

ZINCORE METALS INC.



For the Year Ended
December 31, 2017 and 2016

Management's Discussion and Analysis



CONTENTS

GENERAL.....	3
OUTLOOK.....	3
DESCRIPTION OF BUSINESS.....	4
OVERALL PERFORMANCE AND CURRENT ECONOMIC CONDITIONS.....	4
PROPERTY REVIEW.....	4
SELECTED ANNUAL INFORMATION.....	5
RESULTS OF OPERATIONS.....	5
QUARTERLY FINANCIAL INFORMATION.....	6
LIQUIDITY AND CAPITAL RESOURCES.....	6
OFF-BALANCE SHEET TRANSACTIONS.....	7
RELATED PARTY TRANSACTIONS.....	7
FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS.....	9
CRITICAL ACCOUNTING POLICIES AND ESTIMATES.....	9
CHANGES IN ACCOUNTING POLICIES.....	10
SHARE CAPITAL INFORMATION.....	10
RISK AND UNCERTAINTIES.....	11
FORWARD-LOOKING STATEMENTS.....	12

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

For the Year Ended December 31, 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 year ended December 31, 2017 and 2016 is prepared as of April 30, 2018 and should be read in conjunction with the Company's audited financial statements for year ended December 31, 2017 and 2016 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.

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 and are next due in June 2018.

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 December 31, 2017. Consequently, Zincore no longer holds the claims making up the Dolores project and has no further obligations except maintain Directors and Officers Insurance over the next 6 years (commitment ends on February 2023) 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 year 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 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 payment of outstanding payables and general working capital.

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 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.

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 \$0.195 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.

As at December 31, 2017, the Company had negative working capital, comprised of current assets less current liabilities, totaling \$685,403 (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.

In Q4 2017, the Company's Peruvian subsidiary, Exploraciones Collasuyo S.A.C., ("Collasuyo") has entered into an agreement (the "Creditor Agreement") with a creditor of the Company to turn a current payable amount owing of US\$287,792 into a long term debt obligation. And the Company entered into agreements totalling US\$245,117 with the Company's CEO, Jorge Benavides, to turn current amounts owing and other payables into long term debt obligations.

The Obligations will be subject to interest rates of 12-month LIBOR, with the principal and applicable interest due at maturity. The Obligations will be guaranteed by Zincore. In the event that the Company is unable to pay the Obligations when they are due, they will be subject to an additional 2% annualized penalty.

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 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.

The company has held onto the key claims which make up the Accha Zinc Oxide District Project in southern Peru at all costs and look to take advantage of market sentiment to deliver value to our shareholders in 2018.

SELECTED ANNUAL INFORMATION

	YEAR ENDED DECEMBER 31, 2017	YEAR ENDED DECEMBER 31, 2016	YEAR ENDED DECEMBER 31, 2015
Loss before other loss (income)	\$ 578,219	\$ 503,340	\$ 537,785
Interest and other income	(228,578)	(215,803)	(920,765)
Net loss (gain)	349,641	287,537	(382,980)
Net loss (gain) per share	(0.02)	(0.03)	(0.05)
Total assets	27,635	29,640	84,510
Financial liabilities	812,031	1,710,678	1,669,724
Common shares outstanding	19,106,338	11,839,385	8,853,774

RESULTS OF OPERATIONS

	YEAR ENDED DECEMBER 31, 2017	YEAR ENDED DECEMBER 31, 2016	YEAR ENDED DECEMBER 31, 2015
General exploration	\$ (189,953)	\$ (142,170)	\$ (145,580)
Salaries and benefits	-	-	(3,929)
General and administrative expenses (1)	(88,109)	(100,003)	(142,858)
Consulting and management fee	(121,090)	(155,240)	(140,943)
Stock-based compensation	(130,076)	(3,377)	-
Foreign exchange loss	(405)	(2,303)	(31,052)
Interest expense	(48,586)	(100,247)	(73,423)
Loss before undernoted item	(578,219)	(503,340)	(537,785)
Interest and other (expense) income	228,578	215,803	920,765
Net Income (loss)	(349,641)	(287,537)	382,980

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

During the year ended December 31, 2017, the Company incurred a net loss of 349,641 which is higher than 2016 and 2015. This is mainly due to higher stock-based compensation expense of \$130,076 in 2017, compared to \$3,377 in 2016 and nil in 2015. As the Company issued significant stock options in Q4 2017, resulting in higher expense. The positive income of \$382,980 in 2015 was mainly due to one-time income items, such as a \$172,526 recovery of tax credit that was previously written off, and a \$557,137 gain from fair value adjustment of FQM convertible debt.

Total assets remained low from 2015 through 2017, as the company has written off its mineral property for accounting purpose. The minor fluctuation over the years was mainly due to the use of cash to fund its corporate expenses and general exploration activities.

QUARTERLY FINANCIAL INFORMATION

FISCAL QUARTER ENDED	DEC 31, 2017	SEPT 30, 2017	JUNE 30, 2017	MAR 31, 2017	DEC 31, 2016	SEPT 30, 2016	JUN 30, 2016	MAR 31, 2016
Interest and other income (loss)	\$ (31)	\$ 5,615	\$ 114,315	\$ 111,782	\$ 369,848	\$ (139,689)	\$ (14,423)	\$ 67
Net gain (loss)	\$ (183,754)	\$ (63,875)	\$ (97,644)	\$ (4,368)	\$ 277,353	\$ (227,635)	\$ (197,546)	\$ (139,709)
Gain(loss) per share	\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ (0.00)	\$ (0.00)	\$ 0.02	\$ (0.00)	\$ (0.00)
Total assets	\$ 27,635	\$ 24,835	\$ 54,746	\$ 105,809	\$ 29,640	\$ 23,361	\$ 45,205	\$ 34,185
Total liabilities	\$ 812,031	\$ 770,211	\$ 756,979	\$ 1,738,873	\$ 1,710,678	\$ 1,946,101	\$ 1,873,179	\$ 1,658,529

Three months ended December 31, 2017 vs. prior quarters in 2017

In the three months ended December 31, 2017 the Company incurred a net loss of \$183,754, which is higher than previous quarters in 2017. This is mainly due to recognizing \$130,076 in stock-based compensation, as the Company granted a significant amount of stock options in Q4 2017. The net loss is the lowest in Q1 2017, due to First Quantum forgiving a US\$2 million convertible loan, which resulted in a \$111,769 gain in settlement of debt. Total liabilities reduced significantly in Q2 2017 as the Company entered into shares for debt arrangements with its creditors, whereby the Company issued common shares to settle some of its obligations. Total liability remained relatively low comparing to Q1 2017 and previous quarters in 2016. The Company continued to reduce its business activities to conserve cash and other resources until it gets adequately capitalized.

Three months ended December 31, 2017 vs. prior quarters in 2016

In the three months ended December 31, 2017 the Company incurred a net loss of \$183,574, which is higher than each quarter in 2016. This is mainly due to higher stock-based compensation expense of \$130,076 recognized in Q4 2017, offset by cost savings on general and administrative expenses. Q4 2017 and previous quarters in 2016 resulted in net losses except for Q4 2016. The net income in Q4 2016 was mainly due to recognition of a gain on settlement of debt with various vendors for \$295,306.

Change in total assets

Total assets remained low through 2016 and 2017, as all mineral properties have been written off in 2014. Total asset increased significantly in Q1 2017 compared to all previous quarters in 2016. This is due to receiving cash from shareholder loans. Other cash inflows of the year include fund received from exercise of warrant in Q2 and Q4 2017. Total liabilities continue to decrease due to Company's initiative to lower its debt level and improve its balance sheet. During Q2 2017, the Company made arrangement with its creditors to settle over \$1 million debt through issuance of common shares. This resulted in significant reduction in total liabilities in Q2 2017.

LIQUIDITY AND CAPITAL RESOURCES

	YEAR ENDED DECEMBER 31, 2017	YEAR ENDED DECEMBER 31, 2016	YEAR ENDED DECEMBER 31, 2015
Cash outflow from operations	\$ (275,541)	\$ (259,320)	(602,881)
Cash flows from financing activities	\$ 287,499	\$ 210,763	654,581
Cash flows from investing activities	\$ 1,019	\$ -	-
Increase (decrease) in cash and cash equivalents	\$ 12,977	\$ (48,557)	51,700
Cash and cash equivalents	\$ 24,096	\$ 11,119	59,676

As at December 31, 2017, the Company's working capital deficiency was \$685,403 (December 31, 2016 - \$1,281,625). The decrease in working capital deficiency is due to a series of initiatives taken by the Company to improve its balance sheet. During Q2 2017, the Company settled over \$1 million debt through issuance of common shares. This resulted in significant improvement in working capital comparing to the previous year.

Cash outflow from operations for the year ended December 31, 2017 was slightly higher compared to 2016 due to timing difference of exploration expenditures. The cash outflow from operations were lower in 2016 and 2017 compared to 2015. This is due to the Company's initiatives to conserve cash and minimize expenditure.

Cash inflows from financing activities for the year ended December 31, 2017 was higher than 2016, as the Company received \$95,903 from shareholder loans and \$58,921 from warrants exercised, resulting a higher cash inflow. The cash inflows from financing activities was higher in 2015 due to more fund received from bond and shareholder loans.

Cash inflow from investing activities for the year ended December 31, 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.

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). The Company's committed obligation is \$9,600 for 2018

	WITH 1 YEAR	OVER 1 YEAR	TOTAL
Insurance	\$ 9,600	\$ 40,000	\$ 49,600
	9,600	40,000	49,600

The Company is committed to pay a property title fee of US\$82,800 on June 30, 2019 to keep the AZOD Project in good standing.

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 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 1,447,763 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.
- (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 was to mature in 24 months on May 3, 2018, carried 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. The proceeds of loan were 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 \$2,650.
- (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 was to mature in 24 months on June 21, 2018, carried 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. The proceeds of the loan were 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 was to mature in 24 months on September 28, 2018, carried 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. The proceeds of the loan were 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 was to mature in 24 months on October 13, 2018, carried 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. The proceeds of the Loan were 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 was to mature in 24 months on October 13, 2018, carried 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. The proceeds of the loan were 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 was to mature in 24 months on November 30, 2018, carried 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. The proceeds of the loan were 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 was to mature in 24 months on December 16, 2018, carried 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. The proceeds of the loan were 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 16,621 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 \$499.
- (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 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.

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 \$54,039 was recognized from settlement.

- (m) December 14, 2017, the Company and its Peruvian subsidiary, Exploraciones Collasuyo S.A.C., ("Collasuyo") entered into agreements (the "Creditor Agreements") with the Company's CEO and Director Jorge Benavides to turn the applicable loans as indicated above, into long term debt obligations, subject to the Company completing a minimum \$600,000 financing. Upon completion of such a financing, the Creditor Agreements will become active, and the applicable funds will become due and payable 20-months after the closing of the financing.

The Creditor Agreements will be subject to interest rates of 12-month LIBOR, with the principal and applicable interest due at maturity. The Obligations will be guaranteed by Zincore. In the event that the Company is unable to pay the obligations when they are due, they will be subject to an additional 2% annualized penalty.

- (n) December 14, 2017, the Company and its Peruvian subsidiary, Exploraciones Collasuyo S.A.C., ("Collasuyo") entered into agreements (the "Creditor Agreements") with the Company's CEO and Director Jorge Benavides to turn outstanding fees into long term obligations, subject to the Company completing a minimum \$600,000 financing. The total amount of payables that are subject to these Creditor Agreements is \$143,303 (US\$114,231). The Creditor Agreements will become active and the applicable funds will become due and payable 20 months after the closing of a minimum C\$600,000 financing.

The Creditor Agreements will be subject to interest rates of 12-month LIBOR, with the principal and applicable interest due at maturity. The Obligations will be guaranteed by Zincore. In the event that the Company is unable to pay the obligations when they are due, they will be subject to an additional 2% annualized penalty.

- (o) As of December 31, 2017, \$164,196 (U.S. \$130,866) (December 31, 2016 - \$399,413) is outstanding. During the year ended December 31, 2017, the Company recorded accrued interest expenses of \$14,110 (2016 – \$17,812) related to shareholder loans.
- (p) As at December 31, 2017, related party accounts payable was \$152,753 (December 31, 2016 - \$123,489).
- (q) Compensation of key management personnel:

	YEAR ENDED DECEMBER 31, 2017		YEAR ENDED DECEMBER 31, 2016	
Remuneration paid to CEO	\$	77,590	\$	118,736
Remuneration paid to CFO		36,000		36,000

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Zincore's financial instruments consist of cash and cash equivalents, exploration advances and other receivables, convertible loan, share purchase warrants, and accounts payable. The Company has designated its cash and cash equivalents as financial assets at fair value through profit or loss, which are measured at fair value. Exploration advances and other receivables are classified as loans and receivables, which are measured at amortized cost. Accounts payable are classified as other financial liabilities, which are measured at amortized cost. Convertible loan and share purchase warrants are classified as financial liabilities at fair value through profit and loss, which are measured at fair value. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risk arising from these financial instruments. The fair value of these financial instruments approximates their carrying value due to their short-term maturity or capacity of prompt liquidation. The following table summarize the Company's financial instruments as at December 31, 2017 and December 31, 2016.

	DECEMBER 31, 2017		DECEMBER 31, 2016	
	Carrying Amount (\$)	Fair Value (\$)	Carrying Amount (\$)	Fair Value (\$)
FINANCIAL ASSETS				
Fair value through profit or loss				
Cash and cash equivalents	24,096	24,096	11,119	11,119
Other receivables	3,539	3,539	18,521	18,521
FINANCIAL LIABILITIES				
Accounts payable and accrued liabilities	615,407	615,407	565,339	565,339
Short term obligation	32,428	32,428	634,157	634,157
Shareholder loan	164,196	164,196	399,413	399,413

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

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

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Critical accounting policies and estimates are disclosed in notes 2(n) and 2(o) to the Company's audited consolidated financial statements for the years ended December 31, 2017. 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, 2017; and
- the inputs used in determining the various commitments and contingencies accrued in the consolidated statements of financial position.

CHANGES IN ACCOUNTING POLICIES

No changes in accounting policies were identified as at December 31, 2017 that will materially impact the consolidated financial statements and the MD&A.

SHARE CAPITAL INFORMATION

Zincore has an unlimited number of common shares authorized for issuance. As at December 31, 2017 and as at the date of the report, the total number of shares outstanding is 19,106,338.

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.

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.

On December 21, 2017, 90,957 warrants were exercised at an exercise price of \$0.21 for proceeds of \$19,101

Stock options

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 option has been valued at \$205,384 through the Black-Scholes model, a stock-based compensation expenses of \$130,076 recorded for the year ended December 31, 2017.

As at December 31, 2017, Zincore had 1,849,333 (December 31, 2016 - 616,334) stock options outstanding with a weighted average exercise price of \$0.26 (December 31, 2016 - \$0.81) per option.

The following table summarizes the outstanding stock options as at December 31, 2017 and the date of the report:

	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding at December 31, 2016	616,334	\$ 0.81
Granted	1,288,000	\$ 0.15
Expired and cancelled	(55,001)	\$ 3.90
Outstanding as at December 31, 2017 and date of the report	1,849,333	\$ 0.26
Exercisable as at December 31, 2017 and date of the report	1,205,333	\$ 0.32

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.

On December 21, 2017, 90,957 warrants were exercised at an exercise price of \$0.21 for proceeds of \$19,001.

During the year 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
Exercised	(90,957)	\$ 0.21
Expired	(2,189,205)	\$ 0.05
Granted	473,841	\$ 0.21
Ending – December 31, 2017 and date of report	382,884	\$ 0.21

As at December 31, 2017 and the date of this report the Company had the following warrants outstanding:

	NUMBER OF WARRANTS	EXERCISE PRICE	EXPIRY DATE
	382,884	\$ 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 District ("AZOD") Project, 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.