncertainties and other factors relating to the forward-looking information. Although the Company has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking information, there may be other factors that cause actual results, performances, achievements or events not to be anticipated, estimated or intended. Also, many of the factors are beyond the Company's control. Accordingly, readers should not place undue reliance on forward-looking information. The Company undertakes no obligation to reissue or update forward looking information as a result of new information or events after the date of this MD&A except as may be required by law. All forward-looking information disclosed in this document is qualified by this cautionary statement.

## OUTLOOK

On August 6, 2013 the Company announced that it received a positive PFS for the AZOD project. Please see "Property Review" section for more details. A full National Instrument 43-101 compliant technical report was completed and filed on SEDAR on August 26, 2013. The Company is currently exploring every option to advance this project in order to maximize shareholder value, including but not limited to development, joint venture, or sale. As well, a recent reconnaissance program, the results of which were announced in February 2013, indicated five new primary and seven new secondary zinc-lead targets that may increase the potential for the Company's AZOD project. The Company will explore options to expand the potential resources at the AZOD project with a focus on increasing the projected mine life and scope of the project.

During the nine month period ended September 30, 2013, the Company has negotiated a \$2.0 million loan agreement ("the Loan") with First Quantum Minerals Ltd. ("First Quantum") and raised US \$750,000 by way of private placement. These injections of cash allowed the Company to complete its PFS and continue with other planned explorations programs.

The Company has funds to pursue its current work plans however given the difficult equity market conditions, the Company has, and will continue to, explore options to raise cash and reduce its costs. One example of this effort was that 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"). First Quantum will fund exploration on the Reconnaissance Properties until April 1, 2015. During that time, if a copper target area is determined then a framework agreement (a "Framework Agreement") will be executed between Zincore and First Quantum in order to develop the target under a new joint venture. See "Property Review" below for full details of the MOU. Areas of focus will include the targets announced in January 2013, where the Company had performed extensive geophysical, geochemical, and geological work and highlighted new, high profile copper exploration targets within the Company's property portfolio. This MOU will allow exploration work to continue on the Company's large 100% owned land package in Peru while allowing it to preserve cash and minimize dilution during these difficult market conditions for junior mining companies.

On August 8, 2013, the Company held a special meeting of shareholders at which three resolutions were passed: approving the following; (a) permitting the Company to issue shares in lieu of cash for up to C\$250,000 of certain management fees and salaries; (b) allowing management the option of consolidating the Company's shares by a ratio of up to 6 existing shares for 1 new share, and (c) approving the possible conversion of the US\$2.0 million loan from First Quantum into Zincore shares. The intent for the first two resolutions is to allow the Company to preserve cash and to better position itself to finance once the capital markets for junior explorers improves. The third resolution was put forward because one of the options First Quantum has under the loan agreement described above is to convert the loan into common shares of the Company. As the Loan will mature before the date of the next Zincore Annual General Meeting, it was thought prudent to deal with the issue at this time. It is important to note that, as of the date of this MD&A, First Quantum has given no indication that converting the Loan into common shares is their option of choice.

On August 26, 2013, the Company completed a six-for-one consolidation of the Company's common shares which was approved at the August 8, 2013 meeting described above.

At the Company's Dolores project, a re-interpretation is currently in progress of all the drill results to date and the next phase of work is currently being planned by the project's technical committee. The Company plans to focus its exploration efforts on finding a higher grade mineralized body within the large Dolores system. The Company's partner on the project, First Quantum, has completed its first earn-in expenditure commitment and is currently in the second earn-in expenditure commitment phase. In October 2013, the Company received notice from First Quantum that it wished to vest its 30% earned interest in Polymex Resources Ltd. ("Polymex"). Polymex is a 100% owned Zincore subsidiary which indirectly owns 100% of the Dolores Project, The notice also indicated that First Quantum intends to incur the full amount of second earn-in expenditures totalling US \$5.0 million within the next 18 months.

## DESCRIPTION OF BUSINESS

Zincore is an exploration stage mining company engaged in the identification, acquisition, evaluation, exploration and development of zinc and base metal properties 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. Zincore's properties are in the exploration stage and are thus non-producing and consequently do not generate revenue or cash flow from operations. The Company is dependent on additional equity, debt capital or proceeds from divestitures to finance its activities.

Zincore's main activities are related to exploration, definition drilling and technical studies at its AZOD project in Peru, and initial exploration at its other properties to further assess potential and develop more detailed exploration programs.

## OVERALL PERFORMANCE AND CURRENT ECONOMIC CONDITIONS

2013 has continued much the way 2012 closed with investors avoiding exposure to risk from global economic problems and seeking liquidity. This led to outperformance for large, industrial companies that could be easily bought and sold, such as those that make up the S&P500. With base metals junior resource stocks squeezed by virtually no liquidity, Zincore shares opened the quarter at \$0.30 (adjusted for consolidation) before closing the month of September at \$0.25 for a loss of 16.7%. Given that the overall market situation does not appear to be improving for junior exploration companies, there can be no assurance Zincore will be able to raise sufficient funds in the future to meet its obligations as they come due in the normal course of business.

On October 14, 2013, the Company announced significant cost cutting measures which included reduction in office space both in Canada and Peru, as well as salary, fee, and staff reductions. These cuts will not have a significant effect on the Company's exploration activities moving forward, but are intended to minimize overhead costs.

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. On October 17, 2013, the Company announced that its private placement would be closed and the Company would not be proceeding with a second tranche.

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"). First Quantum will fund exploration on the Reconnaissance Properties until April 1, 2015. During that time, if a copper target area is determined then a framework agreement will be executed between Zincore and First Quantum in order to develop the target under a new joint venture. See "Property Review" below for full details of the MOU. This MOU will allow exploration work to continue on the Company's large 100% owned land package in Peru while allowing it to preserve cash and minimize dilution during these difficult market conditions for junior mining companies.

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%. 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 First Quantum's obligations to incur project expenditures for the Dolores joint venture as per the terms announced by Zincore on July 13, 2012;
- Credit all or a portion of the Loan amount towards the First Quantum's obligations to earn into any new copper target selected from the Company's recent copper reconnaissance as announced by Zincore on January 23, 2013;
- 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 above.

The Company's work on its PFS relating to the AZOD project continued during the two quarters of 2013. A positive PFS has now been completed by AMEC and the details can be found in the "Property Review" section below. A full National Instrument 43-101 compliant technical report was completed and filed on SEDAR on August 26, 2013. In addition, results of the Company's reconnaissance work indicated five new primary and seven new secondary zinc-lead targets that may increase the potential for the Company's AZOD project.

On March 21, 2013, the Company reported assay results from Holes 14 to 17 on the Dolores project. Highlights from the results include: 72.35 metres of 0.26% copper equivalent, including 21.3 metres of 0.44% copper equivalent in Hole DOL-17 and 298.6 metres of 0.16% copper equivalent, including 20.0 metres of 0.40% copper equivalent in Hole DOL-15. Copper equivalent totals were calculated at the time using TD Securities long term prices of US\$3.00/lb copper and US\$12.00/lb molybdenum and do not include any potential gold or silver credits. Metallurgical recoveries and net smelter returns are assumed to be 100%.

On January 8, 2013, results from holes Dol-12 and Dol-13 were released and highlights from those results include 0.17% copper equivalent over 584.7 metres in hole Dol-12, including 0.26% copper equivalent over 143 metres, 0.35% copper equivalent over 36.4 metres, 0.40% copper equivalent over 10 metres, and 0.31% copper equivalents over 45.8 metres. Copper equivalent totals were calculated at the time using TD Securities long term prices of US\$2.75/lb copper and US\$15.00/lb molybdenum and do not include any potential gold or silver credits. Metallurgical recoveries and net smelter returns are assumed to be 100%. Results in Hole Dol-13 did not return high copper values, however, the hole was intended to be a deep exploratory probe and did meet its goal of intersecting at depth what had been interpreted as mineralized quartz diorite porphyry dikes and quartz chalcopyrite veinlets at the contact between the barren tonalite porphyry and quartzites.

In January 2013, the Company announced that its extensive geophysical, geochemical, and geological work has highlighted new, high profile copper exploration targets within the Company's property portfolio. The Company anticipates that continued work on these highly prospective targets later in 2013 could bring new value to its shareholders. These targets have been included in the MOU discussed above.

As at September 30, 2013, the Company had negative working capital, comprised of current assets less current liabilities, totaling \$2,427,438. However, the \$2,115,625 convertible loan, included in the calculation of working capital, is not required to be repaid in cash. As well, current liabilities also include deferred compensation accruals totalling \$462,000 which are only payable upon completion of a successful financing by the Company. The Company continues to explore ways to conserve cash and has entered into agreements where the majority of its planned exploration expenditures, not including PFS costs on the AZOD project, are being fully funded by First Quantum. The Company is also exploring all options to raise additional cash during these difficult market conditions for junior mining companies.

During the nine month period ended September 30, 2013, the Company received US \$3,173,033 (\$3,205,063 in Canadian dollars) from First Quantum as further contribution to the Dolores joint venture. Of that amount, approximately \$692,000 related to December expenditures incurred by the Company which was recorded as a receivable at December 31, 2012. As as of September 30, 2013, First Quantum has made cash contributions totalling US \$5,670,814 (\$5,648,285 in Canadian dollars) to the Dolores Joint Venture, and has incurred exploration expenditures totalling US \$496,733 to make their total earn-in contribution to the project as of that date total US \$6,167,547. In October 2013 First Quantum made an additional contribution to their earn-in in the amount of US \$671,000. As of the date of this MD&A, First Quantum's total earn-in contribution to the Dolores Joint Venture was US \$6,838,547.

## RESULTS OF OPERATIONS

	THREE MONTHS ENDED SEPTEMBER 30, 2013	THREE MONTHS ENDED SEPTEMBER 30, 2012	NINE MONTHS ENDED SEPTEMBER 30, 2013	NINE MONTHS ENDED SEPTEMBER 30, 2012
General exploration	\$ 154,526	\$ 199,032	\$ 564,737	\$ 694,811
Salaries and benefits	\$ 97,254	\$ 171,874	\$ 467,039	\$ 612,761
Other general and administrative expenses	\$ 232,049	\$ 203,203	\$ 643,510	\$ 716,064
Consulting and management fees	\$ 188,696	\$ 386,649	\$ 468,096	\$ 655,784
Foreign exchange (gain) loss	\$ (42,939)	\$ 3,189	\$ 12,888	\$ 7,015
Depreciation	\$ 1,530	\$ 2,018	\$ 4,927	\$ 6,130

General exploration expense was lower by approximately 22% and 19% during the three and nine month periods ending September 30, 2013, respectively, when compared to the same periods in 2012 reflecting lower administrative and non-property related exploration costs in Peru as the Company sought to preserve cash. In addition share-based compensation was lower as no stock options relating to general exploration have been granted to date in 2013.

Salaries and benefits were lower by approximately 43% and 24% during the three and nine month periods ending September 30, 2013, respectively, when compared to the same periods in 2012 due to outsourcing of legal services which resulted in fewer staff at the Company's head office. As well, beginning during the third quarter of 2013, the Board of Directors has foregone its fees in order to preserve cash. The Company continues to investigate options for further cost reductions. Also, share-based compensation recorded in salaries and benefits during the periods in 2013 decreased when compared to the same periods in 2012.

Other general and administrative expenses were higher by approximately 14% during the three month period ending September 30, 2013 when compared to the same period in 2012. This increase was primarily the result of increased travel costs relating to the Company's financing efforts. Other general and administrative expenses have decrease by 10% over the nine month period ending on September 30, 2013 when compared to the same period in 2012 primarily as a result of office space and staffing reductions at the Company's corporate office, as well as a decrease in audit and review fees. These reductions were partially offset by higher legal expenses as a result of outsourcing the Company's legal work instead of having inside counsel. As well, travel costs have increased as a result of the Company's fundraising efforts.

Consulting and management fees decreased by approximately 50% and 29% during the three and nine month periods ending September 30, 2013, respectively, when compared to the same periods in 2012. This was primarily due a one-time financial advisory cost totalling \$250,220 incurred during the third quarter of 2012. This reduction was partially offset by the hiring of a new consultant to serve as Vice-President, Exploration and the related share option grant. As of October 15, 2013, the Company will no longer have a Vice-President, Exploration as those responsibilities will be performed by the CEO. This re-structuring will have the effect of reducing consulting and management fees expense in the future.

The Company recorded a foreign exchange gain the three month period ending September 30, 2013 while recording a foreign exchange loss during the nine month period ending on the same date. Foreign exchange gains and losses result primarily from the translation of U.S. dollar denominated monetary assets and liabilities into Canadian dollars.

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 under the section titled "Financial Condition, Liquidity and Capital Resources", \$41,667 (September 30, 2012 – \$nil) was recorded in share-based compensation expense and 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.

## PROPERTY REVIEW

### ACCHA ZINC OXIDE DISTRICT PROJECT ("AZOD")

AZOD covers over 50,000 hectares and hosts zinc and lead oxide mineral resources at both the Accha and Yanque deposits. The Accha deposit is at the north end of the District and the Yanque deposit is 30 kilometres to the south. Mineralization has been identified in 21 other locations in the district, including five new primary and seven new secondary targets identified in 2013. These other locations have the potential to add to the resources at the district. Zincore management views the AZOD as a single operation. To that end, the Company has re-modelled previously completed results to optimize the resources and tested a laboratory and pilot scale metallurgical process that would be used at a central processing facility for the entire district. In October 2011, the Company received the PEA relating to the AZOD, prepared by AMEC, which is the first third party validation of the economics of this project as a mining operation. On August 6, 2013 the Company announced that it had received a positive PFS on this project, which was also prepared by AMEC. The Company is now exploring every option to advance this project in order to maximize shareholder value, including but not limited to development, joint venture, or sale.

During 2010, formal agreements were signed with the main community holding the surface rights to the Accha and Yanque deposit areas, giving the Company access to the respective areas for a five year period.

### Pre-feasibility Study ("PFS")

AMEC was retained to perform the PFS and work started in earnest during the second quarter of 2012. A geotechnical drilling program was completed during 2012 and metallurgical tests were conducted in laboratories in Poland and South Africa. A study has also been commissioned, that will be performed by Thyssen Krupp and FLSmidth, to optimize the Waelz Kiln specifications for the proposed pyrometallurgical plant.

Results of the PFS were announced on August 6, 2013 with a full National Instrument 43-101 compliant technical report completed and filed on SEDAR on August 26, 2013. The Company is pursuing a district strategy with a single pyrometallurgical facility, the Waelz Kiln, to process zinc and lead oxide material from all AZOD project deposits to produce a high grade zinc-lead fume, or oxide concentrate. As with the PEA discussed below, the PFS considered two scenarios for the production of final products for sale. A Base Case investigated further processing of the concentrate by the Company to produce a special high grade zinc ingot and lead sulphate by-product, while an alternate scenario (the "Fume Case") considered selling the zinc-lead oxide concentrate to third-party refineries. Highlights from the PFS for both cases are presented below in US dollars unless otherwise stated:

	BASE CASE		FUME CASE	
	AFTER TAX (\$'000)	PRE-TAX (\$'000)	AFTER TAX (\$'000)	PRE-TAX (\$'000)
<b>Cumulative net cash flow</b>				
Undiscounted	<b>377,268</b>	<b>528,683</b>	<b>243,384</b>	<b>336,980</b>
<b>Net present value (2015)</b>				
Discounted at 5%	217,024	332,216	135,342	205,805
<b>Discounted at 8%</b>	<b>150,123</b>	<b>248,917</b>	<b>91,073</b>	<b>151,221</b>
Discounted at 10%	114,287	203,823	67,617	121,986
Discounted at 12%	84,081	165,472	48,011	97,321
Internal rate of return	20.5%	28.6%	19.2%	26.7%
Payback period	3.8	3.0	3.9	3.2
Total start-up capital	345.5 (US \$M)		214.5 (US \$M)	
Total life of mine capital	357.7 (US \$M)		225.9 (US \$M)	
Projected Life of Mine (years)	8.0		9.0	

**Assumptions**

- Zinc price of US\$1.26/lb and lead price of US\$1.04/lb Base Case over life of mine average (weighted).
- Zinc price of US\$1.27/lb and lead price of US\$1.04/lb Fume Case over life of mine average (weighted).
- Metal prices are based on an average of prices from the World Bank and Wood Mackenzie. Prices peak from 2017 to 2022. Production is planned for 2017 but delays in production may increase the risk of not realizing the benefits of forecast high metal prices.
- NPV is as of 2015. 20% contingency applied to the capital expenditure direct estimates. Corporate income tax rate of 30%.
- PbSO4 assumes Pb concentrate terms with 95% payability for lead, and a 3% deduction. Long term treatment charges (\$284/tonne) are based on average of Wood Mackenzie treatment charge forecasts for Pb concentrate.
- For Fume Case bulk payability concentrate terms with 80% of zinc with 7% deduction and for lead payability of 95% with 3% deduction have been assumed.
- No contaminants penalties were allowed for the bulk concentrate and PbSO4.
- Fume long-term treatment charges (\$334/t) are based on average of Wood Mackenzie treatment charge forecasts for bulk concentrate.
- Cash cost/pound of zinc payable is net of lead credits and includes an US\$0.08/lb premium for super high grade cathode in the Base Case.
- Anthracite is assumed to be sourced from the north of Peru. A cost of \$117/t was utilized for the anthracite and a Currency Exchange Rate \$1USD = 3.00 Peruvian Nuevo Sol was utilized for anthracite. Anthracite represents 41% and 56% of total processing costs of the Base Case and Fume Case respectively.
- A 3% contingency has been applied to all processing costs with the exception of anthracite which is presented as sensitivity and represents a risk to the project.
- It should be noted that the assumed level of payabilities for lead sulphate concentrate and zinc-lead oxide concentrate (Fume) used in the PFS were derived from a market study conducted by Wood Mackenzie and commissioned by Zincore, however, no buyers have been directly approached by the Company to confirm the assumed levels of payability.

Total adjusted cash costs (net of zinc premium and lead credits) for the Base Case were U.S. \$333.8 million for the life of the life of the mine, U.S. \$31.58 per tonne milled, and U.S. \$0.32 per pound of zinc payable. In the Fume Case the total adjusted cash costs (net of lead credits) were U.S. 749.7 million for the life of the mine, U.S. \$65.00 per tonne milled, and U.S. \$0.70 per pound of zinc payable.

**Preliminary Economic Assessment ("PEA")**

On October 13, 2011, the Company announced it had received a positive PEA for the development of the AZOD project. The PEA, prepared by AMEC, recommends a Pre-Feasibility Study for the project. The PEA considered two scenarios for the production of final products for sale. A Base Case investigated further processing of the concentrate by the Company to produce a special high grade zinc ingot and lead sulphate by-product, while an alternate scenario (the "Fume Case") considered selling the zinc-lead oxide concentrate to a third-party refinery.

HIGHLIGHTS FROM THE PEA INCLUDE:

NPV PRE-TAX	NPV AFTER-TAX	IRR PRE-TAX	IRR AFTER-TAX	CAPEX	PAYBACK PERIOD	CASH COST / POUND OF ZINC
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Base Case	US\$ 232M	US\$ 140M	20.3%	16.5%	US\$ 330M	4.1 years	US\$ 0.18
Fume Case	US\$ 271M	US\$ 176M	30.1%	24.3%	US\$ 194M	2.9 years	US\$ 0.40

**Assumptions**

- Zinc price of US\$0.95/lb and Lead price of US\$0.87/lb
- 8% discount rate
- 20% contingency applied to CAPEX Direct and Indirect Cost estimates
- Tax rate of 30% Fume Case – 80% payability of zinc oxide and 60% payability of lead oxide
- A buyer of the lead-zinc oxide concentrate from the Fume Case, which would give the assumed level of payability, has not been identified
- Cash Cost/Pound of Zinc payable is net of lead credits and includes US\$0.05/lb premium for super high grade cathode

The PEA is preliminary in nature, and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the PEA will be realized. Mineral resources are not mineral reserves as they do not have demonstrated economic viability. For full details please see news release dated October 13, 2011 available on the Company's website at [www.zincoremetals.com](http://www.zincoremetals.com) or on SEDAR. The final technical report was filed on SEDAR on November 16, 2011.

**Mineral Resource Model Yanque and Accha**

As part of the PFS an updated mineral resource model for the Yanque deposit was constructed based on 2011 drilling at Yanque. The Accha resource model was updated based on the existing drill data. Previous drilling at Accha has encountered mineralization beyond the limits of the current Mineral Resource estimates and has potential for expansion with additional drilling. At Accha, the Company carried out exploration trenching and drilled six exploration holes, which identified new mineralized zones to the north of the previously identified limits of the deposit, as reported in the Company's news releases dated October 12 and December 9, 2010.

**Accha**

Updated Mineral Resources for Accha deposit that are amenable to underground and open pit mining methods, have an effective date of 5 July, 2013. As shown below, open pit Measured and Indicated Mineral Resources total 6,613 kt averaging 6.37% Zn and 0.78% Pb and 197 kt of Inferred Mineral Resources of 4.60% Zn and 0.51% Pb using a cut-off grade of 2.2% Zn Eq. Underground Measured and Indicated Mineral Resources total 937 kt at an average grade of 5.57% Zn and 0.96% Pb and Inferred Mineral Resources total 553 kt at an average grade of 5.07% Zn and 0.81% Pb using a cut-off grade of 3.79% ZnEq.

**Accha Mineral Resource Estimate Showing Sensitivity of the Estimate to Various Cut-off Grades  
(Base Case is highlighted)**
**Mineral Resources Amenable to Open Pit Mining Methods**

No.	ZnEq CUT-OFF (%)	TONNAGE (KT)	ZnEq (%)	Zn (%)	Pb (%)	CONTAINED ZnEq (MLB)	CONTAINED Zn (MLB)	CONTAINED Pb (MLB)
<b>Measured</b>	<b>2.2</b>	<b>2,119</b>	<b>8.75</b>	<b>8.11</b>	<b>0.93</b>	<b>408.8</b>	<b>378.9</b>	<b>43.4</b>
	3.0	1,983	9.17	8.49	0.97	400.7	371.4	42.6
	4.0	1,751	9.91	9.18	1.06	382.6	354.4	40.9
	5.0	1,527	10.71	9.91	1.16	360.4	333.5	38.9
<b>Indicated</b>	<b>2.2</b>	<b>4,494</b>	<b>6.03</b>	<b>5.55</b>	<b>0.71</b>	<b>597.4</b>	<b>549.9</b>	<b>70.3</b>
	3.0	3,700	6.77	6.23	0.79	552.5	507.9	64.6
	4.0	2,916	7.66	7.04	0.89	492.2	452.8	57.1
	5.0	2,286	8.53	7.85	0.98	429.9	395.8	49.4
<b>M&amp;I</b>	<b>2.2</b>	<b>6,613</b>	<b>6.90</b>	<b>6.37</b>	<b>0.78</b>	<b>1,006.0</b>	<b>928.7</b>	<b>113.7</b>
	3.0	5,683	7.61	7.02	0.86	953.2	879.3	107.2
	4.0	4,667	8.50	7.85	0.95	874.8	807.2	98.0
	5.0	3,813	9.40	8.68	1.05	790.3	729.4	88.3
<b>Inferred</b>	<b>2.2</b>	<b>197</b>	<b>4.95</b>	<b>4.60</b>	<b>0.51</b>	<b>21.5</b>	<b>20.0</b>	<b>2.2</b>
	3.0	151	5.66	5.25	0.60	18.8	17.5	2.0
	4.0	124	6.13	5.69	0.64	16.8	15.6	1.7
	5.0	89	6.77	6.29	0.69	13.3	12.3	1.4

## Mineral Resources Amenable to Underground Mining Methods

No.	ZnEq CUT-OFF (%)	TONNAGE (KT)	ZnEq (%)	Zn (%)	Pb (%)	CONTAINED ZnEq (MLB)	CONTAINED Zn (MLB)	CONTAINED Pb (MLB)
<b>Measured</b>	<b>3.79</b>	<b>17</b>	<b>5.73</b>	<b>4.58</b>	<b>1.66</b>	<b>2.1</b>	<b>1.7</b>	<b>0.6</b>
	4.0	17	5.74	4.60	1.66	2.2	1.7	0.6
	5.0	12	6.24	5.06	1.72	1.7	1.3	0.5
<b>Indicated</b>	<b>3.79</b>	<b>920</b>	<b>6.24</b>	<b>5.58</b>	<b>0.95</b>	<b>126.5</b>	<b>113.3</b>	<b>19.2</b>
	4.0	840	6.46	5.79	0.98	119.6	107.1	18.1
	5.0	554	7.49	6.72	1.12	91.4	82.0	13.6
<b>M&amp;I</b>	<b>3.79</b>	<b>937</b>	<b>6.23</b>	<b>5.57</b>	<b>0.96</b>	<b>128.6</b>	<b>115.0</b>	<b>19.8</b>
	4.0	857	6.45	5.76	0.99	121.8	108.9	18.7
	5.0	566	7.46	6.68	1.13	93.1	83.4	14.1
<b>Inferred</b>	<b>3.79</b>	<b>553</b>	<b>5.63</b>	<b>5.07</b>	<b>0.81</b>	<b>68.6</b>	<b>61.8</b>	<b>9.9</b>
	4.0	514	5.76	5.19	0.82	65.3	58.8	9.3
	5.0	277	6.95	6.34	0.90	42.5	38.7	5.5

## Assumptions

- Mineral Resources have an effective date of 5 July 2013. The Mineral Resource estimates and geological models were prepared by Christopher Wright, P.Geo. of AMEC and reviewed by Stella Searston, RM SME of AMEC who is the Qualified Person as defined under NI 43-101 for the estimate.
- Mineral Resources are reported inclusive of Mineral Reserves. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
- The estimate uses Ordinary Kriging as the interpolation method in a percent block model with a block size of 5x5x5 m. Density utilized in the mineral resource estimates was 2.51 t/m<sup>3</sup> for mineralization, and 2.57 t/m<sup>3</sup> for waste.
- Mineral Resources are estimated using a conceptual Lerchs-Grossmann pit shell and conceptual stope outlines that assumed a US\$1.28 lb zinc price, a US\$1.05/lb lead price, marketing treatment, and refining costs of US\$0.201/lb for zinc and US\$0.289/lb for lead, metallurgical recovery of 86.9% for zinc and 97.7% for lead, a mining cost of US\$2.09/t for open pit and of US\$34.92/t for underground mining, and processing, general and administrative costs of US\$48.15/t.
- Overall slope angle for the Accha open pit is 33°.
- Mineral Resources are reported above a marginal cut-off grade of 2.20% ZnEq. for the open pit estimate. Underground Mineral Resources are reported above a cut-off grade of 2.20% ZnEq. below the resource pit shell and within conceptual stope outlines defined at a break-even cut-off grade of 3.79% ZnEq. Zinc equivalent (ZnEq) was calculated by applying the differential of metallurgical recoveries and metal prices net of selling costs to zinc and lead grades.
- Contained zinc and contained lead represent estimated metal contained in the ground and have not been adjusted for metallurgical or other recovery factors.
- The metal prices used for the Mineral Resources estimates are based on a combination of AMEC's internal guidelines (based on long-term consensus prices) and those sourced from Wood Mackenzie and the World Bank. It is industry practice to apply higher long-term metal prices used for Mineral Resources than that used for Mineral Reserves.
- Rounding as required by reporting guidelines may result in apparent summation differences between tonnes, grade and contained metal content.

## Yanque

The new Yanque Mineral Resource estimate which is amenable to open pit mining methods, replaces the previous estimate announced by Zincore in 2011. This new estimate incorporates diamond drill data from 45 holes drilled in the Zincore 2011 drill campaign, executed from May to 18 August, 2011 and totalling 6,527.30 m. The estimate totals 26,491 kt of Indicated Mineral Resources with an average grade of 2.37% Zn and 2.18% Pb and 1,169 kt of Inferred Mineral Resources with an average grade of 2.17% Zn and 1.09% Pb. Resources are estimated within a conceptual Lerchs–Grossmann pit shell constructed using a zinc price of US\$ 1.28/lb Zn and US\$ 1.05/lb Pb and reported using a marginal cut-off grade of 1.67% zinc equivalent (ZnEq).

**Yanque Mineral Resource Estimate Showing Sensitivity of the Estimate to Various Cut-off Grades  
(Base Case is highlighted)**

## Mineral Resources Amenable to Open Pit Mining Methods

No.	ZnEq CUT-OFF (%)	TONNAGE (KT)	ZnEq (%)	Zn (%)	Pb (%)	CONTAINED ZnEq (MLB)	CONTAINED Zn (MLB)	CONTAINED Pb (MLB)
<b>Indicated</b>	<b>1.67</b>	<b>26,491</b>	<b>3.87</b>	<b>2.37</b>	<b>2.18</b>	<b>2,261.5</b>	<b>1,385.3</b>	<b>1,270.0</b>
	2.00	23,242	4.16	2.55	2.33	2,129.9	1,306.7	1,193.1
	4.00	8,701	6.34	4.05	3.32	1,216.0	777.4	635.7
<b>Inferred</b>	<b>1.67</b>	<b>1,169</b>	<b>2.91</b>	<b>2.17</b>	<b>1.09</b>	<b>75.1</b>	<b>55.8</b>	<b>28.0</b>

2.00	1,081	3.00	2.24	1.11	71.5	53.3	26.3
4.00	20	5.21	3.32	2.75	2.3	1.5	1.2

**Assumptions**

- Mineral Resources have an effective date of 5 July 2013. The Mineral Resource estimates and geological models were prepared by Christopher Wright, P.Geo. of AMEC and reviewed by Stella Searston, RM SME of AMEC who is the Qualified Person as defined under NI 43-101 for the estimate.
- Mineral Resources are reported inclusive of Mineral Reserves. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
- The estimate used Ordinary Kriging as the interpolation method in a percent block model with a block size of 5x5x5 m. The density utilized in the mineral resource estimates was 2.37 t/m<sup>3</sup> for mineralized material and 2.49 t/m<sup>3</sup> for waste.
- Mineral Resources are confined within a conceptual Lerchs–Grossmann pit shell and are estimated using a US\$1.28/lb zinc price, a US\$1.05/lb lead price, overall pit slope angles of 40°, metallurgical recovery of 86.9% for zinc and 97.7% for lead, a mining cost of US\$1.89/t, zinc premium of 5%, lead payability of 94.1%, marketing, treatment and refining costs of US\$0.201/lb for zinc and US\$0.289/lb for lead, and processing, general and administrative costs of US\$36.66/t. Zinc equivalent (ZnEq) was calculated by applying the differential of metallurgical recoveries and metal prices net of selling costs to zinc and lead grades.
- Contained zinc and contained lead represent estimated metal contained in the ground and have not been adjusted for metallurgical or other recovery factors.
- The metal prices used for the Mineral Resources estimates are based on a combination of AMEC’s internal guidelines (based on long-term consensus prices) and those sourced from Wood Mackenzie and the World Bank. It is industry practice to apply higher long-term metal prices used for Mineral Resources than that used for Mineral Reserves.
- Rounding as required by reporting guidelines may result in apparent summation differences between tonnes, grade and contained metal content.

**Mineral Reserves**

As part of the PFS, AMEC completed a mine plan which evaluated open pit mining at Yanque and a combined open pit and underground operation at Accha for both the Base Case and the Fume Case. Conventional selective open pit mining operations are contemplated, and include drilling, blasting, loading, and hauling by trucks. Dilution factors were applied to the block model in order to simulate the interaction between blocks during the mining process. Final open pit designs were defined by an iterative modeling process (skin analysis). As part of this analysis, non-economic marginally mineralized material was excluded from the pit, improving the strip ratio. Pit optimization was carried out using the Lerchs–Grossmann algorithm, and pit designs were constructed using reasonable mining, processing, general and administration, refining, treatment and marketing costs. The underground mine design at Accha utilizes the cut and fill method.

**Mineral Reserves Statement assuming Base Case, Effective Date July 11, 2013**

CLASSIFICATION	TONNAGE (KT)	Zn GRADE (%)	Pb GRADE (%)	Zn CONTAINED (MLB)	Pb CONTAINED (MLB)
<b>Accha Open Pit</b>					
Proven	754	8.43	0.73	140.2	12.2
Probable	468	7.39	0.59	76.3	6.1
<b>Proven &amp; Probable</b>	<b>1,223</b>	<b>8.03</b>	<b>0.68</b>	<b>216.5</b>	<b>18.3</b>
<b>Accha Underground</b>					
Proven	307	11.79	1.70	79.8	11.5
Probable	704	9.74	1.25	151.3	19.4
<b>Proven &amp; Probable</b>	<b>1,011</b>	<b>10.36</b>	<b>1.39</b>	<b>231.1</b>	<b>30.9</b>
<b>Yanque Open Pit</b>					
Proven	0	0.00	0.00	0.0	0.0
Probable	8,338	3.97	2.60	730.5	477.1
<b>Proven &amp; Probable</b>	<b>8,338</b>	<b>3.97</b>	<b>2.60</b>	<b>730.5</b>	<b>477.1</b>
<b>Total</b>					
Proven	1,061	9.40	1.01	219.9	23.7
Probable	9,510	4.57	2.40	958.0	502.5
<b>Total Accha and Yanque Proven &amp; Probable</b>	<b>10,571</b>	<b>5.05</b>	<b>2.26</b>	<b>1,177.9</b>	<b>526.2</b>

**Assumptions**

- Mineral Reserve estimates have an effective date of 11 July 2013. The Mineral Reserves estimates assuming open pit mining methods were prepared by Sergio Muñoz, Senior Mining Eng., RM Comisión Minera (Chile) of AMEC, and by William Bagnell P.Eng. of AMEC for the estimates assuming underground mining methods.
- Mineral Reserves are estimated using the following assumptions: a US\$1.03/lb zinc price, a US\$0.95/lb lead price, and an economic function that includes an average processing, G&A, and ore haulage costs of US\$60.59/t in Accha and US\$37.50/t in Yanque and, marketing, treatment and refining costs of US\$0.201/lb for zinc and US\$0.289/lb for lead, a zinc premium of 5%, a lead payability of 94.1%, and metallurgical recoveries for zinc of 89.6% in Accha and 86.9% in Yanque, and lead recoveries of 97% in Accha and 97.7% in Yanque. Open pit mine designs assumed average inter-ramp pit slope angles of 37° and 46° for Accha and Yanque respectively.
- The open pit referential cut-off grades for Accha are 3.5% Zn and for Yanque are 2.2% Zn. The referential cut-off grade for underground is 6.0% Zn.
- The projected life-of-mine strip ratio for the Accha pit is 3.32 and for the Yanque pit is 1.36.
- The metal prices used for the Mineral Reserves estimates are based on AMEC’s internal guidelines (which are based on long-term consensus prices).
- Rounding as required by reporting guidelines may result in apparent summation differences between tonnes, grade and contained metal content.

Based on the Mineral Reserve estimates for the Base Case, the forecast life-of-mine is eight years with an average ore production rate of 1,340 kt per year with the first year at 80% production and the last year at 15%. The Accha underground operations will be conducted simultaneously with the Accha open-pit operations, commencing two years after open pit pre-stripping begins. The amount of waste rock produced from operations is estimated to be 15,404 kt, with a waste/ore average stripping ratio of 3.32 and 1.36 for Accha and Yanque respectively.

### Mineral Reserves Statement assuming Fume Case, Effective Date July 11, 2013

CLASSIFICATION	TONNAGE (KT)	Zn GRADE (%)	Pb GRADE (%)	Zn CONTAINED (MLB)	Pb CONTAINED (MLB)
<b>Accha Open Pit</b>					
Proven	651	9.26	0.80	132.9	11.4
Probable	388	8.26	0.66	70.7	5.6
<b>Proven &amp; Probable</b>	<b>1,039</b>	<b>8.88</b>	<b>0.74</b>	<b>203.5</b>	<b>17.1</b>
<b>Accha Underground</b>					
Proven	237	13.78	1.97	71.9	10.3
Probable	547	11.17	1.43	134.6	17.2
<b>Proven &amp; Probable</b>	<b>783</b>	<b>11.96</b>	<b>1.59</b>	<b>206.5</b>	<b>27.5</b>
<b>Yanque</b>					
Proven	0	0.00	0.00	0.0	0.0
Probable	9,711	3.57	2.86	763.3	611.5
<b>Proven &amp; Probable</b>	<b>9,711</b>	<b>3.57</b>	<b>2.86</b>	<b>763.3</b>	<b>611.5</b>
<b>Total – Accha &amp; Yanque</b>					
Proven	888	10.46	1.11	204.8	21.7
Probable	10,646	4.13	2.70	968.5	634.4
<b>Total Accha &amp; Yanque Proven &amp; Probable</b>	<b>11,533</b>	<b>4.61</b>	<b>2.58</b>	<b>1,173.3</b>	<b>656.1</b>

#### Assumptions

- Mineral Reserve estimates have an effective date of 11 July 2013. The Mineral Reserves estimates assuming open pit mining methods were prepared by Sergio Muñoz, Senior Mining Eng., RM Comisión Minera (Chile) of AMEC by William Bagnell P.Eng. of AMEC (for the estimates assuming underground mining methods).
- Mineral Reserves are estimated using the following assumptions: a US\$1.03/lb zinc price, a US\$0.95/lb lead price, and an economic function that include an average processing, G&A ore haulage of US\$60.12/t in Accha and US\$36.80/t in Yanque, marketing, treatment and refining cost of US\$0.290/lb for zinc and US\$0.190/lb for lead, zinc payability of 79.4%, lead playability of 89%, and metallurgical recoveries for zinc of 91.0% in Yanque and 93.8% in Accha, and lead recoveries of 97.7% in Yanque and 97.0% in Accha. A percent model was used with a blocks size of 5x5x5 m. Open pit mine designs assumed average inter-ramp pit slope angles of 37° and 46° for Accha and Yanque respectively.
- The life-of-mine strip ratio for the Accha pit is 4.08 and for the Yanque pit is 1.36.
- The Fume Case open pit referential cut-off grades for Accha are 5.5% Zn, and for Yanque are 2.9% Zn. The cut-off grade for Accha underground is 8.6% Zn.
- The metal prices used for the Mineral Reserves estimates are based on AMEC's internal guidelines (based on long-term consensus prices).
- Rounding as required by reporting guidelines may result in apparent summation differences between tonnes, grade and contained metal content.

The Fume Case life-of-mine forecast is nine years, and assumes an average ore throughput of 1,349 kt per year with 80% of annual production capacity in the first year and 80% of the annual production capacity in the last year. The Accha underground operations are planned to be conducted simultaneously with the Accha open-pit operations, commencing two years after open pit pre-stripping begins. The amount of waste rock produced from operations is projected to be 17,485 kt, with a waste/ore average stripping ratio of 4.08 and 1.36 for Accha and Yanque respectively.

#### Metallurgy

Since the end of 2009, the Company has successfully investigated and tested metallurgical treatment procedures that achieve high metal recoveries. Zincore thereby proposed a central processing facility to treat all the mineral resources from the District. Laboratory testing during 2010 of a reductive roasting technology (Waelz Kiln) returned positive results of 97% zinc extraction from Accha and 76% zinc extraction from Yanque. The test work was carried out at the Mintek Research Facility in South Africa, under the supervision of Metallicon Process Consulting ("Metallicon"). The Company then decided to pilot test larger samples. A ten tonne representative sample from the Accha deposit was tested, with positive results, under the supervision of Metallicon and Hatch, at the CPSA plant located in Pacasmayo, Peru. For a head grade of 10.3% zinc and 1.1% lead, recoveries were in excess of 92% zinc and 99% lead which produced a calcine concentrate with grades greater than 65% zinc and 7% lead. A ten tonne representative sample from the Yanque deposit was collected and sent to the CPSA plant for testing under the same control conditions as Accha. For a head grade of 10.7% zinc and 1.8% lead, recoveries were in excess of 93% zinc and 98% lead which produced a calcine concentrate with grades greater than 61% zinc and 11% lead.

The results of the metallurgical test work were released in September 2010 and Metallicon's summary report is available on the Zincore website at [www.zincoremals.com](http://www.zincoremals.com). The test work to date on both the Accha and Yanque deposits confirms that a Waelz kiln can process material from different deposits while delivering high percentage recoveries and grades. These results were used in the PEA.

In July 2012, Zincore entered into two separate contracts with Mintek in South Africa and IMN Gliwice in Poland in order to perform the metallurgical test work for the PFS. Representative samples were sent to both locations and parameter testing was concluded. The results of this work confirmed the positive results of previous test work and were incorporated into the PFS.

### Other Accha Zinc Oxide District Prospects

In February 2013, the Company announced that results from its recent reconnaissance program indicated five new primary and seven new secondary zinc-lead targets that may increase the potential for the Company's AZOD project. The new exploration targets have been subdivided according to their importance. Five primary targets; Huayta, Hualla, Cali, Urpi and Osco, exhibit anomalies of zinc and lead in sediments and are hosted in good geological settings for this type of mineralization. Argillic and gossan alteration, very similar to the indications for the Company's Accha and Yanque deposits, has also been observed in ASTER images. In addition, seven secondary targets which are hosted in good geological settings for mineralization and exhibiting gossan alteration as indicated by ASTER image analysis, have also been identified. Sediment samples have not yet been collected for the seven secondary targets.

The geophysical surveys carried out by New Sense Geophysics Ltd. ("NSG"), covered all concessions on Zincore's entire AZOD property package of more than 50,000 hectares and consisted of aerial geophysical studies comprising approximately 4,800 line kilometers at 200 metre spacing. In addition the full scope of reconnaissance activities included an airborne magnetometric and spectrometric survey of the 60,000 hectares of the AZOD block of claims plus Dolores area, ASTER multispectral satellite image interpretation, DEM structural interpretation, district geological reconnaissance, partial district stream sediment geochemical survey and partial district soil geochemistry survey. Fathom Geophysics, ("Fathom") helped analyze and interpret the airborne geophysical and ground data, as well as the ASTER images and structural model.

In addition to these 12 new targets, located within the Accha Zinc Oxide District, there are as many as nine other zinc oxide prospects, including Corrales, Gema, Puyani, Yanque East, and Titiminas West. Once the PFS is complete the Company will work to expand the potential resources at the AZOD project with a focus on increasing the projected mine life and scope of the project.

The Gema Properties are located adjacent to Zincore's Yanque Project; the main Gema prospect is nine kilometres northwest of Yanque. Gema is hosted in the same oxidized limestones as Yanque, with mineralized gossans that outcrop sporadically. There is no evidence of previous exploration other than small pits by artisanal miners. Several mineralized mantos have been identified in three separate areas of concentration, along strike over a distance of more than one kilometre. The mantos average between one and four metres in width and contain anomalous values of lead, zinc, silver and locally gold. A two metre channel sample collected by Zincore personnel from one of the mantos returned values of 0.7 g/t gold, 189g/t silver, 8.38% lead and 1.16% zinc.

By the end of 2012, the Company had reached a community access agreement on the Gema area. The first stage of Zincore's Gema exploration program will consist of detailed mapping and trenching to better define the continuity and grades of the mineralized gossans.

### Dolores

In 2008 the Company discovered a copper-molybdenum porphyry target east of Yanque called Dolores. A large target area was identified and sampling and assaying were confined to a road cut that exposed the underlying mineralization and returned encouraging high-grade values.

In 2010 surface mapping, sampling and geophysical work confirmed that the Dolores prospect forms a large porphyry system that is approximately six kilometres in diameter. High grade copper-gold mineralization associated with classic potassic and phyllic alteration within a larger argillic halo exposing characteristic multiple phase porphyritic intrusions, hydrothermal breccias, dense stockwork veining and peripheral skarn mineralization are exposed along a recently improved access road to the community of Yanque.

VDG del Peru SAC of Lima was contracted to carry out a deep reconnaissance IP survey over 22 square kilometres with 500 metre line-spacing (48 line kilometres). Magnetic and Gamma Spectrometry were also completed within the same target area at 250 metre line spacing (92 line kilometres). The survey was completed late in 2010 and results confirmed the presence of large chargeability and magnetic anomalies that are consistent with porphyry style mineralization. Drilling started in early 2011 following the approval of the first stage drill permit and results from the first two holes were released on March 3, 2011. The results from the second hole indicated consistent and evenly distributed copper and molybdenum mineralization throughout the length of the hole, including 0.27% copper equivalent over 297 metres. The mineralization was encountered just below the surface (at about 18 metres) and extended to 315 metres with no zero grade intervals. No significant values were intercepted for the first drill hole, which is located almost two kilometres from the second one and which intersected what is believed to be a younger, unmineralized intrusive within the Dolores system.

Results of the last eight holes drilled were released in early October 2011. Highlights include: 0.32% copper equivalent over 144.4 metres, including 0.49% copper equivalent over 72.4 metres in hole DOL- 9; 0.29% copper equivalent over 116 metres in hole DOL-10; and 0.20% copper equivalent over 33.7 metres in hole DOL-7. Copper equivalent totals were calculated at the time using TD Newcrest long term prices of US\$2.25/lb copper and US\$15/lb molybdenum with metallurgical recoveries and net smelter returns assumed to be 100%.

Holes DOL-2, 7, 9, and 10 all intersected moderate potassic alteration in the mineralized diorite porphyry along with moderate to strong quartz veining over significant widths. In addition, holes DOL- 6, 7 and 8 intersected wide sections of garnet skarn with anomalous to sub-economic copper values over 4 to 8 metre intervals.

Company geologists have extended the geological mapping and sampling southward in order to better understand the vectors controlling the emplacement of the copper-molybdenum mineralization. This work has confirmed that the altered and mineralized porphyry extends to the south for at least another 1.5 kilometres and possibly further.

Trenching south of the drilled area in 2011 returned 52.0 metres of 0.76% copper equivalent from continuous channel samples. This trench ("Trench One") is located in an undrilled area 450 metres south of hole DOL-10 and 1 kilometre west of hole DOL-9 respectively, two of the most highly prospective holes drilled on the Dolores property to date. The copper and molybdenum mineralization is hosted within the same altered quartz diorite porphyry cut in the drill holes. Continuous 1.0 metre chip samples across the trend of the mineralized trench have returned: 52 metres of 0.67% copper, 165 ppm molybdenum as well as anomalous gold and silver values.

In May 2012, the Company announced results from sampling in a second trench ("Trench Two") which included 0.61% copper equivalent over 11 metres. Trench Two is located approximately 500 metres and one kilometre from holes DOL – 9 and DOL – 10, respectively. The copper and molybdenum mineralization encountered in Trench Two consists of primary sulphides and is hosted within the same altered quartz diorite porphyry encountered in Trench One and the holes drilled to date. Trench Two was discontinued to the south at 11 metres due to high water levels in a nearby stream and the Company expects to continue work once local conditions permit.

The Company also discovered high grade copper mineralization during surface exploration work on the Dolores project. The latest surface sample results, from three separate areas, reported in May 2012, include evidence of a new skarn area with samples of up to 3.35% and 3.11% copper. All three areas are located between 1.5 to 2.0 kilometres south of holes DOL – 9 and DOL – 10.

The Company has worked to extend the geological mapping and sampling south of the currently drilled area and the results to date confirm that the altered and mineralized porphyry extends to the south from one to two kilometres and possibly further.

On May 8, 2012, the Company entered into a Memorandum of Understanding ("MOU") to form a strategic partnership with First Quantum Minerals Ltd. ("First Quantum"). Under the terms of the MOU a wholly-owned subsidiary of First Quantum made a strategic investment in the Company. Subsequent to the MOU, the Company and First Quantum entered into a formal Earn-In Shareholders Agreement (the "Earn-In Agreement") on August 28, 2012 (the "Formal Agreement Date"). Under the terms of the Earn-In Agreement, First Quantum can earn up to an 80% interest in Polymex (currently a 100% owned subsidiary of Zincore) which indirectly controls the Dolores copper porphyry 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 at September 30, 2013, First Quantum has made cash contributions totalling US \$5,670,814 (\$5,648,285 in Canadian dollars) to the Dolores Joint Venture, and has incurred exploration expenditures totalling US \$496,753 to make their total earn-in contribution to the project as of that date total US \$6,167,547. In October 2013 First Quantum made an additional contribution to their earn-in in the amount of US \$671,000. As of the date of this MD&A, First Quantum's total earn-in contribution to the Dolores Joint Venture was US \$6,838,547

Work on the Dolores JV started soon after the signing of the MOU. In June 2012, the Company secured a contract with surface rights holders south of the up-to-date explored Dolores area, allowing the extension of mapping, sampling and geophysics into this area.

In August 2012, field work commenced with a structural survey focused on recognizing the most important mineralized features of the project. Three mineralized corridors have been identified.

Systematic sampling was extended (geochemical grid) south and west in the project, as well a tighter sampling was achieved to the north and east. The results show consistent anomalous values of copper and molybdenum in the east and northeast zone of the project as well as extensions of a large anomaly to the south and west. The geological mapping work has revealed a mineralized quartz-monzonite porphyritic body located 500 metres to the south of DOL-10.

In November 2012, the Company released assay results from hole Dol-11 which is the first hole drilled on Dolores under the term of the MOU. Highlights included 0.27% copper equivalent over 35.7 metres and 0.19% copper equivalents over 125.6 metres. Copper equivalent totals were calculated at the time using TD Securities long term prices of US\$2.75/lb copper and US\$15.00/lb molybdenum and do not include any potential gold or silver credits. Metallurgical recoveries and net smelter returns are assumed to be 100%.

On January 8, 2013, results from holes Dol-12 and Dol-13 were released and highlights from those results include 0.17% copper equivalents over 584.7 metres in hole Dol-12, including 0.26% copper equivalent over 143 metres, 0.35% copper equivalent over 36.4 metres, 0.40% copper equivalent over 10 metres, and 0.31% copper equivalent over 45.8 metres. Copper equivalent totals were calculated at the time using TD Securities long term prices of US\$2.75/lb copper and US\$15.00/lb molybdenum and do not include any potential gold or silver credits. Metallurgical recoveries and net smelter returns are assumed to be 100%. Results in Hole Dol-13 did not return high copper values, however, the hole was intended to be a deep exploratory probe and did meet its goal of intersecting at depth what had been interpreted as mineralized quartz diorite porphyry dikes and quartz chalcocopyrite veinlets at the contact between the barren tonalite porphyry and quartzites. Hole Dol-13 is located 2.7 kilometres north of Dol-12, where copper and molybdenum mineralization was found in the same quartz diorite porphyry but in higher grades.

On March 21, 2013, the Company announced results from holes Dol-14 to Dol-17 which were the final holes of the first drill program under the joint venture with First Quantum. Highlights from the results include: 72.35 metres of 0.26% copper equivalent, including 21.3 metres of 0.44% copper equivalent in Hole DOL-17 and 298.6 metres of 0.16% copper equivalent, including 20.0 metres of 0.40% copper equivalent in Hole DOL-15. Copper equivalent totals were calculated at the time using TD Securities long term prices of US\$3.00/lb copper and US\$12.00/lb molybdenum and do not include any potential gold or silver credits. Metallurgical recoveries and net smelter returns are assumed to be 100%.

These results to date confirm the existence of a very large porphyry system at Dolores encompassing at least 3.5 kilometres north to south and 1.5 kilometres east to west. Within this area six different phases of porphyry intrusion have been intersected; one is pre-mineralization, three are mineralized and two are post-mineralization. The multiphase nature of porphyry intrusion and the widespread occurrence of copper-molybdenum mineralization within this large area attest to the mineral endowment of the system.

The drill and trench results gathered to date, combined with extensive aerial and ground geophysical work, provide the Company with an important body of information that is currently being re-interpreted by the project's technical committee to plan the next phase of work on this project. It is the Company's intention to focus its future exploration efforts in finding a higher grade mineralized body within this large system.

## **Minascasa**

No work has been done recently on the 100%-owned Minascasa property, located in the Andahuaylas-Yauri metallogenic belt in southern Peru, 400 km southeast of Lima, due lack of funds. The Company has been attempting to reach access agreements with local communities. The Company has not focussed on this opportunity lately due to market conditions and lack of financial means. This project has been excluded from the MOU with First Quantum discussed below under "Copper Reconnaissance within AZOD". In June 2013 the Company paid all fees to keep the claims in good standing and will put greater focus on obtaining a social licence to begin exploration work once sufficient funding is obtained.

## **Copper Reconnaissance within the AZOD**

During the fourth quarter of 2012 New Sense Geophysics Ltd completed work on an airborne spectrometric and magnetometric survey, consisting of 4800 line-km covering all properties of the AZOD concessions. The results of this work highlighted new, high profile copper exploration targets. The various magnetic, radiometric, geochemical and geological anomalies all overlap and point to two first-class copper porphyry exploration targets at Laca-Laca and Larisa, as well as numerous secondary targets. See news release dated January 23, 2013 for further details.

In order to fully explore these new areas, in July 2013 the Company, announced that it has expanded its strategic partnership with First Quantum under a binding MOU to pursue a regional copper exploration program over 55,000 hectares of Zincore’s 100% owned property package (the “Reconnaissance Properties”). First Quantum will fund exploration on the Reconnaissance Properties until April 1, 2015. During that time, if a copper target area is determined then a Framework Agreement will be executed between Zincore and First Quantum in order to develop the target under a new joint venture (a “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.

During the third quarter of 2013, the Company performed mapping, sampling, and geochemical work, which included taking 630 soil samples, 43 rock samples and 515 rock samples for analysis.

## QUARTERLY FINANCIAL INFORMATION

This selected consolidated financial data should be read in conjunction with the Company’s unaudited interim consolidated financial statements for the three and nine month periods ended September 30, 2013 and 2012 and the audited consolidated financial statements for the years ended December 31, 2012 and 2011.

FISCAL QUARTER ENDED	SEPT 30, 2013 (IFRS)	JUNE 30, 2013 (IFRS)	MARCH 31, 2013 (IFRS)	DEC 31, 2012 (IFRS)	SEPT 30, 2012 (IFRS)	JUNE 30, 2012 (IFRS)	MAR 31, 2012 (IFRS)	DEC 31, 2011 (IFRS)
Interest and other income	\$ 195	\$ 10,400	\$ 2,301	\$ 13,019	\$ 15,704	\$ 9,992	\$ 5,858	\$ 11,780
Net loss	\$ (630,921)	\$ (843,442)	\$ (673,938)	\$ (1,096,875)	\$ (950,261)	\$ (909,976)	\$ (800,774)	\$ (1,845,193)
Net loss per share	\$ (0.02)	\$ (0.02)	\$ (0.02)	\$ (0.03)	\$ (0.03)	\$ (0.03)	\$ (0.03)	\$ (0.07)
Total assets	\$ 45,138,708	\$ 45,685,758	\$ 43,037,427	\$ 40,872,579	\$ 37,079,823	\$ 38,972,688	\$ 35,471,610	\$ 32,230,214
Total liabilities	\$ 9,435,461	\$ 9,071,691	\$ 7,113,280	\$ 5,145,613	\$ 793,254	\$ 548,405	\$ 497,948	\$ 1,067,376

In general, overall spending levels have varied commensurate with the changes in the Company’s exploration, development and corporate activities. Quarterly variances in net loss have generally been impacted by four key factors: mineral property write-offs, share-based compensation expense, foreign exchange gains or losses, and general exploration expense.

Losses have decreased during the third quarter of 2013 when compared to the second quarter of the same year primarily due to a foreign exchange gain during the third quarter as well as the forgoing of board fees. Net loss was higher in the second quarter of 2013 compared to the first quarter of the same year due to the hiring of a Vice-President, Exploration as well as significantly higher foreign exchange loss as a result of entering into a US dollar denominated convertible loan. Net loss was lower during the first quarter of 2013 compared to the fourth quarter of 2012 primarily due to the accrual of deferred compensation in 2012 which will only be payable upon completion of a successful financing by the Company in 2013. Other administrative costs

during the quarter were kept to a minimum as the Company continues to look at ways to preserve cash. This deferred compensation accrual is the primary reason, as well, for the increase in net loss during fourth quarter of 2012 compared to the other quarters of the same year.

Costs were generally lower in the third quarter of 2012 than in the second quarter of the same year, however a large financial advisory fee relating to the joint venture agreement with First Quantum resulted in the net loss being comparable between the two periods.

Net loss during the second quarter of 2012 was higher than in the first quarter of that year as a result of higher legal and tax costs, increased Lima Stock Exchange fees, and continued efforts to expose the Company to the investment community.

During the first quarter of 2012, the Company was in the process of downsizing in order to preserve cash and streamline operations.

The net loss during the fourth quarter of 2011 was higher than normal as a result of stock options being granted, which increased share-based compensation, and management bonuses.

Share-based compensation expense is impacted by vesting schedules, forfeitures and the number of options granted. Foreign exchange losses vary based on the strengthening or weakening of the Canadian dollar relative to the U.S. dollar and Peruvian soles as well as U.S. dollar denominated cash balance. Interest income varies with changes in 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 country, general exploration expense is typically higher than in other periods.

Total assets during the third quarter of 2013, fourth quarter of 2011, and the third quarter of 2012 decreased as a result of the decrease in the value of the US dollar and the resulting translation of the Company's assets to Canadian dollars which is the Company's presentation currency. This decrease during the third quarter of 2013 was partially offset by the equity financing completed in September 2013. Total assets increased significantly during the first and second quarters of 2013 primarily as a result of the increase in value of the US dollar and the resulting translation of the Company's assets to Canadian dollars which is the Company's presentation currency. In addition there was continued work on the PFS on the AZOD and exploration work, including drilling in the first quarter of 2013, on the Dolores project.

Total assets in the first and second quarters of 2012 increased primarily as a result of equity financings. There has also been significant PFS, metallurgical, and drilling activity on the AZOD project, as well as drilling on the Dolores project, which has contributed to the increased asset and current liability levels over the periods. As well, the increase in assets and liabilities in the fourth quarter of 2012 and first, second, and third quarters of 2013 largely reflects the contribution by First Quantum to their earn-in relating to the Dolores project. The amount of the contribution as of September 30, 2013 totalled US \$5,670,814 (\$5,648,285 in Canadian dollars) and has been recorded as a liability. In addition, during the second quarter of 2013, the Company entered into a convertible loan agreement with First Quantum and recorded an amount totalling \$2,132,307 as a liability.

## 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. Zincore will need to raise additional funds through future issuance of securities, or through joint venture or disposition of its properties. 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.

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 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 its private placement would be closed and the Company would not be proceeding with a second tranche.

In July 2013, the Company announced that it has expanded its strategic partnership with First Quantum under a binding MOU to pursue a regional copper exploration program over 55,000 hectares of Zincore's 100% owned property package (the "Reconnaissance Properties"). First Quantum will fund exploration on the Reconnaissance Properties until April 1, 2015. During that time, if a copper target area is determined then a framework agreement will be executed between Zincore and First Quantum in order to develop the target under a new J.V. 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. A detailed description of the MOU is contained above under the heading "Property Review".

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%. A detailed description of the Loan is contained above under the heading "Overall Performance and Current Economic Condition". As of September 30, 2013, the Company has accrued interest expense of US \$57,000 (\$59,328 in Canadian dollars) related to this loan.

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 total proceeds of this financing have been spent. Approximately \$2.6 million had been spent on PFS, Dolores, and the regional exploration program, \$1.0 million was spent for general corporate purposes, and \$200,000 on share issue costs.

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. These proceeds were used to fund the PFS work on the AZOD property, the exploration on the Dolores property, and for general corporate purposes. The total proceeds of this financing have been spent. Approximately \$3.1 million was spent on the PFS and exploration on the AZOD and Dolores properties, and approximately \$1.9 million and \$400,000 was spent on general corporate activities and share issue costs, respectively.

As at September 30, 2013, Zincore had negative working capital of \$2,427,438 compared to positive working capital of \$824,499 at December 31, 2012. Working capital consists of current assets less current liabilities. However, the \$2,115,625 convertible loan, recorded as a current liability, is not required to be paid back in cash. First Quantum has three options it can choose, varying from earning an interest in certain properties to receiving Zincore common shares, in lieu of re-payment in cash. As well, included in current liabilities, the Company has recorded deferred compensation accruals, recorded during the fourth quarter of 2012, totalling \$462,000 which are only payable upon completion of a successful financing by the Company. The working capital decrease was due to technical studies, sampling, and camp maintenance on the AZOD property, drilling trenching and sampling on the Dolores project and general corporate activities both in Canada and Peru. These expenditures were partially offset by the approximately \$3.2 million in cash received from First Quantum as installments for its earn-in relating to the Dolores joint venture, the convertible loan discussed above, and net proceeds of a private placement totalling \$771,375.

\*Expenditures on the Accha Zinc Oxide District and Dolores property during the first nine months of 2013 totalled \$3,426,039 and \$1,069,582, respectively. Expenditures on the Accha Zinc Oxide District included PFS costs totalling \$2,019,420. Drilling costs on the Dolores project during the first three quarters of 2013 totalled \$518,194 as the first phase drill program started in 2012 was completed. Total expenditures on all the Company's projects for the nine month period ended September 30, 2013 totalled \$4,586,069. The Company anticipates the rate of expenditures on the Accha Zinc Oxide District will now decrease as the PFS nears completion. Zincore does not hold any asset-backed commercial paper and has current liabilities as at September 30, 2013 totalling \$3,581,173. Accounts payable and accrued liabilities relate principally to trade payables and as at September 30, 2013, these payables relate primarily to the PFS work on the AZOD project.

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 relating to the Dolores joint venture and the Company has recorded this amount as a liability in the consolidated statements of financial position. As well, as of September 30, 2013, First Quantum has incurred exploration expenditures totalling US \$496,733 to make their total earn-in contribution to the project as of September 30, 2013 total US \$6,167,547. In October 2013 First Quantum made an additional contribution to their earn-in in the amount of US \$671,000. As of the date of this MD&A, First Quantum's total earn-in contribution to the Dolores Joint Venture was US \$6,838,547

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.

## OFF-BALANCE SHEET TRANSACTIONS

The Company does not utilize off-balance sheet transactions.

## 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 and management fees in the Condensed Consolidated Interim Statements of Comprehensive Loss.

## 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, exploration advances and other receivables, accounts payable, convertible loan, and share purchase warrants. The Company has designated its cash and cash equivalents as financial assets at fair value through profit or loss, which are measured at fair value. Advances and other receivables are classified as loans and receivables, which are measured at amortized cost. Accounts payable and convertible loan are classified as other financial 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

Critical accounting policies and estimates are disclosed in notes 2(n) and 2(o) to the Company's audited consolidated financial statements for the years ended December 31, 2012 and 2011. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- the recoverability of prepaids, exploration advances, and receivables which are included in the consolidated statements of financial position;
- the estimated useful lives of property, plant and equipment which are included in the consolidated statements of financial position and the related depreciation included in the consolidated statements of comprehensive loss;
- the inputs used in accounting for share-based compensation expense in the consolidated statements of comprehensive loss;
- the provision for income taxes which is included in the consolidated statements of comprehensive loss and composition of deferred income tax assets and liabilities included in the consolidated statement of financial position at September 30, 2013; and
- the inputs used in determining the various commitments and contingencies accrued in the consolidated statements of financial position.

## CHANGES IN ACCOUNTING POLICIES

The accounting policies applied in preparation of the 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.

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.

## SHARE CAPITAL INFORMATION

As at the date of this MD&A, Zincore has an unlimited number of common shares authorized for issuance, with 37,978,029 common shares issued and outstanding.

As at the date of this MD&A, Zincore has 3,784,995 stock options outstanding with a weighted average exercise price of \$0.94 per option. Of this total, 2,551,656 stock options are exercisable with a weighted average exercise price of \$1.29. As well the Company has 5,549,303 warrants outstanding the details of which are as follows:

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		

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

## DISCLOSURE CONTROLS AND PROCEDURES

As required by National 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, and contracts with third parties in Mexico. Although the Company's finance staff is small in number management believes appropriate segregation of duties within the finance department has 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, 2012. 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. The Company has had a policy of having its external auditors review its quarterly financial statements in the past. However, beginning with this quarter, the Company will no longer have its external auditors review its quarterly financial statements in order to preserve capital during this current difficult market environment.

There has been no change in the Company's internal control over financial reporting during the nine month period ended September 30, 2013 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.