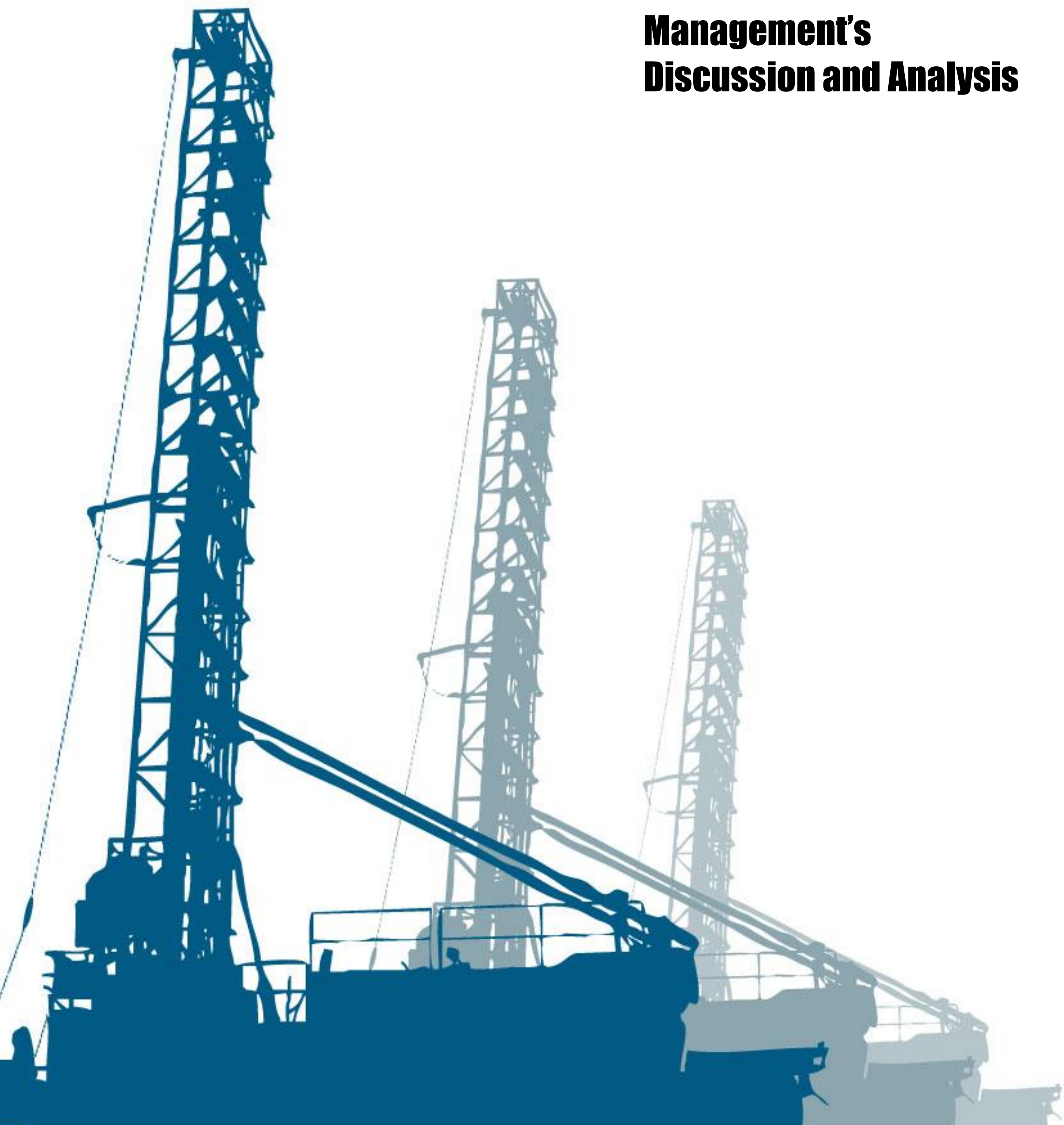
ZINCORE METALS INC.

For the Year Ended
December 31, 2014 and 2013

Management's
Discussion and Analysis



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

For the Year Ended December 31, 2014 and 2013
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 year ended December 31, 2014 is prepared as of March 31, 2015 and should be read in conjunction with the Company's audited financial statements for the years ended December 31, 2014 and 2013 which were prepared in accordance with International Financial Reporting Standards ("IFRS"). All of these statements are available on the Company's website at www.zincoremetals.com or on the SEDAR website at www.sedar.com. Additional information relating to the Company is also available on SEDAR at www.sedar.com.

On August 26, 2013, the Company completed a six-for-one consolidation of the Company's common shares. All share information reflects this change.

On March 2, 2015, the Company received notice that the TSX was reviewing the Company's shares for continued listing eligibility on the TSX and granting the Company 60 days to remedy deficiencies related to TSX Continuous Listing requirements. After reviewing its options and determining that it was highly unlikely it would correct its TSX Continuous Listing Requirement deficiencies in the allotted time frame, the Company chose to apply for voluntary delisting from the TSX and apply to have its shares listed on the NEX exchange, a separate board of the TSX-V. At market close on March 30, 2015, the Company's shares ceased to trade on the TSX and commenced trading on the NEX at market open on March 31, 2015. Given that the Company's listing on the BVL is conditional on a TSX or TSX-V listing, the Company expects that its shares will cease to trade on the BVL approximately 20 working-days after the TSX delisting.

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"), future exploration on the AZOD project and the Reconnaissance Properties (as defined herein), 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) environmental and political risks and changes in environmental and mining legislation; (vii) community relations risks associated with operating in Peru and (viii) the risk that the Company will not be able to meet its continued listing requirements by the Toronto Stock Exchange ("TSX").

This MD&A 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 Company's flagship, the Accha Zinc Oxide District ("AZOD") project. A technical report prepared in accordance with National Instrument 43-101 outlining two potential production scenarios for the zinc-lead project was completed and filed on SEDAR on August 26, 2013. Given the difficulty the Company is currently having raising equity capital, there are no current exploration plans for this project. However, the Company will continue to explore every option to advance this project in order to maximize shareholder value, including but not limited to development, joint venture, or sale.

In February 2015 First Quantum Minerals ("First Quantum") terminated the Memorandum of Understanding ("MOU") governing a Regional Copper Reconnaissance Program to identify Copper Target Areas on Zincore's 55,000 hectare AZOD property package. The Company will continue to work towards securing funding, or finding a partner or buyer, to advance these properties.

On March 2, 2015, the Company received notice from the TSX that it is reviewing the Company's common shares with respect to meeting continued listing requirements. After reviewing its options the Company decided to voluntarily delist its shares from the TSX and apply for listing on the NEX exchange, a separate board of the TSX-V. At market close on March 30, 2015, the Company's shares ceased to trade on the TSX and commenced trading on the NEX at market open on March 31, 2015. Given that the Company's listing on the BVL is conditional on a TSX or TSX-V listing, the Company expects that its shares will cease to trade on the BVL approximately 20 working-days after the TSX delisting.

At the Company's Dolores project, a re-interpretation of all the drill results to date has been completed and a four hole drill program was completed during the third quarter 2014. Drill results are being interpreted after which First Quantum will decide how it wishes to proceed with this project.

The Company was able to close a private placement on March 24, 2014 for gross proceeds of $330,000 to be used for general working capital purposes. These funds have now been spent and the CEO of the Company has advanced U.S. $94,158 and 65,004 Peruvian Soles to the Company, in the form of unsecured, non-interest bearing loans to continue operations. There can be no guarantee that the CEO will advance additional funds. The Company needs to secure further financing to continue its operations and is working diligently to do so.

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 Peru. 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 of a strategy to advance 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

The pain for junior resource companies continued in 2014. Share prices of larger resource and mining companies were volatile, while the share prices of most junior resource companies were severely punished as investors avoided the sector. As for the past few years, junior resource companies were squeezed by virtually no liquidity and an almost complete inability to raise funds. Zincore shares opened the year at $0.12 (adjusted for consolidation) before closing 2014 at $0.085 per share for a loss of 29%.

On March 17, 2014, the Company announced its intention to close a non-brokered private placement of units ("the Units") at a price of $0.135 per unit to raise gross proceeds of up to $861,000. Each unit would be comprised of one common share and one-half of a common share purchase warrant. Each whole warrant would entitle the holder to purchase one common share at $0.19 for up to 24 months. On March 24, 2014, the Company announced that it had closed the first tranche of this private placement by issuing 2,444,444 units for gross proceeds to $330,000. On April 28, 2014, the Company announced that it would not be proceeding with a second tranche of the private placement.

At Dolores, work in 2014 focussed on site preparation and four hole drill program which commenced in late June 2014. First Quantum has now provided Zincore with assay results from that program and the Company is currently analyzing the results.

On the Copper Reconnaissance Properties, soil sampling and geological mapping was the focus of the work as well as the completion of archaeological surveys and base line studies which were to be used in the application for drill permits at Larisa, Alcatraz and Gema. On February 15, 2015, the Company announced that First Quantum terminated the MOU governing the Copper Reconnaissance Properties. As a result of this decision by First Quantum and the continued inability of the Company to secure equity financing, exploration expenditures totalling $5,258,684 were written off during the fourth quarter of 2014. The next scheduled claim maintenance fees relating to this project will be payable in June 2015 and the Company will continue to work towards securing funding, or finding a partner or buyer, for these properties prior to that date.

During the second quarter of 2014, the Company wrote off exploration expenditures totalling $33,910,231 relating to the AZOD project. The Company has been actively trying to raise capital or find a partner in order to advance its AZOD project. Although the PFS completed in 2013 indicated positive economics and a Net Present Value ("NPV") for the project which is significantly greater than its book value, the Company has been unsuccessful in raising capital, or finding a partner or buyer for the project. As a result, the Company decided not to invest further funds on exploration or development of this project until market conditions improve. The Company believes that this project could become much more attractive in the future if zinc and junior exploration equity markets improve. Although exploration work has been temporarily suspended, the Company intends to continue maintaining the claims in good standing and will continue to work towards securing funding, or finding a partner or buyer, for this project. The next scheduled claim maintenance fees relating to this project will be payable in June 2015.

During the second quarter of 2014, the Company also decided to write off exploration expenditures totalling $529,608 relating to the Minasccasa project. Like the AZOD project, the Company has not been able to secure funding or a partner to advance this project and therefore no further exploration expenditures are planned for the project at this time. The next scheduled claim maintenance fees relating to this project will be payable in June 2015.

During the fourth quarter of 2013, First Quantum notified the Company of its intention to vest its first earn in of a 30% interest in Polymex Resources Ltd ("Polymex") which indirectly owns the Dolores Project. During 2014 First Quantum also completed its second earn-in obligations and as of the date of this MD&A owns a 50.1% interest in Polymex. As of the date of its 50.1% earn-in, First Quantum had contributed US $7,627,218 ($7,753,568 in Canadian dollars) in cash towards it's earn in commitments relating to the Dolores joint venture. First Quantum has also incurred exploration expenditures totalling US $1,182,132 to make their total earn in contribution total US $8,809,350.

As a result of First Quantum becoming the operator at Dolores (and at the other Copper Reconnaissance properties), and the continued difficulty for Zincore and most other junior exploration companies to raise funds in the current market environment, the Company reduced all of its activities during the second half of 2014. This has resulted in all employees being terminated with only essential staff being retained on a consulting basis. Severance costs totalling $388,495 remains unpaid. The Company is actively attempting to raise funds in order to meet these obligations to its former employees.

As at December 31, 2014, the Company calculated the fair value of the conversion option relating to its convertible loan with FQM to equal $2,037,266 and recorded this amount as an asset, netted against the value of the loan in the consolidated statements of financial position, and as a gain on the consolidated statements of comprehensive (loss) income.

As at December 31, 2014, the Company had negative working capital, comprised of current assets less current liabilities, totaling $1,726,333. However, the $525,003 fair value of the convertible loan, included in the calculation of working capital, is not required to be repaid in cash and the debt can be satisfied by converting the loan amount, plus applicable accrued interest into Zincore common shares at US$0.48/share. The Company continues to explore ways to raise new funds while continuing to minimize cash outflows during these difficult market conditions for junior mining companies.

SELECTED ANNUAL INFORMATION

	YEAR ENDED DECEMBER 31, 2014	YEAR ENDED DECEMBER 31, 2013	YEAR ENDED DECEMBER 31, 2012
Interest and other income	$ 970	$ 13,135	$ 44,573
Net loss	$ 39,850,749	$ 2,660,622	$ 3,757,886
Net loss per share	$ 0.98	$ 0.07	$ 0.12
Total assets	$ 29,368	$ 46,808,495	$ 40,872,579
Financial liabilities	$ 1,822,711	$ 6,986,106	$ 5,145,613
Common shares outstanding	41,533,992	38,274,239	35,073,992

Zincore does not yet have operating mining assets. Annual variations in costs and net losses reflect the higher or lower levels of exploration activities on its properties and whether significant mineral property costs previously capitalized were written off. The decreased interest and other income resulted from lower average cash balances. The much larger net loss in 2014 resulted primarily from the write off of exploration expenditures relating to the AZOD project, and the Minasccasa and Copper Reconnaissance Properties totalling $39,698,523 which was partially offset by a gain of $2,037,266 relating the adjustment in the fair value of the convertible option relating to the loan from FQM. As well, the Company recorded severance costs totalling $507,277 as a result of lay-offs both in Canada and Peru. The lower net loss in 2013 resulted for the most part from specific cost cutting measures implemented during the year. Examples of these measures were salary reductions for certain staff of up to 50%, board fees suspended starting the third quarter of the year, staff bonuses were not granted, and a reduction in office space both in Vancouver and Lima. In 2012 the lower net loss resulted from the absence of mineral property cost write offs as well as lower general and administrative costs a result of moving into a smaller office spaces in Lima and Vancouver in the middle of the year and a reduction in staff levels in both cities. The decrease in total assets in 2014 was also primarily the result of the property cost impairments discussed above as well as the Company's subsidiary, Polymex, becoming an associate rather than a subsidiary at which time the Company impaired the value of the associate to zero. Also, the Company sold or wrote off of all of its office and field equipment. The increase in total assets in 2013 and 2012 was the result of equity financings completed during the two years which financed the expenditures on the Dolores project being funded by First Quantum and the completion of the PFS on the AZOD project. As well in 2013, there was a significant increase in the value of the US dollar when compared to its Canadian counterpart and this resulted in higher asset values as the vast majority of the Company's assets are denominated in US dollars and then converted to Canadian dollars for presentation purposes. The decrease in liabilities in 2014 is primarily due to the option for Polymex being exercised, the revaluation of the convertible option relating to the loan from FQM, and the reversal of accrued bonuses from 2012. The increase in liabilities in 2013 and 2012 largely reflects the contribution by First Quantum to their earn-in relating to the Dolores project which was recorded as a liability, and the convertible loan negotiated in 2013 with First Quantum.

RESULTS OF OPERATIONS

	YEAR ENDED DECEMBER 31, 2014	YEAR ENDED DECEMBER 31, 2013
Mineral property costs written off	$ 39,698,523	$ -
Gain on revaluation of convertible loan	$ 2,037,266	-
General exploration	$ 604,345	$ 675,789
Salaries and benefits	$ 346,558	$ 656,084
Consulting and management fees	$ 357,711	$ 586,533
Other general and administrative expenses	$ 448,099	$ 774,527
Loss on disposition of property, plant and equipment	$ 25,642	$ -
Gain on revaluation of warrants	$ 44,132	$ 94,861
Reversal of prior years' accrual	$ (462,000)	$ -
Write off of investment in associate	$ 696,100	$ -
Foreign exchange loss	$ 214,576	$ 69,329

During 2014, the Company wrote off exploration expenditures totalling $33,910,231 relating the AZOD project, $529,608 relating to the Minasccasa project, and $5,258,684 relating to the Copper reconnaissance properties. The Company continues to maintain these mineral claims in good standing and will continue to search for funding or a partner to advance these projects as soon as possible.

As at December 31, 2014, the Company calculated the fair value of the conversion option relating to its convertible loan with FQM to equal $2,037,266 and recorded this amount as an asset, netted against the value of the loan in the consolidated statements of financial position, and as a gain on the consolidated statements of comprehensive (loss) income.

General exploration expense was lower by approximately 11% during 2014 compared to 2013 reflecting lower administrative and non-property related exploration costs in Peru as the Company continues to try and preserve cash. These reductions were partially offset by severance costs resulting from the termination all employees in Peru during the third quarter of 2014. In addition share-based compensation was lower as no stock options relating to exploration related employees were granted in 2014.

Salaries and benefits are approximately 47% lower in 2014 when compared to 2013 as a result of salary reductions taken by executive personnel in October 2013 which were then partially offset by the severance costs incurred during the third quarter of 2014 totalling $126,977. As of August 2014, the Company has no one on its payroll as the remaining staff are classified as part time consultants.

Other general and administrative expenses were lower by 42% during 2014 when compared to 2013 primarily due to less travel and shareholder information costs as the Company continues to make every effort to conserve cash. As well, audit and legal fees were significantly lower than in prior years as the Company's activities have been consciously reduced during these difficult market conditions for junior exploration companies.

Consulting and management fees decreased by approximately 39% during 2014 compared to 2013. The decrease is due to the Company engaging fewer consultants as activities have decreased. As well, certain consultants have accepted decreases in their daily rates. There was also a decrease in stock-based compensation as fewer stock options were granted to consultants.

In 2012 the Board of Directors granted certain executives of the Company bonuses totaling $462,000 pending the completion of a significant financing. This amount had been accrued in accounts payable and accrued liabilities in the consolidated statements of financial position. Financings since that time have not been large enough for the Board to approve payment of these bonuses. Given the current difficulties for exploration companies to raise equity capital, the Company decided that these bonuses would not be paid and reversed the accrual during the second quarter of 2014.

During 2014, First Quantum earned an additional 20.1% interest in Polymex as they met the criteria for the Second Earn-In of the Dolores project. This resulted in Zincore no longer being the controlling shareholder in the project and thus no longer consolidating Polymex. The Company has significant influence over Polymex and as it is not a subsidiary or a joint venture, it has been assessed as an associate and is being equity accounted for going forward. As a result of this change the Company is required to determine the fair value of the asset acquired in exchange for the interest in the subsidiary.. Given that the Dolores project is still in the relatively early stages of exploration, its fair value has been estimated to be $nil and resulted in the Company writing off the remaining carrying value of its investment which totalled $696,100.

There was a significant increase in foreign exchange loss during 2014 compared to 2013 as a result of the large weakening of the Canadian dollar compared to its US counterpart during the period. 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, share options granted and the vesting and amortization of previous share options granted, during the year ended December 31, 2014 the Company recognized $218,087 (2013 – 383,522) as share-based compensation expense. Of these amounts, as a result of the common shares issued to the Company's CEO, in lieu of cash payment for his consulting fees, $104,291 (2013 – $77,212) was recorded in share capital during the year ended December 31, 2014. As well, as a result of share options granted and the vesting and amortization of previous grants, during the year ended December 31, 2014, the Company recognized $113,796 (2013 - $306,310) and recorded these amount in share based payment reserve. These amounts were recorded as follows:

	YEAR ENDED DECEMBER 31, 2014		YEAR ENDED DECEMBER 31, 2013	
Consulting and management fees	$	116,157	$	126,042
General exploration	$	5,420	$	25,332
Salaries and benefits	$	96,510	$	232,148
Total	$	218,087	$	383,522

The value of the share options granted during the year ended December 31, 2014 was determined using the Black-Scholes option pricing model. During the year ended December 31, 2014 the weighted average grant-date fair value of $0.08 (2013 - $0.15) for each option granted was estimated using the following weighted average assumptions: no dividends are to be paid; volatility of 106% (2013 – 98%); risk free interest rate of 1.1% (2013– 1.6%); forfeiture rate of 0% (2013 – 0%); and expected life of 3.5 years (2013 - 3.5 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.

In September 2013 the Company issued 1,388,887 warrants with a strike price of U.S. 0.36. These US dollar warrants 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 consolidated statements of financial position. Due to the fact these warrants were issued in U.S. dollars, which is not the functional currency of the Company, as at December 31, 2014, these warrants were re-valued at $18,368 with the resulting gain of $44,132 (2013-$94,861) for the year being recorded in the consolidated statements of comprehensive (loss) income. The warrants were re-valued by using the Black-Scholes options pricing model assuming no dividends to be paid, volatility of 143%; risk free interest rate of 1.02%; and an estimated life of 9 months.

PROPERTY REVIEW

THE ACCHA ZINC OXIDE DISTRICT ("AZOD") PROJECT

The AZOD covers over 50,000 hectares and hosts zinc and lead oxide mineral Reserves and 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 at 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 was also commissioned, and 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. 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)
Cumulative net cash flow				
Undiscounted	**377,268**	**528,683**	**243,384**	**336,980**
Net present value (2015)				
Discounted at 5%	217,024	332,216	135,342	205,805
Discounted at 8%	**150,123**	**248,917**	**91,073**	**151,221**
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.

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)
Measured	**2.2**	**2,119**	**8.75**	**8.11**	**0.93**	**408.8**	**378.9**	**43.4**
	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
Indicated	**2.2**	**4,494**	**6.03**	**5.55**	**0.71**	**597.4**	**549.9**	**70.3**
	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
M&I	**2.2**	**6,613**	**6.90**	**6.37**	**0.78**	**1,006.0**	**928.7**	**113.7**
	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
Inferred	**2.2**	**197**	**4.95**	**4.60**	**0.51**	**21.5**	**20.0**	**2.2**
	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)
Measured	**3.79**	**17**	**5.73**	**4.58**	**1.66**	**2.1**	**1.7**	**0.6**
	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
Indicated	**3.79**	**920**	**6.24**	**5.58**	**0.95**	**126.5**	**113.3**	**19.2**
	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
M&I	**3.79**	**937**	**6.23**	**5.57**	**0.96**	**128.6**	**115.0**	**19.8**
	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
Inferred	**3.79**	**553**	**5.63**	**5.07**	**0.81**	**68.6**	**61.8**	**9.9**
	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/m³ for mineralization, and 2.57 t/m³ 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)
Indicated	**1.67**	**26,491**	**3.87**	**2.37**	**2.18**	**2,261.5**	**1,385.3**	**1,270.0**
	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
Inferred	**1.67**	**1,169**	**2.91**	**2.17**	**1.09**	**75.1**	**55.8**	**28.0**
	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/m³ for mineralized material and 2.49 t/m³ 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 Lerches–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)
Accha Open Pit					
Proven	754	8.43	0.73	140.2	12.2
Probable	468	7.39	0.59	76.3	6.1
Proven & Probable	**1,223**	**8.03**	**0.68**	**216.5**	**18.3**
Accha Underground					
Proven	307	11.79	1.70	79.8	11.5
Probable	704	9.74	1.25	151.3	19.4
Proven & Probable	**1,011**	**10.36**	**1.39**	**231.1**	**30.9**
Yanque Open Pit					
Proven	0	0.00	0.00	0.0	0.0
Probable	8,338	3.97	2.60	730.5	477.1
Proven & Probable	**8,338**	**3.97**	**2.60**	**730.5**	**477.1**
Total					
Proven	1,061	9.40	1.01	219.9	23.7
Probable	9,510	4.57	2.40	958.0	502.5
Total Accha and Yanque Proven & Probable	**10,571**	**5.05**	**2.26**	**1,177.9**	**526.2**

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

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.zincoremetals.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 formed the basis for further work for the PFS

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

Prior to 2013 the Company had located within the Accha Zinc Oxide District, as many as nine other zinc oxide prospects including Corrales, Gema, Puyani, Yanque East, and Titiminas West. The Company believes that further exploration on these areas can result in the expansion of the resources at the AZOD project which would increase its projected mine life and scope.

In February 2013, the Company announced that results from a reconnaissance program indicated five new primary and seven new secondary zinc-lead targets that may also 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.

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 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.

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. 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 (at that time 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 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 vested when First Quantum provided written notice (the "Vesting Notice") within 60 days of the first anniversary of the Formal Agreement Date and committed 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. Since then an additional US $5.0 million was invested and First Quantum earned a 50.1% interest in Polymex.

- Third Earn-In: First Quantum can earn an additional 9.9% in Polymex by producing a Canadian 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.

During the fourth quarter of 2013, First Quantum notified the Company of its intention to vest its first earn in of a 30% interest in Polymex Resources Ltd ("Polymex") which indirectly owns the Dolores Project. During 2014 First Quantum also completed its second earn-in obligations and as of the date of this MD&A owns a 50.1% interest in Polymex. As of the date of its 50.1% earn-in, First Quantum had contributed US $7,627,218 ($7,753,568 in Canadian dollars) in cash towards it's earn in commitments relating to the Dolores joint venture. First Quantum has also incurred exploration expenditures totalling US $1,182,132 to make their total earn in contribution total US $8,809,350.

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 JV. 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 chalcopyrite veinletes 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 were gathered, and combined with extensive aerial and ground geophysical work, provided the Company with an important body of information that was re-interpreted by the project's technical committee in order 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. To that end, an initial 4 hole drill program began during the latter part of the second quarter 2014. The program is now complete and results are being interpreted after which First Quantum will decide how to proceed with this project.

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 was to fund exploration on the Reconnaissance Properties until April 1, 2015. During that time, if a copper target area was determined then a Framework Agreement would have been executed between Zincore and First Quantum in order to develop the target under a new joint venture (a "Copper Target JV"). Each Framework Agreement would have been subject to the laws of Peru and would have allowed First Quantum, at its sole discretion, the right to earn up to an 80% interest in the Copper Target JV by achieving specified objectives as stated below.

- 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.

On December 10, 2013, the Company announced that First Quantum had selected three Copper Target Areas for further exploration. The two companies would execute separate framework agreements for each Target Area to further explore and, if warranted, develop the Targets as joint ventures. The three Copper Target Areas are Larisa, Gema and Alcatraz (formerly referred to as Laca-Laca). All three areas were thought to have sound potential to be further explored for potentially developing as copper projects. In fill soil-sampling programs and detailed mapping at a scale of 1:2,000 over all geochemical anomalies were performed to identify and prioritize initial drill targets.

On February 15, 2015, the Company announced that First Quantum terminated the MOU governing the Copper Reconnaissance Properties. As a result of this decision by First Quantum and the continued inability of the Company to secure equity financing, exploration expenditures totalling $5,258,684 were written off during the fourth quarter of 2014. The next scheduled claim maintenance fees relating to this project will be payable in June 2015 and the Company will continue to work towards securing funding, or finding a partner or buyer, for this project.

Larisa

The Larisa Copper Target Area is located approximately 5.5 kilometres west of the Accha zinc deposit in the north part of the AZOD. 258 soil samples have been taken on a regular grid of north-south orientation, with a spacing of 400 meters. In anomalous areas, additional samples were subsequently taken every 200 meters. In addition, 54 rock samples were gathered and the area was mapped at a scale of 1/10,000.

The main soil anomaly covers an area of 1.4 kilometres by 400 metres in an east-west direction with copper values ranging from 100 to 900 ppm, molybdenum values from 2 to 10 ppm and gold values from 15 to 41 ppb. Copper values for rock samples collected within the anomaly area range from trace up to 1.29% copper for a sample of mineralized intrusive.

An IP survey was completed during the second quarter of 2014. The data is being prepared and analyzed in order to plan a future drill program pending future funding.

Alcatraz (Formerly referred to as Laca-Laca)

The Alcatraz Copper Target Area is located approximately 5 kilometres north of the Dolores copper-molybdenum project in the southwest quadrant of the AZOD. The airborne geophysical survey delineated magnetic and radiometric anomalies measuring 5 kilometres by 1 kilometre, with a northeast orientation.

To date, surface work on the Alcatraz Target has been limited to the southern sector of the airborne anomaly, as permission from a community to the north has only recently been granted. So far, 386 soil samples have been taken on a regular grid of north-south orientation, with a spacing of 400 meters. In anomalous areas an infill campaign was also conducted, with samples collected on 200 meter centers. At Alcatraz, a 3.5 kilometre by 700 metre anomaly has copper values in soil ranging from 100 to 7,500 ppm and molybdenum ranging from 4 to 119 ppm. This anomaly is open to the north and has not yet been mapped in its entirety. The copper-molybdenum soil anomaly is mainly hosted by quartzites and occurs along the margin of the large radiometric anomaly, again similar to the relationship observed at the Dolores project.

Gema

The Gema Copper Target Area is located along the western boundary of the AZOD. 288 soil samples have been taken on a grid of 400 metres by 400 meters. In addition, 74 rock samples have been gathered and 52 metres of trenching have been performed. Currently, soil samples are being taken in a 200 metre by 200 meter grid in anomalous areas. Mineralization identified at surface so far is mainly represented by structurally controlled garnet skarn with associated copper-iron oxide +/-zinc-lead-silver values.

The main soil anomaly at the Gema Target is associated with outcropping intrusive in the central part of the Target and covers an area measuring 3 kilometres by 800 metres with copper in soil values ranging from 80 to 300 ppm. On the western edge of this copper anomaly there is a multi-element anomaly (copper, molybdenum, arsenic, antimony, bismuth, tellurium and thallium) in sedimentary rocks, covering an area of 4 kilometres by 700 metres with copper values ranging from 60 to 500 ppm, arsenic values ranging from 40 to 898 ppm and antimony values ranging from 8 to 202 ppm. Additionally 16 rocks samples were collected from within the main copper soil anomaly area and include intrusive rocks and skarn which have values ranging from trace to 1.5% copper and trace to 177 ppb gold.

An IP survey was completed on Gema and the data will be analyzed and interpreted in order to plan a future drilling program pending future financing.

Minasccasa

Only a small amount of work has been done recently on the 100%-owned Minasccasa property, located in the Andahuaylas-Yauri metallogenic belt in southern Peru, 400 km southeast of Lima, due lack of funds. Although full access agreements with the communities in the area have not been completed, the Company has been granted partial access in order to do some work. The Company has not focussed on this opportunity lately due to market conditions and lack of financial means. This project was excluded from the MOU with First Quantum discussed above under "Copper Reconnaissance within AZOD".

During the second quarter of 2014, the Company decided to write off exploration expenditures totalling $529,608 relating to the Minasccasa project. Like the AZOD project, the Company has not been able to secure funding or a partner to advance this project and therefore no further exploration expenditures are planned for the project at this time. The next scheduled claim maintenance fees relating to this project will be payable in June 2015

QUARTERLY FINANCIAL INFORMATION

This selected consolidated financial data should be read in conjunction with the Company's audited consolidated financial statements for the years ended December 31, 2014 and 2013.

FISCAL QUARTER ENDED	DECEMBER 31, 2014 (IFRS)	SEPT 30, 2014 (IFRS))	JUNE 30, 2014 (IFRS)	MARCH 31, 2014 (IFRS)	DECEMBER 31, 2013 (IFRS)	SEPT 30, 2013 (IFRS)	JUNE 30, 2013 (IFRS)	MARCH 31, 2013 (IFRS)
Interest and other income	$ 19	$ 179	$ 144	$ 628	$ 239	$ 195	$ 10,400	$ 2,301
Net loss	$ (3,410,180)	$ (1,471,014)	$ (34,372,219)	$ (597,336)	$ (512,321)	$ (630,921)	$ (843,442)	$ (673,938)
Net loss per share	$ (0.09)	$ (0.03)	$ (0.84)	$ (0.02)	$ (0.01)	$ (0.02)	$ (0.02)	$ (0.02)
Total assets	$ 29,368	$ 5,305,999	$ $13,577,402	$ 48,889,009	$ 46,808,495	$ 45,138,708	$ 45,685,758	$ 43,037,427
Total liabilities	$ 1,822,711	$ 3,845,665	$ 8,105,360	$ 7,456,479	$ 6,986,106	$ 9,435,461	$ 9,071,691	$ 7,113,280

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.

The net loss during the fourth quarter of 2014 was primarily due to the write off of mineral property costs relating to the Copper Reconnaissance Project totalling $5,258,684. This is partially offset by gain of $2,037,266 relating the adjustment in the fair value of the convertible option relating to the loan from FQM, and decreases in salaries and consulting fees as all employees were terminated during the second quarter of 2014. The net loss during the third quarter of 2014 was higher than usual primarily due to the $696,100 write of its investment in Polymex which controls the Dolores property. As a result of First Quantum earning its 50.1% interest, the Company deconsolidated its investment in the Polymex during the quarter and begin accounting for it using the equity method. As well there were large severance costs during the quarter due to the termination of all of its employees. There was a large net loss during the second quarter of 2014 as a result of the write off of mineral property expenditures totalling $34,439,839 relating to the AZOD and Minascassa projects. Net loss increased during the first quarter of 2014 primarily due to foreign exchange losses. As well, there was no gain on the revaluation of warrants as occurred during the fourth quarter of 2013. Losses decreased during the third and fourth quarters of 2013 when compared to the second quarter of the same year primarily due to a foreign exchange gain during the third quarter and gain on the revaluation of warrants during the fourth quarter, as well as the forgoing of board fees and salary reductions during both periods. 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 U.S 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 would only be payable upon completion of a future successful financing by the Company. As those financings did not materialize, the deferred compensation was never paid and subsequently cancelled during the second quarter of 2014. Other administrative costs during the quarter were kept to a minimum as the Company continued to look at ways to preserve cash.

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 and debt balances. 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 general exploration expense is typically higher than in other periods.

Total assets significantly decreased during the fourth and second quarter of 2014 due to the same write offs discussed above relating to the net loss increase during the same periods. Total assets and liabilities decreased significantly during the third quarter of 2014 due to the Company changing its accounting of its investment in Polymex from the consolidation to the equity basis of accounting. This resulted in the removing from consolidation all of the assets and liabilities of Polymex which included the Dolores property and the cash contributions from First Quantum. These assets and liabilities, as well as the cash holdings of Polymex, made up the carrying value of an investment account totalling $696,100 which was subsequently written off.

Total assets increased significantly during the first quarter of 2014, and first, second and fourth quarters of 2013 primarily as a result of the increase in value of the US dollar and the resulting translation of the Company's U.S. dollar based 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 during the third quarter of 2013 decreased as a result of the decrease in the value of the U.S. dollar and the resulting translation of the Company's assets U.S. dollar based assets to Canadian dollars which is the Company's presentation currency. The decrease during the third quarter of 2013 was partially offset by the equity financing completed in September of that year.

There has also been significant PFS and metallurgical test work as well as drilling activity on the AZOD project, and 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 first three quarters of 2013, and the first quarter of 2014 largely reflects the contribution by First Quantum to their earn-in relating to the Dolores project. The decrease in total liabilities during the fourth quarter of 2013 is the result of First Quantum electing to vest its 30% interest in Polymex which resulted in the Company re-classifying the first earn-in contributions by First Quantum from liabilities to equity. In addition, during the second quarter of 2013, the Company entered into a convertible loan agreement with First Quantum. During the fourth quarter of 2014, the Company revalued the conversion option relating to this loan and netted the value of this option against the loan which resulted in the decrease in total liabilities during this period.

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. The Company currently has negative working capital and 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. At December 31, 2014, Zincore has incurred cumulative losses of $69,263,114, and as of the same date, has negative working capital totalling $1,726,333 and does not currently have financing to repay its accounts payable and accrued liabilities as they become due. These factors 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.

As a result of First Quantum becoming the operator at Dolores and at the other Copper Reconnaissance properties, and the continued difficulty for Zincore and most other junior exploration companies to raise funds in the current market environment, the Company reduced all of its corporate and exploration activities. This has resulted in all employees being terminated with only essential staff being retained on a consulting basis. Total severance costs totalled $507,277, of which $388,495 remains unpaid at December 31, 2014. The Company attempts at raising funds to meet these and its other obligations have been unsuccessful to date, however, efforts are continuing.

During the third quarter of 2014, First Quantum earned an additional 20.1% interest in Polymex as they met the criteria for the Second Earn-In increasing its ownership to 50.1%. This resulted in Zincore no longer being the controlling shareholder of the project and thus no longer consolidating its interest in the entity. The Company has significant influence over Polymex and as it is not a subsidiary or a joint venture, it has been assessed as an associate and is being accounted for on the equity basis effective August, 1, 2014 going forward. As a result of this change the Company is required to determine the fair value of the asset acquired in exchange for the interest in the subsidiary. Given that the Dolores project is still in the relatively early stages of exploration, its fair value has been estimated to be $nil and resulted in the Company writing off the remaining carrying value of its investment which totalled $696,100.

INVESTMENT IN ASSOCIATED COMPANY		DECEMBER 31, 2014
Cash in Associate	$	6,446
Option to acquire mineral property		(4,810,689)
Non – controlling interest		(2,942,879)
Mineral property - Dolores		8,443,222
Investment in Associate	$	696,100
Write off of Investment in Associate		(696,100)
Investment in Associate, December 31, 2014	$	-

The Company continues to believe strongly in the potential of the Dolores project as it is a large land area that requires much more work investment in order to be evaluated properly.

During the second quarter of 2014, the Company wrote off exploration expenditures totalling $33,910,231 relating to the AZOD project. The Company has been actively trying to raise capital or find a partner in order to advance its AZOD project. Although the PFS completed in 2013 indicated positive economics and a Net Present Value ("NPV") for the project which is significantly greater than its book value (see section above titled "Project Review"), the Company has been unsuccessful in raising capital, or finding a partner or buyer. This has caused the Company to decide not to invest further funds on exploration or development of this project until market conditions improve. The Company believes that this project could become much more attractive in the future when the zinc and junior exploration equity markets turn around. Although exploration work has been temporarily suspended, the Company intends to continue maintaining the claims in good standing and will continue to work towards securing funding, or finding a partner or buyer, for this project. The next scheduled claim maintenance fees relating to this project will be payable in June 2015.

During the second quarter of 2014, the Company also wrote off exploration expenditures totalling $529,608 relating to the Minasccasa project. Like the AZOD project, the Company has not been able to secure funding or a partner to advance this project and therefore no further exploration expenditures are planned for the project at this time. The next scheduled claim maintenance fees relating to this project will be payable in June 2015.

In lieu of payment of a portion of his earnings, during 2014 the Company issued to its CEO 815,309 (2013 – 422,472) common shares valued at $104,291 (2013 - $77,712). These amounts were recorded in consulting and management fees in the Company's consolidated statements of comprehensive (loss) Income.

On March 24, 2014, the Company announced that it had closed the first tranche of a non-brokered private placement of units (the "Units") for gross proceeds of $330,000. The first tranche consisted of 2,444,444 Units at a price of $0.135 per Unit. Each Unit is comprised 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 $0.19 for 24 months. The 1,222,222 warrants issued were valued at $33,000 by using the Black-Scholes options pricing model assuming no dividends are to be paid; volatility of 52%; risk free interest rate of 1.02%; and an estimated life of 2 years. This amount was allocated against share capital and recorded in reserves in the consolidated statements of financial position. The total offering, announced on March 17, 2014, was for maximum gross proceeds of up to $861,000, however, on April 28, 2014 the Company announced that it would not be proceeding with a second tranche of the private placement.

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 U.S. $0.27 per unit. Each unit would consist of one common share and one-half of a common share purchase warrant. Each whole warrant would entitle the holder to purchase one common share at U.S. $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 U.S. $0.27. 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 consolidated statements of financial position. As these warrants were issued in U.S. dollars, which is not the functional currency of the Company, they were re-valued to a fair value of $62,500 as at December 31, 2013. As at December 31, 2014, these warrants were re-valued once again at $18,368 with the resulting gain of $44,132 being recorded in the consolidated statements of comprehensive (loss) income. The warrants were re-valued by using the Black-Scholes options pricing model assuming no dividends to be paid, volatility of 143%; risk free interest rate of 1.02%; and an estimated life of 9 months. On October 17, 2013, the Company announced that is private placement would be closed and the Company would not be proceeding with a second tranche. As of December 31, 2014, the entire gross proceeds of this private placement have been spent. Approximately $651,375 of this private placement was spent on general and administrative costs in Peru and Canada and approximately $120,000 was spent on the PFS for AZOD.

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 would fund exploration on the Reconnaissance Properties until April 1, 2015. During that time, if a copper target area was determined then a framework agreement would have been executed between Zincore and First Quantum in order to develop the target under a new J.V. Each Framework Agreement would have been subject to the laws of Peru and would have allowed 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 February 15, 2015, the Company announced that First Quantum terminated the MOU governing the Copper Reconnaissance Properties. As a result of this decision by First Quantum and the continued inability of the Company to secure equity financing, exploration expenditures totalling $5,258,684 were written off during the fourth quarter of 2014. The next scheduled claim maintenance fees relating to this project will be payable in June 2015 and the Company will continue to work towards securing funding, or finding a partner or buyer, for this project.

The Company is currently negotiating with First Quantum for an amount totalling U.S. $356,000 which it feels is owed to it from First Quantum relating to the various agreements discussed above.

On April 17, 2013, the Company completed a loan agreement with First Quantum whereby First Quantum provided the Company with a U.S. $2 million loan ("the Loan") for working capital purposes. The term of the agreement was for one year, or as extended by mutual agreement between both parties and the interest rate is LIBOR plus 5%. In 2014 the agreement was extended by one year. There is no provision in the agreement that requires Zincore to pay back this loan and the related interest in cash. On completion of the two year term, on March 27, 2015, First Quantum may elect to convert the loan plus accrued interest into 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. The conversion of the 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 U.S. $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.

As of December 31, 2014, the fair value of this conversion option was calculated at $2,037,266 and was recorded as a gain on revaluation of convertible loan in the consolidated statements of comprehensive (loss) income. The value of the convertible loan on the consolidated statements of financial position is calculated on a net basis as follows:

INVESTMENT IN ASSOCIATE		DECEMBER 31, 2014
Loan	$	$2,562,269
Conversion option		(2,037,266)
Net value of convertible loan at December 31, 2014	$	525,003

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During 2014 the Company accrued interest expense of $131,702 (2013-$89,859) related to this loan and recorded foreign exchange losses relating to this loan totalling $212,222 (2013- $87,285).

As at December 31, 2014, Zincore had negative working capital of $1,726,333 compared to negative working capital of $2,812,137 at December 31, 2013. Working capital consists of current assets less current liabilities. However, the $525,003 net value of the convertible loan, recorded as a current liability, is not required to be paid back in cash. The decrease in negative working capital during 2014 has been due a $2,037,266 reduction in the carrying value of the convertible loan, $1,409,389 in cash received from First Quantum as installments for its earn - in relating to the Dolores joint venture, net proceeds of a private placement totalling $317,077, and the reversal of deferred compensation accruals which had been recorded in 2012 totalling $462,000. These were partially offset by general geological work, sampling, and camp maintenance on the AZOD property, trenching and sampling on the Dolores project, large severance costs incurred during the third quarter of 2014, and general corporate activities both in Canada and Peru. .

Expenditures on the Accha Zinc Oxide District, including the Copper Reconnaissance Properties, and the Dolores property during 2014 totalled $952,339 and $516,807 respectively. Expenditures totalling $862,445 on the Accha Zinc Oxide District relate to the copper reconnaissance agreement with First Quantum and were funded by them in full. The majority of the expenditures relate to claim maintenance fees and preparatory work for the planned drill programs. On Dolores the majority of cost relate to sampling and analytical work as well as preparatory work for the drill program that commenced in late June 2014. The drill program itself was fully funded by First Quantum directly. Total expenditures by the Company on all of its projects during 2014 totalled $1,487,573.

Zincore does not hold any asset-backed commercial paper and has current liabilities as at December 31, 2014 totalling $1,755,701. Included in this amount is the net value of the convertible loan totalling $525,003. As explained above, this amount is not required to be paid back in cash. The remaining balance is mostly comprised of accounts payable and accrued liabilities which relate principally to trade payables. As at December 31, 2014, this payables balance is mostly made up of the PFS work on the AZOD project and outstanding severance costs to certain terminated employees.

As at December 31, 2014, the Company shows a working capital deficiency of $1,726,333 on it's consolidated financial statements. However, if we remove the convertible loan of $525,003 as it is not required to be repaid in cash, the working capital deficiency of the Company is reduced to $1,201,330. In order to make up for this deficiency, and fund future obligations as they come due, the Company is actively pursuing all avenues to raise additional cash including, but not limited, the following:

- Raising equity capital through private placement.
- Finding a partner for the AZOD project.
- Finding a partner for the Minascassa project and Copper Reconnaissance properties.
- Securing another convertible loan.
- Sale of interest in any of the Company's projects.

There is no guarantee the Company will be successful in any of these initiatives. All exploration programs have been put on hold until funding is secured to first pay the Company's outstanding payables and ongoing general and administrative expenditures. As at December 31, 2014, cash resources totalled $7,976. As of the date of these financial statements the Company's CEO has advanced cash totalling U.S. $94,158 and 65,004 Peruvian Soles to the Company in order for it to continue operations. However, there is no certainty that the Company's CEO will advance additional funds to continue to support the Company.

During the past two years the Company has implemented several key initiatives in order to preserve cash during these difficult times for junior mining companies. These initiatives have included:

- Entering into option agreements with partners whereby the partners fund exploration expenditures to earn an interest in certain projects.
- Salary reductions for executive staff up to 75% and the subsequent termination of all employees with only essential personnel being retained on a consulting basis.
- Reduction in daily rate for the CEO as well as requiring that 50% of his fees be paid in common shares of the Company.
- Vice-President, Exploration and General Counsel positions eliminated.
- Staff in Canada working from virtual offices to eliminate office rent expenditures.
- Board of Directors foregoing fees.
- Working with the Company's sole large creditor and terminated employees to extend payment deadlines. To date, both groups have been accommodating.
- Temporary suspension of all exploration work.

Even with these cost savings in place, the Company's future is still dependent on finding sources of financing in order to continue as a going concern.

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

	TOTAL	2015	2016	2017
Operating lease obligations	$ 470,016	$ 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

Prior to October 2013, The Company paid remuneration for management services to a company controlled by Zincore's Chief Executive Officer ("CEO"). Fees were paid based on a daily rate pursuant to a consulting contract, approved by the Company's Board of Directors. In October 2013 the Company commenced paying its CEO directly rather than to a company controlled by him:

:

	YEAR ENDED DECEMBER 31, 2014	YEAR ENDED DECEMBER 31, 2013
Remuneration paid to a company controlled by a director for contracting services	$ -	$ 286,579

These amounts are recorded as consulting fees in the consolidated statements of comprehensive (loss) Income

The remuneration of directors and key management personnel during the years ended December 31, 2014 and 2013 is as follows:

	YEAR ENDED DECEMBER 31, 2014	YEAR ENDED DECEMBER 31, 2013
Short-term benefits [1]	$ 346,343	$ 582,527
Reversal of 2012 accrued bonuses	(462,000)	-
Share-based payments [2]	201,134	354,128
Total	$ 85,477	$ 936,655

[1]In 2013, Short-term benefits include consulting and management fees noted above.

[2]Share-based payments are the fair value of options that have been granted to directors and key management personnel as well as common shares issued and accrued for management fees for CEO totaling $91,576 (2013 – 89,927) in 2014.

As of December 31, 2014, the Company owed U.S. $17,925 and $6,000 to its CEO and Interim Chief Financial Officer, respectively. As well, during 2015, the CEO has advanced U.S. $94,158 and 65,004 Peruvian Soles to the Company.

First Quantum currently owns 20.02% of the Company's issued and outstanding common shares and is considered a related party.

FOURTH QUARTER

On February 15, 2015, the Company announced that First Quantum terminated the MOU governing the Copper Reconnaissance Properties. As a result of this decision by First Quantum and the continued inability of the Company to secure equity financing, exploration expenditures totalling $5,258,684 were written off during the fourth quarter of 2014. The next scheduled claim maintenance fees relating to this project will be payable in June 2015 and the Company will continue to work towards securing funding, or finding a partner or buyer, for this project.

As at December 31, 2014, the Company calculated the fair value of the conversion option relating to its convertible loan with FQM to equal $2,037,266 and recorded this amount as an asset, netted against the value of the loan in the consolidated statements of financial position, and as a gain on the consolidated statements of comprehensive (loss) income.

Total operating expenditures was lower in the fourth quarter of 2014 compared to the same period in 2013 due to lower general and administrative costs as the Company terminated all of its employees during the third quarter of 2014 and has a skeleton staff on a part time consulting basis. All other costs have been reduced to the bare minimum.

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, convertible loan, share purchase warrants, and accounts payable. 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. Exploration advances and other receivables are classified as loans and receivables, which are measured at amortized cost. Accounts payable is classified as other financial liabilities, which are measured at amortized cost. Convertible loan, and share purchase warrants are classified as financial liabilities at fair value through profit and loss, which are measured at fair value. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

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, 2014 and 2013. 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 mineral properties which includes:
    - consideration of both external and internal sources of information in assessing whether there are any indications that mineral properties are impaired. External sources of information the Company considers include changes in the market, economic and legal environment in which the Company operates that are not within its control and affect the recoverable amount of mineral properties. Internal sources of information the Company considers include the manner in which mineral properties are expected to be used.
    - Given the current financial position of the Company and the fact the Company's projects are in the explorations stage, it is difficult for the Company to determine fair value of its various projects. Given the Company's current cash position, they are not currently planning to spend any significant funds on any of their projects, and there is significant uncertainty that they will be able to maintain their claims to the projects in the near future given the lack of funds. In determining if there is a fair value, management considered that the market capitalization of the Company is $3.7 million at year-end, and there is little trading of the Company's shares. Furthermore, the Company has not been able to raise money, find partners or sell the projects, which suggests that there is not a significant value to the properties. Taking into account these internal and external factors, and the severe financial constraints that the Company is currently operating under, the Company has determined that the fair value of the projects is nominal at year-end and has recognized impairments for all of their properties.
- the recoverability of prepaids, exploration advances, and receivables which are included in the consolidated statements of financial position;
- the inputs used in accounting for share-based compensation expense in the consolidated statements of comprehensive (loss) income;
- the inputs used in accounting for share purchase warrants in the consolidated statements of comprehensive (loss) income;
- the provision for income taxes which is included in the consolidated statements of comprehensive (loss) income and composition of deferred income tax assets and liabilities included in the consolidated statements of financial position at December 31, 2014; and
- the inputs used in determining the various commitments and contingencies accrued in the consolidated statements of financial position.

CHANGES IN ACCOUNTING POLICIES

In the current year, the Company applied a number of new and revised IFRSs issued by the International Accounting Standards Board ("IASB") that are effective for an accounting period that begins on or after January 1, 2014;

• IFRIC 21 – Levies ("IFRIC 21"), an interpretation of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets ("IAS 37"), clarifies that the obligating event, as defined by IAS 37, that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The Company has applied IFRIC 21 on a retrospective basis in compliance with the transitional requirements of IFRIC 21. The application of IFRIC 21, which was effective January 1, 2014, did not result in any adjustments to the Company's consolidated financial statements.

• The IASB made certain amendments to the following IFRSs and IASs effective January 1, 2014:

- IFRS 10 – Consolidated Financial Statements
- IFRS 12 – Disclosure of Interests in Other Entities
- IAS 27 – Separate Financial Statements
- IAS 32 – Financial Instruments: Presentation
- IAS 36 – Impairment of Assets
- IAS 39 – Financial Instruments: Recognition and Measurement

The amendments did not have an impact on the Company's consolidated financial statements. The Company has not early adopted any other amendment, standard or interpretation that has been issued by the IASB but is not yet effective.

Certain new accounting standards and interpretations have been published that are not effective for the December 31, 2014 reporting period.

Revenue recognition

In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 – Construction Contracts; IAS 18 – Revenue; IFRIC 13 – Customer Loyalty Programs; IFRIC 15 – Agreements for the Construction of Real Estate; IFRIC 18 – Transfers of Assets from Customers; and SIC 31 – Revenue – Barter Transactions involving Advertising Services. IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is effective for annual periods beginning on or after January 1, 2017, with early adoption permitted. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

Financial instruments

In July 2014, the IASB issued the final version of IFRS 9 – Financial Instruments ("IFRS 9") to replace IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking 'expected loss' impairment model. IFRS 9 also includes a substantially reformed approach to hedge accounting. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

Annual improvements

In December 2013, the IASB issued the Annual Improvements 2010-2012 and 2011-2013 cycles, effective for annual periods beginning on or after July 1, 2014. In September 2014, the IASB issued the Annual Improvements 2012-2014 cycle, effective for annual periods beginning on or after July 1, 2016. These Annual Improvements made necessary but non-urgent amendments to existing IFRSs. These amendments are not expected to have a significant impact on the Company's consolidated financial statements.

SHARE CAPITAL INFORMATION

As at the date of this MD&A, Zincore has an unlimited number of common shares authorized for issuance, with 41,533,992 common shares issued and outstanding.

As at the date of this MD&A, Zincore has 3,502,497 stock options outstanding with a weighted average exercise price of $0.78 per option. Of this total, 3,352,493 stock options are exercisable with a weighted average exercise price of $0.81. As well the Company has 2,611,109 warrants outstanding the details of which are as follows:

AMOUNT		EXERCISE PRICE	EXPIRY DATE
1,222,222	$	0.19	MARCH 24, 2016
1,388,887	$	U.S 0.36	SEPTEMBER 27, 2015
2,611,109			

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

RISKS FACTORS

Limited liquidity, Additional financing and Uncertainty of such financing

Current financial resources are not be sufficient to fund the Company's operations. The Company will require additional financing to conduct exploration programs on its properties and fund corporate costs that are beyond the current financial resources. There is no assurance that the Company will be successful in obtaining the required financing either through issuance of common shares, divestment of properties or partnerships. A lack of financing would cause the Company to further postpone its exploration plans and reduce its technical staff, and may necessitate reducing mineral concessions and/or will cause going concern issues for the Company.

Dilution

Issuances of additional securities at or near the current share price of the Company would result in dilution of the equity interests of any persons who are holders of common shares.

Concentration of Ownership

First Quantum owns approximately 20.02% of Zincore's common shares. Any action by First Quantum to acquire, divest, or alter its stake in common shares of Zincore may affect the share price of Zincore and/or its ability to raise financing.

Share price subject to volatility

The market price of the securities of a publicly traded issuer, in particular a junior resource issuer, is affected by many variables not directly related to exploration success, including the market for junior resource securities, economic performance, market liquidity, commodity prices, availability of alternative investments and the breadth of the public market for the securities.

Metal prices subject to volatility

Zincore's mineral resources are zinc and lead. Zinc and lead are traded on exchanges and their prices have been volatile and are affected by, among other things, forecast global economic conditions, and current supply and demand. While Zincore does not currently produce or sell any metals, the value of its mineral resources and its projects are impacted by current and future expected prices of zinc and lead.

No History of Earnings

To date, the Company has had no revenue from the exploration activities on its properties. The Company has not yet determined that development activity is warranted on any of its properties. Even if the Company does undertake development activity on any of its properties, there is no certainty that the Company will produce revenue, operate profitably or provide a return on investment in the future.

Mineral Exploration and Development Activities Are Inherently Risky

The business of mineral exploration and extraction involves a high degree of risk. Few properties that are explored are ultimately developed into production. At present, the Company has not yet determined that development activity is warranted on any of its properties. Unusual or unexpected formations, formation pressures, power outages, labour disruptions, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the conduct of exploration programs. These factors can all affect the timing, cost and success of exploration programs and any future development. Although the Company carries liability insurance with respect to its mineral exploration operations, the Company may become subject to liability for damage to life and property, environmental damage, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. There are also physical risks to the exploration personnel working in the rugged terrain of Peru, often in difficult climate conditions.

Previous operations may have caused environmental damage at certain of the Company's properties. It may be difficult or impossible to assess the extent to which such damage was caused by the Company or by the activities of previous operators, in which case, any indemnities and exemptions from liability may be ineffective, and the Company may be responsible for the costs of reclamation.

If any of the Company's properties move to a development stage, the Company would be subject to additional risks respecting any development and production activities.

Uncertainty of Acquiring Required Permits or Community Access Agreements

The Company must obtain additional permits to complete its planned exploration and development program. Prior to applying for permits, access agreements with local communities are required in certain jurisdictions including Canada and Peru. There is no assurance that the Company will be able to obtain the permits or access agreements or obtain them in a timely manner.

Uncertainty of Quantification / Estimation of Mineral Resources & Mineral Reserves

The figures for mineral resources and mineral reserves for the Accha and Yanque deposits are estimates and no assurance can be given that the stated tonnages and grades will be achieved.

Dependence on Management

The Company will be dependent upon the personal efforts and commitment of its management, which is responsible for the development of future business. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

Directors May Have Potential Conflicts of Interest

Certain of the Company's directors and officers may serve as directors and/or officers of other public and private companies and devote a portion of their time to manage other business interests. This may result in certain conflicts of interest, to the extent that such other companies may participate in ventures in which the Company is also participating. The laws of British Columbia require the directors and officers to act honestly, in good faith, and in the best interests of the Company. In addition, each director must declare his or her interest and abstain from voting on any contract or transaction in which the director may have a conflict of interest.

Political Investment Risk; Political Instability in Developing Countries

The Company's mineral interests are in countries that may be affected by varying degrees of political instability and the policies of other nations in respect of these countries. These risks and uncertainties include military repression, political and labour unrest, fluctuations in currency exchange rates, rates of inflation, terrorism, hostage taking and expropriation.

The Company's exploration and development activities may be affected by changes in government, political instability and the nature of various government regulations relating to the mining industry. The Company cannot predict a government's positions on foreign investment, mining concessions, land tenure, environmental regulation or taxation. A change in government positions on these issues could adversely affect the Company's business and/or its holdings, assets and operations in Peru. Any changes in regulations or shifts in political conditions are beyond the control of the Company. The Company's operations in Peru entail governmental, economic, social, medical and other risk factors common to all developing countries. See "Economic Uncertainty in Developing Countries". The status of Peru as a developing country may make it more difficult for the Company to obtain any required financing because of the associated investment risks.

Economic Uncertainty in Developing Countries

The Company's operations in Peru may be adversely affected by economic uncertainty characteristic of developing countries. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, environmental legislation and safety factors. Any such changes could have a material adverse effect on the Company's results of operations and financial condition.

Exploration and development in Peru is subject to risk. Peru has been favourable to the mining industry and has been relatively stable over the past 10 years, but there is a risk that this could change. In addition, there are risks that labour unrest or wage agreements may impact operations. The Company believes that the current conditions in Peru are relatively stable and conducive to conducting business, however, Zincore's current and future mineral exploration activities could be impacted by political and/or economic developments.

Risks Relating to Statutory and Regulatory Compliance

The current and future operations of the Company, from exploration through development activities and commercial production, if any, are and will be governed by laws and regulations governing mineral concession acquisition, prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Companies engaged in exploration activities and in the development and operation of mines and related facilities may experience increased costs and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. Permits are subject to the discretion of government authorities and there can be no assurance that the Company will be successful in obtaining all required permits. Further, there can be no assurance that all permits which the Company may require for future exploration, construction of mining facilities and conduct of mining operations, if any, will be available on reasonable terms or on a timely basis, or that such laws and regulations would not have an adverse effect on any project which the Company may undertake.

Failure to comply with applicable laws, regulations and permits may result in enforcement actions, including the forfeiture of claims, orders issued by regulatory or judicial authorities requiring operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or costly remedial actions. The Company may be required to compensate those suffering loss or damage by reason of its mineral exploration activities and may have civil or criminal fines or penalties imposed for violations of such laws, regulations and permits. The Company is not currently covered by any form of environmental liability insurance. See "Insurance Risk", below.

Existing and possible future laws, regulations and permits governing operations and activities of exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or require abandonment or delays in exploration.

Current Mineral Exploration Conditions

The current infrastructure in Peru and Canada is adequate to support the Company's current activities at its properties, however, if advanced exploration and/or development are undertaken, infrastructure will require augmentation.

Title Risks

The acquisition of title to resource properties or interests therein is a detailed process. Title to the area of resource concessions may be disputed. Based on a review of records maintained by the relevant government agencies in Peru, Zincore's properties are registered in the name of the Company, are under application to the applicable government authority or are held on behalf of the Company pursuant to a legal agreement. There is no guarantee of title to any of the Company's properties. The properties may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects. Title may be based upon interpretation of a country's laws, which laws may be ambiguous, inconsistently applied and subject to reinterpretation or change. The Company has not surveyed the boundaries of any of its mineral properties and consequently the boundaries of the properties may be disputed.

Foreign Currency Fluctuations

The Company's exploration activities in Peru will render it subject to foreign currency fluctuations. While the Company expects to minimize the risks associated with foreign currency fluctuations by holding its cash and short-term investments in U.S. and Canadian dollars rather than the local currencies, to the extent that its operations in those countries are carried out using the local currency, any appreciation of such local currency relative to the U.S. and Canadian dollar could have an adverse impact on the financial position of the Company. Since the Company's financial results will be reported in Canadian dollars, its financial position and results will be impacted by exchange rate fluctuations between the Canadian and U.S. dollars.

Repatriation of Earnings

Peru has no limitation on profit or capital remittances to foreign shareholders provided that all applicable income and, in certain cases, withholding taxes have been paid. However, there can be no assurance that additional restrictions on the repatriation of earnings will not be imposed in the future.

Insurance Risk

No assurance can be given that insurance to cover the risks to which the Company's activities are subject will be available at all or at commercially reasonable premiums. Given the its current financial resources, the Company no longer carries liability insurance with respect to its mineral exploration operations and does not currently intend to carry any form of political risk insurance or any form of environmental liability insurance, since insurance against political risks and environmental risks (including liability for pollution) or other hazards resulting from exploration and development activities is prohibitively expensive. The payment of any such liabilities would reduce the funds available to the Company. If the Company is unable to fully fund the cost of remedying an environmental problem, it might be required to suspend operations or enter into costly interim compliance measures pending completion of a permanent remedy.

Competition

Significant and increasing competition exists for mineral deposits in each of the jurisdictions in which the Company conducts operations. As a result of this competition, much of which is with large established mining companies with substantially greater financial and technical resources than the Company, the Company may be unable to acquire additional attractive mining claims or financing on terms it considers acceptable. The Company also competes with other mining companies in the recruitment and retention of qualified employees.

Legal Proceedings

Substantially all of the Company's assets are located outside of Canada, which may create difficulties in enforcing in Canadian courts any judgments obtained by the Company in foreign jurisdictions. Similarly, to the extent that the Company's assets are located outside of Canada, investors may have difficulty collecting from the Company on any judgments obtained in Canadian courts and predicated on the civil liability provisions of securities legislation. The Company may be subject to legal proceedings and judgments in foreign jurisdictions.

Dividends Unlikely

The Company has not paid any dividends since the date of its incorporation, and it is not anticipated that dividends will be declared in the short or medium term.

CONTROLS AND PROCEDURES

Management is responsible for establishing and maintaining a system of controls and procedures over the public disclosure of financial and non-financial information regarding the Company. Management is also responsible for the design and maintenance of effective internal control over financial reporting to provide reasonable assurance regarding the integrity and reliability of the Company's financial information and the preparation of its financial statements in accordance with Canadian generally accepted accounting principles. 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 Policy and a Disclosure Committee in place to mitigate risks associated with the disclosure of inaccurate or incomplete information