ZINCO MINING CORPORATION

(an exploration stage company)

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006

(Unaudited)

ZINCO MINING CORPORATION
205 – 16055 Fraser Highway
Surrey, B.C. V4N 0G2
Phone: 604-507-2181 Fax: 604-507-2187

NOTICE OF NO AUDITOR REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the consolidated interim financial statements; they must be accompanied by a notice indicating that the consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of consolidated interim financial statements by an entity's auditor.

ZINCO MINING CORPORATION

(an exploration stage company)
Consolidated Balance Sheets

		December 31, 2007		September 30, 2007
		(Unaudited)		
ASSETS				
Current				
Cash and cash equivalents	$	345,615	$	108,161
Accounts receivable		9,738		18,369
Prepaid expenses		2,500		1,300
Total current assets		357,853		127,830
Equipment and vehicle (Note 4)		12,807		13,489
Mineral interests (Note 5)		1,587,408		1,563,170
Total assets	$	1,958,068	$	1,704,489
LIABILITIES				
Current				
Accounts payable and accrued liabilities	$	78,323	$	178,319
Total current liabilities		78,323		178,319
SHAREHOLDERS' EQUITY				
Share capital (Note 6)		6,138,880		5,738,880
Contributed surplus (Note 6)		932,810		864,239
Deficit		(5,191,945)		(5,076,949)
Total shareholders' equity		1,879,745		1,526,170
Total liabilities and shareholders' equity	$	1,958,068	$	1,704,489

The accompanying notes are an integral part of these consolidated financial statements.

On behalf of the Board:

"Alastair J. Sinclair"	*"Christopher Graf"*
Alastair J. Sinclair	**Christopher Graf**

ZINCO MINING CORPORATION

(an exploration stage company)
Consolidated Statements of Loss and Deficit
For the three months ended December 31, 2007 and 2006
(Unaudited)

		2007		2006
Expenses				
Amortization	$	683	$	473
Bank charges		353		262
Consulting fees		3,000		4,000
Foreign exchange loss (gain)		166		226
General prospecting costs (recovery)		986		2,371
Management fees		9,513		6,000
Office and sundry		1,417		967
Professional fees		20,910		16,298
Rent		600		600
Stock-based compensation (Note 6)		68,571		58,437
Telephone		1,012		369
Transfer agent and filing fees		6,576		1,640
Travel and promotion		3,647		2,185
		117,434		93,828
Loss before the following		(117,434)		(93,828)
Other Income – Interest		2,438		4,732
Loss for the period		(114,996)		(89,096)
Deficit, beginning of period		(5,076,949)		(4,355,039)
Deficit, end of period	$	(5,191,945)	$	(4,444,135)
Basic and diluted loss per share	$	(0.006)	$	(0.005)
Weighted average number of shares outstanding (Note 7)		18,896,911		18,174,759

The accompanying notes are an integral part of these consolidated financial statements.

ZINCO MINING CORPORATION

(an exploration stage company)
Consolidated Statements of Cash Flows
For the three months ended December 31, 2007 and 2006
(Unaudited)

	2007	2006
Operating activities		
Loss for the period	$ (114,996)	$ (89,096)
Add items not involving cash		
Amortization	683	473
Stock-based compensation	68,571	58,437
Change in non-cash working capital balances related to operations:		
Accounts receivable	8,630	637
Prepaid expenses	(1,200)	1,148
Accounts payable and accrued liabilities	(99,996)	(18,351)
Cash used in operating activities	(138,308)	(46,752)
Investing activities		
Purchase of equipment	—	(13,916)
Acquisition of mineral interests and exploration costs	(24,238)	(6,712)
Cash used in investing activities	(24,238)	(20,628)
Financing activities		
Proceeds from issuance of shares	400,000	5,760
Share subscriptions	—	126,000
Cash provided by financing activities	400,000	131,760
Increase in cash and cash equivalents during the period	237,454	64,380
Cash and cash equivalents, beginning of period	108,161	498,994
Cash and cash equivalents, end of period	$ 345,615	$ 563,374
Supplemental cash flow information		
Interest paid in cash	$ —	$ —
Income taxes paid in cash	$ —	$ —

Supplemental disclosure with respect to cash flows (Note 11)

The accompanying notes are an integral part of these consolidated financial statements.

1. Nature of Operations and Going Concern

Zinco Mining Corporation [the "Company"] was incorporated under the laws of British Columbia, Canada on March 14, 1983. The Company received approval to change its name to Zinco Mining Corporation on January 26, 2007.

The Company is considered to be in the exploration stage. The Company in the process of exploring its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties and related deferred costs is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete development and upon future profitable production.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable to a going concern which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations rather than through a process of forced liquidation.

The ability of the Company to continue as a going concern is dependent on the continued financial support from its directors, public equity financing, or achieving profitable operations in the future which cannot be predicted at this time. These statements do not reflect adjustments to carrying values and classifications of the assets and liabilities that might be necessary should the Company be unable to continue realizing its assets and discharging its liabilities in the normal course of business.

2. Basis of presentation

The interim period financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles. All financial summaries included are presented on a comparative and consistent basis showing the figures for the corresponding period in the preceding year except the comparative figures for the balance sheet are for the fiscal year ended September 30, 2007. The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the annual financial statements. Certain information and footnote disclosure normally included in the annual financial statements prepared in accordance with Canadian generally accepted accounting principles have been condensed or omitted. These interim period financial statements should be read together with the audited financial statements and the accompanying notes included in the Company's latest annual report. In the opinion of the Company, its unaudited interim financial statements contain all adjustments necessary in order to present a fair statement of the results of the interim periods presented.

3. Significant Accounting Policies

(a) Consolidation

The consolidated financial statements include the accounts of Zinco Mining Corporation and its wholly-owned subsidiary, Minera Croesus S.A. de C.V. ("Minera"), a company incorporated in Mexico. All significant inter-company balances and transactions have been eliminated.

3. Significant Accounting Policies, continued

(b) Use of estimates

The preparation of financial statements in accordance with generally accepted accounting principles of Canada requires management to make estimates and assumptions that affect the reported amount of assets and liabilities the disclosure of contingent assets and liabilities at the date of the financial statements, and the amount of revenues and expenses reported during the period. Actual results may differ from those estimates.

(c) Cash and cash equivalents

Cash and cash equivalents consist of cash and highly liquid investments with maturities of less than 90 days and are readily convertible to cash.

(d) Equipment and vehicle

These assets are recorded at cost less accumulated amortization and are amortized over their estimated useful lives at the following rates:

Vehicle	30% per annum, declining-balance basis
Exploration equipment	20% per annum, declining-balance basis
Computer equipment	30% per annum, declining-balance basis

(e) Mineral interests

All costs related to the acquisition, exploration and development of mineral properties are capitalized by property. If economically recoverable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. When a property is abandoned, all related costs are written off to operations. If, after management review, it is determined that the carrying amount of a mineral property is impaired, that property is written down to its estimated net realizable value. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

The amounts shown for mineral properties do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

(f) Property option agreement

From time to time, the Company may acquire or dispose of mineral properties pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as mineral property costs or recoveries when the payments are made or received.

3. Significant Accounting Policies, continued

(g) Loss per share

The calculation of basic loss per share is based on net loss divided by the weighted-average number of common shares outstanding during the period. Diluted earnings (loss) per share reflects the assumed conversion of all dilutive securities using the treasury stock method. For the periods presented, the calculation of loss per share on a diluted basis excluded all potential common shares because the effect was anti-dilutive.

(h) Stock-based compensation plan

The Company has a stock option plan as described in note 6. The fair value method is used to determine the expense for stock-based awards granted to employees and non-employees. Under the fair value method, compensation cost is measured at fair value at the date of grant using the Black-Scholes option pricing model with assumptions described in note 6. The compensation cost is expensed over the vesting period with a corresponding credit to contributed surplus. Consideration paid on the exercise of stock options plus the amount of previously recognised expense is credited to share capital when the options are exercised.

(i) Foreign currency translation

The Company's functional currency is the Canadian dollar. Foreign currency transactions and the accounts of its subsidiary, which is considered to be an integrated foreign operation are translated into Canadian dollars using the temporal method. Under this method, assets and liabilities in foreign currencies related to integrated foreign operations are translated into Canadian dollars using current exchange rates at the balance sheet dates for monetary assets and liabilities, historical exchanges rates for non-monetary assets and liabilities, and the average monthly exchange rate for revenues and expenses, except for amortization, which is translated at the historical exchange rate of the corresponding non-monetary assets. Exchange gains and losses arising on translation are included in operations in the period incurred.

(j) Income taxes

Future income taxes are recorded using the asset and liability method. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment or enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

3. Significant Accounting Policies, continued

(k) Asset Retirement Obligations

Asset retirement obligations are recognized when a legal or constructive obligation arises. This liability is recognized at the fair value of the asset retirement obligation. When the liability is initially recorded the Company capitalizes the cost by increasing the carrying amount of the related long-lived assets. Over time the liability is accreted to its present value each period, and the capitalized cost is amortized over the useful life of the related asset. Upon settlement of the liability, the Company may incur a gain or loss. As at September 30, 2007 and 2006 the Company does not have any significant asset retirement obligations.

(l) Financial instruments

Financial instruments include cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities. Unless otherwise stated, it is management's opinion that the Company is not exposed to significant interest or credit risk arising from these financial instruments. Unless otherwise stated, the book value of the Company's financial assets and liabilities approximates their fair value.

The Company through its subsidiary, Minera, is operating in Mexico, which may give rise to foreign currency risks from fluctuations and the degree of volatility of exchange rates between the Canadian dollar and the Mexican Peso.

4. Equipment and Vehicle

	September 30, 2007		
	Cost	Accumulated Amortization	Net book Value
Vehicle	$ 14,425	$ 13,500	$ 925
Exploration equipment	14,128	2,350	11,778
Computer equipment	10,133	9,347	786
	$ 38,686	$ 25,197	$ 13,489

	December 31, 2007		
	Cost	Accumulated Amortization	Net book Value
Vehicle	$ 14,425	$ 13,526	$ 899
Exploration equipment	14,128	2,947	11,181
Computer equipment	10,133	9,406	727
	$ 38,686	$ 25,879	$ 12,807

5. Mineral Interests

	Balance September 30, 2006	Additions	Write-offs	Balance September 30, 2007
Almatea, Jalisco State, Mexico				
Deferred exploration costs	$ 259,482	$ 194,494	$ —	$ 453,976
Cabrel, Jalisco State, Mexico				
Deferred exploration costs	145,753	11,250	—	157,003
Canton, Jalisco State, Mexico				
Acquisition costs	42	—	—	42
Deferred exploration costs	98,361	8,767	—	107,128
	98,403	8,767	—	107,170
El Maple/La Diana, Jalisco State, Mexico				
Acquisition costs	48,406	—	—	48,406
Deferred exploration costs	522,087	218,008	—	740,095
	570,493	218,008	—	788,501
El Volantin, Jalisco State, Mexico				
Deferred exploration costs	11,126	45,394	—	56,520
Total	$ 1,085,257	$ 477,913	$ —	$ 1,563,170

5. Mineral Interests, continued

	Balance September 30, 2007	Additions	Write-offs	Balance December 31, 2007
Almatea, Jalisco State, Mexico				
Deferred exploration costs	$ 453,976	$ 2,396	$ —	$ 456,372
Cabrel, Jalisco State, Mexico				
Deferred exploration costs	157,003	425	—	157,428
Canton, Jalisco State, Mexico				
Acquisition costs	42		—	42
Deferred exploration costs	107,128	7,722	—	114,850
	107,170	7,722	—	114,892
El Maple/La Diana, Jalisco State, Mexico				
Acquisition costs	48,406		—	48,406
Deferred exploration costs	740,095	9,243	—	749,338
	788,501	9,243	—	797,744
El Volantin, Jalisco State, Mexico				
Deferred exploration costs	56,520	4,452	—	60,972
Total	$ 1,563,170	24,238	$ —	1,587,408

The following is a summary of deferred exploration costs incurred during the period ended December 31, 2007:

	Almatea	Cabrel	Canton	El Volantin	El Maple/La Diana	Total
Acquisition costs	$ —	$ —	$ —	$ —	$ —	$ —
Assays & analysis						
Geological consulting	2,396	395	7,427	395	4,741	15,354
Geophysical						
Mining taxes			295	3,884		4,179
Supplies and Miscellaneous		30		50	4,502	4,582
Travel				123		123
Total	$2,396	$ 425	$ 7,722	$ 4,452	$9,243	$24,238

5. Mineral Interests, continued

Mineral properties of Zinco Mining Corporation are all concentrated in or near the Cuale district, east of Puerto Vallarta, Mexico. They are comprised of the following:

Almatea, Jalisco State, Mexico: This property lies east of the el Maple property and was acquired by staking. The Company holds a 100% interest in this property. Almatea overlaps the abandoned Cuatro Minas and Amaltea mines, as well as prospective ground near the Aranjuez VMS camp.

Cabrel, Jalisco State, Mexico: The Cabrel property is located southeast of Puerto Vallarta, Mexico, and was acquired by staking. The Company holds a 100% interest in this property.

Canton, Jalisco State, Mexico: The Canton property lies between the El Maple and Almatea properties and was staked to join the properties in a contiguous unit. The Company holds a 100% interest in this property.

El Maple/La Diana, Cuale district, Mexico: This property is located south of Puerto Vallarta, and consists of the El Maple Fraccion I, El Maple and La Diana claims. All of the claims were acquired by staking, and the Company holds a 100% interest in this property. Naricero, Refugio, San Nicolas and San Juan are some of the more significant past-producing VMS deposits on the Property.

El Volantin, Jalisco State, Mexico: This property extends from the Cabrel property on the south to the El Maple and Almatea properties on the north, with the result that all of the Company's holdings in the Cuale-Bramador areas form a contiguous block of ground.

6. Share Capital

The following is a description of the authorized and issued share capital:

(a) Authorized: Unlimited common shares without par value

(b) Issued:

	Shares	Amount
Balance, September 30, 2006	**18,166,737**	**5,533,068**
Issued for cash pursuant to the exercise of options at $0.32 per share	18,000	5,760
Issued for cash pursuant to the exercise of stock options at $0.62 per share, including $4,852 contributed surplus attributed to stock-based compensation recognized in previous periods	10,000	11,052
Issued for cash pursuant to the exercise of share purchase warrants at $0.63 per share	300,000	189,000
Balance, September 30, 2007	**18,494,737**	**$ 5,738,880**
Issued for cash pursuant to a private placement at $0.40 per share	**1,000,000**	**40,000**
Balance, December 31, 2007	**19,494,737**	**5,778,880**

6. Share Capital, continued

(c) Escrow Shares

During the current period, 56,250 common shares were released from escrow, leaving the balance of shares in escrow at 225,000. The release of the balance of these shares is staged over a period of six years ending on December 18, 2009.

(d) Stock options

The Company has established a stock option plan the purpose of which is to attract, retain and motivate directors, officers, employees and persons engaged to provide ongoing management and consulting services ("service providers") by providing them with the opportunity, through share options, to acquire a proprietary interest in the Company and benefit from its growth. The maximum number of shares which may be issued under the plan is fixed at 2,621,500. This number is subject to adjustment resulting from changes in the share capital of the Company. Such adjustments are subject to approval by the TSX Venture Exchange and by the shareholders of the Company. The number of shares reserved for issuance to any one person may not exceed 5% of the issued and outstanding shares at the date of such grant. All options granted under the plan shall be subject to a vesting restriction such that one quarter of the option shall vest on the date of grant, and one quarter each six month period thereafter until fully vested.

The option price of the shares which are the subject of any option shall in no circumstances be less than the market price of the shares at the date of the grant of the option.

A summary of the status of the Company's stock option plan as of December 31 and September 30, 2007, and changes during the periods ending on those dates is presented below:

	December 31, 2007		**September 30, 2007**	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at beginning of period	2,150,000	$0.68	1,278,000	$0.62
Granted	—	—	900,000	$0.75
Cancelled	—	—	—	—
Exercised	—	—	(28,000)	$0.43
Outstanding at end of period	2,150,000	$0.68	2,150,000	$0.68
Exercisable at end of period	1,485,000	$0.66	1,485,000	$0.66

6. Share Capital, continued

(d) Stock options, continued

Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life (yr)	Weighted Average Exercise Price
\$0.62 - \$0.75	2,150,000	3.17	\$0.68

During the 2007 fiscal year, 900,000 stock options were granted to an officer and director of the company, which are exercisable at \$0.75 with an expiry date of March 22, 2012. The weighted average fair value of options granted during the September 30, 2007 fiscal year was \$0.62 (2006 - \$0.49).

The fair values of the stock options granted were estimated using the Black-Scholes option pricing model with the following assumptions and results:

	September 30, 2007
Risk-free interest rate	4%
Dividend yield	0%
Expected volatility	118%
Expected term	5 Years

(e) Contributed surplus

The following table sets forth the continuity of contributed surplus for the period ended December 31, 2007:

Balance, September 30, 2006	\$ 319,858
Stock-based compensation expense during the period	549,233
Reallocation to share capital of the estimated fair value of 10,000 stock options recognized in prior periods that were exercised during the year ended September 30, 2007	(4,852)
Balance, September 30, 2007	864,239
Stock-based compensation expense during the period	68,571
Balance December 31, 2007	\$ 932,810

6. Share Capital, continued

(f) Share Purchase Warrants

A summary of share purchase warrants outstanding at December 31, and September 30, 2007 is as follows:

	December 31, 2007		September 30, 2007	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at beginning of period	1,650,000	$0.62	2,150,000	$0.62
Expired	(650,000)	0.61	(200,000)	0.63
Exercised	—	—	(300,000)	0.63
Granted	1,000,000	0.45	—	—
Outstanding at end of period	2,000,000	$0.54	1,650,000	$0.62
Exercisable at end of period	2,000,000	$0.54	1,650,000	$0.62

Each share purchase warrant entitles the holder to acquire one common share of the Company. The expiry dates of the share purchase warrants outstanding at December 31, 2007 is a follows: 1,000,000 on September 13, 2008 and 1,000,000 on October 18, 2008.

7. Basic and Diluted Loss per share

The basic and diluted loss per share is calculated based on the following at December 31:

	2007	2006
Weighted average number of common shares outstanding	18,896,911	18,174,759

The calculation of loss per share is based on net loss divided by the weighted-average number of common shares outstanding during the period. The effect of options and warrants under the stock option plan is not presented as it would have an anti-dilutive effect on the loss per share.

8. Related Party Transactions

(a) The Company incurred the following expenses to December 31, to its directors or corporations controlled by its directors:

	2007	2006
Geological fees	$ 13,465	$ 12,000
Legal fees	3,935	1,461
Management fees	9,513	6,000
	$ 26,913	$ 19,461

(b) Accounts payable and accrued liabilities includes $11,027 (2006 - $6,893) due to directors and/or officers of the Company.

8. Related Party Transactions, continued

These transactions have been measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties and which the management believes reflect prevailing market rates.

10. Segmented Information

The Company's mineral interests are owned through the Mexican subsidiary; all other assets are held in Canada.

11. Supplemental Disclosure with Respect to Cash Flows

Significant non-cash transactions for the period ended December 31, 2007 included incurring mineral property expenditures of $5,919 (2006 – $5,903) through accounts payable.

12. Comparative Figures

Certain comparative figures have been reclassified to conform with the current period's presentation.

13. Subsequent Events

Subsequent to December 31, 2007 the Company:

- Announced that it had repriced all of its 2,150,000 stock options to $0.30 per share. This transaction is subject to regulatory and shareholder approval.

- Announced that it had negotiated a private placement consisting of 5,000,000 units at $0.20 each. Each unit consists of one share and one share purchase which enables the holder to buy an additional share at $0.25 for a period of one year.