CANADA ZINC METALS CORP.

(Formerly Mantle Resources Inc.)

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NINE MONTHS ENDED MARCH 31, 2009 and 2008
(UNAUDITED – PREPARED BY MANAGEMENT)

CANADA ZINC METALS CORP.
(Formerly Mantle Resources Inc.)

NOTICE OF NO AUDITOR REVIEW OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim consolidated 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 interim consolidated financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company.

The Company's independent auditors have not performed a review of these interim consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim consolidated financial statements by an entity's auditors.

May 8, 2009

CANADA ZINC METALS CORP.
(Formerly Mantle Resources Inc.)

CONSOLIDATED INTERIM BALANCE SHEETS
AS AT MARCH 31, 2009 AND JUNE 30, 2008
(UNAUDITED – PREPARED BY MANAGEMENT)

		March 31, 2009 (unaudited)		June 30, 2008 (audited)
ASSETS				
Current				
Cash	**$**	**1,972,063**	$	4,313,889
Receivables (Note 2)		**1,248,060**		281,628
Subscription receivables (Note 3(b))		**4,887,500**		–
Deferred financing costs (Note 4)		**29,625**		–
Due from related parties (Note 6(c), (d))		**51,000**		50,000
Prepaid expenses		**75,360**		354,629
		8,263,608		5,000,146
Other Assets		**85,000**		85,000
Equipment and leasehold improvements		**8,169**		11,085
Resource properties (Note 2)		**49,784,513**		43,958,327
	$	**58,141,290**	$	49,054,558
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities	**$**	**285,179**	$	2,043,763
Due to related parties (Note 6(b))		–		956
		285,179		2,044,719
Future income taxes		**102,589**		102,589
Shareholders' equity				
Capital stock (Note 3(a))		**61,067,069**		54,356,255
Common stock subscribed (Note 3(b))		**4,887,500**		–
Contributed Surplus (Note 3(a))		**8,340,481**		7,252,237
Deficit		**(16,541,528)**		(14,701,242)
		57,753,522		46,907,250
	$	**58,141,290**	$	49,054,558

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

CANADA ZINC METALS CORP.
(Formerly Mantle Resources Inc.)

CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS AND DEFICIT
FOR THE NINE MONTHS ENDED MARCH 31, 2009 AND 2008
(UNAUDITED – PREPARED BY MANAGEMENT)

	Three months ended March 31, 2009	Three months ended March 31, 2008	Nine months ended March 31, 2009	Nine months ended March 31, 2008
ADMINISTRATION EXPENSES				
Administration	**$ 15,000**	$ 15,000	**$ 45,000**	$ 45,000
Amortization	**960**	1,106	**2,916**	2,432
Bank charges	**537**	911	**1,714**	2,973
Consulting	**–**	160,155	**2,500**	176,875
Flow-through taxes	**–**	30,368	**–**	30,368
Investor Relations (recovery)	**321**	(122,609)	**23,542**	79,528
Management fees	**37,500**	37,500	**112,500**	112,500
Office and miscellaneous	**8,285**	26,087	**41,489**	44,429
Professional fees (recovery)	**(1,472)**	10,867	**35,869**	54,715
Regulatory fees	**5,780**	12,105	**12,040**	25,265
Rent	**15,082**	15,074	**44,362**	44,888
Stock-based compensation	**47,763**	1,402,891	**1,088,244**	3,222,271
Transfer agent fees	**1,940**	2,602	**9,756**	15,450
Travel and promotion	**9,709**	81,074	**72,719**	144,451
Wages and benefits	**135,838**	115,960	**375,663**	274,837
Loss before other items	**(277,243)**	(1,789,091)	**(1,868,314)**	(4,275,982)
OTHER ITEMS				
Interest income	**12,038**	52,147	**48,650**	239,603
Write-off of mineral properties (Note 2)	**(20,622)**	–	**(20,622)**	–
	(8,584)	52,147	**28,028**	239,603
Loss for the period	**(285,827)**	(1,736,944)	**(1,840,286)**	(4,036,379)
Deficit, beginning of period	**(16,255,701)**	(13,848,898)	**(14,701,242)**	(11,549,463)
Deficit, end of period	**$(16,541,528)**	$(15,585,842)	**$(16,541,528)**	$(15,585,842)
Basic and diluted loss per share	**$ (0.00)**	$ (0.03)	**$ (0.02)**	$ (0.06)
Weighted average number of shares outstanding	**76,968,914**	69,095,530	**74,246,779**	67,560,557

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

CANADA ZINC METALS CORP.
(Formerly Mantle Resources Inc.)

CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED MARCH 31, 2009 AND 2008
(UNAUDITED – PREPARED BY MANAGEMENT)

	Three months ended March 31,		Nine months ended March 31,	
	2009	2008	**2009**	2008
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period	**$ (285,827)**	$ (1,736,944)	**$ (1,840,286)**	$ (4,036,379)
Items not affecting cash:				
Amortization	**960**	1,106	**2,916**	2,432
Stock-based compensation	**47,763**	1,402,891	**1,088,244**	3,222,271
Write-off of mineral properties (Note 2)	**20,622**	–	**20,622**	–
Changes in non-cash working capital items:				
(Increase) decrease in receivables	**211,002**	(100,477)	**188,795**	(261,821)
Decrease in prepaid expenses	**(360)**	203	**(360)**	3,073
Decrease (increase) in accounts payable and accrued liabilities	**24,330**	199,074	**(50,610)**	(639,374)
Decrease in due to/ from related parties	**11,351**	–	**(1,956)**	(50,000)
Cash used in operating activities	**29,841**	(234,147)	**(592,635)**	(1,759,798)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of equipment	–	(3,537)	**–**	(5,826)
Resource property costs	**(283,598)**	(1,454,260)	**(8,430,380)**	(10,270,050)
Cash used in investing activities	**(283,598)**	(1,457,797)	**(8,430,380)**	(10,275,876)
CASH FLOWS FROM FINANCING ACTIVITIES				
Issuance of capital stock, net of issuance costs	–	67,413	**6,710,814**	9,116,613
Deferred financing costs (Note 4)	**(29,625)**	–	**(29,625)**	–
Cash provided by financing activities	**(29,625)**	67,413	**6,681,189**	9,116,613
Change in cash and cash equivalents during the period	**(283,382)**	(1,624,531)	**(2,341,826)**	(2,919,061)
Cash and cash equivalents, beginning of period	**2,255,445**	7,854,151	**4,313,889**	9,148,681
Cash and cash equivalents, end of period	**$ 1,972,063**	$ 6,229,620	**$ 1,972,063**	$ 6,229,620
Cash and cash equivalents				
Cash	**$ 137,063**	$ 114,260	**$ 137,063**	$ 114,260
Guaranteed Investment Certificate	**$ 1,835,000**	$ 6,115,000	**$ 1,835,000**	$ 6,115,000

Supplemental disclosure with respect to cash flows (Note 5)

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

1. BASIS OF PRESENTATION

These consolidated interim financial statements have been prepared using Canadian generally accepted accounting principles (Canadian GAAP). The consolidated interim financial statements include normal recurring adjustments, which in management's opinion, are necessary for a fair presentation of the financial results of the interim period presented.

The disclosures in these statements do not conform in all aspects to the requirements of Canadian GAAP for annual financial statements. These statements follow the same accounting policies and methods of their application as the most recent annual financial statements. These statements should be read in conjunction with the Company's June 30, 2008 consolidated financial statements and notes thereto.

2. RESOURCE PROPERTIES

Summary of expenditure incurred on various properties during the period ended March 31, 2009:

	Akie Property	DA	Kechika Regional	Total
Acquisition Costs:				
Balance, June 30, 2008	$ 24,174,119	$ 71,535	$ 346,740	$ 24,592,394
Additions	–	–	737	737
Write-off	(790)	–	(19,832)	(20,622)
Balance, March 31, 2009	24,173,329	71,535	327,645	24,572,509
Deferred Exploration Costs:				
Balance, June 30, 2008	19,053,980	150,025	161,928	19,365,933
Additions:				
Geological Consulting	800,249	–	346,996	1,147,245
Drilling	4,137,150	–	–	4,137,150
Environmental studies	455,008	–	–	455,008
Road construction	1,068,307	–	193,588	1,261,895
Mining exploration tax credit	(1,155,227)	–	–	(1,155,227)
Balance, March 31, 2009	24,359,467	150,025	702,512	25,212,004
March 31, 2009	**$ 48,532,796**	**$ 221,560**	**$ 1,030,157**	**$ 49,784,513**

Title to resource properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many resource properties. The Company has investigated title to all of its resource properties and, to the best of its knowledge, title to all of its properties are in good standing.

The Company has qualified for the 20% British Columbia Mining Exploration Tax Credit ("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. As at March 31, 2009, the Company recorded total METC of $1,155,227 (June 30, 2008 - $Nil) in accounts receivable.

2. RESOURCE PROPERTIES (cont'd…)

DA Property, Northwest Territories

The Company holds an 8.2% interest, subject to a 5% gross overriding royalty ("GOR") on diamonds, a 5% net smelter returns ("NSR") royalty on other minerals, and a 10% net profits interest ("NPI"), in certain mineral claims located in the Northwest Territories. Pursuant to an amended and restated Mineral Property Option Agreement, dated August 30, 1998, the Company has the option to reduce the GOR and NSR interests to 2.25% and 2%, respectively, and eliminate entirely the NPI by completing certain share issuances and cash payments to the original property owner within 90 days of a production decision.

Akie Property, British Columbia

The Company owns a 100% interest in the Akie property, which resulted from Company expenditures and the acquisition of Ecstall Mining Corporation.

Kechika Regional, British Columbia

During fiscal 2007, the Company acquired the following properties pursuant to the acquisition of Ecstall Mining Corporation:

- Kechika South Properties, Omineca Mining Division. The Company owns a 100% interest in two properties,
- Kechika North Properties, Liard Mining Division. The Company owns 100% interest in three properties of which, certain claims are subject to a 0.5% net smelter royalty.

On May 8, 2007, the Company entered into an agreement with Dwayne Edward Kress pursuant to which the Company has acquired a 100% interest in twenty four mineral claims located in the Kechika mining division of British Columbia. As consideration for the claims, the Company paid $5,000 in cash and issued 20,000 common shares of the Company.

On May 28, 2007, the Company entered into an agreement with 747080 B.C. Ltd and David Heyman pursuant to which the Company has acquired a 100% interest in eight mineral claims located in the Kechika mining division of British Columbia. As consideration for the claims, the Company paid $20,000 in cash.

During the year ended June 30, 2008, the Company terminated its option agreement with Megastar Development Corporation ("Megastar") and, as a result of an "Area of Mutual Interest" clause in the option agreement, transferred over to Megastar 10 mineral claims, totalling 3,651 hectares, including four mineral tenures purchased from Dwayne Edward Kress, 747080 B.C. Ltd and David Heyman. During the period ended March 31, 2009, the Company wrote-off related capitalized acquisition costs of $8,326 incurred on the transferred properties.

On April 30, 2008, the Company entered into an agreement with Jesse Otto pursuant to which the Company has acquired a 100% interest in six mineral claims located in the Kechika mining division of British Columbia. As consideration for the claims, the Company paid $10,500 in cash. During the period ended March 31, 2009, the Company decided not to proceed with exploration of the area covered by these claims, forfeited six mineral tenures, encompassing 666 hectares, and wrote-off all related capitalized acquisition costs of $12,296.

Mt. Alcock Property, British Columbia

The Company owns a 100% interest subject to a 1.0 % NSR, in the Mt. Alcock property. The Company paid $75,000 and issued 100,000 shares on October 20, 2006 and issued 100,000 shares on July 6, 2007.

West Range Property, British Columbia

The Company owns a 100% interest in the West Range property which was earned by making a $10,000 payment.

3. CAPITAL STOCK

(a) Authorized and issued

	Number of Shares		Amount	Contributed Surplus
Authorized Unlimited common shares without par value				
Balance, June 30, 2008	69,105,118	$	54,356,255	$ 7,252,237
Private placements	7,863,778		7,077,400	–
Rounding adjustment	18		–	–
Share issuance costs	–		(366,586)	–
Stock based compensation	–		–	1,088,244
Balance, March 31, 2009	76,968,914	$	61,067,069	$ 8,340,481

During the period ended March 31, 2009, the Company completed a non-brokered private placement of 7,863,778 flow-through shares at a price of $0.90 per share for total gross proceeds of $7,077,400. An aggregate of $330,920 was paid as finders' fees and another $35,666 was paid in regulatory costs on this private placement.

During the period ended March 31, 2009, the Company issued 18 common shares to be held in a trustee account to correct actual entitlements of shares. The difference was a result of fractional rounding accumulated from exchanges processed for previous capital consolidations.

(b) Common stock subscribed and subscription receivable

During the period ended March 31, 2009, the Company has entered into a financing arrangement with Tongling Nonferrous Metals Group Holdings Co. Ltd. ("Tongling") pursuant to which Tongling will purchase units equal to a 13% equity position in the Company. Tongling has subscribed, by way of a non-brokered private placement, for 11,500,000 units of the Company at a price of $0.425 per unit for gross proceeds of $4,887,500. Each unit consists of one common share and one half of a common share purchase warrant. Each whole warrant shall entitle the purchaser to purchase, at any time within 24 months from closing, one common share of the Company at a price of $0.60 during the first year and at a price of $0.80 during the second year.

Tongling Nonferrous Metals Group Holdings Co. Ltd., based in Tongling, Anhui, is a state-owned holding company, and one of China's largest copper smelting companies. Tongling's principal activities are exploration, mining, ore processing, smelting & refining and products processing of copper, lead, zinc, gold, silver and other non-ferrous and rare metals.

The proceeds of the private placement will be used to fund further exploration and advancement of the Company's SEDEX zinc-lead properties and for working capital purposes.

On March 13, 2009 the proposed financing was conditionally accepted by the TSX Venture Exchange. The final acceptance is subject to receiving the necessary approvals of the relevant Chinese regulatory departments and the TSX Venture Exchange.

As at March 31, 2009, the Company recorded $4,887,500 in subscription receivable from this financing.

3. CAPITAL STOCK (cont'd…)

(c) Stock options

The Company has adopted a 20% fixed stock option plan whereby the Company has reserved 13,522,821 common shares under the plan. The term of any options granted under the plan is fixed by the Board of Directors and may not exceed ten years from date of grant.

The number of options granted to a consultant in a 12 month period must not exceed 2% of the issued shares of the Issuer from the date of grant. Options issued to consultants performing investor relations activities must vest in stages over 12 months with no more than 1/4 of the options vesting in any three month period. Stock options granted to directors, officers and employees of the Company vest immediately.

Stock option transactions and the number of stock options outstanding are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, June 30, 2008	8,447,500	$ 1.01
Granted	3,527,500	0.25
Cancelled	(3,777,000)	1.11
Balance, March 31, 2009	8,198,000	$ 0.46

Stock options outstanding and exercisable at March 31, 2009 are summarized as follows:

Number of Shares	Exercise Price	Expiry Date	Exercisable
572,500	$0.20	July 4, 2010	572,500
100,000	$0.30	August 25, 2010	100,000
100,000	$0.64	October 13, 2010	100,000
152,500	$0.25	January 9, 2011	152,500
10,000	$0.81	January 9, 2011	10,000
100,000	$0.25	February 24, 2011	100,000
155,000	$0.70	November 14, 2016	155,000
242,500	$0.25	November 14, 2011	242,500
325,000	$0.25	April 10, 2012	325,000
50,000	$0.25	May 18, 2012	50,000
200,000	$0.25	July 3, 2012	200,000
50,000	$1.15	July 3, 2012	50,000
400,000	$1.00	September 17, 2012	300,000
350,000	$1.05	September 17, 2012	300,000
100,000	$1.15	September 17, 2012	100,000
100,000	$1.15	September 17, 2012	53,205
400,000	$1.20	September 17, 2012	122,959
70,000	$1.30	November 28, 2012	70,000
420,000	$1.05	February 11, 2018	420,000
323,000	$0.25	February 11, 2018	323,000
150,000	$0.25	April 1, 2013	150,000

3. CAPITAL STOCK (cont'd…)

(c) Stock options (cont'd…)

225,000	$0.25	April 29, 2013	225,000
75,000	$1.05	April 29, 2013	75,000
125,000	$0.25	October 21, 2013	31,250
212,500	$0.25	October 21, 2013	212,500
3,190,000	$0.25	October 31, 2018	3,190,000
8,198,000			7,630,414

During the period ended March 31, 2009, under the fair value based method a total of $987,664 (2008 – $3,222,271) in stock-based compensation expense was recorded in the statements of operations and deficit for stock options granted to directors, officers, employees and consultants of the Company.

During the period ended March 31, 2009, the Company also re-priced previously granted stock options to a number of employees and consultants to acquire 1,768,000 common shares at a price between $0.70 per share and $1.40 per share, expiring between January 9, 2011 and February 11, 2018, to $0.25 per share. The Company recorded $100,580 (2008 - $Nil) in additional stock based compensation expense in connection with the re-pricing.

The fair value of stock options used to calculate compensation expense has been estimated using the Black-Scholes option pricing model with the following assumptions:

March 31,	2009	2008
Risk free interest rate	3.20%	4.18%
Expected dividend yield	0%	0%
Stock price volatility	108%	131%
Expected life of options	7.7 years	6.5 years

The weighted average fair value of options granted or re-priced during the period ended March 31, 2009 was $0.20 (2008 – $0.99) per share.

(d) Warrants

As at March 31, 2009, the Company had outstanding share purchase warrants enabling holders to acquire common shares as follows:

Number of Shares	Exercise Price	Expiry Date
1,750,000	$ 1.75	April 10, 2009

3. CAPITAL STOCK (cont'd…)

(d) Warrants (cont'd…)

Warrant transactions and the number of warrants outstanding at March 31, 2009 were as follows:

	Number of Shares		Weighted Average Exercise Price
Balance, June 30, 2008	5,435,000	$	1.09
Expired	(3,685,000)		0.78
Balance, March 31, 2009	1,750,000	$	1.75

All outstanding share purchase warrants expired unexercised on April 10, 2009.

4. DEFERRED FINANCING COSTS

As of March 31, 2009, the Company incurred $25,187 in regulatory and $4,438 in legal costs in connection with the Tongling private placement (Note 3(b)), which were recorded as deferred financing costs and will be reclassified to share issuance costs upon final approval of the transaction.

5. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

March 31,		**2009**		2008
Cash paid during the period for interest	**$**	**–**	$	–
Cash paid during the period for income tax	**$**	**–**	$	–

Significant non-cash transactions for the period ended March 31, 2009 included:

(a) Included in accounts payable is $120,162 (2008 - $658,662) in resource property expenditures.

(b) Included in accounts receivable is $1,155,227 (2008 - $Nil) in METC credits.

(c) Included in prepaid expenses is $75,000 (2008 - $335,582) in resource property expenditures.

(d) Upon the issuance of common shares in consideration for the acquisition of resource properties, $Nil (2008 - $108,000) was allocated to share capital.

(e) Upon the issuance of common shares pursuant to a take-over bid with Ecstall Mining Corp., $Nil (2008 - $26,720) was allocated to share capital.

(f) A reclassification of $Nil (2008 - $101,927) in stock based compensation expense to share capital as a result of stock options exercised.

6. TRANSACTIONS WITH RELATED PARTIES

During the period ended March 31, 2009:

(a) the Company paid or accrued $112,500 (2008 – $112,500) for management fees and $45,000 (2008 – $45,000) for administrative fees to a company partially owned by a director of the Company and of which an officer of the Company is a director.

(b) the Company paid or accrued $84,000 (2008 - $85,275) for consulting and geological services fees, included in resource properties, to a company controlled by a director of the Company. As at March 31, 2009, $Nil (June 30, 2008- $956) was due to this company.

(c) As at March 31, 2009, $50,000 (June 30, 2008- $50,000) was due from a director of the Company. This amount is unsecured, non-interest bearing and repayable by September 2009.

(d) As at March 31, 2009, $1,000 (June 30, 2008- $Nil) was due from a director of the Company. This amount represents monies to be reimbursed to the Company for overpayment of payroll expenses and was fully repaid subsequent to the period ended March 31, 2009.

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

7. CAPITAL DISCLOSURE

The Company's objective is to manage its capital to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern through the optimization of its capital structure. The capital structure consists of shareholders' equity and working capital.

In order to achieve this objective, the Company makes adjustments to it in light of changes in economic conditions and risk characteristics of the underlying assets. To maintain or adjust capital structure, the Company may invest its excess cash in interest bearing accounts of Canadian chartered banks and/or raise additional funds externally as needed. The Company has no significant debt and is not subject to externally imposed capital requirements.

8. FINANCIAL INSTRUMENTS

Financial Risk Management

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 accounts and short-term investments, whose total balance at March 31, 2009 was $137,063 and $1,835,000 respectively. Bank accounts are held with a major bank in Canada. As all of the Company's cash is held by a Canadian bank and all the short-term investments are also held by the same Canadian bank, 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 and exploration tax credits.

8. FINANCIAL INSTRUMENTS (cont'd…)

Currency Risk

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

Interest Rate Risk

The Company is exposed to interest rate risk as bank accounts earn interest income at variable rates. The income earned on these bank accounts is subject to the movements in interest rates. The Company's short-term investments presently earn interest income at a fixed rate of 2.25%.

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 short-term investments. As at March 31, 2009, the Company was holding cash of $137,063 and short-term investments of $1,835,000.