2009 Q3

Interim Consolidated Financial Statements (unaudited)

These interim consolidated financial statements have not been reviewed by the Company's independent auditors, Deloitte & Touche, LLP.

Contents

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	SEPTEMBER 30, 2009	DECEMBER 31, 2008
ASSETS		
Current		
Cash and cash equivalents	$ 5,569,730	$ 1,255,676
Prepaids, advances and other receivables	31,824	234,275
	5,601,554	1,489,951
Other assets	20,997	20,997
Exploration advances and other receivables	6,289	4,875
Property, plant, and equipment (note 4)	84,744	155,944
Mineral properties (note 5)	15,827,597	15,545,783
	$ 21,541,181	$ 17,217,550
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 197,252	$ 181,040
Due to affiliated companies	-	742
	197,252	181,782
Long term obligation (note 6)	20,686	-
SHAREHOLDERS' EQUITY		
Share capital (note 7)	29,976,364	23,961,364
Contributed surplus (note 7)	1,647,322	1,636,125
Deficit	(10,300,443)	(8,561,721)
	21,323,243	17,035,768
	$ 21,541,181	$ 17,217,550

Nature and continuance of operations (Note 2)

See accompanying Notes to Consolidated Financial Statements (unaudited)

APPROVED BY THE BOARD

JORGE BENAVIDES **W. DAVID BLACK**

CONSOLIDATED STATEMENTS OF LOSS, COMPREHENSIVE LOSS AND DEFICIT

(UNAUDITED)

	THREE MONTHS ENDED SEPTEMBER 30, 2009	THREE MONTHS ENDED SEPTEMBER 30, 2008	NINE MONTHS ENDED SEPTEMBER 30, 2009	NINE MONTHS ENDED SEPTEMBER 30, 2008
EXPENSES				
General exploration	$ 202,890	$ 235,133	$ $516,167	$ $906,596
Consulting and management fees	242,157	128,165	456,421	541,809
Mineral property costs written off (note 5)	194,852	-	194,852	292,334
Office expense	205,210	122,415	349,570	370,472
Shareholder information	23,611	35,529	64,643	184,945
Legal and accounting	29,092	67,454	69,379	170,063
Depreciation	1,481	2,800	4,709	9,142
Travel	23,497	4,787	28,257	64,173
(Gain) loss on sale of property, plant and equipment	(450)	-	48,314	-
Foreign exchange (gain)loss	(5,059)	(52,005)	12,022	(62,837)
Loss before undernoted item	(917,281)	(544,278)	(1,744,334)	(2,476,697)
Interest and other income	330	15,867	5,612	121,010
Net and comprehensive loss for the period	(916,951)	(528,411)	(1,738,722)	(2,355,687)
Deficit, beginning of period	(9,383,492)	(6,674,305)	(8,561,721)	(4,847,029)
Deficit, end of period	$ (10,300,443)	$ (7,202,716)	$ (10,300,443)	$ (7,202,716)
Loss per share - basic and diluted	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.03)
Weighted average number of shares outstanding	79,386,355	79,124,833	79,212,965	79,124,833

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED STATEMENTS OF CASHFLOWS (UNAUDITED)

	THREE MONTHS ENDED SEPTEMBER 30, 2009	THREE MONTHS ENDED SEPTEMBER 30, 2008	NINE MONTHS ENDED SEPTEMBER 30, 2009	NINE MONTHS ENDED SEPTEMBER 30, 2008
OPERATING ACTIVITIES				
Net loss for the period	$ (916,951)	$ (528,411)	$ (1,738,722)	$ (2,355,687)
Items not involving cash:				
Mineral property costs written off	194,852	-	194,852	292,334
(Gain)loss on property, plant, and equipment	(450)	-	48,314	-
Depreciation	1,481	2,800	4,709	9,142
Stock-based compensation	569	46,727	11,197	264,260
	(720,499)	(478,884)	(1,479,650)	(1,789,951)
Change in non-cash operating working capital:				
Decrease in advances and other receivables	8,431	29,931	82,563	115,570
(Decrease)increase in accounts payable and accrued liabilities	(9,777)	(23,311)	(3,095)	44,418
Cash used in operating activities	(721,845)	(472,264)	(1,400,182)	(1,629,963)
INVESTING ACTIVITIES				
(Additions to) dispositions of property, plant and equipment	(3,508)	(394)	4,649	(8,000)
Mineral property expenditures	(91,296)	(1,225,861)	(302,860)	(4,834,251)
Cash used in investing activities	(94,804)	(1,226,255)	(298,211)	(4,842,251)
FINANCING ACTIVITIES				
Shares issued	6,015,000	-	6,015,000	-
Notes payable issued	258,775	-	548,350	-
Notes payable repaid	(548,350)	-	(548,350)	-
Long-term obligation	-	-	20,686	-
Cash provided by financing activities	5,725,425	-	6,035,686	-
Effects of exchange rate change on cash and cash equivalents held in a foreign currency	(9,684)	–	(23,239)	-
Increase(decrease) in cash and cash equivalents during the period	4,899,092	(1,698,519)	4,314,054	(6,472,214)
Cash and cash equivalents at beginning of period	670,638	3,621,773	1,255,676	8,395,468
Cash and cash equivalents at end of period	$ 5,569,730	$ 1,923,254	$ 5,569,730	$ 1,923,254
Cash and cash equivalents consist of:				
Cash	$ 5,546,730	$ 1,878,153	$ 5,546,730	$ $1,878,153
Short-term investments	23,000	45,101	23,000	45,101
	$ 5,569,730	$ 1,923,254	$ 5,569,730	$ $1,923,254

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three and nine month periods ended September 30, 2009 and 2008

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 audited consolidated financial statements dated December 31, 2008 except as disclosed in note 3. These financial statements should be read in conjunction with those annual financial statements and notes thereto. Accordingly, this report does 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, 2009 are not necessarily indicative of the results that may be expected for the year ending December 31, 2009.

2/ NATURE AND CONTINUANCE OF OPERATIONS

Zincore Metals Inc. ("Zincore" or the "Company") is an exploration stage junior mining company engaged in the identification, acquisition, evaluation, exploration and development of zinc and base metal properties in Peru and Mexico.

The Company was incorporated as Peru Zinc Corporation on September 21, 2005 in the Province of British Columbia as a 100% owned subsidiary of Southwestern Resources Corp. ("Southwestern"). 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").

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

The Company's continuing operations are dependent upon its ability to secure additional equity capital, divest assets or generate cash flow from operations in the future, none of which are assured. These consolidated financial statements have been prepared on a going concern basis and do not include any adjustments relating to the recoverability and classification of recorded assets and liabilities that might be necessary, should the Company be unable to secure additional equity capital or generate cash from operations in the future.

3/ CHANGES IN ACCOUNTING POLICIES

In February 2008, the CICA issued a new Handbook Section 3064 - Goodwill and Intangible Assets ("Section 3064"), which replaces CICA Handbook Sections 3062 - Goodwill and Other Intangible Assets ("Section 3062") and 3450 - Research and Development Costs. Various changes have been made to other sections of the CICA Handbook for consistency purposes. Section 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. Standards concerning goodwill are unchanged from the standards included in Section 3062. The new Section is applicable to the Company's financial statements for its fiscal year beginning January 1, 2009. The adoption of this section in 2009 did not have a material impact to the Company's consolidated financial statements.

In January 2009, the CICA issued Handbook Sections 1582 – Business Combinations ("Section 1582"), 1601 – Consolidated Financial Statements ("Section 1601") and 1602 – Non-controlling Interests ("Section 1602") which replaces CICA Handbook Sections 1581 – Business Combinations and 1600 – Consolidated Financial Statements. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under International Financial Reporting Standards ("IFRS"). Section 1582 is applicable for the Company's business combinations with acquisition dates on or after January 1, 2011. Early adoption of this Section is permitted. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for the Company's interim and annual consolidated financial statements for its fiscal year beginning January 1, 2011. Early adoption of this Section is permitted. If the Company chooses to early adopt any one of these Sections, the other two sections must also be adopted.

In March 2009, the CICA issued EIC Abstract 174 - Mining Exploration Costs ("EIC-174") which supersedes EIC Abstract 126 - Accounting by Mining Enterprises for Exploration Costs ("EIC-126"), to provide additional guidance for mining exploration enterprises on the accounting for capitalization of exploration costs and when an impairment test of these costs is required. EIC 174 is applicable for the Company's interim and annual consolidated financial statements for its fiscal year ending February 2010, with retroactive application. The Company anticipates that the adoption of EIC – 174 will not result in a material impact on the Company's consolidated financial statements.

4/ PROPERTY, PLANT AND EQUIPMENT

	AS AT SEPTEMBER 30, 2009		
	COST	ACCUMULATED DEPRECIATION	NET BOOK VALUE
Office and other equipment	$ 85,793	$ 35,375	$ 50,418
Computer equipment	42,009	21,575	20,434
Leasehold improvements	6,177	4,056	2,121
Vehicles	31,891	20,120	11,771
	$ 165,870	$ 81,126	$ 84,744

	AS AT DECEMBER 31, 2008		
	COST	ACCUMULATED DEPRECIATION	NET BOOK VALUE
Office and other equipment	$ 107,664	$ 33,452	$ 74,212
Computer equipment	104,798	41,129	63,669
Leasehold improvements	6,177	2,897	3,280
Vehicles	31,891	17,108	14,783
	$ 250,530	$ 94,586	$ 155,944

Depreciation relating to exploration related assets in the amount of $13,528 (September 30, 2008 - $33,785) has been allocated to mineral properties during the period.

5/ MINERAL PROPERTIES

A) For the nine months ended September 30, 2009:

	ACCHA-YANQUE	OTHER	TOTAL
Balance, beginning of period	$ 15,416,835	$ 128,948	$ 15,545,783
Property, acquisition and maintenance	139,881	39,365	179,246
Analytical	–	1,493	1,493
Geology	185,211	27,600	212,811
Drilling	–	–	–
Technical and engineering	34,236	–	34,236
Research	–	–	–
Project administration	5,788	43,092	48,880
Property costs written off	–	(194,852)	(194,852)
Balance, end of period	$ 15,781,951	$ 45,646	$ 15,827,597

B) For the year ended December 31, 2008:

	ACCHA-YANQUE	MINASCCASA	CONDORINI	OTHER	TOTAL
Balance, beginning of period	$ 10,961,495	$ 750,831	$ 106,208	$ 55,393	$ 11,873,927
Property, acquisition and maintenance	175,069	12,764	11,394	97,237	296,464
Analytical	257,907	–	12,071	3,422	273,400
Geology	1,643,159	3,888	31,163	86,112	1,764,322
Drilling	968,895	–	129,285	–	1,098,180
Technical and engineering	976,441	–	–	–	976,441

Research	2,317	–	136	568	3,021
Project administration	550,428	5,922	2,077	610	559,037
Property costs written off	(118,876)	(773,405)	(292,334)	(114,394)	(1,299,009)
Balance, end of period	$ 15,416,835	$ –	$ –	$ 128,948	$ 15,545,783

The Company holds a 100% interest in the Accha-Yanque and Other properties.

During the third quarter of 2009, the Company wrote off expenditures totalling $194,852 relating to all its mineral properties in Mexico and Chile.

In 2008 the Company wrote-off mineral property expenditures relating to its Condorini and Minasccasa properties and certain early stage properties in Peru and Chile. The carrying value of Condorini was expensed due to Zincore's withdrawal from the earn-in agreement regarding the property. The carrying value of Minasccasa was impaired principally due to the lack of exploration on the property over the preceding three years. The Company continues to pursue a community access agreement to enable exploration to commence and remains of the view that the Minasccasa property holds significant exploration potential. The early stage properties in Peru and Chile were impaired due to the low probability of significantly advancing their exploration considering the current market conditions for financing.

6/ LONG TERM OBLIGATION

Effective January 15, 2009, the Company subleased its office space in Vancouver to a non-related third party subtenant. Under the Sublease Agreement the subtenant paid to Zincore the equivalent of two months rent and operating expenses to be held interest free and applied against the subtenant's obligations under the Agreement.

7/ 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.

B) CHANGES IN ISSUED SHARE CAPITAL AND CONTRIBUTED SURPLUS:

	NUMBER OF COMMON SHARES	AMOUNT	CONTRIBUTED SURPLUS
AT JANUARY 1, 2008	79,124,833	$ 23,961,364	$ 828,294
Stock-based compensation	–	–	276,891
AT DECEMBER 31, 2008	79,124,833	$ 23,961,364	$ 1,636,125
Private Placement	24,060,000	6,015,000	––
Stock-based compensation	–	–	11,197
AT SEPTEMBER 30, 2009	103,184,833	$ 29,976,364	$ 1,647,322

On September 30, 2009, the Company completed a non-brokered private placement offering of its common shares. The financing consisted of 24,060,000 common shares at a price of $0.25 per share, for total proceeds of $6,015,000.

C) STOCK OPTIONS

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

At September 30, 2009 there were 2,623,000 stock options outstanding and exercisable.

	NINE MONTHS ENDED SEPTEMBER 30, 2009			YEAR ENDED DECEMBER 31, 2008		
	NUMBER OF OPTIONS		WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF OPTIONS		WEIGHTED AVERAGE EXERCISE PRICE
Outstanding at beginning of period	5,291,992	$	0.50	5,013,000	$	0.59
Granted	–	$	–	1,488,000	$	0.27
Forfeited	(2,668,992)	$	0.49	(1,209,008)	$	0.60
Outstanding at end of period	2,623,000	$	0.51	5,291,992	$	0.50
Exercisable at end of period	2,623,000	$	0.51	4,633,983	$	0.53

As a result of stock options vesting and the amortization of previous grants during the three and nine month periods ended September 30, 2009, the Company recognized $569 (September 30, 2008 – $46,727) during the three month period and $11,197 (September 30, 2008 - $264,260) 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, 2009		THREE MONTHS ENDED SEPTEMBER 30, 2008		NIINE MONTHS ENDED SEPTEMBER 30, 2009	NINE MONTHS ENDED SEPTEMBER 30, 2008
Consulting and management fees	$	285	$	15,181	$9,489	$76,321
General exploration		284		11,955	383	102,677
Office expense		-		19,591	1,325	85,262
Total	$	569	$	46,727	$11,197	$264,260

The stock–based compensation value was determined using the Black-Scholes option pricing model. There were no new grants issued during the first three quarters of 2009. For the nine month period ended September 30, 2008 the weighted average grant-date fair value of $0.15 for each option granted was estimated using the following weighted average assumptions: no dividends are to be paid; volatility of 79%; risk free interest rate of 3.3%; and expected life of 3.5 years.

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:

	AS AT SEPTEMBER 30, 2009		AS AT DECEMBER 31, 2008	
Peru	$	15,902,634	$	15,539,841
Chile		-		101,581
Canada		36,993		58,808
Mexico		-		27,369
Total	$	15,939,627	$	15,727,599

9/ RELATED PARTY TRANSACTIONS INCLUDING NOTES PAYABLE

On June 22, 2009, The Company executed a bridge loan agreement with a wholly owned subsidiary of Hochschild Mining plc ("Hochschild"), presently its 36.9% shareholder, to provide up to U.S. $1 million in working capital to Zincore. The loan has a term of one year with principal and accrued interest repayable in cash upon completion of an equity financing. In the event the loan is outstanding at the end of the term, principal and accrued interest is repayable, subject to any required regulatory and shareholder approvals, in common shares based on a 15% discount to the market price of common shares at that time. Any outstanding loan balance accrues interest at U.S. dollar one-year LIBOR plus 8%. As of September 30, 2009 the Company had received and repaid U.S. $500,000 as well as paid U.S. $8,245 in interest. The Company has no further obligations relating to this agreement.

During the three and nine month periods ended September 30, 2009 and 2008, the Company paid Southwestern (as of May 2009 a wholly owned subsidiary of Hochschild) and Southwestern's subsidiary under the terms of two separate administrative services agreements for certain accounting, corporate secretarial and administrative services in Canada and Peru. In addition, during the same periods, the Company paid remuneration for management services to companies controlled by directors in common as follows:

	THREE MONTHS ENDED SEPTEMBER 30, 2009	THREE MONTHS ENDED SEPTEMBER 30, 2008	NINE MONTHS ENDED SEPTEMBER 30, 2009	NINE MONTHS ENDED SEPTEBMER 30, 2008
Administrative services agreements	$ 7,000	$ 46,707	$ 86,420	$ 148,699
Remuneration paid to companies controlled by directors in common	$ 107,072	$ 28,750	$ 120,922	$ 152,500

10/ MANAGEMENT OF CAPITAL RISK

The capital structure of the Company consists of equity attributable to common shareholders, comprising issued capital, contributed surplus 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 exploration and other 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. See note 11 for further comments regarding liquidity risk.

11/ 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, market risk and other price 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 RISK

The fair values of the Company's held-for-trading financial instruments are equivalent to their carrying values due to their short term nature.

B) CREDIT RISK

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

The Company's cash assets are held in demand accounts in Canada, Peru, Chile and Mexico. 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 note 7, the Company raised $6,015,000 by completing a private placement. With this funding in place, the Company increased its exploration budgets for the remainder of 2009. Total budgeted cash expenditures for the remainder of 2009 on corporate costs, exploration and technical work is approximately $1.0 million. As at September 30, 2009, cash resources totaled $5.6 million and all of the funds drawn down from the bridge loan discussed in note 9 including interest have been repaid.

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 the referenced foreign 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 $19,000 during the final quarter of 2009 with a 10% strengthening having the opposite effect.

A 10% weakening of the Canadian dollar relative to the U.S. dollar would increase budgeted deferred mineral property expenditures by approximately $43,200 during the final quarter of 2009 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. A one percent decrease in short term rates would increase net loss of the Company by approximately $8,500 during the final quarter of 2009.