

ZINCORE METALS INC.



For the Nine Months Ended
September 30, 2017 and 2016

Management's Discussion and Analysis



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

For the Nine Month Ended September 30, 2017 and 2016
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 nine month ended September 30, 2017 and 2016 is prepared as of November 27, 2017 and should be read in conjunction with the Company's unaudited interim financial statements for the nine months ended September 30, 2017 and the audited financial statements for year ended December 31, 2016 and 2015 which were prepared in accordance with International Financial 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.

All common shares, share purchase warrants and share purchase options are presented on a post consolidated basis due to a share consolidation on July 22, 2016 (see page 4 for details).

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. On July 26, 2016, the Company's shares commenced trading on the NEX, a separate board of TSX Venture Exchange, on a consolidated basis at the open of the market. The Company's name and trading symbol (ZNC.H) remain the same.

The Company's business is the exploration and development of mineral properties and it 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 Zincore's current financial 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

With greater interest in zinc-related companies and the settlement of many of the Company's debts and obligations, the Company's prospects for advancing the Accha Zinc Oxide District ("AZOD") project may improve. Management continues to pursue its efforts to maximize shareholder value, including but not limited to development, joint venture, or sale, of the AZOD project. Annual claims maintenance fees and related penalties for the claims, which now make up the 3,600 hectare AZOD project, were paid in June 2017.

Given Zincore's financial circumstances, the Company did not make the annual payments for property claims maintenance fees and related penalties for the rest of its wholly-owned properties as due in June 2016. Accordingly, the Company no longer holds the rights to any properties other than the 3,600 hectares, which comprise the AZOD (zinc-lead) project as described above.

On February 16, 2017, the Company announced that it had reached an agreement with First Quantum Minerals Ltd to terminate the Dolores copper porphyry project joint-venture. Under the terms of the agreement, the Company regained 100% ownership of the 4,500 hectares which comprise the Dolores Project, in Southern Peru. As consideration for the US\$8 million investment made by First Quantum in the Dolores Project and related areas, and in full repayment of the US\$2 million convertible loan between the two companies, the Company will grant First Quantum a 3.5% a Net Smelter Returns Royalty on any future production that may occur at the Dolores Project, if held by Zincore. Given the Company's financial situation, Zincore did not make the property claims payments associated with the Dolores claims due to the Peru government by September 30, 2017. Consequently, Zincore no longer holds the claims making up the Dolores project and has no further obligations to First Quantum with regard to the Dolores project.

There can be no assurances that the Company will be able to raise sufficient funds to meet its future property claims and related fee payments.

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 at the exploration stage and are thus non-producing. Consequently, they do not generate revenue or cash flow from operations and 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.

OVERALL PERFORMANCE AND CURRENT ECONOMIC CONDITIONS

The Company's focus during the third quarter of 2017 continued to be searching for financing, cost reduction and settling its outstanding payment obligations. In order to settle a significant portion of its payment obligations, the Company entered into Shares for Debt Agreements in Q2 2017 with certain creditors whereby Zincore issued common shares of the Company in settlement of amounts owing as described below.

Exploration expenditures for the AZOD project continue to be put on hold until a sufficient financing can be completed. The Company continues to believe that this project has become more attractive given more favourable markets for zinc prices and junior exploration companies. The Company continues to work towards maintaining the essential project claims in good standing and continues to work towards securing funding, or finding a partner or buyer, for the project. However, there can be no assurances that the Company will be successful in this endeavour.

On February 9, 2017, the Company's Peruvian subsidiary, Exploraciones Collaayo S.A.C., arranged an unsecured loan with Jorge Benavides Alfaro, the President, CEO, and a director of the Company, for U.S. \$6,700. The loan, which matures in 24 months on February 9, 2019, carries an interest rate of 12% 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. The proceeds of the loan are to be used for payment of outstanding payables and general working capital.

On March 17, 2017, the Company's Peruvian subsidiary, Exploraciones Collaayo S.A.C., arranged an unsecured loan with Jorge Benavides Alfaro, the President, CEO, and a director of the Company, for U.S. \$24,679. The loan, which matures in 24 months on March 17, 2019, carries an interest rate of 12% 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. The proceeds of the loan are to be used for payment of outstanding payables and general working capital.

On March 17, 2017, the Company, arranged an unsecured loan with Jorge Benavides Alfaro, the President, CEO, and a director of the Company, for U.S. \$40,634. The loan, which matures in 24 months on March 17, 2019, carries an interest rate of 12% 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. The proceeds of the loan are to be used for payment of outstanding payables and general working capital.

As at September 30, 2017, the Company had negative working capital, comprised of current assets less current liabilities, totaling \$649,592 (December 31, 2016 - \$1,281,625). The Company continues to explore ways to raise new funds while continuing to minimize cash outflows and seeking ways to settle its outstanding payables.

On May 16, 2017, the Company entered into Shares for Debt Agreements with certain creditors whereby the Company issued common shares of the Company at a deemed price of \$0.165 per share in settlement of amounts owing. Pursuant to the Settlement Agreements, \$1,059,222 in debt was settled by issuance of a total of 5,431,910 shares of Zincore.

On June 30, 2017 — the Company closed the initial tranche of a private placement of units (the "Private Placement") of the Company, originally announced June 8, 2017. In the initial tranche, the Company issued an aggregate of 947,682 units to exempt buyers at a price of \$0.14/unit, for gross proceeds of \$132,675. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant will entitle the holder to acquire an additional common share at a price of \$0.21 per common share for a period of twelve months from the closing date. On July 25, 2017, the Company closed the Private Placement with no further subscriptions.

PROPERTY REVIEW

Accha Zinc Oxide District ("AZOD") Project

On August 6, 2013, the Company announced that it had received a positive pre-feasibility report ("PFS") for the Company's flagship, the 100%-owned Accha Zinc Oxide District ("AZOD") project. The AZOD project is located at approximately 70 kilometres south of Cusco, in the mining-prolific Yauri-Andahuaylas Copper District of southern Peru. The AZOD project now comprises four claims covering 3,600 hectares and includes deposits at two District locations, Accha and Yanque. The 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. For further details and to view the full 43-101 technical report, please visit www.sedar.com.

RESULTS OF OPERATIONS

	NINE MONTHS ENDED SEPTEMBER 30, 2017	NINE MONTHS ENDED SEPTEMBER 30, 2016
General exploration	(172,262)	(142,152)
Salaries and benefits	-	-
General and administrative expenses (1)	(71,614)	(66,989)
Consulting and management fee	(104,808)	(125,415)
Foreign exchange loss	277	(1,784)
Interest income (expense)	(46,089)	(74,505)
Loss before undernoted item	\$ (394,496)	\$ (410,845)
Interest and other (expense) income	5,665	103
Gain on debt settlement	226,084	-
Gain (loss) on revaluation of convertible bonds	-	(154,148)
Write off mineral property	(3,140)	-
Net loss	(165,887)	(564,890)

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

During the nine months ended September 30, 2017, the Company incurred a net loss of 165,887 which is lower than the 564,890 loss in Q3 2016. The lower loss was mainly due to recognizing a \$226,084 gain on the settlement of debt as the Company entered into a new arrangement with First Quantum, whereby First Quantum has forgiven a convertible loan. In addition, the Company issued common shares to settle debentures where the fair value of the common shares was lower than the carrying value of the debt. The Company also reduced its business activities to conserve cash and other resources.

QUARTERLY FINANCIAL INFORMATION

FISCAL QUARTER ENDED	SEPT 30, 2017	JUNE 30, 2017	MAR 31, 2017	DEC 31, 2016	SEPT 30, 2016	JUN 30, 2016	MAR 31, 2016	DEC 31, 2015
Interest and other income (loss)	\$ 5,615	\$ 114,315	\$ 111,782	\$ 369,848	\$ (139,689)	\$ (14,423)	\$ 67	\$ 557,298
Net gain (loss)	\$ (63,875)	\$ (97,644)	\$ (4,368)	\$ 277,353	\$ (227,635)	\$ (197,546)	\$ (139,709)	\$ 504,392
Gain(loss) per share	\$ (0.00)	\$ (0.01)	\$ (0.00)	\$ (0.00)	\$ (0.02)	\$ (0.00)	\$ (0.00)	\$ 0.01
Total assets	\$ 24,835	\$ 54,746	\$ 105,809	\$ 29,640	\$ 23,361	\$ 45,205	\$ 34,185	\$ 84,510
Total liabilities	\$ 770,211	\$ 756,979	\$ 1,738,873	\$ 1,710,678	\$ 1,946,101	\$ 1,873,179	\$ 1,658,529	\$ 1,669,724

Three months ended September 30, 2017 vs. prior quarters in 2017 and 2016

In the three months ended September 30, 2017 the Company incurred a net loss of 63,875. This amount is less than the loss incurred in all quarters of 2016, with the exception of Q4 2016. During Q4 2016, the Company recognized a \$295,306 gain in settlement of debt with various vendors. In Q2 2017 the Company had a gain on the settlement of debt of \$114,315. This gain offset other operating losses and resulted in a slight loss for Q3 2017. As a result of the shares for debt transaction in Q2 2017, total liabilities decreased when compared with previous quarters in 2016 and Q1 2017. In addition, in Q3 2017 the Company continued to reduce its business activities to conserve cash and other resources until it gets adequately capitalized. Total liabilities decreased from Q1 2017 and Q4 2016 as the Company settled shareholder loans through the issuance of common shares of the Company.

Three months ended September 30, 2017 vs. prior quarters in 2015

In the three months ended September 30, 2017 the Company incurred a net loss of \$63,875. This amount represents a smaller loss when compared to previous quarters in 2016, with the exception of Q4 2016. Higher income earned in Q4 2016 was due to the significant recovery of a tax credit and revaluation of the First Quantum convertible loan. In Q2 2017, the Company had a gain on the settlement of debt of \$114,315. This gain offset other operating losses and resulted in a slight loss for Q3 2017. As a result of the shares for debt transaction, total liabilities decreased when compared with all quarters of 2016.

Change in total assets

Total assets remained low throughout 2015 to 2016 as all mineral properties were written off in fiscal 2014. Total assets increased in Q2 2017, compared to all quarters in 2016. This is due to receiving cash from shareholder loans and an increase in equity due to warrants being exercised during Q2 2017. Total liabilities have decreased throughout 2015 to 2017 as the Company continues to lower its debt level and improve its balance sheet. The decrease from Q1 2017 to Q3 2017 was due to the settlement of loans through the issuance of common shares of the Company.

LIQUIDITY AND CAPITAL RESOURCES

	NINE MONTHS ENDED SEPTEMBER 30, 2017		NINE MONTHS ENDED SEPTEMBER 30, 2016	
Cash outflow from operations	\$	(259,709)	\$	(235,068)
Cash flows from financing activities	\$	268,398	\$	178,554
Cash outflows from investing activities	\$	1,019	\$	-
Increase (decrease) in cash and cash equivalents	\$	9,708	\$	(56,514)
Cash and cash equivalents	\$	20,827	\$	3,162

As at September 30, 2017, the Company's working capital deficiency was \$649,592 (December 31, 2016 - \$1,281,625). The decrease in working capital deficiency since December 31, 2016 is mainly due to settlement of debt through issuance of common shares in May 2017.

Cash outflow from operations for the nine months ended September 30, 2017 was slightly higher than for the comparative period in 2016 due to timing difference of exploration expenditures.

Cash inflows from financing activities for the nine months ended September 30, 2017 were higher than the comparative period in 2016 as the Company received \$95,903 from shareholder loans and \$39,821 from warrants exercised to acquire common shares.

Cash inflow from investing activities for the nine months ended September 30, 2017 was \$1,019 as the Company regained the ownership of Polymex and its assets (including \$1,019 cash).

The Company's future financial condition 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 which expired July 15, 2017.

In March 2012, the Company signed an agreement to sublease its current office space until the termination of the lease which will enable it to fully offset the remaining commitment relating to its operating lease obligations. The agreement became effective on April 15, 2012. The Company's committed operating lease obligation is \$9,600 for 2017

As part of the convertible debenture settlement with First Quantum, the Company is required to maintain Directors and Officers Insurance over the next 6 years (commitment ends on February 2023):

	WITH 1 YEAR		OVER 1 YEAR		TOTAL	
Insurance	\$	9,600	\$	42,400		52,000
		9,600		42,400		52,000

OFF-BALANCE SHEET TRANSACTIONS

The Company does not utilize off-balance sheet transactions.

RELATED PARTY TRANSACTIONS

- (a) On September 29, 2015, the Company's Peruvian subsidiary, Exploraciones Collaayo 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. The loans are in respect of advances in an aggregate of U.S. \$143,836 made by Mr. Benavides to the Company over 9 months in

2015, and for U.S. \$71,700 in consulting fees owed by the Company to Mr. Benavides for the period of October 2014 to September 2015. The loans, which matured after 24 months on September 29, 2017, carried interest rates of 12% compounded annually. The loan principals and applicable accrued interest were to be repaid at maturity, with any early repayment at the option of the Company. On May 16, 2017 the company partially settled the loans (\$282,314) by issuing 1,446,763 common shares. As the fair value of the shares on issuance was lower than the deemed price per share, the Company recognized a gain of \$43,433.

As at September 30, 2017, the balance outstanding is \$64,865, and is now classified as current liability.

- (b) On May 3, 2016, the Company's Peruvian subsidiary, Exploraciones Collauro S.A.C., arranged an unsecured loan with Jorge Benavides Alfaro, the President, CEO, and a director of the Company, for U.S. \$11,400. The loan, which matures in 24 months on May 3, 2018, carries an interest rate of 12% compounded annually. The loan principal and applicable accrued interest is to be repaid at maturity, with any early repayment at the option of the Company. The proceeds of loan are to be used for outstanding payables and general working capital. On May 16, 2017, the Company settled the principal and interest in full (\$17,244) by issuing 88,429 common shares. As the fair value of the shares on issuance was lower than the deemed price per share, the Company recognized a gain of \$2,652.
- (c) On June 21, 2016, the Company's Peruvian subsidiary, Exploraciones Collauro S.A.C., arranged an unsecured loan with Jorge Benavides Alfaro, the President, CEO, and a director of the Company, for Peruvian Sol 35,000. The loan, which matures in 24 months on June 21, 2018, carries an interest rate of 12% 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. The proceeds of the loan are to be used for outstanding payables and general working capital. On May 16, 2017, the Company settled the principal and interest in full (\$16,098) by issuing 82,553 common shares. As the fair value of the shares on issuance was lower than the deemed price per share, the Company recognized a gain of \$2,476.
- (d) On September 28, 2016, the Company's Peruvian subsidiary, Exploraciones Collauro S.A.C., arranged an unsecured loan with Jorge Benavides Alfaro, the President, CEO, and a director of the Company, for U.S. \$700. The loan, which matures in 24 months on September 28, 2018, carries an interest rate of 12% 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. The proceeds of the loan are to be used for outstanding payables and general working capital. On May 16, 2017, the Company settled the principal and interest in full (\$1,013) by issuing 5,193 common shares. As the fair value of the shares on issuance was lower than the deemed price per share, the Company recognized a gain of \$155.
- (e) On October 13, 2016, the Company's Peruvian subsidiary, Exploraciones Collauro S.A.C., arranged an unsecured loan with Jorge Benavides Alfaro, the President, CEO, and a director of the Company, for U.S. \$1,000. The loan, which matures in 24 months on October 13, 2018, carries an interest rate of 12% 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. The proceeds of the Loan are to be used for outstanding payables and general working capital. On May 16, 2017, the Company settled the principal and interest in full (\$1,440) by issuing 7,387 common shares. As the fair value of the shares on issuance was lower than the deemed price per share, the Company recognized a gain of \$222.
- (f) On October 13, 2016, the Company, arranged an unsecured loan with Jorge Benavides Alfaro, the President, CEO, and a director of the Company, for U.S. \$6,000. The loan, which matures in 24 months on October 13, 2018, carries an interest rate of 12% 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. The proceeds of the loan are to be used for outstanding payables and general working capital. On May 16, 2017, the Company settled the principal and interest in full (\$8,643) by issuing 44,323 common shares. As the fair value of the shares on issuance was lower than the deemed price per share, the Company recognized a gain of \$1,329.
- (g) On November 30, 2016, the Company, arranged an unsecured loan with Jorge Benavides Alfaro, the President, CEO, and a director of the Company, for an aggregate of U.S. \$15,000. The loan, which matures in 24 months on November 30, 2018, carries an interest rate of 12% 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. The proceeds of the loan are to be used for outstanding payables and general working capital. On May 16, 2017, the Company settled the principal and interest in full (\$21,288) by issuing 109,168 common shares. As the fair value of the shares on issuance was lower than the deemed price per share, the Company recognized a gain of \$3,275.
- (h) On December 16, 2016, the Company's Peruvian subsidiary, Exploraciones Collauro S.A.C., arranged an unsecured loan with Jorge Benavides Alfaro, the President, CEO, and a director of the Company, for U.S. \$2,250. The loan, which matures in 24 months on December 16, 2018, carries an interest rate of 12% 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. The proceeds of the loan are to be used for outstanding payables and general working capital. On May 16, 2017, the Company settled the principal and interest in full (\$3,241) by issuing 109,168 common shares. As the fair value of the shares on issuance was lower than the deemed price per share, the Company recognized a gain of \$501.
- (i) On February 9, 2017, the Company's Peruvian subsidiary, Exploraciones Collauro S.A.C., arranged an unsecured loan with Jorge Benavides Alfaro, the President, CEO, and a director of the Company, for U.S. \$6,700. The loan, which matures in 24 months on February 9, 2019, carries an interest rate of 12% 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. The proceeds of the loan are to be used for outstanding payables and general working capital.
- (j) On March 17, 2017, the Company's Peruvian subsidiary, Exploraciones Collauro S.A.C., arranged an unsecured loan with Jorge Benavides Alfaro, the President, CEO, and a director of the Company, for U.S. \$24,679. The loan, which matures in 24 months on March 17, 2019, carries an interest rate of 12% 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. The proceeds of the loan are to be used for outstanding payables and general working capital.

- (k) On March 17, 2017, the Company, arranged an unsecured loan with Jorge Benavides Alfaro, the President, CEO, and a director of the Company, for U.S. \$40,634. The loan, which matures in 24 months on March 17, 2019, carries an interest rate of 12% 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. The proceeds of the loan are to be used for outstanding payables and general working capital.
- (l) On May 16, 2017, the company has completed the shares for debt transaction to settle shareholder loans with certain creditors of the Company and the Company's Peruvian subsidiary, Exploraciones Collasuyo SAC. The Company issued 1,801,437 (see above from (a) to (h)) common shares of the Company to settle \$351,280 of debentures. As the fair value of the shares was lower than the deemed at the date of issuance, a gain of \$54,043 was recognized from settlement.
- (m) As of September 30, 2017, \$160,649 (U.S. \$128,725) (December 31, 2016 - \$399,413) is outstanding. During the nine months ended September 30, 2017, the Company recorded accrued interest expenses of \$9,424 (2016 – \$17,812) related to shareholder loans.
- (n) As at September 30, 2017, related party accounts payable was \$182,113 (December 31, 2016 - \$123,489). On May 16, 2017, the Company settled partial accounts payable of \$47,500 by issuing 243,590 common shares. As the fair value of the shares on issuance was lower than the deemed price per share, the Company recognized a gain of \$7,307. Including the gain from settlement of shareholder loan (\$54,043, see note 6(l)) and Las Olas loan (\$52,965, see note 7(a)), the total gain from settlement of debenture from the issuance of 5,431,910 shares was \$114,315.
- (o) Compensation of key management personnel:

	NINE MONTHS ENDED SEPTEMBER 30, 2017	NINE MONTHS ENDED SEPTEMBER 30, 2016
Remuneration paid to CEO	\$ 70,308	\$ 71,080
Remuneration paid to CFO	27,000	27,000

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 September 30, 2017 and December 31, 2016.

	SEPTEMBER 30, 2017		DECEMBER 31, 2016	
	Carrying Amount (\$)	Fair Value (\$)	Carrying Amount (\$)	Fair Value (\$)
FINANCIAL ASSETS				
Fair value through profit or loss	-	-	-	-
Cash and cash equivalents	20,827	20,827	11,119	11,119
Prepaid, and other receivables	4,008	4,008	18,521	18,521
FINANCIAL LIABILITIES				
Accounts payable and accrued liabilities	560,920	560,920	565,339	565,339
Shareholder loan	160,649	160,649	399,413	399,413
Short term obligation	48,642	48,642	634,157	634,157

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 I 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

The Company has classified all of its financial instruments at Level 2.

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, 2016. 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, 2016; 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 September 30, 2017 that will materially impact the consolidated financial statements and the MD&A.

SHARE CAPITAL INFORMATION

On January 5, 2017, 796,406 warrants were exercised at an exercise price of \$0.05 for proceeds of \$39,820.

On May 16, 2017, the company completed a shares for debt transaction to settle indebtedness with certain creditors of the Company and the Company's Peruvian subsidiary, Exploraciones Collasuyo SAC. The Company issued 5,431,910 common shares of the Company at a deemed price of \$0.165 per Share for deemed proceeds of \$1,059,222. The fair value of the shares were lower than the deemed price, resulting in a gain of \$114,315.

Zincore has an unlimited number of common shares authorized for issuance. As at September 30, 2017 and as at the date of the report, the total number of shares outstanding is 19,015,383.

Stock options

As at September 30, 2017, Zincore had 616,334 (December 31, 2016 - 616,334) stock options outstanding with a weighted average exercise price of \$0.81 (December 31, 2016 - \$0.81) per option.

On November 13, 2017, the Company granted 1,288,000 incentive options to purchase common shares of the Zincore to Directors and Officers of the Company. The exercise price is \$0.15 with an expiry date of November 13, 2022. 50% of the options are vested immediately, 50% are vested after 6 months from date of issuance.

The following table summarizes the outstanding stock options as at reporting date:

	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding at September 30, 2017	616,334	\$ 0.81
Granted	1,288,000	\$ 0.15
Expired and cancelled	55,001	\$ 3.90
Outstanding at end of period	1,849,333	\$ 0.26
Exercisable at end of period	1,205,333	\$ 0.31

Warrants

On January 5, 2017, 796,406 warrants were exercised at an exercise price of \$0.05 for proceeds of \$39,820.

On September 30, 2017, the company completed a private placement and issued 473,841 warrants where each whole warrant will entitle the holder to acquire an additional common share at a price of C\$0.21 per common share for a period of twelve months from the closing date.

During the first three quarters of 2017, 2,189,205 warrants expired.

	NUMBER OF WARRANTS		EXERCISE PRICE
Opening – December 31, 2016	2,985,611	\$	0.05
Exercised	(796,406)	\$	0.05
Expired	(2,189,205)	\$	0.05
Granted	473,841	\$	0.21
Ending – September 30, 2017 and date of report	473,841	\$	0.21

As at September 30, 2017 and the date of this report the Company had the following warrants outstanding:

	NUMBER OF WARRANTS	EXERCISE PRICE	EXPIRY DATE
	473,841	\$ 0.21	JUNE 30, 2018

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.