ZINCORE METALS INC.

For the Three and Nine Months Ended
September 30, 2014 and 2013

Condensed Consolidated Interim Financial Statements

CONTENTS

NOTICE TO READER

These condensed consolidated interim financial statements of Zincore Metals Inc. have been prepared by management, reviewed by the Audit Committee, and approved and authorized for issue by the Board of Directors of the Company on October 30, 2014. In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed these condensed consolidated interim financial statements, notes to the condensed consolidated interim financial statements and the related quarterly Management Discussion and Analysis.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

IN CANADIAN DOLLARS

As at	SEPTEMBER 30, 2014	DECEMBER 31, 2013
Assets		
Current assets		
Cash and cash equivalents	$ 107,825	$ 592,751
Prepaids, advances and other receivables	31,447	68,776
	139,272	661,527
Non-current assets		
Property, plant, and equipment	36,524	132,277
Mineral properties (note 4)	5,130,203	46,014,691
	5,166,727	46,146,968
Total Assets	$ 5,305,999	$ 46,808,495
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	$ 1,157,346	$ 1,255,319
Advance from partner (note 7)	118,471	-
Convertible loan (note 7)	2,482,206	2,218,345
	3,758,023	3,473,664
Non-current liabilities		
Long term obligation (note 11)	48,642	48,642
Share purchase warrants (note 5b,d)	39,000	62,500
Option to acquire mineral properties (note 4b)	-	3,401,300
	87,642	3,512,442
	3,845,665	6,986,106
Equity		
Share capital (note 5)	55,890,595	55,502,227
Reserves	11,422,673	10,789,648
Deficit	(65,852,934)	(29,412,365)
	1,460,334	36,879,510
Non-controlling interest (note 4b)	-	2,942,879
	1,460,334	39,822,389
Total Equity and Liabilities	$ 5,305,999	$ 46,808,495

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

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

(UNAUDITED)

IN CANADIAN DOLLARS

	THREE MONTHS ENDED SEPTEMBER 30, 2014	THREE MONTHS ENDED SEPTEMBER 30, 2013	NINE MONTHS ENDED SEPTEMBER 30, 2014	NINE MONTHS ENDED SEPTEMBER 30, 2013
Expenses				
Mineral property costs written off (note 4)	$ -	$ -	$ 34,439,839	$ -
General exploration	308,575	154,526	582,025	564,737
Salaries and benefits	161,709	97,254	341,420	467,039
Consulting and management fees	82,771	188,696	311,815	468,096
Foreign exchange loss (gain)	161,502	(42,939)	176,720	12,888
Legal and accounting	35,871	26,370	88,993	130,595
Office expense	36,789	61,632	180,705	183,072
Shareholder information	12,516	67,380	97,986	177,118
Travel	1,007	76,667	10,984	152,725
Reversal of prior years' accrual (note 6)	-	-	(462,000)	-
Write off of investment in associate (note 4b)	696,100	-	696,100	-
Depreciation	1,163	1,530	3,743	4,927
Loss before undernoted item	(1,498,003)	(631,116)	(36,468,330)	(2,161,197)
Interest and other income	3,489	195	4,261	31,554
Gain on revaluation of warrants payable (note 5b)	23,500	-	23,500	-
Loss for the period	(1,471,014)	(630,921)	(36,440,569)	(2,148,301)
Other comprehensive income (loss):				
Foreign currency translation differences in foreign operations	350,418	(950,789)	492,463	1,329,486
Total comprehensive loss	$ (1,120,596)	$ (1,581,710)	$ (35,948,106)	$ (818,815)
Loss per share - basic and diluted (note 10)	$ (0.03)	$ (0.02)	$ (0.90)	$ (0.06)

See accompanying Notes to the Condensed Consolidated Interim Financial Statements

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(UNAUDITED)
IN CANADIAN DOLLARS

	NINE MONTHS ENDED SEPTEMBER 30, 2014	NINE MONTHS ENDED SEPTEMBER 30, 2013
Operating Activities		
Loss before income taxes	$ (36,440,569)	$ (2,148,301)
Items not involving cash:		
Mineral property costs written off	34,439,839	-
Depreciation	3,743	4,927
Share-based compensation (note 5c)	211,853	197,590
Accrued interest on convertible loan (note 7)	96,127	59,328
Foreign exchange on convertible loan (note 7)	167,734	15,097
Revaluation of warrants payable (note 5b)	(23,500)	-
Gain on sale of property, plant & equipment	(1,928)	-
Write off of investment in associate	696,100	-
Interest income	(2,333)	(12,896)
	(852,934)	(1,884,255)
Change in non-cash operating working capital items:		
Decrease in prepaids, advances and other receivables	37,329	43,987
Decrease in accounts payable and accrued liabilities	(384,443)	(11,089)
Cash used in operating activities	(1,200,048)	(1,851,357)
Investing Activities		
Proceeds from disposal of property, plant and equipment	82,668	-
Additions to property, plant and equipment	(3,185)	(18,605)
Cash removed due to de-consolidation of investment in associate (note 4b)	(6,446)	-
Mineral property expenditures	(1,175,654)	(5,080,548)
Interest received	2,333	12,896
Cash used in investing activities	(1,100,284)	(5,086,257)
Financing Activities		
Shares issued, net of issue costs	317,077	771,375
Advance from partner	118,471	-
Proceeds from option to acquire mineral properties	1,409,389	3,205,063
Proceeds from issuance of convertible loan	-	2,041,200
Cash provided by financing activities	1,844,937	6,017,638
Effects of exchange rate change on cash and cash equivalents held in a foreign currency	(29,531)	23,450
Decrease in cash and cash equivalents during the period	(484,926)	(896,526)
Cash and cash equivalents at beginning of period	592,751	2,012,766
Cash and cash equivalents at end of period	$ 107,825	$ 1,116,240
Cash and cash equivalents consist of:		
Cash	107,825	1,058,740
Short-term investments	-	57,500
	$ 107,825	$ 1,116,240

See accompanying Notes to the Condensed Consolidated Interim Financial Statements

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

IN CANADIAN DOLLARS

	SHARE CAPITAL		RESERVES				
	NUMBER OF SHARES	AMOUNT	SHARE-BASED PAYMENT RESERVE	WARRANTS RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	DEFICIT	TOTAL
Balance at January 1, 2013	35,073,992	$ 54,823,819	$ 3,941,692	$ 4,638,357	$ (925,159)	$ (26,751,743)	$ 35,726,966
Total comprehensive loss							
Net loss	–	–	–	–	–	(2,148,301)	(2,148,301)
Other comprehensive income	–	–	–	–	1,329,486	–	1,329,486
	–	–	–	–	1,329,486	(2,148,301)	(818,815)
Private Placement	2,777,775	601,196[1]	–	–	–	–	601,196
Share-based compensation	126,262	41,667	155,923	–	–	–	197,590
Balance at September 30, 2013	37,978,029	$ 54,466,682	$ 4,097,615	$ 4,638,357	$ 404,327	$ (28,900,044)	$ 35,706,937
Total comprehensive loss							
Net loss	–	–	–	–	–	(512,321)	(512,321)
Other comprehensive income	–	–	–	–	1,498,962	–	1,498,962
	–	–	–	–	1,498,962	(512,321)	986,641
Share-based compensation	296,210	35,545	150,387	–	–	–	185,932
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	–	–	–	–	–	(36,440,569)	(36,440,569)
Other comprehensive income	–	–	–	–	492,463	–	492,463
	–	–	–	–	492,463	(36,440,569)	(35,948,106)
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	107,562	–	–	–	211,853
Balance at September 30, 2014	41,533,992	$ 55,890,595	$ 4,355,564	$ 4,671,357	$ 2,395,752	$ (65,852,934)	$ 1,460,334

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

See accompanying Notes to the Condensed Consolidated Interim Financial Statements

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the three and nine months ended September 30, 2014 (all items are in Canadian dollars except as otherwise notes)

1/ NATURE AND CONTINUANCE OF OPERATIONS

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

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

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

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

These consolidated financial statements have been prepared on a going concern basis. Zincore does not generate cash flows from operations and accordingly, Zincore will need to raise additional funds through future issuance of securities or other financing (note 13). Although Zincore has been successful in raising funds in the past, there can be no assurance Zincore will be able to raise sufficient funds in the future, in which case Zincore may be unable to meet its obligations as they come due in the normal course of business. It is not possible to predict whether financing efforts will be successful or if Zincore will attain profitable level of operations. Since inception, Zincore has incurred cumulative losses of $65,852,934 as at September 30, 2014, and as of the same date, has negative working capital totalling $3,618,751. These factors cast significant doubt regarding Zincore's ability to continue as a going concern. Should Zincore be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts on the statements of financial position.

2/ BASIS OF PRESENTATION

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

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

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

.

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

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

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

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

Basis of consolidation

These unaudited condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiaries. All amounts are expressed in Canadian dollars, unless otherwise stated. The principal subsidiaries of Zincore and their geographic locations at September 30, 2014 were 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]Zincore lost control of Polymex Resources Ltd. ("Polymex") during the third quarter of 2014 and changed its accounting for the investment in that particular subsidiary from the consolidation method to equity method.

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

3/ CHANGES IN ACCOUNTING POLICIES

Certain new accounting standards and interpretations have been published that are not effective for the September 30, 2014 reporting period. The Company is currently assessing the potential impact of the adoption of IFRS 9 - Financial Instruments. The IASB recently suspended the originally planned effective date of January 1, 2015 and at present the effective date has not been determined.

4/ MINERAL PROPERTIES

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014:

	AZOD MINING PROPERTY & DEVELOPMENT	AZOD EXPLORATION & DEVELOPMENT	MINASCCASA	DOLORES	TOTAL
Balance, January 1, 2014	$ 33,695,926	$ 4,041,018	$ 509,739	$ 7,768,008	$ 46,014,691
Property acquisition and maintenance	15,122	319,431	17,642	8,203	360,398
Geophysics	-	60,309	-	-	60,309
Geology	29,314	370,796	785	263,292	664,187
Drilling	-	55,085	-	160,539	215,624
Project administration	45,458	47,720	-	84,773	177,951
Disposal of investment	-	-	-	(8,443,222)	(8,443,222)
Mineral property costs written off	(33,910,231)	-	(529,608)	-	(34,439,839)
Foreign exchange movement	124,411	235,844	1,442	158,407	520,104
Balance, September 30, 2014	$ -	$ 5,130,203	$ -	$ -	$ 5,130,203

FOR THE YEAR ENDED DECEMBER 31, 2013:

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

As at September 30, 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 project. The Company has been actively trying to raise capital or find a partner in order to advance its AZOD project. Although the PFS completed in 2013 indicated positive economics and a Net Present Value ("NPV") for the project which is significantly greater than its book value, 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. Claim maintenance costs relating the AZOD project are paid and up to date until June 2015.

During the second quarter of 2014, the Company also decided to write off exploration expenditures totalling $529,608 relating to the Minasccasa project. Like the AZOD project, the Company has not been able to secure funding or a partner to advance this project and therefore no further exploration expenditures are planned for the project at this time. Claim maintenance costs relating this project are paid and up to date until June 2015.

On July 23, 2013, the Company announced that it has expanded its strategic partnership with First Quantum Minerals Ltd. ("First Quantum"), see note 9b, under a binding Memorandum of Understanding ("MOU") to pursue a regional copper exploration program over 55,000 hectares of Zincore's 100% owned property package (the "Reconnaissance Properties"). This reconnaissance phase extends until April 1, 2015 and Zincore will provide to First Quantum access to all geological, geophysical and general information for the Reconnaissance Properties. In turn, First Quantum, utilizing Zincore staff, will conduct exploration activities with the goal of defining one or more "Copper Target Properties" that comprise one or more "Copper Target Areas" within the Reconnaissance Properties. In the event First Quantum determines it wishes to select a Copper Target Area, the two companies will execute a framework agreement, as described below, to further develop the target under a new joint venture. During the Reconnaissance Phase, First Quantum is not subject to any minimum investments, except to fully fund the exploration programs designed and agreed upon by a Technical Committee, comprised of two representatives each from First Quantum and Zincore and to maintain the Reconnaissance Properties in good standing.

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

- First Earn-In: First Quantum can earn a 50.1% interest in a the Copper Target JV by incurring at least US $4.0 million in exploration expenditures per Copper Target Area within 30 months of First Quantum being granted a mining assignment for such Copper Target Area (the "Effective Date"). Once First Quantum has incurred an aggregate of US $4 million in exploration expenditures for a Copper Target Area, its 50.1% interest in the Copper Target JV shall be earned (the "Vesting Date").

- Second Earn-In: First Quantum shall have the right to acquire an additional 9.9% interest in the Copper Target JV, for an aggregate interest of 60%, by producing a Canadian NI 43-101 compliant technical report with a minimum threshold of an Indicated resource estimate of 1 million tonnes of contained copper, using a 0.20% cut-off grade within the relevant Copper Target Area, within 18 months of the Vesting Date.

- Third Earn-In: First Quantum shall have the right to earn an additional 10%, for an aggregate 70% interest in the Copper Target JV, by providing within 36 months of the Vesting Date, studies in sufficient detail that under industry customs a fully informed development decision can be made.

- Fourth Earn-In: First Quantum shall have the right to acquire an additional 10%, for an aggregate 80% in the Copper Target JV, by commencing copper production at the target within 96 months of the Effective Date. If commercial production does not commence within the designated period, the parties' interests in the Copper Target JV shall remain at 70% for First Quantum and 30% for Zincore. First Quantum will be responsible for funding all costs associated with construction of a mine and bringing any Copper Target Area to commercial production including Zincore`s share of capital expenditures for construction to reach commercial production. Zincore's 20% (or 30%, if applicable) portion of the construction costs shall be repaid from 70% of the dividends that Zincore would otherwise be entitled to receive on a pro rata basis from the Copper Target JV.

At any time, Zincore has the option to convert its shareholding interest in a Copper Target JV into a 3% net smelter royalty payable on all minerals extracted and marketed from the Copper Target Area.

On December 10, 2013, the Company announced that First Quantum has selected three Copper Target Areas for further exploration. To date the two companies have not made progress on executing separate framework agreements for each Target Area to further explore and, if warranted, develop the Targets as joint ventures. First Quantum is currently reviewing the data received to date relating to these targets before deciding how to proceed.

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 has been invested and First Quantum has earned a 50.1% interest in Polymex.
- Third Earn-In: First Quantum can earn an additional 9.9% in Polymex by producing a Canadian NI-43-101 compliant Indicated resource estimate (and associated technical report) of more than one million tonnes of contained copper at a 0.20% cut-off grade within three years following the Vesting Notice Date.
- Fourth Earn-In: First Quantum will have the option to earn an additional 10% of Polymex by providing within four years of the Vesting Notice Date studies in sufficient detail that under industry customs and norms a fully informed construction decision can be made.
- Fifth earn-In: First Quantum can acquire an additional 10% interest in Polymex provided that commercial production at Dolores commences within 96 months of the Formal Agreement Date. First Quantum will be responsible for funding all costs associated with construction of a mine and bringing the Dolores Area to commercial production including Zincore`s share of capital expenditures for construction. Zincore will repay its portion of the construction cost from 70% of its portion of the available cash flow from the project.

At the end of the completion of the fifth earn-in the Company will have a 20% interest in Polymex which it can elect to convert to a 3% Net Smelter Return Royalty.

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

INVESTMENT IN ASSOCIATE		SEPTEMBER 30, 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, September 30, 2014	$	-

5/ SHARE CAPITAL

A) COMMON AND PREFERRED SHARES

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

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

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

In lieu of payment of a portion of his earnings, during the three and nine month periods ended September 30, 2014, the Company issued to its CEO 161,071 (September 30, 2013 - 126,262) common shares valued at $25,771 (September 30, 2013 - $41,167) and 815,309 (September 30, 2013 – 126,262) common shares valued at $104,291 (September 30, 2013 - $41,167), respectively. These amounts were recorded in consulting and management fees.

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

On September 27, 2013, the Company announced that it had closed a private placement for gross proceeds of US $750,000 ($771,375 in Canadian dollars) by issuing 2,777,775 units at a price of US $0.27 per unit. Each unit consisted of one common share and one-half of a common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at US $0.36 for up to 24 months. The 1,388,887 warrants issued were valued at $157,361 by using the Black-Scholes options pricing model assuming no dividends are to be paid; volatility of 103%; risk free interest rate of 1.24%; and an estimated life of 2 years. This amount was allocated against share capital and recorded in share purchase warrants in the condensed consolidated interim statements of financial position. As these warrants were issued in US dollars, which is not the functional currency of the Company, they were re-valued to a fair value of $62,500 as at December 31, 2013. As at September 30, 2014, these warrants were re-valued once again at $39,000 with the resulting gain of $23,500 being recorded in the consolidated statements of comprehensive (loss) income. The warrants were re-valued by using the Black-Scholes options pricing model assuming no dividends to be paid, volatility of 141%; risk free interest rate of 1.09%; and an estimated life of 12 months.

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

C) SHARE PURCHASE OPTION COMPENSATION PLAN

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

At September 30, 2014, there were 4,061,662 share options outstanding, of which 3,264,986 were exercisable.

	AT SEPTEMBER 30, 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
Cancelled	(173,334)	$ 0.25	(65,838)	$ 1.56
Outstanding at end of year	4,061,662	$ 0.88	3,784,995	$ 0.94
Exercisable at end of year	3,264,986	$ 1.06	2,562,767	$ 1.29

EXERCISE PRICE RANGE	NUMBER OF OPTIONS OUTSTANDING	WEIGHTED AVERAGE EXERCISE PRICE	WEIGHTED-AVERAGE REMAINING YEARS	NUMBER OF OPTIONS EXERCISABLE
$0.14-$0.50	2,193,334	$0.21	4.1	1,396,658
$0.51-$1.00	500,832	$0.78	3.1	500,832
$1.01-$2.00	1,135,828	$1.70	0.9	1,135,828
$2.01-$4.00	231,668	$3.48	1.2	231,668
	4,061,662	$0.88	2.9	3,264,986

As a result of common shares issued, share options granted and the vesting and amortization of previous share options granted, during the three and nine months ended September 30, 2014 the Company recognized $51,767 (September 30, 2013 – $73,384) and $211,853 (September 30, 2013 - $197,590) as share-based compensation expense. Of these amounts, as a result of the common shares issued to the Company's CEO as described above, $25,771 (September 30, 2013 – $41,667) and $104,291 (September 30, 2013 - $41,667) was recorded in share capital during the three and nine month periods, respectively. As well, as a result of share options granted and the vesting and amortization of previous grants, during the three and nine months periods ended September 30, 2014, the Company recognized $25,996 (September 30, 2013 - $31,717) and $107,562 (September 30, 2013 - $155,923), respectively, and recorded these amount in share based payment reserve. These amounts were recorded as follows:

	THREE MONTHS ENDED SEPTEMBER 30, 2014	THREE MONTHS ENDED SEPTEMBER 30, 2013	NINE MONTHS ENDED SEPTEMBER 30, 2014	NINE MONTHS ENDED SEPTEMBER 30, 2013
Consulting and management fees	$ 27,481	$ 52,964	$ 115,361	$ 81,877
General exploration	904	3,320	5,119	18,812
Salaries and benefits	23,382	17,100	91,373	96,901
Total	$ 51,767	$ 73,384	$ 211,853	$ 197,590

The value of the share options granted during the three and nine months ended September 30, 2014 was determined using the Black-Scholes option pricing model. During the nine months ended September 30, 2014 the weighted average grant-date fair value of $0.08 (September 30, 2013 - $0.24) for each option granted was estimated using the following weighted average assumptions: no dividends are to be paid; volatility of 106% (September 30, 2013 – 97%); risk free interest rate of 1.1% (September 30, 2013 – 1.2%); forfeiture rate of 0% (September 30, 2013 – 0%); and expected life of 3.5 years (September 30, 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 September 30, 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 US dollar issued warrants whose fair value is recorded as a liability in the condensed consolidated interim statements of financial position.

6/ ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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 condensed consolidated interim 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, only retaining as consultants staff that was considered essential. Included in accounts payable and accrued liabilities are outstanding severance costs totalling $400,412 (September 30, 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 US $2 million loan ("the Loan") for working capital purposes. The term of the agreement was for one year, but has been extended by mutual agreement between both parties, and the interest rate is LIBOR plus 5%. The repayment options are as follows: Unless Zincore chooses to repay the loan in cash prior to maturity, First Quantum will choose at or before maturity, one of the following three conversion options to receive repayment:

- Credit all or a portion of the Loan amount towards the First Quantum's obligations to incur project expenditures for the Dolores joint venture as per the Earn-in Agreement discussed in note 4;
- Credit all or a portion of the Loan amount towards the First Quantum's obligations to earn an interest into any new copper target relating to the "MOU" announced on July 23, 2013 and discussed in note 4; or
- Convert all or a portion of the Loan amount into Zincore shares, subject to the prior approval of Zincore shareholders if the conversion would result in the issuing of a number of shares greater than 10% of the Company's issued and outstanding common shares at the time of conversion. Any conversion of the loan amount into Zincore shares would be at the greater of the volume weighted average trading price of the Company's shares on TSX for the five days prior to the date of conversion, or US $0.48/share. The price of the conversion was originally US $0.08/share, but was changed to US $0.48/share as a result of the share consolidation described in note 5(b). The fair value of this conversion option was negligible at September 30, 2014.

As of September 30, 2014, the Company has accrued total interest expense of US $173,398 ($185,986 in Canadian dollars), and recorded foreign exchange losses totalling $255,020 relating to this loan. Included in these amounts are $33,317 (September 30, 2013 - $29,364) and $96,127 (September 30, 2013 - $59,328) in interest expense and $160,484 (September 30, 2013 - $46,046) and $167,734 (September 30, 2013 - $15,097) in foreign exchange losses which relate to the three and nine month periods ended on September 30, 2014, respectively.

As of the date of these financial statements, a verbal agreement has being negotiated to extend the term of the loan by one year. All other terms and conditions of the loan agreement will remain the same. During the third quarter of 2014, a subsidiary of First Quantum advanced 305,674 Peruvian Soles ($118,471 in Canadian dollars) to the Company in order for it to meet certain current obligations in Peru. The repayment terms of this advance are currently being negotiated.

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 SEPTEMBER 30, 2014	AT DECEMBER 31, 2013
Peru	$ 5,149,666	$ 46,126,164
Canada	17,061	20,804
Total	$ 5,166,727	$ 46,146,968

9/ RELATED PARTY TRANSACTIONS

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

	THREE MONTHS ENDED SEPTEMBER 30, 2014	THREE MONTHS ENDED SEPTEMBER 30, 2013	NINE MONTHS ENDED SEPTEMBER 30, 2014	NINE MONTHS ENDED SEPTEMBER 30, 2013
Remuneration paid to a company controlled by a director for contracting services	$ -	$ 92,228	$ -	$ 217,516

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

B) First Quantum

As of the date of these consolidated financial statements, First Quantum owns 20.1% of the Company's issued and outstanding common shares and is considered a related party.

10/ LOSS PER SHARE

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the three and nine months ended September 30, 2014 was based on the loss attributable to common shareholders of $1,471,014 (September 30, 2013 - $630,921) and $36,440,569 (September 30, 2013 - $2,148,301), respectively. The weighted average number of common shares outstanding for the same periods were 41,381,675 (September 30, 2013 – 35,183,785) and 40,357,497 (September 30, 2013 – 35,110,857), respectively.

Diluted loss per share did not include the effect of 4,061,662 (September 30, 2013 – 2,034,995) share options and 2,611,109 (September 30, 2013 – 5,549,303) warrants as they are anti-dilutive.

11/ COMMITMENTS

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

	TOTAL	2014	2015	2016	2017
Operating lease obligations	$ 514,080	$ 44,064	$ 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 and recorded it as a long-term obligation.

12/ MANAGEMENT OF CAPITAL RISK

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

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

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

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

13/ MANAGEMENT OF FINANCIAL RISK

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

A) FAIR VALUE ESTIMATION

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

B) CREDIT RISK

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

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

C) LIQUIDITY RISK

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

As discussed in notes 5 and 7, during the past 21 months ended on September 30, 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. Therefore, as discussed in note 4, the Company has expanded its strategic partnership with First Quantum, whereby First Quantum will be funding certain exploration expenditures on the Company's property portfolio until April 1, 2015. The Company has also suspended exploration and development work on the AZOD project until additional cash can be raised and/or a partner can be found in order to advance the project. 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. The Company is currently negotiating a financial support arrangement with First Quantum to fund its outstanding payables and ongoing general and administrative expenditures. Here again, there is no certainty that this negotiation will be completed successfully. As at September 30, 2014, cash resources totalled $107,825.

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 $65,000 (September 30, 2013 - $38,000) over the next three months with a 10% strengthening having the opposite effect.

All budgeted deferred mineral property expenditures for the rest of 2014, are going to funded by First Quantum, therefore a 10% change in the value of the Canadian dollar relative to the U.S. dollar during the remaining three months of 2014 would have a negligible impact on budgeted deferred mineral property expenditures. As at September 30, 2013, a 10% weakening of the Canadian dollar relative to the U.S. dollar would have increased budgeted deferred mineral property expenditures over the next three months by approximately $60,000 with the opposite effect of a 10% strengthening. A 10% weakening in the Canadian dollar relative to the Peruvian soles has an immaterial effect on the Company's net earnings or deferred mineral property expenditures.

E) INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to short term interest rates through the interest earned on cash and cash equivalents, and interest accrued on its convertible loan from First Quantum. A 1% decrease in short-term rates would decrease interest income, from the Company's cash and cash equivalents, and increase net loss of the Company by approximately $1,000 (September 30, 2013 - $4,000) over the remaining three months of 2014. However, due to the convertible loan from First Quantum, the same 1% decrease in short-term interest rates would decrease interest expense and decrease net loss by approximately $5,000 (September 30, 2013 - $5,000) over the same three month period.