CANADA ZINC METALS CORP.

MANAGEMENT DISCUSSION AND ANALYSIS

March 31, 2014

1.1 Date

This Management Discussion and Analysis ("MD&A") of Canada Zinc Metals Corp. ("Canada Zinc Metals" or the "Company") has been prepared by management as of May 29, 2014 and should be read in conjunction with the condensed consolidated interim financial statements and related notes thereto of the Company for the nine months ended March 31, 2014 and 2013, and the consolidated audited financial statements and related notes thereto of the Company for the years ended June 30, 2013 and 2012, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and International Financial Reporting Interpretations Committee ("IFRIC").

The Company is presently a "Venture Issuer", as defined in NI 51-102.

This MD&A may contain "forward-looking statements" which reflect the Company's current expectations regarding the future results of operations, performance and achievements of the issuer, including potential business or mineral property acquisitions and negotiation and closing of future financings. The issuer has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as "anticipate," "believe," "estimate," "expect" and similar expressions.

These forward-looking statements include statements regarding the success of exploration activities, permitting time lines, the requirements of future capital, drill results and the estimation of mineral resources and reserves. These statements involve known and unknown risks, uncertainties and other factors including but not limited to changes in commodity prices and, particularly, zinc prices, access to skilled personnel, results of exploration and development activities, uninsured risks, regulatory changes, defects in title, availability of materials and equipment, timeliness of government approvals, actual performance of facilities, equipment and processes relative to specifications and expectations and unanticipated environmental impacts on operations that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements contained into this report should not be unduly relied upon. The statements reflect the current beliefs of the management of the Company, and are based on currently available information. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this report. Readers should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur.

1.2 Overall Performance

The Company was incorporated under the laws of the Province of British Columbia on February 10, 1988. The Company operates in one business segment, that being the exploration and development of mineral properties in Canada. As at the date hereof, the Company has mining interests in properties located in British Columbia.

Significant events and operating highlights for the nine months ended March 31, 2014 and up to the date of these MD&A :

- During the 2013 exploration season, the Company completed nine drill holes totaling 4,854 metres on the Akie property and collected over 1,350 drill samples including QA/QC samples. Detailed analysis is included in 2013 Diamond Drilling Program section below.

- The Company followed up the 2012 Versatile Time Domain EM (VTEM) airborne geophysical survey with an additional 2,795 line kilometers of airborne geophysical coverage. The 2013 survey was flown over the remaining properties on the Company's Kechika Regional project. The contiguous Akie and Kechika project areas have now been surveyed with VTEM and the Company continues to evaluate the results and identify high priority geophysical targets.

- The Company entered into an option agreement (the "Agreement") with Teck Resources Limited ("Teck" TSX: TCK.B) that would see Teck acquire up to a 70% interest in the Pie, Cirque East and the Yuen properties. The transaction was approved by the TSX Venture Exchange ("TSXV") as announced by the Company on September 17, 2013.

  Teck had the right under the Agreement to assign its rights to a 50/50 joint venture between Teck and Korea Zinc ("T-KZ JV"). The Company received a formal Notice of Participation on October 30, 2013 from Korea Zinc Co., Ltd ("Korea Zinc") that Korea Zinc will participate in the Agreement regarding the Pie, Cirque East and Yuen properties.

- In conjunction with the Agreement, the Company completed a private placement with Teck for 1,250,000 units of Canada Zinc Metals at a price per unit of $0.40 per unit, resulting in a total subscription of $500,000. Each unit consists of one common share and one share purchase warrant that will entitle Teck to purchase one additional common share of Canada Zinc Metals within 24 months at a price of $0.40 per share.

- In December 2013, the Company completed a flow-through private placement of 2,112,600 common shares at a price of $0.40 per share for gross proceeds of $845,040. The proceeds will be used for the 2014 exploration program at the Akie SEDEX zinc-lead property and to explore the Kechika Regional project.

- In February 2014, the Company completed a flow-through private placement of 1,739,630 common shares at a price of $0.575 per share for gross proceeds of $1,000,287.

- In February 2014, the Company also completed a private placement of 200,000 units at a price of $0.50 per unit for gross proceeds of $100,000. Each unit consists of one common share and one-half share purchase warrant of the Company. Each whole warrant will entitle the holder to purchase one additional common share at a price of $0.75 for a period of 18 months from closing.

- The Company received a 3-Year extension of its Akie Underground Exploration Permit to December 2017. The original underground exploration permit had an expiry date of December 2014. The approval was received from the BC Ministry of Energy and Mines and will allow the Company time to execute the planned underground drill program over the next several years without the need for a permit revision or amendment.

- The Company formally signed a tripartite Exploration Cooperation and Benefit Agreement with the Kwadacha First Nation and the Tsay Keh Dene First Nation. The agreement covers all exploration and related activities on the Akie property which is a shared area within the respective traditional lands of the Tsay Keh Dene and Kwadacha First Nations, the two communities closest to the Akie property. The general purpose of the agreement is to enhance understanding and cooperation between the First Nations and the Company regarding the exploration programs and contribute to the programs' overall success. The agreement is also designed to mitigate any effects of the exploration programs on the traditional lands of the First Nations and foster a relationship based on mutual respect, trust, benefit and certainty for all parties.

- The Company completed hydrogeochemistry sampling programs on several properties including Akie, Pie, Mt. Alcock, Yuen, Weiss and Kwad. In total, over 285 samples were collected from primary, secondary and select tertiary creeks and streams and analyzed for sulphate and metal concentrations at Acme Analytical Labs Ltd. of Vancouver, British Columbia. Colourimetry was performed at Maxxam Analytical Labs in Burnaby, BC, Canada.

- Targeted ground exploration was completed in the 2013 season, including mapping, prospecting and the collection and analysis of over 2,400 soil samples. Geological mapping and prospecting was completed on several select targets on the Akie property; as well as several promising areas on the Weiss, Kwad and Mt. Alcock properties. A total of approximately 24 km2 of area has been systematically evaluated in the West GPS area and on the Eastern Akie panel. Soil samples were taken from four separate soil grids on the Akie property (covering an aggregate of 24 km2) and from two soil grids on the Mt. Alcock property (covering an aggregate of 5 km2).

- Prospecting and mapping discovered the Sitka showing, a vein or fault structure hosting massive barite and abundant coarse grained galena and sphalerite that measures at least 6.0 metres wide at surface. A secondary parallel structure is located 10 metres to the northeast and measures approximately 3.0 metres wide. The discovery of SEDEX style mineralization in this locale will provide impetus for more focused exploration on the largely under-explored eastern half of the Akie property. Results from mapping and surface channel sampling at Sitka are encouraging and the Company is assessing the significance of the data in a regional context to better define potential drill targets.

- The Company staked additional mineral claims associated with its 100% owned Kechika Regional Project. The new property, designated Yuen North, lies between and is contiguous with the Mt. Alcock property to the north, and the Yuen property to the south.

AKIE PROPERTY, KECHIKA TROUGH DISTRICT, BC (zinc, lead, silver)

The Company holds a 100% interest in the Akie Property, which is located approximately 260 kilometers north-northwest of the town of Mackenzie in northeastern British Columbia.

The Akie zinc-lead-silver property is situated within the Kechika Trough, the southernmost extension of the regionally extensive Paleozoic Selwyn Basin, one of the most prolific sedimentary basins in the world for the occurrence of sedimentary exhalative (SEDEX) zinc-lead-silver deposits and stratiform barite deposits.

Drilling on the Akie property by Inmet Mining Corporation during the period 1994 to 1996 and by Canada Zinc Metals since 2005 has identified a significant deposit of SEDEX—style zinc-lead-silver mineralization named the Cardiac Creek deposit. The deposit is hosted by variably siliceous, fine grained clastic rocks of the middle to late Devonian Gunsteel Formation, the same host formation for other known deposits in the district, including Teck Resources/Korea Zinc's jointly-owned Cirque deposit, located about 20 kilometres to the northwest.

In the spring of 2012, the Company re-engaged Rob Sim, P. Geo., to evaluate, calculate and produce an updated 43-101 compliant resource for the Cardiac Creek deposit. Robert Sim is an independent consultant and served as the Qualified Person responsible for the preparation of the 2012 NI 43-101 Technical Report on the Akie Project and is responsible for the 2008 and 2012 mineral resource estimates for the Cardiac Creek deposit.

The technical report, entitled "NI 43-101 Technical Report Akie Zinc-Lead-Silver Project, British Columbia, Canada" and dated March 14, 2012, can be found on SEDAR (www.sedar.com). The report updated the work done by the Company since May of 2008, the date of the previous 43-101 compliant resource calculation. The new resource builds on surface diamond drilling completed by the Company during the period mid-2008 to the end of 2011 and establishes the Cardiac Creek deposit as one of the premier undeveloped zinc-rich base metal projects in the world.

The Company has outlined a NI 43-101 compliant mineral resource including an indicated resource of 12.7 million tonnes grading 8.4% zinc, 1.7% lead and 13.7 g/t silver (at a 5% zinc cut-off grade) and an inferred resource of 16.3 million tonnes grading 7.4% zinc, 1.3% lead and 11.6 g/t silver (at a 5% zinc cut-off grade). Using this estimate, the deposit contains 2.4 billion pounds of zinc, 472 million pounds of lead and 5.6 million ounces of silver in the indicated category, and 2.6 billion pounds of zinc, 482 million pounds of lead and 6.1 million ounces of silver in the inferred category (at 5% zinc cut-off).

Cardiac Creek Deposit: Mineral Resource Summary

Cut-off Grade (Zn %)	ktonnes	Zn (%)	Pb (%)	Ag (gpt)	Combined Zn + Pb (%)
Indicated					
2	20,088	6.59	1.31	11.2	7.90
3	17,683	7.15	1.43	12.0	8.58
4	15,195	7.75	1.56	12.8	9.31
5	**12,731**	**8.38**	**1.68**	**13.7**	**10.06**
6	10,342	9.05	1.81	14.6	10.86
7	7,798	9.89	1.98	15.6	11.87
Inferred					
2	48,102	4.62	0.83	8.1	5.63
3	33,016	5.61	1.02	9.4	6.63
4	23,278	6.50	1.19	10.5	7.69
5	**16,287**	**7.38**	**1.34**	**11.6**	**8.72**
6	11,026	8.28	1.50	12.5	9.78
7	7,092	9.29	1.67	13.7	10.96

(1) “Base case” cut-off grade of 5% Zn highlighted in table
(2) Mineral resources are not mineral reserves as the economic viability has not been demonstrated.

The deposit remains open at depth, up-dip and along strike. Further delineation and exploration drilling is being considered using both surface drilling and planned underground drilling stations located in the footwall of the deposit on the 950 metre elevation. All permitting and engineering designs are complete and in-hand in order to commence the underground drill program.

2013 Diamond Drilling Program

The Company completed 9 HQ/NQ diamond drill holes totaling 4,854 metres on the Akie property in 2013. The drill program was designed to test for continuity of mineralization at the Cardiac Creek deposit and also test other SEDEX targets on the Akie property. The drilling program progressed in a sequential manner with two holes targeting the West Akie GPS Zone; followed by one hole each on the North Lead Anomaly and the South Zinc Anomaly. The program then shifted to the Cardiac Creek deposit for 4 drill holes totaling 2,350 metres. The final hole of the season was completed on the SE Zone located approximately 2.5 kilometres to the southeast and along strike of the Cardiac Creek deposit.

A total of 1,369 core samples, including QA/QC samples, were cut and sent to Acme Analytical Laboratories in Vancouver, BC, Canada. Samples are collected in accordance with accepted industry standards and procedures. Routine QA/QC analysis is conducted on all assay results, including the systematic utilization of certified reference materials, blanks and duplicate samples.

Cardiac Creek Deposit

Drilling on the Cardiac Creek deposit was focused on several infill and expansion targets located on the northwest and southeast margins. These targets were selected to demonstrate the ongoing continuity of the high grade mineralization within the core of the deposit as well as expand its known limits. This plan is consistent with the recommendations contained within the revised NI 43-101 Technical Report entitled "NI 43-101 Technical Report, Akie Zinc-Lead-Silver Project, British Columbia, Canada", dated April 27, 2012, with an effective date of March 14, 2012.

Drill hole A-13-105 targeted the deposit in an area located between drill hole A-08-64 and A-08-66 and high grade drill hole A-05-33 and A-11-93. The pierce point for A-13-105 is located some 50 metres down-dip from A-08-64.

The drill hole passed through a thick sequence of Gunsteel Formation shale before intersecting the proximal facies characterized by thickly bedded pyrite mineralization at a depth of 358.64 metres. The proximal facies transitioned to Cardiac Creek style mineralisation at a depth of 374.42 metres. The hole then intersected a thin interval of debris flow before being shut down in well-bedded siltstone of the Road River Group at a depth of 442.87 metres.

The hole intersected an extensive interval grading 3.24% combined Zn+Pb and 5.35g/t Ag over 40.08 metres including a higher grade core grading 8.88% combined Zn+Pb and 11.09g/t Ag over 6.01 metres. The results are tabulated below. The drill hole confirms grade and continuity in the southeast area of the deposit that has seen relatively few drill holes. The Company believes more drilling is warranted in this locale to extend the known strike length of the deposit to the SE and at a depth down-dip of known intersections.

Drill hole A-13-106 was designed to test the up-dip mineralization potential of A-10-74. The pierce point is located approximately 150 metres along strike from A-94-11 and 150 metres up-dip of A-10-74. The hole intersected a thick package of Gunsteel Formation black shale with local interbedded bands of laminated pyrite and nodular barite to a depth of 464.42 metres. The laminated pyrite and nodular barite beds increased in frequency and size to a depth of 477.21 metres. The Cardiac Creek zone was intersected from 477.21 to 488.06 metres consisting of sphalerite dominated sulphides beds with pyrite and galena. Two large quartz-carbonate veins with brecciated sulphides bracket the main section of mineralization. Underlying the deposit coarse nodular barite with pyrite laminations interbedded with Gunsteel Formation shale is present to a depth of 493.42 metres. The hole intersected a thin interval of Paul River Formation debris flow and fossiliferous limestone from 493.43 to 501.13 metres before being shut down in rocks of the Road River Group at a depth of 531.27 metres.

The hole intersected an interval grading 7.53% combined Zn+Pb and 10.70 g/t Ag over 10.56 metres that included a high grade core grading 10.53% combined Zn+Pb and 13.69g/t Ag over 6.63 metres. The results are tabulated below. The drill hole confirms grade and continuity in the upper reaches of the northwest portion of the deposit and demonstrates the up-dip and strike extension potential. More drilling is warranted in this locale to extend the known dip and strike extents of the deposit to the northwest.

In addition to the Cardiac Creek style mineralization another narrow interval of Nick style mineralization was intersected over 1.23 metres along the unconformable contact between fossiliferous limestone of the Kwadacha Reef and the underlying Silurian Siltstone. This interval is identical to the occurrence intersected in A-13-103 from the South Zinc Anomaly. The interval returned 0.3% Ni, 0.11% Zn and was elevated in Pb, U, P, and Se. The samples were re-run with a 54 element ICP analytical package to test its potential for Au and PGE's and provide a full spectrum of elements for the interval. The company has now intersected Nick style mineralization in three widely spaced drill holes (A-10-72, A-13-103, A-13-106) all within or associated with Paul River Formation rocks. The spacing of these three intersects suggest that this style of mineralization could be widespread across the property and possibly the district.

Drill hole A-13-107 was designed to test the continuity of the high grade trend of mineralization up-plunge. The targeted pierce point was located approximately 75 metres up dip of A-08-60A and along strike of A-06-38. The drill hole passed through a thick sequence of Gunsteel Formation shale before intersecting the proximal facies characterized by thickly bedded pyrite mineralization at a depth of 524.38 metres. The transition into the Cardiac Creek zone occurred at a depth of 541.53 metres. The zone is broken into two distinct zones of bedded sulphides and barite separated by a thin shale interbed. The main Cardiac Creek zone was intersected from 541.53 to 568.14 metres and the lower footwall zone extended from 572.47 to 577.26 metres. The hole was shut down at a final depth of 626.36 metres in footwall siltstone of the Road River Group.

The overall envelope of mineralization extended from 534.07 to 577.26 metres and comprised 32.92 metres grading 4.89% combined Zn+Pb and 7.72 g/t Ag. This envelope of mineralization includes both the main and footwall zone. The main Cardiac Creek zone returned 6.57% combined Zn+Pb and 10.15 g/t Ag over 20.28 metres including a higher grade core grading 13.88% combined Zn+Pb and 14.39 g/t Ag over 7.24 metres. The lower footwall zone returned 3.09% combined Zn+Pb and 4.93 g/t Ag over 6.98 metres including 5.60% combined Zn+Pb and 8.87 g/t Ag over 3.67 metres. The results are tabulated below.

This drill hole provides valuable infill information in the northwestern area of the deposit and confirms the continuity of the internal high grade zone defined by previous drilling within the core of the deposit. More drilling is warranted in this area to provide additional infill information and to continue to expand the known strike length of the deposit which is open to the northwest. In addition, the continued development of a lower, or footwall zone, to the main Cardiac Creek horizon is an encouraging sign for the Company.

Drill hole A-13-108 was abandoned at shallow depth due to excessive downhole deviation. The hole was restarted as A-13-109 and designed to test the extent of mineralization down dip of A-11-92 and along strike from A-95-16. The drill hole collared into a thick sequence of Gunsteel Formation shale containing an extensive, well mineralized interval of distal facies laminated pyrite and nodular barite from 434.67 to 520.9 metres and from 526.91 to 565.79 metres. The proximal facies, consisting of thickly bedded pyrite and nodular barite, was intersected at 577.51 metres and transitioned into the Cardiac Creek Zone from 634.07 to 655.58 metres. A second weakly developed zone was intersected over 9.79 metres from 667.66 to 677.45 metres and a thin massive sulphide lens was present along the contact between the Gunsteel Formation and the Paul River Formation. The hole was shut down in typical Road River Group calcareous siltstone at a final depth of 746.46 metres.

The hole intersected an extensive interval of mineralization grading over 1.34% combined Zn+Pb and 3.02 g/t Ag over 41.91 metres from 615.56 to 677.45 metres that contained several zones of higher grade mineralization. These inclusive intervals are outlined in the table below. The results from this drill hole and those surrounding it confirm the local grade and continuity of the deposit and warrant additional drilling to extend the known strike and dip extents of the deposit to the southeast.

The results from the 2013 drilling on the Cardiac Creek deposit are tabulated below.

Drill Hole	From (m)	To (m)	True Width (m)	Zn (%)	Pb (%)	Ag (g/t)*	Zn+Pb (%)
A-13-105	357.00	411.33	40.08	2.79	0.45	5.35	3.24
including	377.00	404.40	20.26	4.49	0.77	7.44	5.26
including	392.85	404.40	8.56	6.42	1.21	9.51	7.63
including	395.15	403.25	6.01	7.46	1.43	11.09	8.89
A-13-106	476.00	488.06	10.56	6.47	1.06	10.70	7.53
including	476.76	486.50	8.53	7.96	1.30	13.00	9.26
including	477.21	484.78	6.63	9.03	1.50	13.69	10.53
A-13-107	541.53	568.14	20.28	5.55	1.02	10.15	6.57
including	544.70	566.13	16.33	6.59	1.22	11.50	7.81
including	552.34	561.83	7.24	12.08	1.80	14.39	13.88
and	568.14	577.26	6.98	2.71	0.39	4.93	3.09
including	572.47	577.26	3.67	4.89	0.71	8.87	5.60
A-13-109	615.56	655.58	27.09	1.50	0.20	3.69	1.70
including	634.07	655.58	14.58	2.47	0.33	5.31	2.80
including	639.00	655.58	11.24	2.95	0.41	5.98	3.37
including	646.06	655.58	6.45	3.31	0.57	7.66	3.88
and	667.66	677.45	6.63	1.00	0.16	3.13	1.17
including	673.40	677.45	2.74	1.53	0.25	4.00	1.77
and	684.12	685.30	0.80	3.64	0.08	12.07	3.72

(*) Ag values below detection were given a value half of the detection limit for the purposes of weighted averaging.

The four drill holes completed in 2013 on the Cardiac Creek deposit successfully achieved two exploration goals; the confirmation of geometry and continuity of the overall resource envelope and the refinement of knowledge and understanding of the high grade zone. Drill hole A-13-105 and A-13-107 were infill holes targeting extensions of the high grade zone. Both were very comparable to the surrounding pierce points. Drill hole A-13-106 and A-13-109 targeted the edges of the inferred resource in areas expected to represent a continuation of grade. The results successfully achieved this expectation. The new drill results from Cardiac Creek will be incorporated into a planned update for the geological and resource model.

Other Property Targets

In addition to the drilling conducted on the Cardiac Creek deposit, other property scale targets were tested with drilling in 2013. This includes the GPS Zone, the North Lead Anomaly, the South Zinc Anomaly and the SE Extension. A total of 5 drill holes were completed on these targets comprising 2,351.86 metres of drilling.

Drill holes A-13-101 and A-13-102 both tested the down dip extension of the GPS bedded barite showing at the GPS Zone. Earn Group lithologies and minor laminar bedded pyrite and nodular barite mineralisation were intersected in both holes. The Company is encouraged by the definitive presence of Earn Group lithologies at the GPS zone, which is shown to host laminated to SEDEX style mineralization characterized by bedded pyrite with barite of a style and character that is similar to mineralization associated with the Cardiac Creek deposit. Additional work is required to determine the potential of the GPS zone and the western Akie panel as a whole. The information generated from these two drill holes will also be used in conjunction with the 2012 VTEM data to assess the potential of the Pb-Tl +/-Zn, +/-Ag soil anomaly, defined during the 2013 exploration program, which is located along strike to the southeast of the GPS zone.

Drill hole A-13-103 tested the northwest end of the South Zinc Anomaly coincident with a VTEM anomaly identified in the 2012 VTEM survey. A relatively thick interval of Gunsteel Formation shale was intersected, however, no significant mineralization was observed within the Gunsteel Formation and nothing was identified that conclusively identifies the source of the South Zinc Anomaly. A narrow interval of pyritic mineralization at 252.50 metres was observed along the unconformable contact between the bioclastic limestone of the Kwadacha Reef and the underlying Road River Group siltstone. Assay results from this mineralization returned 0.50 metres of 0.4% Zn, 393.1 ppm Pb, 0.90% Ni and highly anomalous values of Mo, As, U, V, P, La, Cr, Hg, and Se. This mineralisation is consistent with that of the Nick style mineralisation observed in A-10-72.

To-date two drill holes have tested the large South Zinc Anomaly with inconclusive results. The presence of highly prospective Gunsteel Formation shale is encouraging but drill results to date have not fully explained the overlying soil anomaly. It is possible the source of zinc anomalism may be further up-slope on Hamburger Hill.

Drill hole A-13-104 tested the down-dip extension of mineralization encountered in A-10-68 and A-10-76. These holes each encountered thick (>125 metres) intervals of laminar to bedded pyrite mineralization interbedded with siliceous black shale of the Gunsteel Formation. This mineralization was variably anomalous in zinc with individual values greater than 2%.

Two large intervals of laminated to thickly bedded pyrite with nodular barite were intersected in hole A-13-104, interbedded with black siliceous Gunsteel shale. The upper interval consists primarily of laminated pyrite with nodular barite extending over 103.46 metres from 233.81 to 337.27 metres. This is underlain by a 13 metre interval of semi-massive laminar to bedded pyrite with barite extending to a depth of 350.23 metres. This upper interval of mineralization was completely unexpected, based on current understanding of the stratigraphy from neighbor holes.

The lower sequence of mineralization, and the primary exploration target, was intersected over 171.17 metres from 474.83 to 646.00 metres. This interval is characterized by laminar bedded pyrite with nodular barite interbedded with the Gunsteel shale. A more developed, proximal facies style of thickly bedded pyrite with lesser amounts of nodular barite was intersected within the larger interval; over 89.44 metres from 515.74 to 605.18 metres. Results include highly anomalous zinc enriched intervals from both the upper and lower sequences of mineralization. Both of these internal horizons contain higher grade intervals as well which are outlined in the table below.

The Company continues to be encouraged with the strong continuity (along strike and down-dip) and progressive development of mineralization present at the North Lead Anomaly in terms of style, character and its similarities to the Cardiac Creek deposit. The presence of an unexpected mineralized upper zone within the North Lead stratigraphy is also a positive indicator of the prospectivity of the North Lead Anomaly. The North Lead Anomaly continues to be a high priority target for the Company and future drill holes targeting both the down-dip and strike extents of known mineralization in hole A-10-76 and A-13-104 will be planned for upcoming exploration programs.

Drill Hole	From (m)	To (m)	Core Length (m)**	Zn (%)	Pb (ppm)	Ag (g/t)*	Zn+Pb (%)
A-13-104	287.60	362.88	75.28	**0.22**	**281**	**1.70**	**0.24**
including	321.20	333.93	12.73	**0.37**	**443**	**1.90**	**0.41**
and	474.83	651.30	176.47	**0.13**	**72**	**2.17**	**0.13**
including	520.30	574.25	53.95	**0.19**	**128**	**2.43**	**0.20**
Including	587.33	615.09	27.76	**0.19**	**98**	**1.81**	**0.19**
A-10-68ᵻ	490.04	614.62	124.58	0.17	Zn values up to 2.08%		
A-10-76ᵻ	614.78	742.45	127.67	0.11	Zn values up to 0.47%		

(*) Ag values below detection were given a value half of the detection limit for the purposes of weighted averaging.

(**) At this time a true width of these intervals are unknown

(ᵻ) Previously reported in 2010

The last hole of the 2013 drill program, A-13-110, tested the SE Extension and the down-dip extension of mineralisation encountered in A-96-22. Thin intervals of weakly developed mineralization were intersected at 291.04 and 306.78 metres consisting of nodular to laminar barite and faint but thickly bedded pyrite. This mineralization corresponded to a broad interval of zinc enrichment extending from 288.00 to 314.90 metres returning 0.11% Zn. With the discovery of a previously unknown thrust panel of Gunsteel Formation shale the Company will re-evaluate the drill holes in the immediate area to determine whether follow-up targets are warranted.

Akie Underground Development

In August 2011, the Company received an underground drill permit from the BC government for the Akie project which will facilitate advanced exploration of the Cardiac Creek deposit. Underground drilling is essentially unaffected by weather and will allow year-round operation. Planned development will initially be confined in the footwall of the deposit. Additional development would allow for a bulk ore sample to be taken providing data for pilot plant test work and marketability studies.

The underground drill permit is valid for a period of three years and is the main provincial permit required to build the surface and underground infrastructure required for a comprehensive diamond drill definition program on the Cardiac Creek deposit. The permit was originally issued with a duration date to December 2014 but by application in 2013 the Company has extended the duration date to December 2017.

The planned program is comprised of a first phase of 1,600 metres of underground development followed by 16,000 metres of underground diamond drilling, designed to upgrade the current 43-101 compliant resource to the measured and indicated category. Drill core from underground will be used in a systematic metallurgical sampling program intended to ensure metallurgical sampling across the full spectrum of the deposit. Underground development will also provide important engineering and geotechnical data for a second phase of exploration drilling and bulk sampling, and for future mine design.

The 2011 surface construction program included stripping of the planned underground portal site, preparation of the portal pad, construction of the waste rock dump site, and upgrade of the existing lower access road. The Company anticipates resuming surface work construction with an aim to collaring the underground portal. The Company continues to examine tender bids and costs associated with the planned underground exploration program. Engineering and environmental studies will continue as required to maintain permits in good standing.

Geochemical surveys

To better define the South Zinc soil anomaly and evaluate the eastern half of the Akie property, an extensive soil sampling program was executed during the 2013 exploration program with over 1,000 samples being collected. The results of this program have clearly defined the boundaries of the South Zinc anomaly, a prominent Zn-Pb soil anomaly measuring 2.25 kilometres long and 600 metres wide. The South Zinc anomaly is located to the southeast of the Cardiac Creek deposit on the eastern side of Silver Creek.

Several significant new soil anomalous trends have been identified, including a prominent linear silver anomaly downslope of the newly discovered Sitka showing on the Silver Creek grid, and a large multi-element Pb-Ag-Zn-Tl anomaly on the West Akie Grid.

Sitka Showing

Channel and grab sampling on and along-strike of the Sitka Showing has produced significant grade zinc-lead-silver-barite results indicative of a new SEDEX horizon on the eastern Akie Gunsteel thrust panel. Significant channel assay results to-date from Sitka sampling include 5.1% Zn over 0.7 metres from Channel 1, 1.9% Zn over 0.8 metres from Channel 5, and 0.9% Zn, 1.6% Pb & 4014 ppb Ag over 2.4 metres from Channel 3. Grab samples taken along strike of the main showing returned high grade zinc-lead values including 43.55% Zn and 48.95% Pb. The true width, strike extent and depth dimension of the Sitka showing is unknown due to poor exposure at the location.

The Sitka showing is associated with a strong, NW-SE trending open-ended Ag soil anomaly with values consistently exceeding 5,000 ppb and ranging up to 15,765 ppb. This anomaly is situated just below the Gunsteel Formation shale to Silurian siltstone/Kwadacha limestone contact and occurs along a SW facing slope. The anomaly currently measures 1.4 kilometres long and 300 metres wide and appears to be associated with another anomalous Ag trend located 1 kilometre along strike to the southeast. These anomalies are also associated with anomalous values of Zn, Pb, Tl, and Ba. Additional soil sampling, prospecting and mapping will be required to fully evaluate the Sitka showing and the associated soil anomaly.

KECHIKA REGIONAL PROJECT

In addition to the Akie property, the Company has 100% ownership of a large contiguous group of mineral claims that aggregate to a total of 10 properties that cover 68,000 hectares. The mineral claims stretch a distance of 140 km from the Pie property on the north boundary of the Akie property to the Thro property, near the northern reaches of the Gataga River. The properties cover the extent of the prospective Gunsteel Formation shale which is the known host of SEDEX mineralization in the Kechika Trough.

The southernmost project boundary is located approximately 260 kilometers north-northwest of the town of Mackenzie. The Kechika project includes several properties with significant historical drill intercepts, including the Mt. Alcock property which has yielded a drill intercept of 8.8 metres grading 9.3% Zn+Pb, numerous zinc-lead-barite occurrences, and several regional base metal anomalies. Historical drilling on the Bear-Spa property returned several drill intercepts of +10 metres grading 2.53 to 2.96% combined Zn+Pb and up to 20.6 g/t Ag. There has been no modern follow-up exploration on many of these properties.

On May 15th, 2012 the Company announced it had received a NI 43-101 compliant Technical Report entitled “NI 43-101 Technical Report on the Pie Property”, dated May 4, 2012 and authored by Tanya Strate, P.Geol., an independent qualified person for the purposes of NI 43-101. The Technical Report highlights the SEDEX Zn-Pb-Ag prospectivity of the property, documents the results of field work completed on the property in 2011, and makes recommendations for further work, including drill testing of several Zn-Pb-Ag mineralization targets. The technical report can be found on SEDAR (www.sedar.com).

On June 15th, 2012 the Company took receipt of a NI 43-101 compliant technical report entitled “NI 43-101 Technical Report on the Mt Alcock Property” dated May 31, 2012 and authored by Tanya Strate, P.Geol., an independent qualified person for the purposes of NI 43-101. Please refer to SEDAR (www.sedar.com) to review the report. The Technical Report highlights the history of previous exploration on the property since the 1970’s and identifies the prospectivity to host SEDEX Zn-Pb-Ag mineralization. The report documents the results of assessment work completed on the property in 2011, and makes recommendations for further work, including drill testing of the Main barite zone previously drill tested in 1989 and 1990. The property hosts several large soil geochemical anomalies that have never been drill tested and other Zn-Pb-Ag mineralization targets.

Airborne Geophysical Survey

In August 2012, the Company engaged Geotech Ltd. of Aurora, Ontario to complete a large-scale, 1,526 line kilometre airborne Versatile Time Domain EM (VTEM) geophysical survey over the Akie, Pie and Mt. Alcock properties. The primary goal of the survey was to obtain lithological and structural information near surface and at depth across the properties, as well as define geophysical responses for Gunsteel shale stratigraphy and the Cardiac Creek deposit. This is the first modern airborne geophysical survey undertaken on the Company’s mineral tenures.

The survey had a nominal line spacing of 200 metres but was tightened to 100 metre spacing over key areas of interest such as the Cardiac Creek deposit. The primary goal of the survey was to obtain lithological and structural information near surface and at depth across the three properties, as well as define a geophysical response directly from the Cardiac Creek deposit.

The results generated from the VTEM data indicate an excellent correlation between EM conductivity and mapped geological and structural features. The Devonian Gunsteel Formation black shale, known host to the mineralized occurrences in the belt, is easily identified as a conductive trend and can be traced across the Akie and Pie properties. Additionally, the interpreted western thrust panel of rocks, which have been tentatively assigned to the Gunsteel Formation, and which hosts the GPS barite showing, has a similar conductive trend and was also traceable across the two properties. Other key lithological units such as the Kechika Group siltstone and limestone of the Kwadacha Reef are also discernible by variation in conductivity and resistivity.

In 2013, the Company completed a VTEM airborne survey over the remainder of the Kechika Regional properties using Geotech Ltd. A total of 2,795 line kilometres were flown. The final dataset has now been received and is currently being reviewed. An interpretative report is planned for completion in early 2014.

Agreement with Teck and Korea Zinc

On September 6, 2013, the Company entered into the Agreement with Teck that that would see Teck acquire up to a 70% interest in the Company’s Pie, Cirque East and Yuen properties (the “Property”), three of the 10 regional properties that make up the Kechika Regional Project.

The Agreement outlines two options (the “Options”) that are subject to certain expenditure requirements as outlined below:

- Under the first Option, Teck can earn an undivided 51% interest in and to the Property by incurring a cumulative aggregate of $3,500,000 in exploration expenditures on the Property on or before September 30, 2017, with $500,000 in exploration expenditures to be completed on or before September 30, 2014 and $1,500,000 in cumulative exploration expenditures to be completed on or before September 30, 2015.

- Under the second Option, Teck may elect to acquire an additional 19% interest in the Property for a total of 70%, by incurring an additional $5,000,000 in exploration expenditures (for a total aggregate of $8,500,000 in exploration expenditures) on the Property on or before September 30, 2019.

Subject to one or more of the Options being exercised, Teck and the Company will form a joint venture to continue with exploration and, if warranted, development of the Property. Thereafter each party will fund its pro-rated share of exploration expenditures on the Property or incur dilution. If a party's Joint Venture interest is reduced below 10% then that party's interest will be converted to a 5% Net Profits Royalty interest in the Property.

Portions of the Property fall within the area of interest provisions of the Teck and Korea Zinc joint venture (the "T-KZ JV") on their adjoining Cirque property. Korea Zinc elected to include the Agreement under the T-KZ JV and delivered Notice of Participation in the Agreement to the Company in November of 2013. Teck and Korea Zinc each hold a 50% interest in the T-KZ JV and will share any interest which may be acquired under the Agreement.

Yuen North

The Company added additional mineral claims in early 2014 to its 100% owned Kechika Regional Project. The new property, designated Yuen North, lies between and is contiguous with the Mt. Alcock property to the north, and the Yuen Property to the south. The Yuen North property measures approximately 2,687 hectares and extends claim coverage over an inferred western panel of Gunsteel Formation shale by a strike length of approximately 5 kilometres. The interpreted western panel is along strike of Teck's Cirque deposit located approximately 14 kilometres to the southeast.

Historical work on the property includes detailed geological mapping and rock and soil sampling. Mapping has identified the prospective Gunsteel Formation shale in two thrust panels that is host to numerous barite showings. Soil sampling demonstrated that these showings are coincident with several linear barium-lead ± zinc anomalies over a strike length of approximately 4 kilometres.

The Yuen North area was coincidently flown this summer by the Company as part of its 2013 VTEM Airborne Geophysical Survey. Preliminary examination of the data shows several strong parallel linear conductive trends similar to the distinctive EM signature of the Gunsteel Formation shale known from the Akie and Pie properties. The conductive trends connect the Yuen property to the Mt Alcock property, adding a collective 15 kilometres of strike extent of the prospective western panel of interpreted Gunsteel Formation shale.

The Yuen North property is a natural addition to the Company's Kechika Regional Project with favorable geology and positive historical geochemical survey results coupled with conductive trends from the current VTEM geophysical survey data. The Company is examining all historical data and planning follow-up sampling and mapping.

2014 Exploration Program

The Company is actively planning the 2014 summer exploration program. Tentative plans include airborne gravity survey, additional drilling on the Cardiac Creek deposit, and mapping and geochemical sampling on select Akie and Kechika regional targets. The program is anticipated to commence in June 2014.

Summary of exploration expenditures incurred on various properties:

	Akie Property	Kechika Regional	Total
Acquisition Costs:			
Balance, June 30, 2012	$ 24,175,329	$ 330,343	$ 24,505,672
Additions	–	91	91
Balance, June 30, 2013	24,175,329	330,434	24,505,763
Additions	–	6,351	6,351
Balance, March 31, 2014	**$ 24,175,329**	**$ 336,785**	**$ 24,512,114**
Deferred exploration costs:			
Balance, June 30, 2012	$ 34,088,951	$ 3,049,287	$ **37,138,238**
Airborne survey	80,109	506,216	586,325
Camp equipment, depreciation	76,249	–	76,249
Camp operating	131,900	133,755	265,655
Drilling	30,459	–	30,459
Geology	194,779	87,739	282,518
Geotechnical program	2,244	–	2,244
Underground development	25,580	–	25,580
Community consultations	200,000	–	200,000
Environmental studies	202,364	–	202,364
Less:			
METC	(270,018)	–	(270,018)
Balance, June 30, 2013	34,762,617	3,776,997	**38,539,614**
Airborne survey	–	189,491	189,491
Camp equipment, reclassification	(36,087)	–	(36,087)
Camp equipment, depreciation (Note 8)	83,356	–	83,356
Drilling	1,932,242	446,834	2,379,076
Geology	28,143	20,473	48,616
Community consultations	221,634	–	221,634
Environmental studies and permit compliance monitoring	89,477	–	89,477
Less:			
METC	(170,349)	–	(170,349)
Balance, March 31, 2014	**$ 36,911,033**	**$ 4,433,795**	**$ 41,344,828**
Total June 30, 2012	$ 58,264,280	$ 3,379,630	$ 61,643,910
Total June 30, 2013	$ 58,937,946	$ 4,107,431	$ 63,045,377
Total March 31, 2014	**$ 61,086,362**	**$ 4,770,580**	**$ 65,856,942**

1.3 Selected Annual Information

The following is a summary of certain financial information concerning the Company for each of the last three most recently completed financial years.

		Years ended				
		2013		2012		2011
		(IFRS)		(IFRS)		(IFRS)
Interest and other income	$	197,038	$	241,234	$	249,033
Net Loss	$	(1,861,866)	$	(1,590,656)	$	(3,064,185)
Loss per share		($0.02)		($0.01)		($0.03)
Total assets	$	78,868,023	$	78,271,595	$	81,527,157
Total long term liabilities	$	1,761,000	$	1,466,000	$	1,413,000
Cash dividends declared per share for each class of share	$	Nil	$	Nil	$	Nil

1.4 Results of Operations

Nine Months Ended March 31, 2014 and 2013

The following is a discussion of the financial condition, changes in financial condition and results of operations of the Company for the nine months ended March 31, 2014 and 2013.

During the nine months ended March 31, 2014, the Company reported a loss before comprehensive loss of $1,353,012 or $0.009 per share compared to a loss before comprehensive loss of $1,200,775 or $0.009 per share during the same period in fiscal 2013, an increase in net loss of $152,237. The increase in net loss was primarily due to share-based compensation recorded for 1,740,000 stock options granted to directors, officers, and employees of the Company in December 2013, offset by decreases in investor relations, travel and promotion expenses and bonuses.

The Company's consolidated net loss for the nine months ended March 31, 2014, not factoring in non-cash transactions of share-based compensation expense, depreciation of office equipment and leasehold improvements, loss on sale of marketable securities and deferred income tax recovery of flow-through liabilities, was $974,112 (2013 - $1,119,294), a decrease of $145,182.

<u>Interest income</u>

Total interest income for the nine months ended March 31, 2014 was $143,488 compared to $143,592 in the same period last year. The Company earns interest on its bank treasury account and reclamation bonds, which are deposited in guaranteed investment certificates through a financial institution.

<u>Other income</u>

During the nine months ended March 31, 2014, the Company earned administration fees of $18,760 (2013 - $Nil) for conducting exploration activities on behalf of third parties. In addition, after completing 4,000 metres of drilling during the 2013 exploration program, the Company recovered its exploration drilling advance of $61,905 paid as a standby fee in 2012.

General and administration expenses

Total general and administration expenses increased by $495,628 primarily due to increases in consulting fees of $17,429, flow-through taxes of $15,952, office and miscellaneous of $13,549, regulatory fees of $4,612, rent of $23,060, share-based compensation expense of $559,381 and wages and benefits of $68,573, offset by decreases in bonuses of $14,094, investor relations fees of $151,742, professional fees of $2,343 and travel and promotion of $40,602.

During the nine months ended March 31, 2014, the Company paid a bonus of $48,906 (2013 - $63,000) to a company with two common directors.

During the nine months ended March 31, 2014, the Company accrued $15,952 in flow-through Part XII.6 tax (2013 - $Nil). The tax liability resulted from a "look-back" renunciation of qualifying exploration expenditures to the flow-through share subscribers in connection with the November 2012 private placement. As at March 31, 2014, the Company incurred the required exploration expenditures of $3,000,000, and paid a total of $74,670 in flow-through Part XII.6 tax.

The increase in rent was due to rental costs for external storage of drilling samples and rent of geologists' office. These costs were treated as operating costs during the current period instead of being capitalized in exploration and evaluation assets in the past. The rent of corporate office remained unchanged at $5,000 per month.

The increase in wages and benefits during the current period resulted from lower salary expenses in fiscal 2013 due to a temporary reduction in the Company's staffing.

The Company recognizes compensation expense for all stock options granted, using the fair value based method of accounting and any cash paid on the exercise of stock options is added to the stated value of common shares. During the nine months ended March 31, 2014, 1,740,000 stock options were granted to directors, officers, employees and consultants of the Company, exercisable for a period of 10 years, at a price of $0.39 per share. The Company recorded share-based compensation expense of $596,275 (2013 –$36,894) on the vested portion of the options granted. There were no stock options granted by the Company in the comparative nine month period in fiscal 2013.

The decrease in investor relations fees was due to decreased investor relation activities in Europe.

The decrease in travel and promotion expenses was primarily due to lower travel expenses incurred during the period. The higher travel expenses in fiscal 2013 resulted from the Company's senior management trip to a mining conference in London in December of 2012 and European road show conducted for existing and potential investors.

Three Months Ended March 31, 2014 and 2013

During the three months ended March 31, 2014, the Company reported a loss before comprehensive loss of $450,154 or $0.003 per share compared to a loss before comprehensive loss of $423,693 or $0.003 per share during the same period in fiscal 2013, an increase in net loss of $26,461. The increase in net loss was primarily due to increases in general and administration expenses of $19,883 and increase in loss on sale of marketable securities of $12,649.

Total general and administration expenses increased by $19,883 primarily due to increases in bonuses of $22,005, consulting fees of $16,900, rent of $7,895, share-based compensation expense of $37,445, transfer agent fees of $1,202, travel and promotion of $18,296 and wages and benefits of $19,173, offset by decreases in investor relations fees of $95,437 and professional fees of $9,009.

The increase in bonuses was due to the bonus of $22,005 (2013 - $Nil) paid to a company with two common directors per bonus arrangements approved by the Board of Directors.

The increase in consulting fees was due to a corporate advisory fee of $16,000 paid to an agent in connection with the February 2014 flow-through private placement of 1,739,630 common shares.

The increase in rent was due to rental costs for external storage of drilling samples and rent of geologists' office.

The increase in travel and promotion was primarily due to the trade shows related expenses, which also included a portion of consulting fees paid to VP of Exploration of the Company.

The increase in transfer agent fees was due to transfer agent and shareholder services provided in connection with the private placements completed in February 2014.

1.5 Summary of Quarterly Results

The following is a summary of certain consolidated financial information concerning the Company for each of the last eight reported quarters:

Quarter ended	Interest income and other income	Net loss before comprehensive loss	Loss per share
March 31, 2014	$ 54,458	$ (450,154)	$ (0.00)
December 31, 2013	104,768	(826,475)	(0.00)
September 30, 2013	65,729	(76,383)	(0.00)
June 30, 2013	53,446	(661,091)	(0.01)
March 31, 2013	48,894	(423,693)	(0.01)
December 31, 2012	46,710	(412,584)	(0.00)
September 30, 2012	47,988	(364,498)	(0.00)
June 30, 2012	54,178	(531,016)	(0.01)

The increase in loss for the quarter ended December 31, 2013 was primarily due to share-based compensation expense of $548,100 recorded for the 1,740,000 stock options granted to directors, officers, employees and consultants of the Company during the period.

The decrease in loss for the quarter ended September 30, 2013 was primarily due to deferred income tax recovery of $245,579 as a result of amortization of the flow-through premium liability, which arose in connection with the flow-through private placement of the Company completed in November 2012.

The increase in loss for the quarter ended June 30, 2013 was primarily due to deferred income tax expense of $233,993.

The increase in loss for the quarter ended June 30, 2012 was due to a loss on non-recoverable exploration advances of $93,072 and deferred income tax expense of $53,000.

1.6/1.7 Liquidity and Capital Resources

The Company reported working capital of $12,850,410 at March 31, 2014 compared to working capital of $14,625,726 at June 30, 2013, representing a decrease in working capital of $1,775,316. The decrease in working capital was a result of exploration and evaluation and general administrative expenditures offset by proceeds from the financings completed by the Company during the period. Net cash decreased by $645,770 from $13,028,707 at June 30, 2013 to $12,382,937 at March 31, 2014.

During the nine months ended March 31, 2014, the Company utilized its cash and cash equivalents as follows:

(a) $321,675 was used in operating activities, consisting primarily of general and administrative expenditures and changes in non-cash items;
(b) the Company received the mineral exploration tax credit ("METC") refund of $740,349 for its fiscal year ended June 30, 2012;
(c) $2,999,224 was used for exploration of mineral resource properties and $37,057 was used for acquisition of equipment and camp upgrades;
(d) $83,890 was used for the purchase of marketable securities and $41,550 was generated on sale of marketable securities;
(e) $19,740 was used for the purchase of 49,500 common shares of the Company at a weighted average price of $0.21 per share under the Normal Course Issuer Bid ("NCIB"), which commenced on July 31, 2009 and was subsequently extended in August 2010, 2011, 2012 and 2013;
(f) $2,350,787 was received from the private placements net of finders' fees and regulatory filing fees of $94,540; and
(g) $400,050 was received from exercise of 1,355,000 share options at a weighted average price of $0.30 per share.

The Company is engaging in a NCIB because it believes that the market price of its common shares at times does not properly reflect the underlying value of the Company. The purpose of the bid is to reduce dilution of the Company's shares and to enhance the potential future value of the common shares which remain outstanding, thus increasing long term shareholder value. Purchases connected with this bid will be conducted through Canaccord Genuity Corp.'s offices in Vancouver. The Company will pay the market price of the common shares at the time of acquisition and will not purchase more than 2% of the total issued and outstanding common shares within any 30 day period.

During the nine months ended March 31, 2014, the Company completed the following financings:

(i) September 2013 - a private placement, in connection with the Agreement with Teck, issuing to Teck 1,250,000 units of the Company at a price of $0.40 per unit, resulting in a total subscription of $500,000. Each unit consisted of one common share and one share purchase warrant that will entitle Teck to purchase one additional common share of the Company within 24 months at a price of $0.40 per share. The Company paid $3,250 in regulatory filing fees in connection with the private placement;

(ii) December 2013 - a flow-through private placement of 2,112,600 shares at a price of $0.40 per common share for gross proceeds of $845,040. The Company paid a finder's fee of $33,802 and incurred regulatory filing fees and other expenses of $6,075 in connection with the private placement;

(iii) February 2014 - a flow-through private placement of 1,739,630 shares at a price of $0.575 per common share for gross proceeds of $1,000,287. The Company paid a finder's fee of $40,011 and incurred regulatory filing fees and other expenses of $6,052 in connection with the private placement; and

(iv) February 2014 - a non flow-through private placement of 200,000 units at a price of $0.50 per unit for gross proceeds of $100,000. Each unit consists of one common share and one-half share purchase warrant of the Company. Each whole warrant will entitle the holder to purchase one additional common share at a price of $0.75 for a period of 18 months from closing. The Company paid a finder's fee of $4,000 and incurred regulatory filing fees and other expenses of $1,350 in connection with the private placement.

Current assets excluding cash as at March 31, 2014 include receivables of $39,040, which consisted of HST recoverable of $29,576, interest receivable on security deposits of $3,623 and other receivables of $5,841, recoverable mineral exploration tax credits ("METC") of $296,846, prepaid expenses of $9,706 and marketable securities with a fair market value of $366,944. Current assets excluding cash as at June 30, 2013 include receivables of $42,809, which consisted of HST recoverable of $42,210, interest receivable on short-term investments of $539 and other receivables of $60, recoverable mineral exploration tax credits ("METC") of $826,103, prepaid expenses of $10,255 and marketable securities with a fair market value of $1,078,980.

The Company applied for the 20% BC METC and the enhanced tax credit of an additional 10% for Mountain Pine Beetle affected areas, on qualified mining exploration costs incurred by the Company in fiscal 2013. The METC application for $296,846 is pending assessment by Canada Revenue Agency.

Current liabilities as at March 31, 2014 consisted of trade payables and accrued liabilities of $244,837, mainly consisting of exploration invoices, amounts due to related parties of $226 and flow-through premium liability recorded in connection with the flow-through private placements of $257,228. The flow-through premium liability does not represent a cash liability to the Company and will be fully amortized to the statement operations and comprehensive loss once the Company incurs $1,845,327 in exploration expenditures qualifying for the flow-through program. Current liabilities as at June 30, 2013 consisted of trade payables and accrued liabilities of $342,818, amounts due to related parties of $18,310 and flow-through premium liability of $276,493.

The other sources of funds potentially available to the Company are through the exercise of outstanding stock options and share purchase warrants. See Item 1.15 – Other Requirements – Summary of Outstanding Share Data. There can be no assurance, whatsoever, that any or all of these outstanding exercisable securities will be exercised.

The Company has and may continue to have capital requirements in excess of its currently available resources. In the event the Company's plans change, its assumptions change or prove inaccurate, or its capital resources in addition to projected cash flow, if any, prove to be insufficient to fund its future operations, the Company may be required to seek additional financing. Although the Company has been successful in raising the above funds, there can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future.

The Company's overall success will be affected by its current or future business activities. The Company is currently in the process of acquiring and exploring its interests in resource properties and has not yet determined whether these properties contain mineral deposits that are economically recoverable. The continued operations of the Company and the recoverability of expenditures incurred in these resource properties are dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, obtaining necessary financing to explore and develop the properties, and upon future profitable production or proceeds from disposition of the resource properties.

The Company is exposed in varying degrees to a variety of financial instrument related risks.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank deposits of $12,382,937. As all bank accounts are held with a major bank in Canada, there is a concentration of credit risk with one bank in Canada. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies.

The Company's secondary exposure to credit risk is on its receivables. This risk is minimal as receivables consist primarily of refundable government sales taxes, exploration tax credits and interest accrued on GIC investments.

Liquidity Risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash and cash equivalents. As at March 31, 2014, the Company was holding cash deposits of $12,382,937 sufficient to settle its current cash liabilities of $245,063. Management believes it has sufficient funds to meet its current obligations as they become due and to fund its exploration projects and administrative costs.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant and the Company, as all other companies in its industry, has exposure to these risks.

Interest Rate Risk

The Company is exposed to interest rate risk as its bank treasury account earns interest income at variable rate of prime less 1.5%.

Currency Risk

The Company operates in Canada and is therefore not exposed to significant foreign exchange risk arising from transactions denominated in a foreign currency.

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors certain commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

The Company also maintains investments in certain marketable securities. There can be no assurance that the Company can exit these positions if required, resulting in proceeds approximating the carrying value of these securities.

1.8 Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

1.9 Transactions with Related Parties

The remuneration of directors and other key management personnel during the period ended March 31, 2014 and 2013 were as follows:

Nine months ended March 31,		2014		2013
Bonuses (b)	$	48,906	$	63,000
Consulting fees (c)		11,250		11,250
Directors fees (d)		37,500		37,500
Geological consulting (e)		105,012		105,012
Management and administration (a)		265,500		265,500
Share-based payments (f)		383,899		36,894
Total	$	852,067	$	519,156

(a) On May 1, 2007, the Company entered into a management and administrative agreement with Varshney Capital Corp. (“VCC”), a company with two common directors, Peeyush Varshney and Praveen Varshney, whereby the Company agreed to pay management and administrative fees of $12,500 and $5,000 per month, respectively. The agreement was amended to increase the monthly management fee to $24,500 effective July 1, 2011, and to $29,500 effective May 1, 2014.

During the nine months ended March 31, 2014, the Company paid or accrued $220,500 (2013 – $220,500) for management fees and $45,000 (2013 – $45,000) for administrative fees to VCC;

(b) the Company paid bonuses of $48,906 (2013 - $63,000) to VCC;

(c) the Company paid consulting fees of $11,250 (2013 - $11,250) to Sircon AG, a company controlled by director of the Company, Marco Strub;

(d) the Company paid $37,500 (2013 - $37,500) in directors fees to five directors of the Company including Henry Giegerich, John Thomas, Marco Strub, Peeyush Varshney and Praveen Varshney;

(e) the Company paid or accrued geological consulting fees of $105,012 (2013 - $105,012) that were partially recorded in exploration and evaluation costs, and $2,000 bonus to Ridgeview Resources Ltd., a company controlled by VP of Exploration of the Company, Ken MacDonald; and

(f) the Company granted an aggregate of 1,150,000 stock options to directors and officers of the company, exercisable for a period of 10 years, at a price of $0.39 per share. Share-based payments are the fair value of options that have been granted to directors and executive officers and the related compensation expense recognized over the vesting periods.

During the nine months ended March 31, 2014, 620,000 share options were exercised by the CEO and CFO of the Company at an average price of $0.25 per share for total proceeds of $155,000.

As at March 31, 2014, $226 (June 30, 2013 - $18,310) was due to a director of the Company for reimbursement of business expenses. The amount was paid subsequent to March 31, 2014.

1.10 Fourth Quarter

The Company is actively planning the 2014 summer exploration program, which will include additional drilling on the Cardiac Creek deposit and mapping and geochemical sampling on select Akie and Kechika Regional targets.

1.11 Proposed Transactions

The Company does not have any proposed transactions as at March 31, 2014 other than as disclosed elsewhere in this document.

1.12 Critical Accounting Estimates

The Company does not have any off-balance sheet arrangements as at March 31, 2014.

1.13 Changes in Accounting Policies including Initial Adoption

The financial information presented in this MD&A has been prepared in accordance with International Financial Reporting Standards. Our significant accounting policies are set out in Note 2 of the audited consolidated financial statements of the Company, as at and for the year ended June 30, 2013.

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial, except for the adoption of new standards and interpretations effective as of July 1, 2013. The new standards and amendments are disclosed in detail in Note 2 of the condensed consolidated interim financial statements for the nine months ended March 31, 2014. These include IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interest in Other Entities and IFRS 13 Fair Value Measurement. The adoption of these standards and amendments had no impact on the financial statements of the Company. However, it may result in additional disclosures in the annual consolidated financial statements for the year ended June 30, 2014.

1.14 Financial Instruments and Other Instruments

The Company's financial instruments as at March 31, 2014 were as follows:

	Loans & receivables	*Available for sale*	*Fair Value through Profit or Loss*	*Other financial liabilities*
Financial assets				
Cash and cash equivalents	$ –	$ –	$ 12,382,937	$ –
Receivables	9,464	–	–	–
Marketable securities	–	366,934	–	–
Financial liabilities				
Trade payables and accrued liabilities	–	–	–	244,837
Due to related parties	–	–	–	226
	$ 9,464	$ 366,934	$ 12,382,937	$ 245,063

Unless otherwise disclosed their carrying values approximate their fair values due to the short term nature of these instruments. Please also see Note 14 of the condensed consolidated interim financial statements of the Company for the nine months ended March 31, 2014.

1.15 Other Requirements

Summary of outstanding share data as at May 29, 2014:

(1) Authorized: Unlimited common shares without par value

Issued and outstanding:	148,956,368
Less treasury shares:	(82,500)

(2)	Stock options outstanding:	7,407,500
(3)	Warrants	5,000,000

Additional disclosures pertaining to the Company's technical report, management information circulars, material change reports, press releases and other information are available on the SEDAR website at www.sedar.com.

On behalf of the Board of Directors, thank you for your continued support.

"Peeyush Varshney"

Peeyush Varshney
Director
May 29, 2014