

ZINCORE METALS INC.



For the Nine Months Ended
September 30, 2017 and 2016

**Condensed Consolidated
Interim Financial Statements
(Unaudited)**



NOTICE TO READER.....	3
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION	4
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE (LOSS) INCOME	5
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS.....	6
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY	7
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS.....	8
1/ NATURE AND CONTINUANCE OF OPERATIONS.....	8
2/ BASIS OF PRESENTATION.....	8
3/ SHARE CAPITAL	11
4/ MINERAL PROPERTY	12
5/ CONVERTIBLE LOAN	13
6/ SHAREHOLDER LOAN	14
7/ SHORT TERM OBLIGATIONS	15
8/ SEGMENTED INFORMATION	16
9/ RELATED PARTY TRANSACTIONS	16
10/COMMITMENTS	17
11/ MANAGEMENT OF CAPITAL RISK.....	17
12/ MANAGEMENT OF FINANCIAL RISK	18
13/ SUBSEQUENT EVENT	18



NOTICE TO READER

These condensed consolidated interim financial statements of Zincore Metals Inc have been prepared by management, reviewed by the Audit Committee, and approved and authorized for issue by the Board of Directors of the Company on November 27 2017. In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed these condensed consolidated interim financial statements, notes to the condensed consolidated interim financial statements and the related quarterly Management Discussion and Analysis.



CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(UNAUDITED)

IN CANADIAN DOLLARS

As at	SEPTEMBER 30, 2017	DECEMBER 31, 2016
Assets		
Current assets		
Cash (note 12)	\$ 20,827	\$ 11,119
Prepaid, advances and other receivables (note 12)	4,008	18,521
	24,835	29,640
Non-current assets		
Mineral properties (note 4)	-	-
Total Assets	\$ 24,835	\$ 29,640
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 12)	\$ 560,920	\$ 565,339
Short term obligations (note 7,12)	48,642	634,157
Shareholder loan – current (note 6, 9)	64,865	-
Convertible loan (note 5)	-	111,769
	674,427	1,311,265
Non-current liabilities		
Long term obligations	-	-
Shareholder loan (note 6, 9)	95,784	399,413
	770,211	1,710,678
Equity		
Share capital	56,984,443	55,944,146
Reserves	11,603,739	11,542,487
Deficit	(69,333,558)	(69,167,671)
	(745,376)	(1,681,038)
Total Equity and Liabilities	\$ 24,835	\$ 29,640

Nature and continuance of operations (note 1)
 Commitments (note 10)
 Subsequent events (note 13)

See accompanying Notes to the Condensed Consolidated Interim Financial Statements



CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE (LOSS) INCOME (UNAUDITED)

IN CANADIAN DOLLARS

	THREE MONTHS ENDED SEPTEMBER 30, 2017	THREE MONTHS ENDED SEPTEMBER 30, 2016	NINE MONTHS ENDED SEPTEMBER 30, 2017	NINE MONTHS ENDED SEPTEMBER 30, 2016
Expenses				
General exploration expense	\$ (17,349)	\$ (7,912)	\$ (172,262)	\$ (142,152)
Consulting and management fee (note 9)	(31,472)	(32,796)	(104,808)	(125,415)
Salaries and benefits	-	-	-	-
Foreign exchange gain (loss)	2,262	(214)	277	(1,784)
General administration	(19,058)	(21,852)	(71,614)	(66,989)
Interest expenses (note 6, 7)	(3,873)	(25,172)	(46,089)	(74,505)
Loss before undernoted item	(69,490)	(87,946)	(394,496)	(410,845)
Interest and other (expense) income	5,615	22	5,665	103
Mineral property – impairment	-	-	(3,140)	-
Gain on debt settlement (note 9c, 5)	-	-	226,084	-
Gain (loss) on revaluation of convertible bonds	-	(139,711)	-	(154,148)
Net income (loss)	(63,875)	(227,635)	(165,887)	(564,890)
Other comprehensive income:				
Foreign currency translation differences in foreign operations	20,732	(16,968)	32,789	74,945
Total comprehensive income (loss)	(43,143)	(244,603)	(133,098)	(489,945)
Loss per share - basic and diluted	(0.00)	(0.02)	(0.01)	(0.06)
Weighted average number of shares outstanding – basic and diluted	19,015,383	11,675,739	15,666,472	9,801,295
Total shares issued and outstanding	19,015,383	11,839,385	19,015,383	11,839,385

See accompanying Notes to the Condensed Consolidated Interim Financial Statements



CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

(UNAUDITED)

IN CANADIAN DOLLARS

	THREE MONTHS ENDED SEPTEMBER 30, 2017	THREE MONTHS ENDED SEPTEMBER 30, 2016	NINE MONTHS ENDED SEPTEMBER 30, 2017	NINE MONTHS ENDED SEPTEMBER 30, 2016
Operating Activities				
Net income (loss) before income taxes	\$ (63,875)	\$ (227,635)	\$ (165,887)	\$ (564,890)
Items not involving cash:				
Share-based compensation (note 4b)	-	558	-	3,140
Gain or loss on debt settlement	-	-	(226,084)	-
Loss on revaluation of convertible debenture	-	139,711	-	154,148
Accrued interest on convertible loan (note 5)	-	-	-	-
Accrued interest on loans (note 6 & 7a)	1,607	24,651	7,208	71,821
Foreign exchange	(2,264)	214	(278)	1,784
Mineral property – impairment	-	-	3,140	-
	(64,532)	(62,501)	(381,901)	(333,997)
Change in non-cash operating working capital items:				
(Increase)decrease in prepaid, advances and other receivables	17,605	11,853	14,512	4,635
Increase (decrease) in accounts payable, loan payable and accrued liabilities	34,622	1,743	107,680	94,294
Cash used in operating activities	(12,305)	(48,905)	(259,709)	(235,068)
Investing Activities				
Cash acquired from Polymex	-	-	1,019	-
Cash used in investing activities	-	-	1,019	-
Financing Activities				
Proceeds from private placement (note 3a)	-	38,913	132,675	149,281
Net proceeds from warrants exercised	-	-	39,820	-
Proceeds from shareholders	-	-	-	-
Proceeds from shareholder loan	-	-	95,903	29,273
Cash provided by financing activities	-	38,913	268,398	178,554
Increase (decrease) in cash and cash equivalents during the period	(12,305)	(9,992)	9,708	(56,514)
Cash at beginning of period	33,132	13,154	11,119	59,676
Cash at end of period	\$ 20,827	\$ 3,162	\$ 20,827	\$ 3,162

See accompanying Notes to the Condensed Consolidated Interim Financial Statements



CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

(UNAUDITED)

IN CANADIAN DOLLARS

	SHARE CAPITAL		RESERVES			DEFICIT	TOTAL
	NUMBER OF SHARES (NOTE 3)	AMOUNT	SHARE-BASED PAYMENT RESERVE	WARRANTS RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE		
Balance at December 31, 2016	11,839,385	\$ 55,944,146	\$ 4,379,985	\$ 4,794,434	\$ 2,368,068	\$ (69,167,671)	\$ (1,681,038)
Warrants exercised	796,406	71,676	-	(31,856)	-	-	39,820
Loan Settled	5,431,910	896,265	-	-	-	-	896,265
Private Placement	947,682	72,356	-	60,319	-	-	132,675
Net gain (loss)	-	-	-	-	-	(165,887)	(165,887)
Other comprehensive income	-	-	-	-	32,789	-	32,789
Balance at September 30, 2017	19,015,383	\$ 56,984,443	\$ 4,379,985	\$ 4,822,897	\$ 2,400,857	\$ (69,333,558)	\$ (745,376)
Balance at December 31, 2015	8,853,774	\$ 55,917,944	\$ 4,376,608	\$ 4,671,357	\$ 2,329,011	\$ (68,880,134)	\$ (1,585,214)
Share-based compensation	-	-	3,140	-	-	-	3,140
Private placement	2,985,611	26,202	-	123,077	-	-	149,279
Net gain (loss)	-	-	-	-	-	(564,890)	(564,890)
Other comprehensive loss	-	-	-	-	74,945	-	74,945
Balance at September 30, 2016	11,839,385	\$ 55,944,146	\$ 4,379,748	\$ 4,794,434	\$ 2,403,956	\$ (69,445,024)	\$ (1,922,740)

See accompanying Notes to the Condensed Consolidated Interim Financial Statements



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2017 (all items are in Canadian dollars except as otherwise notes)

1/ NATURE AND CONTINUANCE OF OPERATIONS

Zincore Metals Inc. (“Zincore” or the “Company”) located at 5626 Larch Street Suite 202, Vancouver BC, V6M 4E1, is an exploration company focused on the identification, acquisition, exploration, evaluation and development of zinc and related base metals projects 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.

These consolidated financial statements have been prepared on a going concern basis. Zincore does not generate cash flows from operations and accordingly, Zincore will need to raise additional funds through future issuance of securities, loans or other financing. Although Zincore has been successful in raising funds in the past, there can be no assurance Zincore will be able to raise sufficient funds in the future, in which case Zincore may be unable to meet its obligations as they come due in the normal course of business. It is not possible to predict whether financing efforts will be successful or if Zincore will attain a profitable level of operations. At September 30, 2017, Zincore has incurred cumulative losses of \$69,333,558 (December 31, 2016 — \$69,167,671) since inception, and has negative working capital totaling \$649,592 (December 31, 2016 - \$1,281,625), and is unable to pay all of its commitments as they come due. The Company is currently pursuing its alternatives for financing, including potential partnerships. These factors cast significant doubt regarding Zincore’s ability to continue as a going concern. Should Zincore be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts on the statements of financial position.

As the result of a 2013 Pre-Feasibility Study and subsequent 43-101 compliant report, the Company determined that some of its mineral properties contain mineral reserves that may be economically recoverable. However, the recoverability of amounts shown for those mineral reserves is dependent upon obtaining necessary financing to complete the development of such mineral reserves and attaining profitable production or proceeds from disposition, especially given the passage of time and changes in market dynamics and prices.

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 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, on a consolidated basis at the open of market. The Company’s name and trading symbol (ZNC.H) remain the same.

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

2/ BASIS OF PRESENTATION

(A) BASIS OF PREPARATION

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 — Interim Financial Reporting as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain disclosures included in annual consolidated financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) have been condensed or omitted and these unaudited condensed consolidated interim financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2016.

The accounting policies applied in preparation of these unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company’s consolidated financial statements for the year ended December 31, 2016.



The Company's management makes judgements in its process of applying the Company's accounting policies in the preparation of its audited annual consolidated financial statements. In addition, the preparation of the financial data requires that the Company's management make assumptions and estimates of effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. The critical judgements and estimates applied in preparation of the Company's audited consolidated financial statements are consistent with those applied and disclosed in notes 2(n) and 2(o) to the Company's consolidated financial statements for the year ended December 31, 2016.

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

These interim financial statements were authorized by the Board of Directors on November 27, 2017.

(B) BASIS OF CONSOLIDATION

These audited consolidated annual financial statements include the accounts of the Company and its wholly-owned subsidiaries. All amounts are expressed in Canadian dollars, unless otherwise stated. The principal subsidiaries of Zincore and their geographic locations at September 30, 2017 were as follows:

	JURISDICTION	NATURE OF OPERATIONS	OWNERSHIP %
Zincore Metals Inc.	Canada	Holding company	100%
Polymex Resources Ltd.1	Canada	Holding company	100%
Antacollo SAC	Peru	Exploration company	100%
Paracas Minerals Ltd	Bermuda	Holding company	100%
Nazca Minerals Ltd.	Bermuda	Holding company	100%
Wari Minerals Limited	Bermuda	Holding company	100%
Exploraciones Collasuyo S.A.C	Peru	Exploration company	100%

(1) As a result of First Quantum Minerals Inc. ("First Quantum") terminating a joint-venture at the Dolores Project during the first quarter of 2017, Zincore regained 100% ownership of Polymex Resources Ltd. ("Polymex").

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

(C) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

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

Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)

On June 20, 2016, the IASB issued amendments to IFRS 2, Share-based Payment, clarifying how to account for certain types of share-based payment transactions.

The amendments apply for annual periods beginning on or after January 1, 2018. As a practical simplification, the amendments can be applied prospectively. Retrospective, or early, application is permitted if information is available without the use of hindsight.

The amendments provide requirements on the accounting for:

- the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- share-based payment transactions with a net settlement feature for withholding tax obligations; and
- a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The Company intends to adopt the amendments to IFRS 2 in its financial statements for the annual period beginning on January 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

IFRS 9 Financial Instruments

On July 24, 2014 the IASB issued the complete IFRS 9 (IFRS 9 (2014)).

The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. The restatement of prior periods is not required and is only permitted if information is available without the use of hindsight.



IFRS 9 (2014) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2014), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows.

The standard introduces additional changes relating to financial liabilities.

It also amends the impairment model by introducing a new 'expected credit loss' model for calculating impairment.

IFRS 9 (2014) also includes a new general hedge accounting standard which aligns hedge accounting more closely with risk management. This new standard does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness, however it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship.

Special transitional requirements have been set for the application of the new general hedging model.

The Company intends to adopt IFRS 9 (2014) in its financial statements for the annual period beginning on January 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

IFRS 15 Revenue from Contracts with Customers

On May 28, 2014 the IASB issued IFRS 15 Revenue from Contracts with Customers. The new standard is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. IFRS 15 will replace IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers, and SIC 31 Revenue - Barter Transactions Involving Advertising Services.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized.

The Company intends to adopt IFRS 15 in its financial statements for the annual period beginning on July 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

IFRS 16 Leases

On January 13, 2016 the IASB issued IFRS 16 Leases.

The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial adoption of IFRS 16. IFRS 16 will replace IAS 17 Leases.

This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

Other areas of the lease accounting model have been impacted, including the definition of a lease. Transitional provisions have been provided.

The Company intends to adopt IFRS 16 in its financial statements for the annual period beginning on July 1, 2019. The extent of the impact of adoption of the standard has not yet been determined.

IAS 12 Income Taxes

Minor amendments to the recognition of deferred tax assets for unrealized losses. This should be reviewed and the related potential impact on your DITA should be assessed in advance of the 2017 fiscal period when it would have to be applied.

IFRS 10 Consolidated Financial statements.

Clarifications on the impact of loss of control of a JV or associate company. This should have no impact on your organization unless there are changes with any of the JVs or subs that we are unaware of.

IAS 7 Statement of Cash Flows

Improvements in disclosure required to allow users to evaluate cash and non-cash changes to liabilities. This should be reviewed and the related potential impact on your F/S disclosures should be assessed in advance of the 2017 fiscal period when it would have to be applied.



IAS 28 Investments in Associates and Joint Ventures

Minor amendments to the treatment of gains or losses on the sale of assets to associates or JVs. The impact of these amendments should be nominal to the company but any sales of assets from Procon to its subs or JVs should be reviewed to ensure the gains and losses are reported appropriately.

3/ SHARE CAPITAL

A) COMMON AND PREFERRED SHARES

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

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 was lower than the deemed price, resulting in a gain of \$114,315.

On June 30, 2017, the company closed the initial tranche of a private placement. In this 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. The warrants have been valued at \$60,391 through the Black-Scholes model.

B) SHARE PURCHASE OPTION COMPENSATION PLAN

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

As at September 30, 2017, the Company 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.

The following table summarizes the outstanding stock options as at:

	AT SEPTEMBER 30, 2017		AT DECEMBER 31, 2016	
	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding at beginning of year	616,334	\$ 0.81	847,833	\$ 1.25
Expired and cancelled	-	\$ -	(231,499)	\$ 2.34
Outstanding at end of period	616,334	\$ 0.81	616,334	\$ 0.81
Exercisable at end of period	616,334	\$ 0.81	616,334	\$ 0.81

EXERCISE PRICE RANGE	NUMBER OF OPTIONS OUTSTANDING	WEIGHTED AVERAGE EXERCISE PRICE	AT DECEMBER 31, 2016	
			WEIGHTED-AVERAGE REMAINING YEARS	NUMBER OF OPTIONS EXERCISABLE
\$0.01-\$0.50	360,000	\$0.25	3.1	360,000
\$0.62-\$2.50	201,333	\$0.97	1.2	201,333
\$2.51-\$5.00	55,001	\$3.90	0.1	55,001
	616,334	\$0.81	2.2	616,334



During the nine months ended September 30, 2017, the Company recognized \$nil (2016 - \$1,683) as share-based compensation expense and recorded this amount in share based payment reserve. These amounts were recorded as follows:

	NINE MONTHS ENDED SEPTEMBER 30, 2017	NINE MONTHS ENDED SEPTEMBER 30, 2016
Consulting and management fees	\$ -	\$ 1,683
Total	<u>\$ -</u>	<u>\$ 1,683</u>

C) WARRANTS

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

On June 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	<u>473,841</u>	<u>\$</u>	<u>0.21</u>

As at September 30, 2017 the Company had the following warrants outstanding:

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

As at December 31, 2016 the Company had the following warrants outstanding:

	NUMBER OF WARRANTS	EXERCISE PRICE	EXPIRY DATE
	2,207,350	\$ 0.05	JANUARY 04, 2017
	778,261	\$ 0.05	JANUARY 08, 2017
	<u>2,985,611</u>	<u>\$ 0.05</u>	

4/ MINERAL PROPERTY

As at September 30, 2017, the Company held a 100% interest in the Accha Zinc Oxide District (“AZOD”) (zinc-lead) project, which has seen over \$33 million in work expenditures. On August 6, 2013, the Company announced it had received a positive Pre-feasibility Study (“PFS”) on the AZOD Project. The PFS categorized certain of the project’s resources as proven and probable reserves. As a result of this PFS, the Company capitalized direct exploration expenditures into mineral properties. On every reporting period, the Company tests the carrying value of the asset if impairment indicators exists, such as change in market conditions.

During the second quarter of 2014, the Company wrote off exploration expenditures totaling \$33,910,231 relating to the AZOD project. The Company has been actively trying to raise capital or find a partner in order to advance this project. Although the PFS completed in 2013 indicated positive economics and a Net Present Value (“NPV”) for the project which is significantly greater than its book value, to date the Company has been unsuccessful in raising capital, or finding a partner or buyer. Accordingly, the Company has not been able to invest further funds on exploration or development of this project and will seek to do so if its financial circumstances improve.



On February 16, 2017, the Company reached an agreement with First Quantum Minerals Ltd to terminate the Dolores copper porphyry project joint-venture and forgive a US\$2 million convertible loan from First Quantum to Zincore. Under the terms of the agreement, the Company regained 100% ownership of the Dolores Project, in Southern Peru. As consideration for the forgiveness of the US\$2 million convertible loan, (resulting in an accounting gain of \$111,769 from the forgiveness of debenture) the Company granted 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.

The Company had accounted for the acquisition as an asset purchase and the purchase price allocation is summarized as follows:

Accounts payable inherited	\$	4,159
Total consideration	\$	<u>4,159</u>
Allocated to:		
Cash	\$	1,019
Mineral property		<u>3,140</u>
Total consideration	\$	<u>4,159</u>

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. As a result, the Company recorded a full impairment of \$3,140 on the project.

5/ CONVERTIBLE LOAN

On April 17, 2013, the Company completed a loan agreement with First Quantum whereby First Quantum provided the Company with US \$2 million for working capital purposes. The term of the loan agreement was for one year, but was extended for one additional year to mature March 27, 2015, by mutual agreements between both parties. The interest rate is LIBOR plus 5%. Under the terms of the loan agreement, there is no provision in the agreement that requires Zincore to pay back this loan and the related interest in cash. The repayment options are as follows: Unless Zincore chooses to repay the loan in cash prior to maturity, First Quantum will choose at or before maturity, one of the following three conversion options to receive repayment:

- Credit all or a portion of the Loan amount towards the First Quantum's obligations to incur project expenditures for the Dolores joint venture as per the terms of the agreement dated August 28, 2012;
- Credit all or a portion of the Loan amount towards the First Quantum's obligations to earn an interest into any new copper target relating to the regional copper exploration "MOU" announced on July 23, 2013; or
- Convert all or a portion of the Loan amount into Zincore shares, subject to the prior approval of Zincore shareholders if the conversion would result in the issuing of a number of shares greater than 10% of the Company's issued and outstanding common shares at the time of conversion. Any conversion of the loan amount into Zincore shares would be at the greater of the volume weighted average trading price of the Company's shares for the five days prior to the date of conversion, or US \$2.40/share.

On February 16, 2017, the Company 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 Dolores Project, in Southern Peru. As consideration for the forgiveness of the US\$2 million convertible loan (resulting in an accounting gain of \$111,769 from the forgiveness of debenture) between the two companies, the Company granted First Quantum a 3.5% a Net Smelter Returns Royalty on any future production that may occur at the Dolores Project. Zincore has the right to reduce the Royalty at any time by 1.5 percentage points to 2.0%, by paying First Quantum US\$4 million.

The value of the convertible loan on the consolidated statements of financial position is calculated on a net basis as follows:

Loan	\$	3,001,442
Conversion option		<u>(2,889,673)</u>
Net value of convertible loan as at December 31, 2016	\$	111,769
Gain in settlement of debt – forgiveness of convertible loan	\$	<u>(111,769)</u>
Net value of convertible loan as at September 30, 2017	\$	<u>-</u>



6/ SHAREHOLDER LOAN

Exploraciones Collauyo S.A.C 1 (a)	\$	64,865
Exploraciones Collauyo S.A.C 2 (b)		-
Exploraciones Collauyo S.A.C 3 (c)		-
Exploraciones Collauyo S.A.C 4 (d)		-
Exploraciones Collauyo S.A.C 5 (e)		-
Zincore Metals Inc 6 (f)		-
Zincore Metals Inc 7 (g)		-
Exploraciones Collauyo S.A.C 8 (h)		-
Exploraciones Collauyo S.A.C 9 (i)		9,002
Exploraciones Collauyo S.A.C10 (j)		32,792
Zincore Metals Inc 11 (k)		55,990
Total shareholder loans as at September 30, 2017	\$	160,649
Current portion as at September 30, 2017	\$	(64,865)
Shareholder loan – long term portion as at September 30, 2017	\$	95,784

- (a) On September 29, 2015, the Company's Peruvian subsidiary, Exploraciones Collauyo 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 Collauyo 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 Collauyo 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 Collauyo 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 Collauyo 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 Collauyo 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 Collauyo 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 Collauyo 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 shares for debt transactions 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 debenture. As the fair value of the shares was lower than the deemed value 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.

7/ SHORT TERM OBLIGATIONS

- (a) On June 24, 2015, the Company's Peruvian subsidiary, Exploraciones Collasuyo S.A.C., arranged an arms-length, unsecured loan with Grupo Inversionista Las Olas S.A. for U.S. \$200,000 (\$250,000) (the "Loan"). The Loan, which matured after 24 months, had an interest rate of 12%, compounded annually. The Loan principal and applicable accrued interest were to be repaid at maturity, with any early repayment at the option of the Company. Proceeds from the Loan were to be used for payment of: property maintenance claims, some outstanding payables and general working capital purposes.



On September 8, 2015, the Company reported that its Peruvian subsidiary, Exploraciones Collasuyo S.A.C., arranged two arms-length, unsecured loans with Grupo Inversionista Las Olas S.A. for U.S. \$50,000 and U.S. \$120,000 (\$224,400 total) (the Loans). The Loans, which mature in 24 months on August 12, 2017 and September 3, 2017, have an interest rate of 12%, which will be compounded annually. Proceeds from the Loan are to be used for payment of: property maintenance claims, some outstanding payables and general working capital purposes. The Loan principal and applicable accrued interest have been settled in full by share issuance on May 16, 2017. Please see note 6(e).

During the nine months ended September 30, 2017, the Company recorded accrued interest expenses of \$22,148 (U.S. \$16,576) (2016 – \$30,070/U.S. \$22,247) related to the loan.

On May 16, 2017, the Company settled the Las Olas loans and interest in full (approximately \$611,800) with the issuance of 3,386,883 common shares. As the deemed value for the shares was lower than the fair value of the shares on the date of issuance, the Company resulted a gain of \$52,965 from the settlement.

As at September 30, 2017, \$nil (December 31, 2016 - \$585,515/U.S. \$436,073) was recorded as loan liability.

- (b) In March 2012 the Company signed an agreement to sublease its current office space until September 2017 which will enable it to fully offset the remaining commitment relating to its operating lease obligations. The agreement became effective on April 15, 2012. Pursuant to that agreement the Company collected a three-month damage deposit and recorded it as a long-term obligation. On April 25, 2017, a new agreement was signed, whereby the lease was terminated early on July 15, 2017.
- (c) As at September 30, 2017 the Company had the following Short-term obligation outstanding:

	NINE MONTHS ENDED SEPTEMBER 30, 2017	YEAR ENDED DECEMBER 31, 2016
Las Olas Loan (a)	\$ -	\$ 585,515
Lease obligation (b)	48,642	48,642
Total obligation	\$ 48,642	\$ 634,157

8/ SEGMENTED INFORMATION

The Company operates in one reportable operating segment, the acquisition and exploration of mineral properties.

9/ RELATED PARTY TRANSACTIONS

- (a) Prior to October 2013, the Company paid remuneration for management services to a company controlled by Zincore's CEO. Fees were paid based on a daily rate pursuant to a consulting contract, approved by the Company's Board of Directors. In October 2013, the Company commenced paying its CEO directly rather than to a company controlled by him. The Company also paid the remuneration of the Chief Financial Officer ("CFO") through a company controlled by the CFO. These amounts are recorded as consulting fees in the Consolidated Annual Statements of Comprehensive Loss.
- (b) As at September 30, 2017, the Company had \$160,649 (December 31, 2016 - \$399,413) of shareholder loans outstanding (see note 6).
- (c) 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.



(d) 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

10/COMMITMENTS

- a) The Company's material contractual obligations are for an office sub-lease entered into September 2010, and as the result of an April 25, 2017 agreement, this obligation expires July 15, 2017.

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. The Company's committed operating lease obligation is \$9,600 for 2017.

- b) As part of the convertible debenture settlement with First Quantum (note 5), 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
D&O Insurance	\$ 9,600	\$	42,400		52,000
	9,600		42,400		52,000

11/ MANAGEMENT OF CAPITAL RISK

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

The capital of the Company consists of items included in shareholders' equity, net of cash and cash equivalents as follows:

	THREE MONTHS ENDED SEPTEMBER 30, 2017		YEAR ENDED DECEMBER 31, 2016
Total equity for owners	\$ (745,376)	\$	(1,681,038)
Less: cash and cash equivalent	(20,827)		(11,119)
	(766,203)		(1,692,157)

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

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

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



12/ MANAGEMENT OF FINANCIAL RISK

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

A) FAIR VALUE ESTIMATION

The fair values of the Company's cash and cash equivalents, prepaid, advances and other receivables and accounts payable approximate their carrying values due to their short term nature. The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk and market risk with respect to currency risk and interest risk. 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	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 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 instruments at Level 2

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

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

B) LIQUIDITY RISK

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



The Company is continuously evaluating alternatives in order to raise additional capital to increase liquidity and to cut costs where possible, but there's no certainty that additional capital will be raised. As at September 30, 2017, cash was \$20,827 (December 31, 2016 - \$11,119).

C) CURRENCY RISK

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company holds its cash resources principally in Canadian dollars with a secondary amount held in U.S. dollars and incurs expenses principally in U.S. dollars with smaller exposures mainly to Peruvian soles and Canadian dollars. A weakening Canadian dollar relative to these currencies increases the Company's reported expenses and increases its deferred mineral property investments. However, a weakening Canadian dollar results in a foreign exchange gain on the Company's non-Canadian monetary assets.

As at September 30, 2017, a 10% weakening in the U.S. dollar relative to the Canadian dollar would increase the net gain by approximately \$52,622 (December 31, 2016 - \$110,025) over the next three months with a 10% strengthening having the opposite effect.

D) INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to short term interest rates through the interest earned on cash and cash equivalents, as at September 30, 2017 and December 31, 2016, there's no material impact if there is a 1% increase or decrease in short term rates.

13/ SUBSEQUENT EVENT

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, and 50% of the options are vested 6 months from date of issuance.