ZINCORE METALS INC.

For the Years Ended
December 31, 2014 and 2013

Audited Consolidated Financial Statements

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Zincore Metals Inc.

We have audited the accompanying consolidated financial statements of Zincore Metals Inc., which comprise the consolidated statements of financial position as at December 31, 2014 and December 31, 2013, and the consolidated statements of comprehensive (loss) income , changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Zincore Metals Inc. as at December 31, 2014 and December 31, 2013, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that the Company incurred cumulative losses of $69,263,114 as at December 31, 2014 and current liabilities exceed current assets by $1,726,333. This condition, along with other matters as set forth in Note 1, indicate the existence of material uncertainties that cast significant doubt about the Company's ability to continue as a going concern.

Deloitte LLP

Chartered Accountants
Vancouver, Canada
March 31, 2015

ZINCORE METALS INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

IN CANADIAN DOLLARS

As at	DECEMBER 31, 2014	DECEMBER 31, 2013
Assets		
Current assets		
Cash and cash equivalents	$ 7,976	$ 592,751
Prepaids, advances and other receivables	21,392	68,776
	29,368	661,527
Non-current assets		
Property, plant, and equipment	-	132,277
Mineral properties (note 3)	-	46,014,691
	-	46,146,968
Total Assets	$ 29,368	$ 46,808,495
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	$ 1,230,698	$ 1,255,319
Convertible loan (note 7)	525,003	2,218,345
	1,755,701	3,473,664
Non-current liabilities		
Long term obligation (note 11)	48,642	48,642
Share purchase warrants (note 4b,d)	18,368	62,500
Option to acquire mineral property (note 3)	-	3,401,300
	67,010	3,512,442
	1,822,711	6,986,106
Equity		
Share capital (note 4)	55,890,595	55,502,227
Reserves	11,579,176	10,789,648
Deficit	(69,263,114)	(29,412,365)
	(1,793,343)	36,879,510
Non-controlling interest (note 3)	-	2,942,879
	(1,793,343)	39,822,389
Total Equity and Liabilities	$ 29,368	$ 46,808,495

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

APPROVED BY THE BOARD ON MARCH 27, 2015

Jorge Benavides **W. David Black**

ZINCORE METALS INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

IN CANADIAN DOLLARS

	YEAR ENDED DECEMBER 31, 2014	YEAR ENDED DECEMBER 31, 2013
Expenses		
Mineral property costs written off (note 3)	$ 39,698,523	$ -
General exploration	604,345	675,789
Salaries and benefits	346,558	656,084
Consulting and management fees	357,711	586,533
Shareholder information	100,280	223,535
Office expense	102,865	127,565
Legal and accounting	102,268	167,712
Travel	10,984	165,856
Interest expense (note 7)	131,702	89,859
Foreign exchange loss	214,576	69,329
Reversal of prior years' accrual (note 6)	(462,000)	-
Write off of investment in associate (note 3b)	696,100	-
Loss on disposition of property, plant and equipment	25,462	-
Depreciation	3.743	6,356
Loss before undernoted items	(41,933,117)	(2,768,618)
Interest and other income	970	13,135
Gain on revaluation of convertible loan (note 7)	2,037,266	-
Gain on revaluation of warrants (note 4b,d)	44,132	94,861
Loss for the year	(39,850,749)	(2,660,622)
Other comprehensive income that may by reclassified subsequently to net earnings: Foreign currency translation differences in foreign operations	642,732	2,828,448
Total comprehensive (loss)income	$ (39,208,017)	$ 167,826
Loss per share - basic and diluted	$ (0.98)	$ (0.07)
Weighted average number of common shares outstanding- basic and diluted (note 10)	40,654,038	35,851,496

See accompanying Notes to the Consolidated Financial Statements

ZINCORE METALS INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

IN CANADIAN DOLLARS

	YEAR ENDED DECEMBER 31, 2014	YEAR ENDED DECEMBER 31, 2013
Operating Activities		
Loss before income taxes	$ (39,850,749)	$ (2,660,622)
Items not involving cash:		
Mineral property costs written off (note 3)	39,698,523	-
Share-based compensation (note 4)	218,087	383,522
Gain on revaluation of convertible loan (note 7)	(2,037,266)	-
Write off of investment in associate (note 3b)	696,100	-
Loss on disposition of property, plant and equipment	25,462	-
Accrued interest on convertible loan (note 7)	131,702	89,859
Foreign exchange on convertible loan (note 7)	212,222	87,285
Gain on revaluation of warrants (note 4b,d)	(44,132)	(94,861)
Depreciation	3,743	6,356
Interest income	(970)	(3,671)
	(947,278)	(2,192,132)
Change in non-cash operating working capital items:		
Decrease in prepaids, exploration advances and other receivables	47,385	12,706
Decrease in accounts payable and accrued liabilities (note 6)	(356,366)	(17,302)
Cash used in operating activities	(1,256,259)	(2,196,728)
Investing Activities		
Proceeds from disposal of property, plant and equipment	93,757	-
Additions to property, plant and equipment	(3,297)	(20,219)
Mineral property expenditures	(1,138,672)	(5,958,843)
Cash removed due to de-consolidation of investment in associate (note 3b)	(6,446)	-
Interest received	970	3,671
Cash used in investing activities	(1,053,688)	(5,975,391)
Financing Activities		
Shares and warrants issued on private placements, net of issue costs of $12,923	317,077	758,557
Proceeds from option to acquire mineral property	1,409,389	3,900,958
Proceeds from issuance of convertible loan	-	2,041,200
Cash provided by financing activities	1,726,466	6,700,715
Effects of exchange rate change on cash and cash equivalents held in a foreign currency	(1,294)	51,389
Decrease in cash and cash equivalents during the year	(584,775)	(1,420,015)
Cash and cash equivalents at beginning of year	592,751	2,012,766
Cash and cash equivalents at end of year	$ 7,976	$ 592,751

See accompanying Notes to the Consolidated Financial Statements

ZINCORE METALS INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

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	–	–	–	–	–	(2,660,622)	(2,660,622)
Other comprehensive loss	–	–	–	–	2,828,448	–	2,828,448
	–	–	–	–	2,828,448	(2,660,622)	167,826
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	306,310	–	–	–	383,522
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	–	–	–	–	–	(39,850,749)	(39,850,749)
Other comprehensive gain	–	–	–	–	642,732	–	642,732
	–	–	–	–	642,732	(39,850,749)	(39,208,017)
Private Placement (net of share issue cost of $12,923)	2,444,444	284,077[2]	–	33,000	–	–	317,077
Share-based compensation	815,309	104,291	113,796	–	–	–	218,087
Balance at December 31, 2014	41,533,992	$ 55,890,595	$ 4,361,798	$ 4,671,357	$ 2,546,021	$ (69,263,114)	$ (1,793,343)

[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 Consolidated Financial Statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2014 and 2013
(all dollar 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. On March 20, 2015 the Company announced that it had applied for voluntary delisting of its shares from the TSX and concurrently applied for a listing on the NEX, 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.

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. At December 31, 2014, Zincore has incurred cumulative losses of $69,263,114 since inception, has negative working capital totalling $1,726,333, and is unable to pay all of its commitments as they come due. The Company is currently pursuing alternatives through potential partnerships or sales of non-core mineral properties. 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/ ACCOUNTING POLICIES

A) BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments measured at fair value as described in note 13.

The policies applied in these consolidated financial statements are based on IFRSs issued and effective as at December 31, 2014 for years ending on or before December 31, 2014.

B) BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its subsidiaries as follows:

	JURISDICTION	NATURE OF OPERATIONS	OWNERSHIP %
Zincore Metals Inc.	Canada	Holding company	100%
Polymex Resources Ltd.[2]	Canada	Holding company	49.9%
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%

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

[2]As a result of First Quantum Minerals Inc. (“First Quantum”) completing the second earn-in requirements at the Dolores Project during the third quarter of 2014, Zincore ceased to be the controlling shareholder of Polymex Resources Ltd. (“Polymex”) and changed its accounting for the investment in that particular subsidiary from the consolidation method to equity method (see note 3).

Inter-company balances and transactions, including unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

C) FOREIGN CURRENCIES

The presentation currency of the Company is the Canadian dollar. The functional currency of Zincore Metals Inc. and Polymex Resources Ltd. is the Canadian dollar. The functional currency of Nazca Minerals Ltd., Wari Minerals Limited and Exploraciones Collasuyo S.A.C. is the United States dollar. The functional currency of Exploraciones Y Metales del Centro SACV is the Mexican Peso. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates (“IAS 21”).

Assets and liabilities of the Company’s subsidiaries are translated into the presentation currency using the exchange rate at period end, and income, expenses and cash flow items are translated using the rate that approximates the exchange rates at the dates of the transactions (i.e., the average rate for the period). Exchange differences relating to the translation of the results and net assets of the Company's foreign operations from their functional currencies to the Company's presentation currency are recognized directly in other comprehensive income (loss) and accumulated in the foreign currency translation reserve

Transactions in currencies other than the entity’s functional currency are recorded at the rates of exchange prevailing on dates of transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

D) FINANCIAL INSTRUMENTS

Zincore’s financial instruments consist of cash and cash equivalents, 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. 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 or 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.

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of comprehensive (loss) income.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of comprehensive (loss) income.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a significant or prolonged decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is reclassified from equity and recognized in the statement of comprehensive (loss) income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

The Company classifies its financial liabilities into one of two categories depending on the purpose for which the liability was incurred. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of comprehensive (loss) income.

Other financial liabilities – This category includes accounts payable and convertible loan which are carried at amortized cost.

E) CASH AND CASH EQUIVALENTS

Cash equivalents include money market instruments which are readily convertible into cash and have maturities at the date of purchase of less than ninety days.

F) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost and are depreciated annually on a declining-balance basis at the following rates:

Office and other equipment	20%
Computer equipment	30%
Vehicles	30%
Leasehold improvements	Straight-line over 4 years

The depreciation method, useful life and residual values are assessed annually.

G) IMPAIRMENT OF NON-FINANCIAL ASSETS

Non-financial assets are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash inflows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. Any intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

An asset's or CGU's recoverable amount is the higher of fair value less costs to sell and value in use. In assessing the recoverable amount, its often calculated based on the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately through the statement of comprehensive (loss) income. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized through the statement of comprehensive (loss) income.

H) EXPLORATION AND EVALUATION ASSETS

The Company is in the exploration stage with respect to its investment in mineral properties and follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of mineral claims and crediting all revenues received against the cost of the related claims. Such costs include, but are not limited to, geological, geophysical studies, exploratory drilling and sampling. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable reserves. The aggregate costs related to abandoned mineral claims are charged to operations at the time of any abandonment or when it has been determined that there is evidence of a permanent impairment.

Exploration and evaluation ("E&E") assets are assessed for impairment only when facts and circumstances suggest that the carrying amount of an E&E asset may exceed its recoverable amount and/or when the Company has sufficient information to reach a conclusion about technical feasibility and commercial viability.

Industry-specific indicators for an impairment review arise typically when one of the following circumstances applies:

- Substantive expenditure on further exploration and evaluation activities is neither budgeted nor planned;
- Title to the asset is compromised;
- Adverse changes in the taxation and regulatory environment;
- Adverse changes in variations in commodity prices and markets; and
- Variations in the exchange rate for the currency of operation.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are tested for impairment and then reclassified to mining property and development assets within mineral properties.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

I) INCOME TAXES

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates substantively enacted at year end.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities, when they relate to income taxes levied by the same taxation authority, and when the Company intends to settle its tax assets and liabilities on a net basis.

Flow-through shares are a unique Canadian tax incentive and there is no specific guidance under IFRS. The Company adopted a policy whereby the premium paid for flow-through shares in excess of the market value of the shares without the flow-through features at the time of issue is credited to other liabilities and included in income at the time the qualifying expenditures are made. The recognition of the deferred income tax liability upon renunciation of the flow-through expenditures is recorded as income tax expense in the period of renunciation.

J) SHARE-BASED PAYMENT TRANSACTIONS

The share option plan allows the Company's employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in other comprehensive (loss) income and accumulated in the share-based payment reserve. The fair value is measured at the grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. The fair value of the options granted is measured using the Black- Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

K) RESTORATION, REHABILITATION, AND ENVIRONMENTAL OBLIGATIONS

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight-line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss.

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

The Company has no material restoration, rehabilitation or environmental obligations as the disturbance to date is immaterial.

L) LEASES

Leases are classified as finance leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership of the asset to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments as determined at the inception of the lease. Lease payments are apportioned between finance expense and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

M) LOSS PER SHARE

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year.

N) SIGNIFICANT ACCOUNTING JUDGMENTS

The critical judgments that the Company's management has made in the process of applying the Company's accounting policies, apart from those involving estimations (Note 2(o)), that have the most significant effect on the amounts recognized in the Company's consolidated financial statements are related to the economic recoverability of the mineral properties, functional currency determination for the Company and its subsidiaries, determination of CGUs and assumption of going concern.

O) SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

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, advances, and other 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 statement of financial position at December 31, 2014; and
- the inputs used in determining the various commitments and contingencies accrued and disclosed in the consolidated statements of financial position.

P) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

The Company has applied the following new and revised IFRSs in these audited consolidated financial statements:

• 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 as follows:

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.

3/ MINERAL PROPERTIES

A) FOR THE YEAR ENDED DECEMBER 31, 2014:

	AZOD MINING PROPERTY & DEVELOPMENT ("AZOD ZINC")	AZOD EXPLORATION & DEVELOPMENT ("RECONNAISANCE PROPERTIES"	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	15,122	322,839	17,642	8,203	363,806
Geophysics	-	60,952	-	-	60,952
Geology	29,314	374,752	785	263,292	668,143
Drilling	-	55,673	-	160,539	216,212
Project administration	45,458	48,229	-	84,773	178,460
Disposal of investment	-	-	-	(8,443,222)	(8,443,222)
Mineral property costs written off	(33,910,231)	(5,258,684)	(529,608)	-	(39,698,523)

Foreign exchange movement	124,411	355,221	1,442	158,407	639,481
Balance, December 31, 2014	$ -	$ -	$ -	$ -	$ -

B) FOR THE YEAR ENDED DECEMBER 31, 2013:

	AZOD MINING PROPERTY & DEVELOPMENT ("AZOD ZINC")	AZOD EXPLORATION & DEVELOPMENT ("RECONNASANCE PROPERTIES")	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 December 31, 2014, the Company held a 100% interest in the AZOD and Minasccasa projects and a 49.9% interest in the Dolores project.

A. 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.

   During the second quarter of 2014, the Company wrote off exploration expenditures totalling $33,910,231 relating to the AZOD zinc project. The Company has been actively trying to raise capital or find a partner in order to advance this 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, to date 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 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 zinc 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.

   On July 23, 2013, the Company announced that it had expanded its strategic partnership with First Quantum, see note 9c, 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 extended until April 1, 2015 and Zincore provided to First Quantum access to all geological, geophysical and general information for the Reconnaissance Properties. In turn, First Quantum, utilizing Zincore staff, conducted 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 determined it wished to select a Copper Target Area, the two companies would execute a framework agreement, as described below, to further develop the target under a new joint venture. During the Reconnaissance Phase, First Quantum was 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 would execute a Framework Agreement to govern a joint venture for each Copper Target Area (the "Copper Target JV"). Each Framework Agreement would be subject to the laws of Peru and would 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 as described below.

- 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 had 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 had selected three Copper Target Areas for further exploration. During 2014 the two companies made no progress on executing separate framework agreements for each Target Area to further explore and, if warranted, develop the Targets as joint ventures. 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 these properties 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.

B. On August 28, 2012, the Company and First Quantum, 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 (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 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 would have a 20% interest in Polymex which it could elect to convert to a 3% Net Smelter Return Royalty.

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 ASSOCIATE		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 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.

4/ 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 entitles 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, 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.

In lieu of payment of a portion of his earnings, during 2014 the Company issued to its Chief Executive Officer (“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 consolidated statements of comprehensive (loss) income.

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 consolidated 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. 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 at December 31, 2014 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.

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 December 31, 2014, there were 3,535,830 share options outstanding, of which 3,385,826 were exercisable.

	AT DECEMBER 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	450,001	$ 0.13	1,916,667	$ 0.24
Forfeited	(173,334)	$ 0.25	-	$ -
Cancelled	(525,832)	$ 1.50	(65,838)	$ 1.56
Outstanding at end of year	3,535,830	$ 0.79	3,784,995	$ 0.94
Exercisable at end of year	3,385,826	$ 0.82	2,562,767	$ 1.29

EXERCISE PRICE RANGE	NUMBER OF OPTIONS OUTSTANDING	WEIGHTED AVERAGE EXERCISE PRICE	WEIGHTED-AVERAGE REMAINING YEARS	NUMBER OF OPTIONS EXERCISABLE
$0.13-$0.50	2,193,334	$0.21	3.8	2,043,330
$0.51-$1.00	500,832	$0.78	2.8	500,832
$1.01-$2.00	609,996	$1.87	1.4	609,996
$2.01-$4.00	231,668	$3.48	0.9	231,668
	3,535,830	$0.79	3.1	3,385,826

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, common shares issued to the Company's CEO was an expense of, $104,291 (2013 – $77,212) and was recorded in share capital during the year ended December 31, 2014. 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) as share-based compensation with a corresponding 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.

D) WARRANTS

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

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			

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 U.S. dollar issued warrants whose fair value is recorded as a liability in the consolidated statements of financial position.

5/ DEFERRED TAXES

a) The provision for income taxes reported differs from the amounts computed by applying the cumulative Canadian federal and provincial income tax rates to the loss before tax provision due to the following:

		DECEMBER 31, 2014		DECEMBER 31, 2013
Canadian statutory income tax rate		25.75%		25.75%
Recovery of income taxes computed at statutory rate	$	10,302,628	$	685,110
Non-deductible expenses		(180,180)		(229,088)
Effect of higher (lower) tax rates of foreign jurisdictions		128,854		25,885
Rate changes and others		(539,661)		(147,227)
Tax assets not recognized		(9,711,640)		(334,680)
Income tax expense	$	–	$	–

The Canadian Federal corporate tax rate was 15.0% and the British Columbia provincial tax rate increased from 10% to 10.75% effective April 1, 2013. The overall increase in tax rates has resulted in an increase in the Company's statutory tax rate from 25.00% to 25.75%.

b) Deductible temporary differences, unused tax losses and unused tax credits for which no deferred assets have been recognized are attributable to the following:

		DECEMBER 31, 2014		DECEMBER 31, 2013
Non-operating loss carry forwards	$	52,569,894	$	20,056,769
Capital loss carry forwards		210,964		210,964
Share issue costs		350,470		746,761
	$	53,131,328	$	21,014,494

There are $15.3 million (2013 - $5.3 million) of deferred tax assets not recognized at December 31, 2014. At December 31, 2014, the Company had loss carry forwards available for tax purposes totalling $13.6 million in Canada expiring in 2028 to 2034 and $38.9 million in Peru expiring between 2015 and 2019. The Company also has capital loss carry forwards available in Canada totalling $210,964 (2013 - $210,964).

6/ ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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 reversed this accrual in the second quarter of 2014.

Due to First Quantum becoming the operator of the Dolores project as well as the Company's inability to secure financing to date, Zincore terminated all of its employees during the third quarter of 2014, retaining as consultants only those staff that was considered essential. Included in accounts payable and accrued liabilities are outstanding severance costs totalling $388,495 (2013 – $nil).

The amounts recorded in accounts payable and accrued liabilities primarily relate 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 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 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. 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 in note 4(b). 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

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).

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 DECEMBER 31, 2014	AT DECEMBER 31, 2013
Peru	$ -	$ 46,126,164
Canada	-	20,804
Total	$ -	$ 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 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

B) Compensation of Key Management Personnel

The remuneration of directors and other members of 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 (note 6)	(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 disclosed in Note 9(a).

[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.

C) First Quantum

As of the date of these consolidated financial statements, First Quantum owns 20.02% of the Company's issued and outstanding common shares and is considered a related party. There are no transactions with First Quantum other than those disclosed elsewhere in these consolidated financial statements.

10/ LOSS PER SHARE

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the year ended December 31, 2014 was based on the loss attributable to common shareholders of $39,850,749 (2013 - $2,660,622). The weighted average number of common shares outstanding for the year ended December 31, 2014 was 40,654,038 (2013 – 35,851,496).

Diluted loss per share did not include the effect of 6,146,939 (2013 – 9,334,298) 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	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. 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 to manage financial risk other than the share purchase warrants.

A) FAIR VALUE ESTIMATION

The following table summarizes the Company's financial instruments:

	DECEMBER 31, 2014		DECEMBER 31, 2013		
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE	
FINANCIAL ASSETS					
Fair value through profit or loss					
Cash and cash equivalents	$ 7,976	$ 7,976	$ 592,751	$ 592,751	Level 1
FINANCIAL LIABILITIES					
Fair value through profit or loss					
Share purchase warrants	$ 18,368	$ 18,368	$ 62,500	$ 62,500	Level 2

The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value as described as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the assets or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The fair values of the Company's cash and cash equivalents, prepaids, advances and other receivables, accounts payable, and convertible loan 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 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 4 and 7, during the two years ended on December 31, 2014, the Company has raised gross proceeds of approximately $3.2 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. As discussed in note 3, the Company has managed to fund most of its exploration activities during the past two years by entering into and expanding its strategic partnership with First Quantum, whereby First Quantum funded certain exploration expenditures on the Company's property portfolio. However, First Quantum has now reduced its involvement with the Company to only the Dolores project which it controls and will fund any future expenditures directly. The Company has also suspended exploration and development work on the AZOD project and the Copper Reconnaissance properties until additional cash can be raised and/or a partner(s) can be found in order to advance the projects. 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 or that a partner(s) will be found. As at December 31, 2014, cash resources totalled $7,976. As of the date of these consolidated 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.

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 $199,400 (2013 - $153,000) with a 10% strengthening having the opposite effect.

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 $3,000 (2013 - $13,000) over the next year. 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 $20,000 (2013 - $20,000) over the same year.