



ZINCORE METALS INC.

Consolidated Financial Statements

For the Three and Nine Month Periods ended September 30, 2007 and 2006

CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

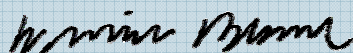
ZINCORE METALS INC.

TO THE SHAREHOLDERS OF ZINCORE METALS INC

	September 30, 2007	December 31, 2006
ASSETS		
Current		
Cash and cash equivalents	\$ 9,892,089	\$ 17,672,092
Advances and other receivables	191,510	166,932
	10,083,599	17,839,024
Other assets		
Property, plant and equipment NOTE 3	75,340	75,340
Mineral properties NOTE 4	196,185	120,867
	10,145,321	3,891,946
	\$ 20,500,445	\$ 21,927,177
LIABILITIES		
Current		
Accounts payable and accrued charges	\$ 312,779	\$ 450,314
Due to affiliated companies	82,508	56,066
	395,287	506,380
SHAREHOLDERS' EQUITY		
Share capital NOTE 5 a	22,707,045	22,287,531
Contributed surplus NOTE 5 d	1,541,956	828,294
Deficit	(4,143,843)	(1,695,028)
	20,105,158	21,420,797
	\$ 20,500,445	\$ 21,927,177

See accompanying notes to consolidated financial statements

APPROVED BY THE BOARD



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CONSOLIDATED STATEMENTS OF LOSS, COMPREHENSIVE LOSS AND DEFICIT
(UNAUDITED)

ZINCORE METALS INC.

EXPENSES	Three Months Ended September 30		Nine Months Ended September 30	
	2007	2006	2007	2006
General exploration	\$ 244,376	\$ 145,691	\$ 851,961	\$ 227,480
Consulting and management fees	263,658	155,437	820,037	255,854
Office expense	138,078	62,431	521,932	78,447
Foreign exchange loss	131,018	5,953	420,558	3,428
Legal and accounting	35,276	26,788	95,389	62,285
Shareholder information	10,777	-	88,279	-
Travel	12,633	-	41,760	-
Amortization	2,706	126	5,465	215
Property costs written off	2,611	-	2,611	-
Loss before undernoted item	(841,133)	(396,426)	(2,847,992)	(627,709)
Interest and other income	117,964	806	399,177	3,068
Net and comprehensive loss for the period	(723,169)	(395,620)	(2,448,815)	(624,641)
Deficit at beginning of period	(3,420,674)	(329,654)	(1,695,028)	(252)
Related party transaction	-	-	-	(100,381)
Deficit at end of period	\$ (4,143,843)	\$ (725,274)	\$ (4,143,843)	\$ (725,274)
Loss per share – basic and diluted	\$ (0.01)	\$ (0.03)	\$ (0.03)	\$ (0.13)
Weighted average number of shares outstanding	77,213,771	14,043,479	76,848,086	4,681,160

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOW
(UNAUDITED)

ZINCORE METALS INC.

	Three Months Ended September 30		Nine Months Ended September 30	
	2007	2006	2007	2006
OPERATING ACTIVITIES				
Net loss for the period	\$ (723,169)	\$ (395,620)	\$ (2,448,815)	\$ (624,641)
Items not involving cash				
Resource property costs written off	2,611	-	2,611	-
Amortization	2,706	126	5,465	215
Stock-based compensation	264,315	-	818,777	-
	(453,537)	(395,494)	(1,621,962)	(624,426)
Change in non-cash operating working capital items				
(Increase) decrease in advances and other receivables	(15,131)	(158,125)	68,002	(303,434)
Increase (decrease) in accounts payable and accrued charges	162,395	16,035	123,807	124,583
Cash used in operating activities	(306,273)	(537,584)	(1,430,153)	(803,277)
INVESTING ACTIVITIES				
Additions to property, plant and equipment	(21,212)	(20,159)	(108,394)	(89,060)
Mineral property expenditures	(2,436,869)	(471,758)	(6,555,856)	(803,478)
Cash used in investing activities	(2,458,081)	(491,917)	(6,664,250)	(892,538)
FINANCING ACTIVITIES				
Funds received from affiliated companies	-	921,283	-	1,913,907
Shares issued	53,300	-	314,400	-
Cash provided by financing activities	53,300	921,283	314,400	1,913,907
(Decrease) increase in cash and cash equivalents during the period	(2,711,054)	(108,218)	(7,780,003)	218,092
Cash and cash equivalents at beginning of period	12,603,143	326,460	17,672,092	150
Cash and cash equivalents at end of period	\$ 9,892,089	\$ 218,242	\$ 9,892,089	\$ 218,242
Cash and cash equivalents consist of:				
Cash	\$ 4,707,349	\$ 218,242	\$ 4,707,349	\$ 218,242
Short-term investments	5,184,740	-	5,184,740	-
Cash and cash equivalents at end of period	\$ 9,892,089	\$ 218,242	\$ 9,892,089	\$ 218,242

See accompanying notes to consolidated financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

ZINCORE METALS INC.

For the three and nine month periods ended September 30, 2007 and 2006

1/ BASIS OF PRESENTATION

These interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements and follow the same accounting policies and methods of application as the most recent annual consolidated financial statements dated December 31, 2006, except for the items discussed in note 2 below. These financial statements should be read in conjunction with those annual financial statements and notes thereto. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in Canada for complete financial statements. In the opinion of management, all adjustments (consisting primarily of normal recurring adjustments) considered necessary for fair presentation have been included. Operating results for the three and nine month periods ended September 30, 2007 and 2006 are not necessarily indicative of the results that may be expected for the year ending December 31, 2007.

2/ CHANGES IN ACCOUNTING POLICIES

Effective as of January 1, 2007, the Company adopted two new accounting standards related to financial instruments that were issued by the Canadian Institute of Chartered Accountants ("CICA"). These accounting policy changes were adopted on a prospective basis with no restatement of prior period financial statements. The new standards and accounting policy changes are as follows:

a) Comprehensive income (CICA Handbook Section 1530)

Comprehensive income is the change in shareholders' equity during a period from transactions and other events and circumstances from non-owner sources. In accordance with this new standard, the Company reports a consolidated statement of comprehensive income and a new category, accumulated other comprehensive income, is added to the shareholders' equity section of the consolidated balance sheet for any unrealized gains and losses in financial assets classified as available-for-sale. The Company had no "other comprehensive income or loss" transactions during the nine months ended September 30, 2007 and no opening or closing balances for "accumulated comprehensive income or loss".

b) Financial Instruments – recognition and measurement (CICA Handbook Section 3855) and disclosure and presentation (CICA Handbook Section 3861)

In accordance with this new standard, the Company now classifies all financial instruments as either held-to-maturity, available-for-sale, held-for-trading, loans and receivables or other financial liabilities. Financial instruments classified as held-for-trading are measured at fair value with unrealized gains and losses recognized in operating results. Financial instruments classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Financial instruments classified as held-to-maturity, loans and receivables or other financial liabilities are measured at amortized cost.

Upon adoption of these new standards, the Company has designated its cash and cash equivalents as held-for-trading, which are measured at fair value. Advances and other receivables are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued charges are classified as other liabilities, which are measured at amortized cost.

During the nine months ended September 30, 2007, the Company had neither available-for-sale nor held-to-maturity financial instruments.

3/ PROPERTY, PLANT AND EQUIPMENT

As at September 30, 2007	Cost	Accumulated amortization	Net book value
Office and other equipment	\$ 94,806	\$ 12,665	\$ 82,141
Computer equipment	86,232	15,081	71,151
Leasehold improvements	6,177	637	5,540
Vehicles	61,941	24,588	37,353
	<u>\$ 249,156</u>	<u>\$ 52,971</u>	<u>\$ 196,185</u>

As at December 31, 2006	Cost	Accumulated amortization	Net book value
Office and other equipment	\$ 50,572	\$ 2,673	\$ 47,899
Computer equipment	28,251	2,195	26,056
Vehicles	61,941	15,029	46,912
	<u>\$ 140,764</u>	<u>\$ 19,897</u>	<u>\$ 120,867</u>

Amortization relating to exploration related assets has been allocated to mineral properties in the amount of \$27,611 (December 31, 2006 - \$18,051) during the period.

4 / MINERAL PROPERTIES

a) For the nine month period ended September 30, 2007, significant expenditures were:

	Accha-Yanque	Condorini	Sayani	Minasccasa	Total
Balance, beginning of period	\$ 3,082,814	\$ 16,171	\$ 55,393	\$ 737,568	\$ 3,891,946
Property, acquisition and maintenance	8,041	38,475	—	—	46,516
Analytical	163,773	—	—	—	163,773
Geology	996,392	—	—	—	996,392
Drilling	3,292,724	—	—	—	3,292,724
Technical and engineering	1,319,784	—	—	—	1,319,784
Research	33,122	—	—	—	33,122
Project administration	400,152	3,523	—	—	403,675
Property costs written off	(2,611)	—	—	—	(2,611)
Balance, end of period	\$ 9,294,191	\$ 58,169	\$ 55,393	\$ 737,568	\$ 10,145,321

b) For the nine month period ended December 31, 2006, significant expenditures were:

	Accha-Yanque	Condorini	Sayani	Minasccasa	Total
Balance, beginning of period	\$ 1,381,968	\$ —	\$ 13,867	\$ 714,553	\$ 2,110,388
Property, acquisition and maintenance	248,389	6,927	13,494	16,865	285,675
Analytical	68,939	2,250	225	—	71,414
Geology	1,041,415	3,610	27,807	6,150	1,078,982
Drilling	279,089	—	—	—	279,089
Research	41,021	—	—	—	41,021
Project administration	21,993	3,384	—	—	25,377
Balance, end of period	\$ 3,082,814	\$ 16,171	\$ 55,393	\$ 737,568	\$ 3,891,946

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. During the nine months ended September 30, 2007, changes in issued share capital were:

Nine month period ended September 30, 2007	Number of common shares	Amount
	Issued at beginning of period	76,600,000
Exercise of warrants (including transfer of \$94,432 from contributed surplus)	590,199	389,531
Exercise of options (including transfer of \$10,683 from contributed surplus)	37,333	29,983
Issued at end of period	77,227,532	\$ 22,707,045

Nine month period ended December 31, 2006	Number of common shares	Amount
	Issued at beginning of period	1
Issued in exchange for debt	36,599,999	4,402,476
Public offering (net of share issue costs – \$2,114,946)	40,000,000	17,885,054
Issued at end of period	76,600,000	\$ 22,287,531

b) Stock Options

At September 30, 2007 there were 5,025,000 stock options outstanding, of which 2,338,815 are exercisable.

Nine month period ended September 30, 2007	Number of options	Weighted average exercise price
	Outstanding at beginning of period	3,098,000
Granted	1,971,000	\$ 0.72
Exercised	(37,333)	\$ 0.52
Cancelled or expired	(6,667)	\$ 0.69
Outstanding at end of period	5,025,000	\$ 0.59
Exercisable at end of period	2,338,815	\$ 0.59

Nine month period ended December 31, 2006	Number of options	Weighted average exercise price
	Outstanding at beginning of period	--
Granted	3,098,000	\$ 0.50
Outstanding at end of period	3,098,000	\$ 0.50
Exercisable at end of period	1,105,669	\$ 0.50

As a result of stock options vesting and the amortization of previous grants during the three and nine month periods ended September 30, 2007, the Company recognized

\$264,315 (2006 – \$nil) during the three month period and \$818,777 (2006 - \$nil) during the nine month period as stock-based compensation expense and recorded this amount in contributed surplus. These amounts were recorded as follows:

	Three months ended September 30, 2007	Nine months ended September 30, 2007
Office expense	\$ 55,961	\$ 195,659
Consulting and management fees	139,724	376,253
General exploration	68,630	246,865
Total	\$ 264,315	\$ 818,777

For the period ended September 30, 2006, no stock-based compensation was recorded as no stock options were granted prior to the completion of the IPO in November 2006.

The value of the stock options granted during the nine month period was determined using the Black-Scholes option pricing model. A weighted average grant-date fair value of \$0.36 for each option granted during the first nine months of 2007 was estimated using the following weighted average assumptions: no dividends are to be paid; volatility of 71%; risk free interest rate of 4.1%; and expected life of 3.5 years.

c) Warrants

As at September 30, 2007, the Company had 1,879,801 warrants outstanding with an exercise price of \$0.50 per warrant and an expiry date of November 7, 2007. The remaining warrants outstanding as of September 30, 2007 were valued at \$300,768 as at the date of issue using the Black-Scholes pricing model.

d) Contributed Surplus

	Nine months ended September 30, 2007	Nine months ended December 31, 2006
Balance, beginning of period	\$ 828,294	\$-
Warrants issued	-	395,200
Warrants exercised	(94,432)	-
Stock options exercised	(10,683)	-
Stock-based compensation	818,777	433,094
Balance, end of period	\$ 1,541,956	\$ 828,294

	As at September 30, 2007	As at December 31, 2006
Peru	\$ 10,300,016	\$ 4,011,333
Canada	116,830	76,820
	\$ 10,416,846	\$ 4,088,153

7 / RELATED PARTY TRANSACTIONS

During the three and nine month periods ended September 30, 2007 and 2006, the Company paid its affiliate Southwestern Resources Corp. ("Southwestern") and its subsidiary under the terms of two separate administrative services agreements. In addition, during the same periods, the Company paid remuneration to a company controlled by a director in common as follows:

	Three months ended September 30, 2007	Three months ended September 30, 2006
Administrative services agreements	\$ 52,091	\$ 88,453
Remuneration paid to a company controlled by a director	\$ 27,500	\$ 21,420
	Nine months ended September 30, 2007	Nine months ended September 30, 2006
Administrative services agreements	\$ 202,758	\$ 135,214
Remuneration paid to a company controlled by a director	\$ 107,500	\$ 42,840

As at September 30, 2007, there was an amount owing to Southwestern and its subsidiary totalling \$82,508 (December 31, 2006, \$56,066).

All related party transactions are measured at the exchange amount which is the consideration agreed to between the parties.

8 / COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform to the current period's presentation.

6 / 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:

CORPORATE INFORMATION



ZINCORE METALS INC.

DIRECTORS

W David Black
Chair
Timo Jauristo
Rex McLennan
Myron Osatenko
Henry Giegerich

OFFICERS

Timo Jauristo
President and CEO
Gregory Martin
VP and CFO
Gregory McCunn
VP Project Development
Susy Horna
Corporate Secretary

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STOCK EXCHANGE
LISTING

ZNC – TSX