

ZINCORE METALS INC.



For the Year Ended
December 31, 2015 and 2014

Management's Discussion and Analysis



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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the Year Ended December 31, 2015 and 2014
All figures in Canadian dollars unless otherwise noted

GENERAL

The following Management's Discussion and Analysis ("MD&A") of Zincore Metals Inc. and its subsidiaries ("Zincore" or the "Company"), for the year ended December 31, 2015 is prepared as of April 22, 2016 and should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2015 and 2014 which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. All of these statements are available on the Company's website at www.zincoremotals.com or on the SEDAR website at www.sedar.com. Additional information relating to the Company is also available on SEDAR at www.sedar.com.

All financial information in this MD&A is presented in Canadian dollars unless otherwise noted.

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 5626 Larch Street, Suite 202, Vancouver, BC, Canada V6M 4E1. 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 under the symbol "ZNC.H". Given that the Company's listing on the BVL was conditional in part on a TSX or TSX-V listing, the Company's shares ceased to trade on the BVL during the first quarter of 2015. Zincore shares are not differentiated based on the exchange they are bought or sold on. Accordingly, shareholders who purchased shares on the BVL are still able to complete transactions on the NEX, subject to the capabilities of their broker/dealer.

The Company's business is the exploration and development of mineral properties and does not have any source of revenue or operating assets. The recoverability of the amounts shown for mineral properties is dependent upon the ability of the Company to obtain necessary financing to complete exploration, technical studies and, if warranted, development and future profitable production or proceeds from the disposition of properties. The amounts shown as mineral properties represent costs to date and do not necessarily represent present or future values. Given the current negative market circumstances, the Company is not currently engaged in the exploration or development of its properties and projects, other than seeking financing, joint venture partnership or disposition, as warranted.

OUTLOOK

On August 6, 2013 the Company announced that it had received a positive PFS for the Company's flagship, the 100%-owned Accha Zinc Oxide District ("AZOD") project. A technical report prepared in accordance with National Instrument 43-101 outlining two potential production scenarios for the zinc-lead project was completed and filed on SEDAR on August 26, 2013. Given the difficulty the Company is currently having obtaining financing, there are no current exploration plans for this project. However, the Company will continue to explore every option to advance this project in order to maximize shareholder value, including but not limited to development, joint venture, or sale. Annual claims maintenance fees and related penalties for the four claims, which now make up the AZOD project and cover 3,600 hectares, are due in June 2016.

In February 2015 First Quantum Minerals ("First Quantum") terminated the Memorandum of Understanding ("MOU") governing a Regional Copper Reconnaissance Program to identify Copper Target Areas on Zincore's 100%-owned, AZOD property package. Annual claims maintenance fees and related penalties for the most promising Copper Target Areas identified in the Reconnaissance program, Larisa and Alcatraz, were paid by the Company in June 2015. Annual claims maintenance fees and related penalties were also made at this time for Zincore's other 100%-owned project, Minascasa. The Company continues to work towards securing funding, or finding a partner or buyer, to advance these properties. Claims fees and related penalty payments are next due for all properties in June 2016.

At the Dolores project, the Company is awaiting direction from First Quantum, the project's operator and 50.1% owner, as to First Quantum's intentions with regard to the project.

DESCRIPTION OF BUSINESS

Zincore is an exploration stage mining company engaged in the identification, acquisition, evaluation, exploration and development of zinc and base metal properties in Peru. Its primary objective is to define economically feasible projects through focused exploration and to develop, joint venture, or sell properties of economic merit. Zincore's properties are in the exploration stage and are thus non-producing and consequently do not generate revenue or cash flow from operations. The Company is dependent on additional equity, debt capital or proceeds from divestitures to finance its activities.

Zincore's main activities are related to defining a strategy to advance its AZOD project in Peru, and initial exploration at its other properties to further assess potential and develop more detailed exploration programs.

OVERALL PERFORMANCE AND CURRENT ECONOMIC CONDITIONS

The Company's focus during the year ended December 31, 2015 continued to be searching for financing and cost reduction. The Company is also pursuing partial or full divestiture of the Company's non-core projects including the Copper Target Areas, Larisa and Alcatraz and Minascassa.

Exploration expenditures on the AZOD project continues to be put on hold until market conditions improve. The Company continues to believe that this project could become much more attractive in the future when zinc prices and junior exploration equity markets improve. The Company intends to continue maintaining the essential project claims in good standing and will continue to work towards securing funding, or finding a partner or buyer, for this project.

At the Dolores project, assay results from the latest holes drilled in 2014 were released on April 21, 2015 and continued to show anomalous grades of copper and molybdenum, and the Company is awaiting direction from First Quantum, the project's operator and 50.1% owner, as to First Quantum's intentions with regard to the project.

On February 15, 2015, the Company announced that First Quantum terminated the MOU governing the Copper Reconnaissance Properties. The annual claim maintenance fees relating to these properties were made in June 2015 and the Company continues to work towards securing funding, or finding a partner or buyer, for these properties prior to that date.

All employees of the Company were terminated during the second quarter of 2014 with only essential staff being retained on a consulting basis. During the third quarter this year, the Company settled former employees' payroll liabilities for an approximate total of \$390,000 through cash and shares issuance.

On June 26, 2015, the Company reported that its Peruvian subsidiary, Exploraciones Collasuyo S.A.C., arranged an arms-length, unsecured loan with Grupo Invercionista Las Olas S.A. for US\$200,000 (the "Loan"). The Loan, which matures in 24 months on June 24, 2017, has an interest rate of 12%, which will be compounded annually. The Loan principal and applicable accrued interest are to be repaid at maturity, with any early repayment at the option of the Company. Proceeds of the Loan are to pay property maintenance claims, outstanding payables and general working capital purposes.

On August 20, 2015, the Company issued an aggregate of 1,829,359 common shares at a deemed price of \$0.05 per share to settle debts in the amount of \$91,468. The amount of indebtedness represents outstanding statutory payments related to the termination of former employees of the Company's Peruvian subsidiary, Exploraciones Collasuyo S.A.C. ("Collasuyo") The Company decided to satisfy the Debt with Shares in order to preserve its remaining cash for operations and the settlement of other obligations.

On September 30, 2015, the Company issued an aggregate of 905,520 common shares at a deemed price of \$0.05 per share to settle debts in the amount of \$45,276, of which \$3,150 was payable to the CFO. \$42,126 was to a former Collasuyo employee which was part of an outstanding statutory payment related to termination under Peruvian regulations. For accounting purpose, the fair value of the common shares was \$9,056, a gain of \$35,591 and equity reserves of \$630 were recognized from this shares for debt transaction.

On August 12, 2015 and September 3, 2015, the Company's Peruvian subsidiary, Exploraciones Collasuyo S.A.C., arranged two an arms-length, unsecured loans with Grupo Invercionista Las Olas S.A. for U.S. \$50,000 and \$120,000, respectively.

On September 29, 2015, the Company's Peruvian subsidiary, Exploraciones Collasuyo S.A.C., arranged two unsecured loans with Jorge Benavides Alfaro, the President, CEO, and a director of the Company, for an aggregate of U.S. \$215,536. (December 31, 2014 - \$nil).

On October 21, 2015, the Company granted 800,000 incentive stock options to purchase common shares of Zincore to an officer of the Company. The Option are being granted are exercisable at \$0.05 per Zincore Share and expire October 19, 2020.

On December 09, 2015, the Company granted 1,500,000 incentive stock options to purchase common shares of Zincore to certain directors of the Company. The Option are being granted are exercisable at \$0.05 per Zincore Share and expire December 08, 2020.

As at December 31, 2015, the Company had negative working capital, comprised of current assets less current liabilities, totaling \$692,807 (December 31, 2014 - \$1,726,333). The Company continues to explore ways to raise new funds while continuing to minimize cash outflows during these difficult market conditions for junior mining companies.

PROPERTY REVIEW

ACCHA ZINC OXIDE DISTRICT ("AZOD") PROJECT

Given economic circumstances, the Company has reduced the claims it holds to make up the AZOD property package, keeping only essential targets and properties. The AZOD now covers 11,700 hectares, versus approximately 55,000 hectares previously, and hosts zinc and lead oxide mineral Reserves and Resources at both the Accha and Yanque deposits. The Accha deposit is at the north end of the District and the Yanque deposit is 30 kilometres to the south. Zincore management views the AZOD project as a single operation. To that end, the Company has re-modelled previously completed results to optimize the resources and tested a laboratory and pilot scale metallurgical process that would be used at a central processing facility for both deposits. In October 2011, the Company received a PEA relating to the AZOD project, prepared by AMEC, which is the first third party validation of the economics of this project as a

mining operation. On August 6, 2013 the Company announced that it had received a positive PFS on this project, which was also prepared by AMEC. The Company is now exploring every option to advance this project in order to maximize shareholder value, including but not limited to development, joint venture, or sale.

During 2010, formal agreements were signed with the main community holding the surface rights to the Accha and Yanque deposit areas, giving the Company access to the respective areas for a five year period. Given the Company's difficult financial circumstances and a lack of exploration activity at this time, the Company has allowed the access agreements to expire and will re-visit them when conditions improve.

Pre-feasibility Study ("PFS")

AMEC was retained to perform the PFS and work started in earnest during the second quarter of 2012. A geotechnical drilling program was completed during 2012 and metallurgical tests were conducted in laboratories in Poland and South Africa. A study was also commissioned, and performed by Thyssen Krupp and FLSmidth, to optimize the Waelz Kiln specifications for the proposed pyrometallurgical plant.

Results of the PFS were announced on August 6, 2013 with a full National Instrument 43-101 compliant technical report completed and filed on SEDAR on August 26, 2013. The Company is pursuing a district strategy with a single pyrometallurgical facility, the Waelz Kiln, to process zinc and lead oxide material from all AZOD project deposits to produce a high grade zinc-lead fume, or oxide concentrate. As with the PEA, the PFS considered two scenarios for the production of final products for sale. A Base Case investigated further processing of the concentrate by the Company to produce a special high grade zinc ingot and lead sulphate by-product, while an alternate scenario (the "Fume Case") considered selling the zinc-lead oxide concentrate to third-party refineries. Highlights from the PFS for both cases are presented below in US dollars unless otherwise stated.

	BASE CASE		FUME CASE	
	AFTER TAX (\$'000)	PRE-TAX (\$'000)	AFTER TAX (\$'000)	PRE-TAX (\$'000)
Cumulative net cash flow				
Undiscounted	377,268	528,683	243,384	336,980
Net present value (2015)				
Discounted at 5%	217,024	332,216	135,342	205,805
Discounted at 8%	150,123	248,917	91,073	151,221
Discounted at 10%	114,287	203,823	67,617	121,986
Discounted at 12%	84,081	165,472	48,011	97,321
Internal rate of return	20.5%	28.6%	19.2%	26.7%
Payback period	3.8	3.0	3.9	3.2
Total start-up capital	345.5 (US \$M)		214.5 (US \$M)	
Total life of mine capital	357.7 (US \$M)		225.9 (US \$M)	
Projected Life of Mine (years)	8.0		9.0	

Assumptions

- Zinc price of US\$1.26/lb and lead price of US\$1.04/lb Base Case over life of mine average (weighted).
- Zinc price of US\$1.27/lb and lead price of US\$1.04/lb Fume Case over life of mine average (weighted).
- Metal prices are based on an average of prices from the World Bank and Wood Mackenzie. Prices peak from 2017 to 2022. Production is planned for 2017 but delays in production may increase the risk of not realizing the benefits of forecast high metal prices.
- NPV is as of 2015. 20% contingency applied to the capital expenditure direct estimates. Corporate income tax rate of 30%.
- PbSO₄ assumes Pb concentrate terms with 95% payability for lead, and a 3% deduction. Long term treatment charges (\$284/tonne) are based on average of Wood Mackenzie treatment charge forecasts for Pb concentrate.
- For Fume Case bulk payability concentrate terms with 80% of zinc with 7% deduction and for lead payability of 95% with 3% deduction have been assumed.
- No contaminants penalties were allowed for the bulk concentrate and PbSO₄.
- Fume long-term treatment charges (\$334/t) are based on average of Wood Mackenzie treatment charge forecasts for bulk concentrate.
- Cash cost/pound of zinc payable is net of lead credits and includes an US\$0.08/lb premium for super high grade cathode in the Base Case.
- Anthracite is assumed to be sourced from the north of Peru. A cost of \$117/t was utilized for the anthracite and a Currency Exchange Rate \$1USD = 3.00 Peruvian Nuevo Sol was utilized for anthracite. Anthracite represents 41% and 56% of total processing costs of the Base Case and Fume Case respectively.
- A 3% contingency has been applied to all processing costs with the exception of anthracite which is presented as sensitivity and represents a risk to the project.

- It should be noted that the assumed level of payabilities for lead sulphate concentrate and zinc- lead oxide concentrate (Fume) used in the PFS were derived from a market study conducted by Wood Mackenzie and commissioned by Zincore, however, no buyers have been directly approached by the Company to confirm the assumed levels of payability.

Total adjusted cash costs (net of zinc premium and lead credits) for the Base Case were U.S. \$333.8 million for the life of the mine, U.S. \$31.58 per tonne milled, and U.S. \$0.32 per pound of zinc payable. In the Fume Case the total adjusted cash costs (net of lead credits) were U.S. \$749.7 million for the life of the mine, U.S. \$65.00 per tonne milled, and U.S. \$0.70 per pound of zinc payable.

Mineral Resource Model Yanque and Accha

As part of the PFS an updated mineral resource model for the Yanque deposit was constructed based on 2011 drilling at Yanque. The Accha resource model was updated based on the existing drill data. Previous drilling at Accha has encountered mineralization beyond the limits of the current Mineral Resource estimates and has potential for expansion with additional drilling. At Accha, the Company carried out exploration trenching and drilled six exploration holes, which identified new mineralized zones to the north of the previously identified limits of the deposit, as reported in the Company's news releases dated October 12 and December 9, 2010.

Accha

Updated Mineral Resources for the Accha deposit that are amenable to underground and open pit mining methods, have an effective date of 5 July, 2013. As shown below, open pit Measured and Indicated Mineral Resources total 6,613 kt averaging 6.37% Zn and 0.78% Pb and 197 kt of Inferred Mineral Resources of 4.60% Zn and 0.51% Pb using a cut-off grade of 2.2% Zn Eq. Underground Measured and Indicated Mineral Resources total 937 kt at an average grade of 5.57% Zn and 0.96% Pb and Inferred Mineral Resources total 553 kt at an average grade of 5.07% Zn and 0.81% Pb using a cut-off grade of 3.79% ZnEq.

Accha Mineral Resource Estimate Showing Sensitivity of the Estimate to Various Cut-off Grades (Base Case is highlighted)

Mineral Resources Amenable to Open Pit Mining Methods

No.	ZnEq CUT-OFF (%)	TONNAGE (KT)	ZnEq (%)	Zn (%)	Pb (%)	CONTAINED ZnEq (MLB)	CONTAINED Zn (MLB)	CONTAINED Pb (MLB)
Measured	2.2	2,119	8.75	8.11	0.93	408.8	378.9	43.4
	3.0	1,983	9.17	8.49	0.97	400.7	371.4	42.6
	4.0	1,751	9.91	9.18	1.06	382.6	354.4	40.9
	5.0	1,527	10.71	9.91	1.16	360.4	333.5	38.9
Indicated	2.2	4,494	6.03	5.55	0.71	597.4	549.9	70.3
	3.0	3,700	6.77	6.23	0.79	552.5	507.9	64.6
	4.0	2,916	7.66	7.04	0.89	492.2	452.8	57.1
	5.0	2,286	8.53	7.85	0.98	429.9	395.8	49.4
M&I	2.2	6,613	6.90	6.37	0.78	1,006.0	928.7	113.7
	3.0	5,683	7.61	7.02	0.86	953.2	879.3	107.2
	4.0	4,667	8.50	7.85	0.95	874.8	807.2	98.0
	5.0	3,813	9.40	8.68	1.05	790.3	729.4	88.3
Inferred	2.2	197	4.95	4.60	0.51	21.5	20.0	2.2
	3.0	151	5.66	5.25	0.60	18.8	17.5	2.0
	4.0	124	6.13	5.69	0.64	16.8	15.6	1.7
	5.0	89	6.77	6.29	0.69	13.3	12.3	1.4

Mineral Resources Amenable to Underground Mining Methods

No.	ZnEq CUT-OFF (%)	TONNAGE (KT)	ZnEq (%)	Zn (%)	Pb (%)	CONTAINED ZnEq (MLB)	CONTAINED Zn (MLB)	CONTAINED Pb (MLB)
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(%)

Measured	3.79	17	5.73	4.58	1.66	2.1	1.7	0.6
	4.0	17	5.74	4.60	1.66	2.2	1.7	0.6
	5.0	12	6.24	5.06	1.72	1.7	1.3	0.5
Indicated	3.79	920	6.24	5.58	0.95	126.5	113.3	19.2
	4.0	840	6.46	5.79	0.98	119.6	107.1	18.1
	5.0	554	7.49	6.72	1.12	91.4	82.0	13.6
M&I	3.79	937	6.23	5.57	0.96	128.6	115.0	19.8
	4.0	857	6.45	5.76	0.99	121.8	108.9	18.7
	5.0	566	7.46	6.68	1.13	93.1	83.4	14.1
Inferred	3.79	553	5.63	5.07	0.81	68.6	61.8	9.9
	4.0	514	5.76	5.19	0.82	65.3	58.8	9.3
	5.0	277	6.95	6.34	0.90	42.5	38.7	5.5

Assumptions

- Mineral Resources have an effective date of 5 July 2013. The Mineral Resource estimates and geological models were prepared by Christopher Wright, P.Geo. of AMEC and reviewed by Stella Searston, RM SME of AMEC who is the Qualified Person as defined under NI 43-101 for the estimate.
- Mineral Resources are reported inclusive of Mineral Reserves. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
- The estimate uses Ordinary Kriging as the interpolation method in a percent block model with a block size of 5x5x5 m. Density utilized in the mineral resource estimates was 2.51 t/m³ for mineralization, and 2.57 t/m³ for waste.
- Mineral Resources are estimated using a conceptual Lerchs-Grossmann pit shell and conceptual stope outlines that assumed a US\$1.28/lb zinc price, a US\$1.05/lb lead price, marketing treatment, and refining costs of US\$0.201/lb for zinc and US\$0.289/lb for lead, metallurgical recovery of 86.9% for zinc and 97.7% for lead, a mining cost of US\$2.09/t for open pit and of US\$34.92/t for underground mining, and processing, general and administrative costs of US\$48.15/t.
- Overall slope angle for the Accha open pit is 33°.
- Mineral Resources are reported above a marginal cut-off grade of 2.20% ZnEq. for the open pit estimate. Underground Mineral Resources are reported above a cut-off grade of 2.20% ZnEq. below the resource pit shell and within conceptual stope outlines defined at a break-even cut-off grade of 3.79% ZnEq. Zinc equivalent (ZnEq) was calculated by applying the differential of metallurgical recoveries and metal prices net of selling costs to zinc and lead grades.
- Contained zinc and contained lead represent estimated metal contained in the ground and have not been adjusted for metallurgical or other recovery factors.
- The metal prices used for the Mineral Resources estimates are based on a combination of AMEC's internal guidelines (based on long-term consensus prices) and those sourced from Wood Mackenzie and the World Bank. It is industry practice to apply higher long-term metal prices used for Mineral Resources than that used for Mineral Reserves.
- Rounding as required by reporting guidelines may result in apparent summation differences between tonnes, grade and contained metal content.

Yanque

The new Yanque Mineral Resource estimate which is amenable to open pit mining methods, replaces the previous estimate announced by Zincore in 2011. This new estimate incorporates diamond drill data from 45 holes drilled in the Zincore 2011 drill campaign, executed from May to 18 August, 2011 and totalling 6,527.30 m. The estimate totals 26,491 kt of Indicated Mineral Resources with an average grade of 2.37% Zn and 2.18% Pb and 1,169 kt of Inferred Mineral Resources with an average grade of 2.17% Zn and 1.09% Pb. Resources are estimated within a conceptual Lerchs-Grossmann pit shell constructed using a zinc price of US \$1.28/lb Zn and US \$1.05/lb Pb and reported using a marginal cut-off grade of 1.67% zinc equivalent (ZnEq).

Yanque Mineral Resource Estimate Showing Sensitivity of the Estimate to Various Cut-off Grades (Base Case is highlighted)

Mineral Resources Amenable to Open Pit Mining Methods

No.	ZnEq CUT- OFF	TONNAGE (KT)	ZnEq (%)	Zn (%)	Pb (%)	CONTAINED	CONTAINED	CONTAINED
	(%)					ZnEq (MLB)	Zn (MLB)	Pb (MLB)
Indicated	1.67	26,491	3.87	2.37	2.18	2,261.5	1,385.3	1,270.0
	2.00	23,242	4.16	2.55	2.33	2,129.9	1,306.7	1,193.1
	4.00	8,701	6.34	4.05	3.32	1,216.0	777.4	635.7
Inferred	1.67	1,169	2.91	2.17	1.09	75.1	55.8	28.0
	2.00	1,081	3.00	2.24	1.11	71.5	53.3	26.3

4.00 20 5.21 3.32 2.75 2.3 1.5 1.2

Assumptions

- Mineral Resources have an effective date of 5 July 2013. The Mineral Resource estimates and geological models were prepared by Christopher Wright, P.Geo. of AMEC and reviewed by Stella Searston, RM SME of AMEC who is the Qualified Person as defined under NI 43-101 for the estimate.
- Mineral Resources are reported inclusive of Mineral Reserves. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
- The estimate used Ordinary Kriging as the interpolation method in a percent block model with a block size of 5x5x5 m. The density utilized in the mineral resource estimates was 2.37 t/m³ for mineralized material and 2.49 t/m³ for waste.
- Mineral Resources are confined within a conceptual Lerchs–Grossmann pit shell and are estimated using a US\$1.28/lb zinc price, a US\$1.05/lb lead price, overall pit slope angles of 40°, metallurgical recovery of 86.9% for zinc and 97.7% for lead, a mining cost of US\$1.89/t, zinc premium of 5%, lead payability of 94.1%, marketing, treatment and refining costs of US\$0.201/lb for zinc and US\$0.289/lb for lead, and processing, general and administrative costs of US\$36.66/t. Zinc equivalent (ZnEq) was calculated by applying the differential of metallurgical recoveries and metal prices net of selling costs to zinc and lead grades.
- Contained zinc and contained lead represent estimated metal contained in the ground and have not been adjusted for metallurgical or other recovery factors.
- The metal prices used for the Mineral Resources estimates are based on a combination of AMEC’s internal guidelines (based on long-term consensus prices) and those sourced from Wood Mackenzie and the World Bank. It is industry practice to apply higher long-term metal prices used for Mineral Resources than that used for Mineral Reserves.
- Rounding as required by reporting guidelines may result in apparent summation differences between tonnes, grade and contained metal content.

Mineral Reserves

As part of the PFS, AMEC completed a mine plan which evaluated open pit mining at Yanque and a combined open pit and underground operation at Accha for both the Base Case and the Fume Case. Conventional selective open pit mining operations are contemplated, and include drilling, blasting, loading, and hauling by trucks. Dilution factors were applied to the block model in order to simulate the interaction between blocks during the mining process. Final open pit designs were defined by an iterative modeling process (skin analysis). As part of this analysis, non-economic marginally mineralized material was excluded from the pit, improving the strip ratio. Pit optimization was carried out using the Lerchs–Grossmann algorithm, and pit designs were constructed using reasonable mining, processing, general and administration, refining, treatment and marketing costs. The underground mine design at Accha utilizes the cut and fill method.

Mineral Reserves Statement assuming Base Case, Effective Date July 11, 2013

CLASSIFICATION	TONNAGE (KT)	Zn GRADE (%)	Pb GRADE (%)	Zn CONTAINED (MLB)	Pb CONTAINED (MLB)
Accha Open Pit					
Proven	754	8.43	0.73	140.2	12.2
Probable	468	7.39	0.59	76.3	6.1
Proven & Probable	1,223	8.03	0.68	216.5	18.3
Accha Underground					
Proven	307	11.79	1.70	79.8	11.5
Probable	704	9.74	1.25	151.3	19.4
Proven & Probable	1,011	10.36	1.39	231.1	30.9
Yanque Open Pit					
Proven	0	0.00	0.00	0.0	0.0
Probable	8,338	3.97	2.60	730.5	477.1
Proven & Probable	8,338	3.97	2.60	730.5	477.1
Total					
Proven	1,061	9.40	1.01	219.9	23.7
Probable	9,510	4.57	2.40	958.0	502.5
Total Accha and Yanque Proven & Probable	10,571	5.05	2.26	1,177.9	526.2

Assumptions

- Mineral Reserve estimates have an effective date of 11 July 2013. The Mineral Reserves estimates assuming open pit mining methods were prepared by Sergio Muñoz, Senior Mining Eng., RM Comisión Minera (Chile) of AMEC, and by William Bagnell P.Eng. of AMEC for the estimates assuming underground mining methods.
- Mineral Reserves are estimated using the following assumptions: a US\$1.03/lb zinc price, a US\$0.95/lb lead price, and an economic function that includes an average processing, G&A, and ore haulage costs of US\$60.59/t in Accha and US\$37.50/t in Yanque and, marketing, treatment and refining costs of US\$0.201/lb for zinc and US\$0.289/lb for lead, a zinc premium of 5%, a lead payability of 94.1%, and metallurgical recoveries for zinc of 89.6% in Accha and 86.9% in Yanque, and lead recoveries of 97% in Accha and 97.7% in Yanque. Open pit mine designs assumed average inter-ramp pit slope angles of 37° and 46° for Accha and Yanque respectively.
- The open pit referential cut-off grades for Accha are 3.5% Zn and for Yanque are 2.2% Zn. The referential cut-off grade for underground is 6.0% Zn.
- The projected life-of-mine strip ratio for the Accha pit is 3.32 and for the Yanque pit is 1.36.
- The metal prices used for the Mineral Reserves estimates are based on AMEC’s internal guidelines (which are based on long-term consensus prices).
- Rounding as required by reporting guidelines may result in apparent summation differences between tonnes, grade and contained metal content.

Based on the Mineral Reserve estimates for the Base Case, the forecast life-of-mine is eight years with an average ore production rate of 1,340 kt per year with the first year at 80% production and the last year at 15%. The Accha underground operations will be conducted simultaneously with the Accha open-pit operations, commencing two years after open pit pre-stripping begins. The amount of waste rock produced from operations is estimated to be 15,404 kt, with a waste/ore average stripping ratio of 3.32 and 1.36 for the Accha and Yanque open pits, respectively. The combined life of mine stripping ratio for both open pits is 1.58.

Mineral Reserves Statement assuming Fume Case, Effective Date July 11, 2013

CLASSIFICATION	TONNAGE (KT)	Zn GRADE (%)	Pb GRADE (%)	Zn CONTAINED (MLB)	Pb CONTAINED (MLB)
Accha Open Pit					
Proven	651	9.26	0.80	132.9	11.4
Probable	388	8.26	0.66	70.7	5.6
Proven & Probable	1,039	8.88	0.74	203.5	17.1
Accha Underground					
Proven	237	13.78	1.97	71.9	10.3
Probable	547	11.17	1.43	134.6	17.2
Proven & Probable	783	11.96	1.59	206.5	27.5
Yanque					
Proven	0	0.00	0.00	0.0	0.0
Probable	9,711	3.57	2.86	763.3	611.5
Proven & Probable	9,711	3.57	2.86	763.3	611.5
Total – Accha & Yanque					
Proven	888	10.46	1.11	204.8	21.7
Probable	10,646	4.13	2.70	968.5	634.4
Total Accha & Yanque Proven & Probable	11,533	4.61	2.58	1,173.3	656.1

Assumptions

- Mineral Reserve estimates have an effective date of 11 July 2013. The Mineral Reserves estimates assuming open pit mining methods were prepared by Sergio Muñoz, Senior Mining Eng., RM Comisión Minera (Chile) of AMEC by William Bagnell P.Eng. of AMEC (for the estimates assuming underground mining methods).
- Mineral Reserves are estimated using the following assumptions: a US\$1.03/lb zinc price, a US\$0.95/lb lead price, and an economic function that include an average processing, G&A ore haulage of US\$60.12/t in Accha and US\$36.80/t in Yanque, marketing, treatment and refining cost of US\$0.290/lb for zinc and US\$0.190/lb for lead, zinc payability of 79.4%, lead playability of 89%, and metallurgical recoveries for zinc of 91.0% in Yanque and 93.8% in Accha, and lead recoveries of 97.7% in Yanque and 97.0% in Accha. A percent model was used with a block size of 5x5x5 m. Open pit mine designs assumed average inter-ramp pit slope angles of 37° and 46° for Accha and Yanque respectively.
- The life-of-mine strip ratio for the Accha pit is 4.08 and for the Yanque pit is 1.36.
- The Fume Case open pit referential cut-off grades for Accha are 5.5% Zn, and for Yanque are 2.9% Zn. The cut-off grade for Accha underground is 8.6% Zn.
- The metal prices used for the Mineral Reserves estimates are based on AMEC's internal guidelines (based on long-term consensus prices).
- Rounding as required by reporting guidelines may result in apparent summation differences between tonnes, grade and contained metal content.

The Fume Case life-of-mine forecast is nine years, and assumes an average ore throughput of 1,349 kt per year with 80% of annual production capacity in the first year and 80% of the annual production capacity in the last year. The Accha underground operations are planned to be conducted simultaneously with the Accha open-pit operations, commencing two years after open pit pre-stripping begins. The amount of waste rock produced from operations is projected to be 17,485 kt, with a waste/ore average stripping ratio of 4.08 and 1.36 for Accha and Yanque respectively.

Metallurgy

Since the end of 2009, the Company has successfully investigated and tested metallurgical treatment procedures that achieve high metal recoveries. Zincore thereby proposed a central processing facility to treat all the mineral resources from the District. Laboratory testing during 2010 of a reductive roasting technology (Waelz Kiln) returned positive results of 97% zinc extraction from Accha and 76% zinc extraction from Yanque. The test work was carried out at the Mintek Research Facility in South Africa, under the supervision of Metallicon Process Consulting ("Metallicon"). The Company then decided to pilot test larger samples. A ten tonne representative sample from the Accha deposit was tested, with positive results, under the supervision of Metallicon and Hatch, at the CPSA plant located in Pacasmayo, Peru. For a head grade of 10.3% zinc and 1.1% lead, recoveries were in excess of 92% zinc and 99% lead which produced a calcine concentrate with grades greater than 65% zinc and 7% lead. A ten tonne representative sample from the Yanque deposit was collected and sent to the CPSA plant for testing under the same control conditions as Accha. For a head grade of 10.7% zinc and 1.8% lead, recoveries were in excess of 93% zinc and 98% lead which produced a calcine concentrate with grades greater than 61% zinc and 11% lead.

The results of the metallurgical test work were released in September 2010 and Metallicon's summary report is available on the Zincore website at www.zincoremals.com. The test work to date on both the Accha and Yanque deposits confirms that a Waelz kiln can process material from different deposits while delivering high percentage recoveries and grades. These results were used in the PEA.

In July 2012, Zincore entered into two separate contracts with Mintek in South Africa and IMN Gliwice in Poland in order to perform the metallurgical test work for the PFS. Representative samples were sent to both locations and parameter testing was concluded. The results of this work confirmed the positive results of previous test work and were incorporated into the PFS.

Dolores

In 2008 the Company discovered a copper-molybdenum porphyry target east of Yanque called Dolores. A large target area was identified and sampling and assaying were confined to a road cut that exposed the underlying mineralization and returned encouraging high-grade values.

In 2010 surface mapping, sampling and geophysical work confirmed that the Dolores prospect forms a large porphyry system that is approximately six kilometres in diameter. High grade copper-gold mineralization associated with classic potassic and phyllic alteration within a larger argillic halo exposing characteristic multiple phase porphyritic intrusions, hydrothermal breccias, dense stockwork veining and peripheral skarn mineralization are exposed along a recently improved access road to the community of Yanque.

V DG del Peru SAC of Lima was contracted to carry out a deep reconnaissance IP survey over 22 square kilometres with 500 metre line-spacing (48 line kilometres). Magnetic and Gamma Spectrometry were also completed within the same target area at 250 metre line spacing (92 line kilometres). The survey was completed late in 2010 and results confirmed the presence of large chargeability and magnetic anomalies that are consistent with porphyry style mineralization. Drilling started in early 2011 following the approval of the first stage drill permit and results from the first two holes were released on March 3, 2011. The results from the second hole indicated consistent and evenly distributed copper and molybdenum mineralization throughout the length of the hole, including 0.27% copper equivalent over 297 metres. The mineralization was encountered just below the surface (at about 18 metres) and extended to 315 metres with no zero grade intervals. No significant values were intercepted for the first drill hole, which is located almost two kilometres from the second one and which intersected what is believed to be a younger, unmineralized intrusive within the Dolores system.

Results of the last eight holes drilled were released in early October 2011. Highlights include: 0.32% copper equivalent over 144.4 metres, including 0.49% copper equivalent over 72.4 metres in hole DOL- 9; 0.29% copper equivalent over 116 metres in hole DOL-10; and 0.20% copper equivalent over 33.7 metres in hole DOL-7. Copper equivalent totals were calculated at the time using TD Newcrest long term prices of US\$2.25/lb copper and US\$15/lb molybdenum with metallurgical recoveries and net smelter returns assumed to be 100%.

Holes DOL-2, 7, 9, and 10 all intersected moderate potassic alteration in the mineralized diorite porphyry along with moderate to strong quartz veining over significant widths. In addition, holes DOL- 6, 7 and 8 intersected wide sections of garnet skarn with anomalous to sub-economic copper values over 4 to 8 metre intervals.

Company geologists have extended the geological mapping and sampling southward in order to better understand the vectors controlling the emplacement of the copper-molybdenum mineralization. This work has confirmed that the altered and mineralized porphyry extends to the south for at least another 1.5 kilometres and possibly further.

Trenching south of the drilled area in 2011 returned 52.0 metres of 0.76% copper equivalent from continuous channel samples. This trench ("Trench One") is located in an undrilled area 450 metres south of hole DOL-10 and 1 kilometre west of hole DOL-9 respectively, two of the most highly prospective holes drilled on the Dolores property to date. The copper and molybdenum mineralization is hosted within the same altered quartz diorite porphyry cut in the drill holes. Continuous 1.0 metre chip samples across the trend of the mineralized trench have returned: 52 metres of 0.67% copper, 165 ppm molybdenum as well as anomalous gold and silver values.

In May 2012, the Company announced results from sampling in a second trench ("Trench Two") which included 0.61% copper equivalent over 11 metres. Trench Two is located approximately 500 metres and one kilometre from holes DOL – 9 and DOL – 10, respectively. The copper and molybdenum mineralization encountered in Trench Two consists of primary sulphides and is hosted within the same altered quartz diorite porphyry encountered in Trench One and the holes drilled to date.

The Company also discovered high grade copper mineralization during surface exploration work on the Dolores project. The latest surface sample results, from three separate areas, reported in May 2012, include evidence of a new skarn area with samples of up to 3.35% and 3.11% copper. All three areas are located between 1.5 to 2.0 kilometres south of holes DOL – 9 and DOL – 10.

The Company has worked to extend the geological mapping and sampling south of the currently drilled area and the results to date confirm that the altered and mineralized porphyry extends to the south from one to two kilometres and possibly further.

On May 8, 2012, the Company entered into a Memorandum of Understanding ("MOU") to form a strategic partnership with First Quantum Minerals Ltd. ("First Quantum"). Under the terms of the MOU a wholly-owned subsidiary of First Quantum made a strategic investment in the Company. Subsequent to the MOU, the Company and First Quantum entered into a formal Earn-In Shareholders Agreement (the "Earn-In Agreement") on August 28, 2012 (the "Formal Agreement Date"). 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 copper porphyry 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 fourth quarter of 2013, First Quantum notified the Company of its intention to vest its first earn in of a 30% interest in Polymex Resources Ltd ("Polymex") which indirectly owns the Dolores Project. During 2014 First Quantum also completed its second earn-in obligations and as of the date of this MD&A owns a 50.1% interest in Polymex.

In June 2012, the Company secured a contract with surface rights holders south of the up-to-date explored Dolores area, allowing the extension of mapping, sampling and geophysics into this area.

In August 2012, field work commenced with a structural survey focused on recognizing the most important mineralized features of the project. Three mineralized corridors have been identified.

Systematic sampling was extended (geochemical grid) south and west in the project, as well as a tighter sampling was achieved to the north and east. The results show consistent anomalous values of copper and molybdenum in the east and northeast zone of the project as well as extensions of a large anomaly to the south and west. The geological mapping work has revealed a mineralized quartz-monzonite porphyritic body located 500 metres to the south of DOL-10.

In November 2012, the Company released assay results from hole Dol-11 which is the first hole drilled on Dolores under the term of the MOU. Highlights included 0.27% copper equivalent over 35.7 metres and 0.19% copper equivalents over 125.6 metres. Copper equivalent totals were calculated at the time using TD Securities long term prices of US\$2.75/lb copper and US\$15.00/lb molybdenum and do not include any potential gold or silver credits. Metallurgical recoveries and net smelter returns are assumed to be 100%.

On January 8, 2013, results from holes Dol-12 and Dol-13 were released and highlights from those results include 0.17% copper equivalents over 584.7 metres in hole Dol-12, including 0.26% copper equivalent over 143 metres, 0.35% copper equivalent over 36.4 metres, 0.40% copper equivalent over 10 metres, and 0.31% copper equivalent over 45.8 metres. Copper equivalent totals were calculated at the time using TD Securities long term prices of US\$2.75/lb copper and US\$15.00/lb molybdenum and do not include any potential gold or silver credits. Metallurgical recoveries and net smelter returns are assumed to be 100%. Results in Hole Dol-13 did not return high copper values, however, the hole was intended to be a deep exploratory probe and did meet its goal of intersecting at depth what had been interpreted as mineralized quartz diorite porphyry dikes and quartz chalcocite veinlets at the contact between the barren tonalite porphyry and quartzites. Hole Dol-13 is located 2.7 kilometres north of Dol-12, where copper and molybdenum mineralization was found in the same quartz diorite porphyry but in higher grades.

On March 21, 2013, the Company announced results from holes Dol-14 to Dol-17 which were the final holes of the first drill program under the joint venture with First Quantum. Highlights from the results include: 72.35 metres of 0.26% copper equivalent, including 21.3 metres of 0.44% copper equivalent in Hole DOL-17 and 298.6 metres of 0.16% copper equivalent, including 20.0 metres of 0.40% copper equivalent in Hole DOL-15. Copper equivalent totals were calculated at the time using TD Securities long term prices of US\$3.00/lb copper and US\$12.00/lb molybdenum and do not include any potential gold or silver credits. Metallurgical recoveries and net smelter returns are assumed to be 100%.

On April 21, 2015 Zincore reported assay results from the latest four hole drill program at Dolores. The program comprised of 1,599.8 metres and the results continued to show anomalous grades of copper and molybdenum. See news release dated April 21, 2015.

These results to date confirm the existence of a very large porphyry system at Dolores encompassing at least 3.5 kilometres north to south and 1.5 kilometres east to west. Within this area six different phases of porphyry intrusion have been intersected; one is pre-mineralization, three are mineralized and two are post-mineralization. The multiphase nature of porphyry intrusion and the widespread occurrence of copper-molybdenum mineralization within this large area attest to the mineral endowment of the system.

The drill and trench results gathered to date, combined with extensive aerial and ground geophysical work, provide the Company with an important body of information that will be re-interpreted by the project's technical committee in order to plan the next phase of work on this project. It is the Company's intention to focus its future exploration efforts in finding a higher grade mineralized body within this large system.

At the Dolores project, the Company is awaiting direction from First Quantum, the project's operator and 50.1% owner, as to next steps.

Copper Reconnaissance within the AZOD

During the fourth quarter of 2012, New Sense Geophysics Ltd completed work on an airborne spectrometric and magnetometric survey, consisting of 4800 line-km covering all properties of the AZOD concessions. The results of this work highlighted new, high profile copper exploration targets. The various magnetic, radiometric, geochemical and geological anomalies all overlap and point to two first-class copper porphyry exploration targets at Alcatraz and Larisa, as well as numerous secondary targets. See news release dated January 23, 2013 for further details.

In order to fully explore these new areas, in July 2013 the Company, announced that it has expanded its strategic partnership with First Quantum under a binding MOU to pursue a regional copper exploration program over 55,000 hectares of Zincore's 100% owned property package (the "Reconnaissance Properties"). First Quantum will fund exploration on the Reconnaissance Properties until April 1, 2015. During that time, if a copper target area is determined then a Framework Agreement will be executed between Zincore and First Quantum in order to develop the target under a new joint venture (a "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 as stated below.

- First Earn-In: First Quantum can earn a 50.1% interest in the Copper Target JV by incurring at least US\$4 million in exploration expenditures per Copper Target Area within 30 months of First Quantum being granted a mining assignment for such Copper Target Area (the "Effective Date"). Once First Quantum has incurred an aggregate of US\$4 million in exploration expenditures for a Copper Target Area, its 50.1% interest in the Copper Target JV shall be earned (the "Vesting Date").
- Second Earn-In: First Quantum shall have the right to acquire an additional 9.9% interest in the Copper Target JV, for an aggregate interest of 60%, by producing a Canadian NI 43-101 compliant technical report with a minimum threshold of an Indicated resource estimate of 1 million tonnes of contained copper, using a 0.20% cut-off grade within the relevant Copper Target Area, within 18 months of the Vesting Date.
- Third Earn-In: First Quantum shall have the right to earn an additional 10%, for an aggregate 70% interest in the Copper Target JV, by providing within 36 months of the Vesting Date, studies in sufficient detail that under industry customs a fully informed development decision can be made.
- Fourth Earn-In: First Quantum shall have the right to acquire an additional 10%, for an aggregate 80% in the Copper Target JV by commencing copper production at the target within 96 months of the Effective Date. If commercial production does not commence within the designated period, the parties' interests in the Copper Target JV shall remain at 70% for First Quantum and 30% for Zincore. First Quantum will be responsible for funding all costs associated with construction of a mine and bringing any Copper Target Area to commercial production including Zincore's share of capital expenditures for construction to reach commercial production. Zincore's 20% (or 30%, if applicable) portion of the construction costs shall be repaid from 70% of the dividends that Zincore would otherwise be entitled to receive on a pro rata basis from the Copper Target JV.

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

On December 10, 2013, the Company announced that First Quantum has selected three Copper Target Areas for further exploration. The two companies will now execute separate framework agreements for each Target Area to further explore and, if warranted, develop the Targets as joint ventures. The three Copper Target Areas are Larisa, Gema and Alcatraz (formerly referred to as Laca-Laca). All three areas are thought to have sound potential to be further explored for potentially developing as copper projects. Next steps for these Targets will include infill soil-sampling programs and detailed mapping at a scale of 1:2,000 over all geochemical anomalies to identify and prioritize initial drill targets.

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.

Larisa

The Larisa Copper Target Area is located approximately 5.5 kilometres west of the Accha zinc deposit in the north part of the AZOD. 258 soil samples have been taken on a regular grid of north-south orientation, with a spacing of 400 meters. In anomalous areas, additional samples were subsequently taken every 200 meters. In addition, 54 rock samples were gathered and the area was mapped at a scale of 1/10,000.

The main soil anomaly covers an area of 1.4 kilometres by 400 metres in an east-west direction with copper values ranging from 100 to 900 ppm, molybdenum values from 2 to 10 ppm and gold values from 15 to 41 ppb. Copper values for rock samples collected within the anomaly area range from trace up to 1.29% copper for a sample of mineralized intrusive.

An IP survey was completed during the second quarter of 2014. The data is currently being prepared and analyzed in order to plan a future drill program.

Alcatraz (Formerly referred to as Laca-Laca)

The Alcatraz Copper Target Area is located approximately 5 kilometres north of the Dolores copper-molybdenum project in the southwest quadrant of the AZOD. The airborne geophysical survey delineated magnetic and radiometric anomalies measuring 5 kilometres by 1 kilometre, with a northeast orientation.

To date, surface work on the Alcatraz Target has been limited to the southern sector of the airborne anomaly, as permission from a community to the north has only recently been granted. So far, 386 soil samples have been taken on a regular grid of north-south orientation, with a spacing of 400 meters. In anomalous areas an infill campaign was also conducted, with samples collected on 200 meter centers. At Alcatraz, a 3.5 kilometre by 700 metre anomaly has copper values in soil ranging from 100 to 7,500 ppm and molybdenum ranging from 4 to 119 ppm. This anomaly is open to the north and has not yet been mapped in its entirety. The copper-molybdenum soil anomaly is mainly hosted by quartzites and occurs along the margin of the large radiometric anomaly, again similar to the relationship observed at the Dolores project.

Gema

The Gema Copper Target Area is located along the western boundary of the AZOD. 288 soil samples have been taken on a grid of 400 metres by 400 meters. In addition, 74 rock samples have been gathered and 52 metres of trenching have been performed. Currently, soil samples are being taken in a 200 metre by 200 meter grid in anomalous areas. Mineralization identified at surface so far is mainly represented by structurally controlled garnet skarn with associated copper-iron oxide +/-zinc-lead-silver values.

The Company has discontinued its exploration activities with the Gema Copper Target.

Minascasa

Only a small amount of work has been done recently on the 100%-owned Minascasa property, located in the Andahuaylas-Yauri metallogenic belt in southern Peru, 400 km southeast of Lima, due lack of funds. Although full access agreements with the communities in the area have not been completed, the Company has been granted partial access in order to do some work. The Company has not focussed on this opportunity lately due to market conditions and lack of financial means. This project was excluded from the MOU with First Quantum discussed above under "Copper Reconnaissance within AZOD".

During the second quarter of 2014, the Company decided to write off exploration expenditures totalling \$529,608 relating to the Minascasa 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. Annual claim maintenance fees relating to this project were paid in June 2015.

The Company currently assessing alternatives to pay off the properties claim fee of U.S \$50,700 and penalty of U.S. \$160,400 for no production in a certain year. Both fees are due on June 30, 2016.

SELECTED ANNUAL INFORMATION

	YEAR ENDED DECEMBER 31, 2015	YEAR ENDED DECEMBER 31, 2014	YEAR ENDED DECEMBER 31, 2013
Interest and other income	\$ 920,765	\$ 970	\$ 13,135
Net loss (gain)	\$ (382,980)	\$ 39,850,749	\$ 2,660,622
Net loss (gain) per share	\$ (0.01)	\$ 0.98	\$ 0.07
Total assets	\$ 84,510	\$ 29,368	\$ 46,808,495
Financial liabilities	\$ 1,669,724	\$ 1,822,711	\$ 6,986,106
Common shares outstanding	44,268,871	41,533,992	38,274,239

Zincore does not yet have operating mining assets. The increased interest and other income resulted from recovered \$172,526 (Peruvian Sol \$441,012), Peruvian tax credits that were written off in 2014, gain on settlement of payable and liabilities of \$167,901 through cash payment and share issuance, and a gain of \$557,137 relating the adjustment in the fair value of convertible option of FQM. The net gain in 2015 resulted primarily from lower corporate activities compared to the same period in 2014 and 2013. The much larger net loss in 2014 resulted primarily from the write off of exploration expenditures relating to the AZOD project, and the Minascasa and Copper Reconnaissance Properties totalling \$39,698,523 which was partially offset by a gain of \$2,037,266 relating the adjustment in the fair value of the convertible option relating to the loan from FQM and severance costs totalling \$507,277 as a result of lay-offs both in Canada and Peru. The lower net loss in 2013 resulted for the most part from specific cost cutting measures implemented during the year. Examples of these measures were salary reductions for certain staff of up to 50%, board fees suspended starting the third quarter of 2014, staff bonuses were not granted, and a reduction in office space both in Vancouver and Lima.

The increase in total assets in 2015 was also primarily the result of the raising the funds through the third party private loan and shareholder loan. The decrease in total assets in 2014 and increase in 2013 was the result of equity financings completed during the two years which financed the expenditures on the Dolores project being funded by First Quantum and the completion of the PFS on the AZOD project. As well in 2013, there was a significant increase in the value of the US dollar when compared to its Canadian counterpart and this resulted in higher asset values as the vast majority of the Company's assets are denominated in US dollars and then converted to Canadian dollars for presentation purposes. The decrease in liabilities in 2015 results from paid-off the outstanding severance cost through cash payment and share issuance to Collasuyo employees, and a reduced amount of convertible loan from FQM through adjustment to fair value. The Company was able to financing through long-term debenture and shareholder loan in 2015, as a result, an increase in long-term liabilities. The decrease in liabilities in 2014 is primarily due to the option for Polymex being exercised, the revaluation of the convertible option relating to the loan from FQM, and the reversal of accrued bonuses from 2012.

RESULTS OF OPERATIONS

	YEAR ENDED DECEMBER 31, 2015	YEAR ENDED DECEMBER 31, 2014	YEAR ENDED DECEMBER 31, 2013
Mineral property costs written off	\$ -	\$ 39,698,523	\$ -
Write off of investment in associates	\$ -	\$ 696,100	\$ -
General exploration	\$ 145,580	\$ 604,345	\$ 675,789
Salaries and benefits	\$ 3,929	\$ 346,558	\$ 656,084
General and administrative expenses (1)	\$ 216,281	\$ 448,099	\$ 774,527
Consulting and management fee	\$ 140,943	\$ 357,711	\$ 586,533
Reversal of prior years' accrual	\$ -	\$ (462,000)	\$ -
Foreign exchange loss	\$ 31,052	\$ 214,576	\$ 69,329
Loss on disposition of property, plant and equipment	\$ -	\$ 25,462	\$ -
Other income	\$ (920,765)	\$ (2,082,368)	\$ 94,861
Depreciation	\$ -	\$ 3,743	\$ -

(1) General and administrative expenses includes office expenses, shareholder information, legal and accounting expense, travel expense and interest expenses

General exploration expenses for the year ended December 31, 2015 were lower than the comparative period in 2014 and 2013 as the Company was conserving its cash and only making necessary exploration payments to maintain its assets in good standing.

Salary and benefits, general and administrative expenses, consulting and management fees were all lower than the comparative period in 2014 for the year ended December 31, 2015 as the Company was conserving its cash and minimizing corporate overhead expenses due to its current financial conditions. Foreign exchange gains and losses fluctuated in 2015 when compared to 2014 as the US dollar strengthened compared to the Canadian Dollar.

There was a significant other income balance for the year ended December 31, 2015 as the Company recovered \$172,526 (Peruvian Sol \$441,012) of Peruvian tax credits that were written off in 2014 as it was concluded that it was not collectable in 2014. During the year ended December 31, 2015, there was a gain of \$167,901 on settlement of payables and other current liabilities through cash payments and shares issuances. The other gain results from revaluation of convertible loan and warrants, \$557,137 and \$18,368 for year ended December 31, 2015, compared to \$2,037,266 and \$44,132 for 2014, respectively.

QUARTERLY FINANCIAL INFORMATION

FISCAL QUARTER ENDED	DEC 31, 2015	SEPT 30, 2015	JUN 30, 2015	MAR 31, 2015	DEC 31, 2014	SEPT 30, 2014	JUN 30, 2014	MAR 31, 2014
Interest and other income	\$ 557,298	\$ 168,034	\$ 172,438	\$ 4,627	\$ 19	\$ 179	\$ 144	\$ 628
Net gain (loss)	\$ 504,392	\$ 123,515	\$ (21,820)	\$ (223,107)	\$ (3,410,180)	\$ (1,471,014)	\$ (34,372,219)	\$ (597,336)
Gain (loss) per share	\$ 0.01	\$ 0.00	\$ (0.00)	\$ (0.01)	\$ (0.09)	\$ (0.03)	\$ (0.84)	\$ (0.02)
Total assets	\$ 84,510	\$ 133,491	\$ 234,963	\$ 38,034	\$ 29,368	\$ 5,305,999	\$ 13,577,402	\$ 48,889,009
Total liabilities	\$ 1,669,724	\$ 2,189,869	\$ 2,350,260	\$ 2,146,896	\$ 1,822,711	\$ 3,845,665	\$ 8,105,360	\$ 7,456,479

Three months ended December 31, 2015 vs. prior quarters in 2015

Three months ended December 31, 2015 incurred a net gain mainly due to the Company recognized a gain of \$557,137 from the adjustment of convertible option to fair value. In the third quarter, the Company recognized a gain from forgiveness of severance pay from former employees. In the second quarter, the Company recovered a \$172,526 (Peruvian Sol \$441,012) of ITAN tax credit. Net income were higher in December 31, 2015 in general when compared to the other quarters in 2015. Total assets were at the same level in December 31, 2015 when compared to the other quarters in 2015 as the Company arranged a loan US\$215,536 from a shareholder and a private company lent the Company US\$370,000 as long term debenture.

Three months ended December 31, 2015 vs. historic quarters in 2014

Three months ended December 31, 2015 net gains were higher than any of the historic quarters from March 31, 2014 to December 31, 2014 as the Company recognized a gain from the adjustment of convertible option to fair value relating to the loan from FQM. As discussed in greater detail in Note 8 of the accompanying Financial Statements, although FQM has not formally elected to receive repayment of the loan in Zincore shares, Zincore management has prepared these financial statements and the valuation of the FQM loan based on the assumption that there is only one remaining repayment option; conversion of the loan amount and applicable accrued interest into Zincore shares at US\$0.48/share. Total assets were also at the same level as at December 31, 2015 as majority of the assets were disposed or written off as at December 31, 2014.

LIQUIDITY AND CAPITAL RESOURCES

	YEAR ENDED DECEMBER 31, 2015	YEAR ENDED DECEMBER 31, 2014	YEAR ENDED DECEMBER 31, 2013
Cash outflow from operations	\$ (602,881)	\$ (1,256,259)	\$ (2,196,728)
Cash flows from financing activities	\$ 654,581	\$ 1,726,466	\$ 6,700,715
Cash outflows from investing activities	\$ -	\$ (1,053,688)	\$ (5,975,391)
Increase (decrease) in cash and cash equivalents	\$ 51,700	\$ (584,775)	\$ (1,420,015)
Cash and cash equivalents	\$ 59,676	\$ 7,976	\$ 592,751

As at December 31, 2015, the Company's working capital deficiency was \$692,807, (December 31, 2014 - \$1,726,333). The decrease of the deficiency since December 31, 2014 was resulted from decrease in liabilities in the current year because the Company arranged shareholder loan and long term debenture to pay off the current liabilities, including severance pay accrued from prior year. The Company maintain the low level of general expenditure and corporate overhead.

Cash outflow from operations for the year ended December 31, 2015 were lower than the comparative period in 2014 as the Company was conserving its cash and minimizing expenditure due to its financial condition. The cash outflow also included the severance pay accrued from prior year for \$388,495.

Cash flows from financing activities for the year ended December 31, 2015 were lower than the comparative period in 2014 as the Company only had financing from shareholder loan and a long term debenture from a private company for totalled \$654,581 that are lower than prior year's financing proceeds. In 2014, there were \$1.73 million of cash flow related to common shares issuance and proceeds from option to acquire mineral properties.

Cash outflow from investing activities for the year ended December 31, 2015 was nil to reserve the cash. The Company invested \$1.05 million of cash flow in mineral property in comparative period in 2014.

Even with these cost savings in place, the Company's future is still dependent on finding sources of financing in order to continue as a going concern.

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	\$ 425,952	\$ 132,192	\$ 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.

OFF-BALANCE SHEET TRANSACTIONS

The Company does not utilize off-balance sheet transactions.

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. The Company also paid

the remuneration of the Chief Financial Officer (“CFO”) through a company controlled by the CFO. These amounts are recorded as a consulting fees in Consolidated Annual Statements of Comprehensive Loss.

- (b) On September 29, 2015, the Company’s Peruvian subsidiary, Exploraciones Collauyo S.A.C., arranged two unsecured loan with Jorge Benavides Alfaro, the CEO, for an aggregate of U.S. \$215,536. The Benavides Loans are in respect of advances in an aggregate of U.S. \$143,836 made by Mr. Benavides to the Company over the past 9 months, and for consulting fees of U.S. \$71,700 owes by the Company to Mr. Benavides for the period of October 2014 to September 2015, respectively. The Loans, which mature in 24 months on September 29, 2017, have interest rates of 12% compounded annually. The Loan principals and applicable accrued interest are to be repaid at maturity, with any early repayment at the option of the Company. As at December 31, 2015, \$306,461 (December 31, 2014 - \$nil) is outstanding, of which, \$9,020 is accrued interest.
- (c) On September 30, 2015, the Company issued 63,000 common shares at a deemed price of \$0.05 per share to settle an outstanding debt in the amount of \$3,150 payable to the CFO.
- (d) On October 19, 2015, the Company granted 800,000 stock options to CFO of the Company. The fair value of the share options determined using the Black-Scholes options pricing model is \$4,217 for year ended December 31, 2015.
- (e) On December 9, 2015, the Company granted 1,500,000 stock options to an officer and certain directors of the Company respectively. The fair value of the share options determined using the Black-Scholes options pricing model is \$4,012 for year ended December 31, 2015.
- (f) As at December 31, 2015, related party accounts payables was \$nil, and accrued was nil (December 31, 2014 - \$23,925)
- (g) First Quantum: as of the date of these consolidated financial statements, First Quantum owns 19% of the Company issued and outstanding common shares and is considered a related party. There are no transaction with First Quantum other than those disclosed elsewhere in these consolidated financial statements.

Compensation of key management personnel:

	YEAR ENDED DECEMBER 31, 2015	YEAR ENDED DECEMBER 31, 2014
Remuneration paid to CEO	\$ 68,763	\$ 91,576
Remuneration paid to CFO	36,000	36,000

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Zincore’s financial instruments consist of cash and cash equivalents, exploration 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. Exploration advances and other receivables are classified as loans and receivables, which are measured at amortized cost. Accounts payable are 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 and 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.

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risk arising from these financial instruments. The fair value of these financial instruments approximates their carrying value due to their short-term maturity or capacity of prompt liquidation. The following table summarize the Company's financial instruments as at December 31, 2015 and 2014:

	DECEMBER 31, 2015		DECEMBER 31, 2014	
	Carrying Amount (\$)	Fair Value (\$)	Carrying Amount (\$)	Fair Value (\$)
FINANCIAL ASSETS				
Fair value through profit or loss	-	-	-	-
Cash and cash equivalents	59,676	59,676	7,976	7,976
Prepaid, and other receivables	24,834	24,834	21,392	21,392
FINANCIAL LIABILITIES				
Accounts payable and accrued liabilities	745,183	745,183	1,230,698	1,230,698

Financial instruments disclosure requires a statement of the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of fair value are:

- Level 1 Unadjusted quoted prices in active markets for identical assets and liabilities
- Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, and;
- Level 3 Inputs that are not based on observable market data

Fair values of financial instruments

The Company has classified all of its financial instrument at Level 1.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Critical accounting policies and estimates are disclosed in notes 2(n) and 2(o) to the Company's audited consolidated financial statements for the years ended December 31, 2015 and 2014. 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 prepaid, exploration advances, and 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 income (loss);
- the inputs used in accounting for share purchase warrants in the consolidated statements of comprehensive income (loss);
- the provision for income taxes which is included in the consolidated statements of comprehensive loss and composition of deferred income tax assets and liabilities included in the consolidated statement of financial position at December 31, 2015; and
- the inputs used in determining the various commitments and contingencies accrued in the consolidated statements of financial position.

CHANGES IN ACCOUNTING POLICIES

No changes in accounting policies were identified as at December 31, 2015 that will materially impact the financial statements and the MD&A.

SHARE CAPITAL INFORMATION

Zincore has an unlimited number of common shares authorized for issuance. As at December 31, 2014, the Company had 41,533,992 common shares outstanding. On August 20, 2015, and September 30, 2015, the Company issued 1,829,359 and 905,520 of common shares, respectively, to settle \$91,468 and \$45,276, respectively, (deemed price at \$0.05 per share) of payroll liabilities.

As at December 31, 2015 and the date of this report, the total shares outstanding is 44,268,871. (December 31, 2014 - 41,533,992)

On October 19 and December 9, 2015, the Company granted 800,000 and 1,500,000 stock options to an officer and certain directors of the Company respectively. The fair value of these two options determined by using Black-Scholes options pricing model are \$4,217 and \$4,012, respectively, for year ended December 31, 2015.

As at the date of December 31, 2015 and the date of this report, Zincore has 4,239,166 (December 31, 2014 - 3,535,830) stock options outstanding with a weighted average exercise price of \$0.25 (December 31, 2014 - \$0.79) per option.

	AT DECEMBER 31, 2015		AT DECEMBER 31, 2014	
	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding at beginning of year	3,535,830	\$ 0.79	3,784,995	\$ 0.94
Granted	2,300,000	\$ 0.05	450,001	\$ 0.13
Forfeited	-	\$ -	(173,334)	\$ 0.25
Cancelled	(1,596,664)	\$ 1.09	(525,832)	\$ 1.50
Outstanding at end of period	4,239,166	\$ 0.25	3,535,830	\$ 0.79
Exercisable at end of period	2,705,833	\$ 0.40	3,385,826	\$ 0.82

EXERCISE PRICE RANGE	NUMBER OF OPTIONS OUTSTANDING	WEIGHTED AVERAGE EXERCISE PRICE	WEIGHTED-AVERAGE REMAINING YEARS	NUMBER OF OPTIONS EXERCISABLE
\$0.05	2,300,000	\$0.05	4.9	2,300,000
\$0.14-\$0.50	1,403,334	\$0.21	2.9	1,403,334
\$0.51-\$1.00	324,999	\$0.78	1.8	324,999
\$1.01-\$2.00	208,333	\$1.87	0.8	208,333
\$2.01-\$4.00	2,500	\$3.66	0.2	2,500
	4,239,166	\$0.25	3.8	4,239,166

As at December 31, 2015 the Company has 1,222,222 warrant outstanding:

AMOUNT	EXERCISE PRICE	EXPIRY DATE
1,222,222	\$ 0.19	MARCH 24, 2016
1,222,222		

As at December 31, 2014 the Company has 2,611,109 warrant 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		

The Company has two classes of preferred shares authorized with none issued.

RISK AND UNCERTAINTIES

In making and providing the forward-looking information included in this MD&A, the Company has made numerous assumptions. These assumptions include among other things:

- (i) assumptions about the price of zinc, lead, copper and other base metals;
- (ii) that there are no material delays in the exploration and drill programs on its properties;
- (iii) assumptions about operating costs and expenditures;
- (iv) assumptions about future production and recovery;
- (v) that the supply and demand for zinc, lead, and copper develops as expected;
- (vi) that there is no unanticipated fluctuation in foreign exchange rates; and
- (vii) that there is no material deterioration in general economic conditions.

Although management believes that the assumptions made and the expectations represented by such information are reasonable, there can be no assurance that the forward-looking information will prove to be accurate. By its nature, forward-looking information is based on assumptions and involves known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements, or results, to be materially different from future results, performance or achievements expressed or implied by such forward-looking information. Such risks, uncertainties and other factors include among other things the following:

- (i) decreases in the price of zinc, lead, and copper;
- (ii) the risk that the Company will continue to have negative operating cash flow;
- (iii) the risk that additional financing will not be obtained as and when required;
- (iv) material increases in operating costs;
- (v) adverse fluctuations in foreign exchange rates;
- (vi) environmental and political risks and changes in environmental and mining legislation;
- (vii) community relations risks associated with operating in Peru; and
- (viii) the risk that the Company will not be able to meet its continued listing requirements by the NEX.

FORWARD-LOOKING STATEMENTS

Certain information in this MD&A, including all statements that are not historical facts, constitutes forward-looking information within the meaning of applicable Canadian securities laws. Such forward-looking information includes, but is not limited to, information which reflect management's expectations regarding the Company's future growth, results of operations (including, without limitation, future production and capital expenditures), performance (both operational and financial) and business prospects (including the timing, execution, and success of exploration activities) and opportunities. In this MD&A this specifically includes statements regarding the Prefeasibility Study ("PFS") on the Accha Zinc Oxide ("AZOD"), future exploration on the AZOD project, a potential joint venture with First Quantum Minerals Ltd. ("First Quantum") relating to the Reconnaissance Properties (as defined herein), and timing of various stages of the Dolores drilling program. Often, this information includes words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate" or "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

This MD&A contains information on risks, uncertainties and other factors relating to the forward-looking information. Although the Company has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking information, there may be other factors that cause actual results, performances, achievements or events not to be anticipated, estimated or intended. Also, many of the factors are beyond the Company's control. Accordingly, readers should not place undue reliance on forward-looking information. The Company undertakes no obligation to reissue or update forward looking information as a result of new information or events after the date of this MD&A except as may be required by law. All forward-looking information disclosed in this document is qualified by this cautionary statement.