ZINCORE METALS INC.

For the Three Months Ended March 31, 2014 and 2013

Condensed Consolidated Interim Financial Statements

CONTENTS

ZINCORE METALS INC.

NOTICE TO READER

These condensed consolidated interim financial statements of Zincore Metals Inc. have been prepared by management, reviewed by the Audit Committee, and approved and authorized for issue by the Board of Directors of the Company on May 1, 2014. In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

IN CANADIAN DOLLARS

As at	MARCH 31, 2014	DECEMBER 31, 2013
Assets		
Current assets		
Cash and cash equivalents	$ 489,812	$ 592,751
Prepaids, advances and other receivables	57,911	68,776
	547,723	661,527
Non-current assets		
Property, plant, and equipment	129,046	132,277
Mineral properties (note 4)	48,212,240	46,014,691
	48,341,286	46,146,968
Total Assets	$ 48,889,009	$ 46,808,495
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	$ 1,358,356	$ 1,255,319
Convertible loan (note 7)	2,337,362	2,218,345
	3,695,718	3,473,664
Non-current liabilities		
Long term obligation (note 11)	48,642	48,642
Share purchase warrants (note 5d)	62,500	62,500
Option to acquire mineral property (note 4)	3,649,619	3,401,300
	3,760,761	3,512,442
	7,456,479	6,986,106
Equity		
Share capital (note 5)	55,838,459	55,502,227
Reserves	12,660,893	10,789,648
Deficit	(30,009,701)	(29,412,365)
	38,489,651	36,879,510
Non-controlling interest (note 4)	2,942,879	2,942,879
	41,432,530	39,822,389
Total Equity and Liabilities	$ 48,889,009	$ 46,808,495

Nature and continuance of operations (note 1)
Commitments (note 11)
See accompanying Notes to the Condensed Consolidated Interim Financial Statements

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)

IN CANADIAN DOLLARS

	THREE MONTHS ENDED MARCH 31, 2014	THREE MONTHS ENDED MARCH 31, 2013
Expenses		
General exploration	$ 118,202	$ 185,364
Consulting and management fees	115,998	122,066
Salaries and benefits	96,156	203,029
Foreign exchange loss (gain)	84,312	(29,951)
Office expense	72,847	61,160
Shareholder information	67,469	53,576
Legal and accounting	33,818	41,537
Travel	7,828	37,701
Depreciation	1,334	1,757
Loss before undernoted item	(597,964)	(676,239)
Interest income	628	2,301
Loss for the period	(597,336)	(673,938)
Other comprehensive income:		
Foreign currency translation differences in foreign operations	1,794,128	806,575
Total comprehensive income	$ 1,196,792	$ 132,637
Loss per share - basic and diluted	$ (0.02)	$ (0.02)
Weighted average number of common shares outstanding - basic and diluted	38,516,671	35,073,992

See accompanying Notes to the Condensed Consolidated Interim Financial Statements

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS (UNAUDITED)

IN CANADIAN DOLLARS

	THREE MONTHS ENDED MARCH 31, 2014	THREE MONTHS ENDED MARCH 31, 2013
Operating Activities		
Loss for the period	$ (597,336)	$ (673,938)
Items not involving cash:		
Depreciation	1,334	1,757
Share-based compensation (note 5)	83,349	64,544
Accrued interest on convertible loan (note 7)	32,044	–
Foreign exchange on convertible loan (note 7)	86,973	–
Interest income	(628)	(2,301)
	(394,264)	(609,938)
Change in non-cash operating working capital items:		
Decrease in prepaids, advances and other receivables	10,865	640
(Decrease) increase in accounts payable and accrued liabilities	(945)	60,202
Cash used in operating activities	(384,344)	(549,096)
Investing Activities		
Additions to property, plant and equipment	–	(15,164)
Interest received	628	2,301
Mineral property expenditures	(284,677)	(1,585,641)
Cash used in investing activities	(284,049)	(1,598,504)
Financing Activities		
Shares issued, net of issue costs	330,000	–
Proceeds from option to acquire mineral property	248,319	1,923,696
Cash provided by financing activities	578,319	1,923,696
Effects of exchange rate change on cash and cash equivalents held in a foreign currency	(12,865)	11,407
Decrease in cash and cash equivalents during the period	(102,939)	(212,497)
Cash and cash equivalents at beginning of period	592,751	2,012,766
Cash and cash equivalents at end of period	$ 489,812	$ 1,800,269
Cash and cash equivalents consist of:		
Cash	$ 461,062	$ 1,742,769
Short-term investments	28,750	57,500
	$ 489,812	$ 1,800,269

See accompanying Notes to the Condensed Consolidated Interim Financial Statements

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

IN CANADIAN DOLLARS

	SHARE CAPITAL		RESERVES				
	NUMBER OF SHARES	AMOUNT	SHARE-BASED PAYMENT RESERVE	WARRANTS RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	DEFICIT	TOTAL
Balance at January 1, 2013	35,073,992	$ 54,823,819	$ 3,941,692	$ 4,638,357	$ (925,159)	$ (26,751,743)	$ 35,726,966
Total comprehensive loss							
Net loss	–	–	–	–	–	(673,938)	(673,938)
Other comprehensive income	–	–	–	–	806,575	–	806,575
	–	–	–	–	806,575	(673,938)	132,637
Share-based compensation	–	–	64,544	–	–	–	64,544
Balance at March 31, 2013	35,073,992	$ 54,823,819	$ 4,006,236	$ 4,638,357	$ (118,584)	$ (27,425,681)	$ 35,924,147
Total comprehensive loss							
Net loss	–	–	–	–	–	(1,986,684)	(1,986,684)
Other comprehensive income	–	–	–	–	2,021,873	–	2,021,873
	–	–	–	–	2,021,873	(1,986,684)	35,189
Private Placement (net of cash share issue costs of $12,818)	2,777,775	601,196[1]	–	–	–	–	601,196
Share-based compensation	422,472	77,212	241,766	–	–	–	318,978
Balance at December 31, 2013	38,274,239	$ 55,502,227	$ 4,248,002	$ 4,638,357	$ 1,903,289	$ (29,412,365)	$ 36,879,510
Total comprehensive income							
Net loss	–	–	–	–	–	(597,336)	(597,336)
Other comprehensive income	–	–	–	–	1,794,128	–	1,794,128
	–	–	–	–	3,697,417	(30,009,701)	1,196,792
Private Placement	2,444,444	297,000[2]	–	33,000	–	–	330,000
Share-based compensation	392,318	39,232	44,117	–	–	–	83,349
Balance at March 31, 2014	41,111,001	$ 55,838,459	$ 4,292,119	$ 4,671,357	$ 3,697,417	$ (30,009,701)	$ 38,489,651

[1] Includes value of warrants totalling $157,361 which were allocated against share capital with a corresponding entry to non-current liabilities in the Consolidated Statements of Financial Position

[2] Includes value of warrants totalling $33,000 which were allocated against share capital with a corresponding entry to reserves in the Consolidated Statements of Financial Position

See accompanying Notes to the Condensed Consolidated Interim Financial Statements

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the three months ended March 31, 2014 (all items are in Canadian dollars except as otherwise noted)

1/ NATURE AND CONTINUANCE OF OPERATIONS

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

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

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

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

These consolidated financial statements have been prepared on a going concern basis. Zincore does not generate cash flows from operations and accordingly, Zincore will need to raise additional funds through future issuance of securities or other financing (note 13). 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 profitable level of operations. Since inception, Zincore has incurred cumulative losses of $30,009,701 as at March 31, 2014, and as of the same date, has negative working capital totalling $3,147,995. 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.

2/ BASIS OF PRESENTATION

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs") have been condensed or omitted and these unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2013.

The accounting policies applied in preparation of these unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's consolidated financial statements for the year ended December 31, 2013, with the exception of certain amendments to accounting standards issued by the IASB, which were applicable from January 1, 2014. For the purpose of preparing and presenting the financial information for the relevant period, the Company has adopted the following new standards relevant to the current period:

- IFRIC 21 - Levies imposed by government: IFRIC 21 is effective for annual periods commencing on or after January 1, 2014.

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The adoption of this accounting policy did not have a significant impact on the Company's unaudited condensed interim consolidated financial statements.

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

The Company's management makes judgements in its process of applying the Company's accounting policies in the preparation of its unaudited condensed interim consolidated financial statements. In addition, the preparation of the financial data requires that the Company's management make assumptions and estimates of effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. The critical judgements and estimates applied in preparation of the Company's unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in notes 2(n) and 2(o) to the Company's consolidated financial statements for the year ended December 31, 2013.

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

Basis of consolidation

These unaudited condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiaries. All amounts are expressed in Canadian dollars, unless otherwise stated. The principal subsidiaries of Zincore and their geographic locations at March 31, 2014 were as follows:

	J URISDICTION	NATURE OF OPERATIONS	OWNERSHIP %
Zincore Metals Inc.	Canada	Holding company	100%
Polymex Resources Ltd.	Canada	Holding company	70%
Nazca Minerals Ltd.	Bermuda	Holding company	100%
Wari Minerals Limited	Bermuda	Holding company	100%
Exploraciones Collasuyo S.A.C	Peru	Exploration company	100%
Exploraciones y Metales del Centro SACV[1]	Mexico	Exploration company	100%
Paracas Minerals Ltd.	Bermuda	Holding company	100%
Exploraciones Antacollo S.A.C.	Peru	Exploration company	100%

[1]Exploraciones y Metales del Centro SACV was closed in January 2014.

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

3/CHANGES IN ACCOUNTING POLICIES

Certain new accounting standards and interpretations have been published that are not effective for the March 31, 2014 reporting period. The Company is currently assessing the potential impact of the adoption of the following standard:

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

4/ MINERAL PROPERTIES

A) FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2014:

	AZOD MINING PROPERTY & DEVELOPMENT	AZOD EXPLORATION & DEVELOPMENT	MINASCCASA	DOLORES	TOTAL
Balance, January 1, 2014	$ 33,695,926	$ 4,041,018	$ 509,739	$ 7,768,008	$ 46,014,691
Property acquisition and maintenance	-	-	-	-	-
Geophysics	-	408	-	-	408
Geology	8,843	248,574	793	31,511	289,721
Drilling	-	32,751	-	18,048	50,799
Project administration	24,009	10,600	-	19,406	54,015
Foreign exchange movement	1,321,009	157,503	19,982	304,112	1,802,606
Balance, March 31, 2014	$ 35,049,787	$ 4,490,854	$ 530,514	$ 8,141,085	$ 48,212,240

B) FOR THE YEAR ENDED DECEMBER 31, 2013:

	AZOD MINING PROPERTY & DEVELOPMENT	AZOD EXPLORATION & DEVELOPMENT	MINASCCASA	DOLORES	TOTAL
Balance, January 1, 2013	$ -	$ 31,473,146	$ 382,668	$ 6,092,633	$ 37,948,447
Property acquisition and maintenance	-	210,543	44,889	14,000	269,432
Geophysics	-	54,625	-	56,436	111,061
Geology	6,968	983,531	16,645	222,381	1,229,525
Drilling	-	-	-	521,776	521,776
Pre-feasibility	132,595	2,047,882	-	-	2,180,477
Project administration	24,779	527,717	36,340	394,976	983,812
Reclassification	32,420,504	(32,420,504)	-	-	-
Foreign exchange movement	1,111,080	1,164,078	29,197	465,806	2,770,161
Balance, December 31, 2013	$ 33,695,926	$ 4,041,018	$ 509,739	$ 7,768,008	$ 46,014,691

As at March 31, 2014, the Company held a 100% interest in the AZOD and Minasccasa projects and a 70% interest in the Dolores project.

On August 6, 2013, the Company announced it had received a positive Pre-feasibility Study ("PFS") on the AZOD district. The PFS has categorized certain of the project's resources as proven and probable reserves. As a result of this report the Company tested the carrying value of the assets included in the PFS for impairment and then reclassified those expenditures to Mining Property & Development within Mineral Properties.

On August 28, 2012 the Company and First Quantum Minerals Ltd. ("First Quantum"), see note 9b, entered into a formal Earn-In Shareholders Agreement (the "Earn-In Agreement") relating to the Company's Dolores copper porphyry project. Under the terms of the Earn-In Agreement, First Quantum can earn up to an 80% interest in Polymex Resources Ltd. ("Polymex") (at that time a 100% owned subsidiary of Zincore) which indirectly controls the Dolores project. In order to earn its 80% interest, First Quantum must fund the advancement of the project through exploration, and if warranted, development and production. Details of the funding/earn-in structure are as follows:

- First and Second Earn-Ins: First Quantum committed to spend US $3.0 million at Dolores by August 28, 2013 to earn an unvested 30% equity interest in Polymex.
  - The 30% interest will vest if First Quantum provides written notice (the "Vesting Notice") within 60 days of the first anniversary of the Formal Agreement Date that it will commit to spend an additional US $5.0 million (the "Second Earn-In") within 18 months of the date

of the Vesting Notice (the "Vesting Notice Date"). This notice was received by Zincore in October 2013. After the additional US $5.0 million is spent, First Quantum will have earned a 50.1% interest in Polymex. If First Quantum fails to meet its Second Earn-In commitment it will forfeit its 30% interest in Polymex.

  - Zincore will be the operator until First Quantum has fulfilled the requirements of the Second Earn-In with oversight from First Quantum by way of a technical committee.

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

As of March 31, 2014, First Quantum had contributed US $6,565,565 ($6,592,498 in Canadian dollars) in cash towards its earn-in commitment. First Quantum has also incurred exploration expenditures totalling US $970,636 to make its total earn-in contribution to the project, as of March 31, 2014, a total of US $7,536,201. During the fourth quarter of 2013, First Quantum notified the Company of its intention to vest its 30% interest in Polymex. As a result of this vesting the Company recorded US $3.0 million dollars ($2,942,879 in Canadian dollars) in non-controlling interest in the consolidated statements of financial position. As at March 31, 2014, First Quantum's cash contribution to its second earn-in totalled US $3,565,565 ($3,649,619 in Canadian dollars). In April 2014, First Quantum contributed an additional US $346,453 towards its second earn-in and as of the date of these financial statements has a current total earn-in contribution of US $7,882,654.

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

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

- First Earn-In: First Quantum can earn a 50.1% interest in a the Copper Target JV by incurring at least US $4.0 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.

On December 10, 2013, the Company announced that First Quantum has selected three Copper Target Areas for further exploration. The two companies will now 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). In April 2014, First Quantum contributed a total US $206,200 in cash towards its earn-in commitments relating to these three projects. Of this cash contribution, US $46,500 will be allocated to Gema, US $136,500 will be allocated to Alcatraz, and US $23,200 will be allocated to Larisa.

5/ SHARE CAPITAL

A) COMMON AND PREFERRED SHARES

The authorized share capital of the Company consists of an unlimited number of common shares without par value, an unlimited number of first preferred shares without par value, and an unlimited number of second preferred shares without par value. To date no preferred shares have been issued.

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

On 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 condensed consolidated interim statements of financial position. The total offering, which was 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.

During the three month period ended March 31, 2014, the Company issued 392,318 common shares valued at $39,232 (March 31, 2013 - $nil) and recorded in consulting and management fees, to its CEO in lieu of payment of a portion of his earnings relating to the three month period ending February 28, 2014.

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

On September 27, 2013, the Company announced that it had closed a private placement for gross proceeds of US $750,000 ($771,375 in Canadian dollars) by issuing 2,777,775 units at a price of US $0.27 per unit. Each unit consisted of one common share and one-half of a common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at US $0.36 for up to 24 months. The 1,388,887 warrants issued 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 allocated against share capital and recorded in share purchase warrants in the condensed consolidated interim statements of financial position. As these warrants were issued in US 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. These warrants were also revalued at March 31, 2014 and resulted in no change in the $62,500 value.

During 2013, the Company issued 422,472 common shares, valued at $77,212 and recorded in consulting and management fees, to its CEO in lieu of payment of a portion of his earnings relating to the seven month period ending November 30, 2013.

C) SHARE PURCHASE OPTION COMPENSATION PLAN

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

At March 31, 2014 there were 3,611,661 share options outstanding, of which 2,562,767 were exercisable.

	AT MARCH 31, 2014			AT DECEMBER 31, 2013		
	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE		NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	
Outstanding at beginning of year	3,784,995	$	0.94	1,934,166	$	1.67
Granted	–	$	–	1,916,667	$	0.24
Cancelled	(173,334)	$	0.25	(65,838)	$	1.56
Outstanding at end of year	3,611,661	$	0.98	3,784,995	$	0.94
Exercisable at end of year	2,562,767	$	1.29	2,562,767	$	1.29

EXERCISE PRICE RANGE	NUMBER OF OPTIONS OUTSTANDING	WEIGHTED AVERAGE EXERCISE PRICE	WEIGHTED-AVERAGE REMAINING YEARS	NUMBER OF OPTIONS EXERCISABLE
$0.14-$0.50	1,743,333	$0.23	4.4	694,439
$0.51-$1.00	500,832	$0.78	3.6	500,832
$1.01-$2.00	1,135,828	$1.70	1.4	1,135,828
$2.01-$4.00	231,668	$3.48	1.7	231,668
	3,611,661	$0.98	3.2	2,562,767

As a result of common shares issued and the vesting and amortization of previous share options granted, during three month period ended March 31, 2014, the Company recognized $83,349 (March 31, 2013 – $64,544) as share-based compensation expense. Of these amounts, as a result of the common shares issued to the Company's CEO as described above, $39,232 (March 31, 2013 – $nil) was recorded in share capital for the three month period ended March 31, 2014. As well, as a result of share options vesting and amortization of previous grants, during the three month period ended March 31, 2014, the Company recognized $44,117 (March 31, 2013 – $64,544) as share-based compensation expense and recorded this amount in share based payment reserve. These amounts were recorded as follows:

	THREE MONTHS ENDED MARCH 31, 2014		THREE MONTHS ENDED MARCH 31, 2013	
Consulting and management fees	$	6,171	$	3,283
General exploration	$	2,710	$	9,960
Salaries and benefits	$	35,236	$	51,301
Total	$	44,117	$	64,544

There were no share options granted during the first quarters of both 2014 and 2013. The amount expensed during the periods represents the amortization of share-based compensation for grants issued in prior periods. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable measure of the fair value of the share purchase options.

D) WARRANTS

As at March 31, 2014 the Company had the following warrants outstanding:

AMOUNT		EXERCISE PRICE	EXPIRY DATE
1,222,222	$	0.19	MARCH 24, 2016
1,908,333	$	2.40	JUNE 15, 2014
1,388,887	$	U.S. 0.36	SEPTEMBER 27, 2015
4,519,442			

As at December 31, 2013 the Company had the following warrants outstanding:

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

The warrants reserve represents the cumulative fair value of warrants issued except for the 1,388,887 US dollar issued warrants whose fair value is recorded as a liability in the condensed consolidated interim statements of financial position.

6/ ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities include $462,000 (December 31, 2013 - $462,000) in deferred compensation earned in 2012. This amount is only payable upon completion of a successful financing by the Company. The remaining amount is primarily related to trade payables.

7/ CONVERTIBLE LOAN

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

- Credit all or a portion of the Loan amount towards the First Quantum's obligations to incur project expenditures for the Dolores joint venture as per the Earn-in Agreement discussed in note 4;
- Credit all or a portion of the Loan amount towards the First Quantum's obligations to earn an interest into any new copper target relating to the "MOU" announced on July 23, 2013 and discussed in note 4; or
- Convert all or a portion of the Loan amount into Zincore shares, subject to the prior approval of Zincore shareholders if the conversion would result in the issuing of a number of shares greater than 10% of the Company's issued and outstanding common shares at the time of conversion. Any conversion of 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 US $0.48/share. The price of the conversion was originally US $0.08/share, but was changed to US $0.48/share as a result of the share consolidation described in note 5(b). The fair value of this conversion option was negligible at March 31, 2014.

As of March 31, 2014, the Company has accrued total interest expense of US $114,686 ($121,903 in Canadian dollars), and recorded foreign exchange losses totalling $174,258 relating to this loan. Included in these amounts are $32,044 (March 31, 2013 - $nil) in interest expense and $86,973 (March 31, 2013 - $nil) in foreign exchange losses which relate to the three month period ended on March 31, 2014.

As of the date of these financial statements, a formal agreement is being finalized to extend the term of the loan by one year. All other terms and conditions of the loan agreement will remain the same.

8/ SEGMENTED INFORMATION

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

	AT MARCH 31, 2014	AT DECEMBER 31, 2013
Peru	$ 48,321,816	$ 46,126,164
Canada	19,470	20,804
Total	$ 48,341,286	$ 46,146,968

9/ RELATED PARTY TRANSACTIONS

A) 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.

	THREE MONTHS ENDED MARCH 31, 2014	THREE MONTHS ENDED MARCH 31, 2013
Remuneration paid to a company controlled by a director for contracting services	$ -	$ 73,677

These amounts are recorded in consulting fees in the Condensed Consolidated Interim Statements of Comprehensive Income(Loss).

B) First Quantum

As of the date of these consolidated financial statements, First Quantum owns 20.2% of the Company's issued and outstanding common shares and is considered a related party.

10/ LOSS PER SHARE

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the three months ended March 31, 2014 was based on the loss attributable to common shareholders of $597,336 (March 31, 2013 - $673,938) and a weighted average number of common shares outstanding of 38,516,671 (March 31, 2013 – 35,073,992).

Diluted loss per share did not include the effect of 8,131,103 (March 31, 2013 – 6,053,750) share options and warrants as they are anti-dilutive.

11/ COMMITMENTS

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

	TOTAL	2014	2015	2016	2017
Operating lease obligations	$ 600,496	$ 130,480	$ 176,256	$ 176,256	$ 117,504

In March 2012 the Company signed an agreement to sublease its current office space until September 2017 which will enable it to fully offset the remaining commitment relating to its operating lease obligations. The agreement became effective on April 15, 2012. Pursuant to that agreement the Company collected a three month damage deposit totalling $48,642 and recorded it as a long-term obligation.

12/ MANAGEMENT OF CAPITAL RISK

The capital structure of the Company consists of equity attributable to common shareholders, comprising share capital, reserves and deficit. Its capital resources consist of cash and cash equivalents. The Company manages its capital to fund its exploration and development expenditures and corporate costs with the primary objective of maintaining adequate liquidity within the Company to safeguard its ability to continue as a going concern while minimizing dilution to current equity holders.

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

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

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

13/ MANAGEMENT OF FINANCIAL RISK

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

A) FAIR VALUE ESTIMATION

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

B) CREDIT RISK

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

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

C) LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has in place a planning and budgeting process to help determine the funds required to support the Company's operating requirements as well as its planned capital expenditures. The Company manages its financial resources to ensure that there is sufficient working capital to fund near term planned exploration work and operating expenditures. The Company has considerable discretion to reduce or increase exploration plans or budgets depending on current or projected liquidity. When appropriate, the Company will seek joint venture partners in order to fund or share in the funding of its exploration properties to minimize shareholder risk.

As discussed in notes 5 and 7, during the past 15 months ended on March 31, 2014, the Company has raised gross proceeds of approximately $3.1 million by completing two private placements of common shares and entering into one convertible loan agreement. However, as a result of current market conditions, it has become increasingly difficult for exploration stage companies to raise capital. Therefore, as discussed in note 4, the Company has expanded its strategic partnership with First Quantum, whereby First Quantum will be funding certain exploration expenditures on the Company's property portfolio until April 1, 2015. The Company is continuously evaluating alternatives in order to raise additional capital to increase liquidity and to cut costs where possible, but there is no certainty that additional capital will be raised. As at March 31, 2014, cash resources totalled $489,812.

D) CURRENCY RISK

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

A 10% weakening in the Canadian dollar relative to the U.S. dollar would increase the net loss by approximately $178,000 over the next nine months. with a 10% strengthening having the opposite effect. As of March 31, 2013, a 10% weakening in the Canadian dollar relative to the U.S. dollar would have decreased the net loss during the following nine months of 2013 by approximately $19,000 with a 10% strengthening having the opposite effect.

Assuming the Company's financing efforts are successful in 2014, a 10% weakening of the Canadian dollar relative to the U.S. dollar would increase budgeted deferred mineral property expenditures during the remaining nine months by approximately $40,000 (March 31, 2013 - $245,000) with the opposite effect of a 10% strengthening. A 10% weakening in the Canadian dollar relative to the Peruvian soles has an immaterial effect on the Company's net earnings or deferred mineral property expenditures.

E) INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to short term interest rates through the interest earned on cash and cash equivalents, and interest accrued on its convertible loan from First Quantum. A 1% decrease in short-term rates would decrease interest income, from the Company's cash and cash equivalents, and increase net loss of the Company by approximately $4,000 (March 31, 2013 - $14,000) over the remaining nine months of 2014. However, due to the convertible loan from First Quantum, the same 1% decrease in short-term interest rates would decrease interest expense and decrease net loss by approximately $15,000 (March 31, 2013 - $nil) over the same period.