CANADA ZINC METALS CORP.

MANAGEMENT DISCUSSION AND ANALYSIS

June 30, 2015

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 October 22, 2015 and should be read in conjunction with the consolidated audited financial statements and related notes thereto of the Company for the years ended June 30, 2015 and 2014, 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 year ended June 30, 2015 and up to the date of these MD&A:

- The Company completed eight diamond drill holes on the Cardiac Creek deposit in 2015, totaling 5,350 metres of HQ drilling. The program successfully intersected Zn-Pb-Ag mineralization in all eight holes. Assays from the first four holes of the 2015 exploration drill program demonstrate the consistency of the high grade core of the deposit laterally and at depth, especially A-15-121, which returned one of the best intercepts ever obtained from drilling on the deposit. Detailed analysis is included in "2015 Diamond Drilling Program" section below.
- The 2015 exploration program also included completion of an airborne gravity geophysical survey and follow-up interpretation and target definition for the Akie, Mt. Alcock and Yuen North properties. The Company commenced a large-scale airborne gravity gradiometry geophysical survey over two large property blocks, one covering the Akie property and one covering the Mt. Alcock and Yuen North properties. The Company commenced the survey in November 2014; however inclement weather forced an early shutdown of the program. Favorable weather conditions in mid-February allowed the recommencement of the survey and it was completed during March, 2015. The helicopter-borne FALCON™ gravity survey was completed by CGG of Mississauga, Ontario.

Preliminary geophysical data from the survey was received and is presently being processed and analyzed by geophysical consultants. The gravity survey will provide key insights into the characteristics of the Gunsteel Formation, especially in areas of known exposed barite mineralization, such as at Mt. Alcock and at the Sitka showing on the Akie property. Further details are included in 'Airborne Geophysical Surveys" section below.

- Teck Resources Limited ("Teck") and their joint venture partner Korea Zinc Co. ("Korea Zinc") completed a similar airborne gravity gradiometry survey over the Company's 100% owned Pie, Cirque East and Yuen contiguous block of properties in 2015, pursuant to the option agreement (the "Option Agreement') dated September 6, 2013.
- Teck/Korea Zinc also conducted ground exploration on the Company's 100% owned Pie, Cirque East and Yuen contiguous block of properties in 2015. The field program was conducted by Teck from their Cirque exploration camp located approximately 22 km northwest of the Company's flagship Akie property. The work commenced in June was completed in late September. Work focused on drill targeting with a multi-dimensional program of airborne gravity geophysics, rock and soil geochemistry, re-logging historical drill holes, and geological mapping. Results are discussed in more detail in the "Agreement with Teck and Korea Zinc" section below.
- During the 2014 exploration season, the Company completed eight HQ diamond drill holes on the Cardiac Creek deposit, totaling 2,855 metres. The drilling focused on targets along the up-dip, northwest and southeast areas of the deposit with the objective of expanding the boundary of the internal high grade core as well as expanding the overall perimeter of the deposit. Detailed analysis is included in "2014 Diamond Drilling Program" section below.
- In September 2014, the Company completed a flow-through private placement of 1,955,090 common shares at a price of $0.55 per share for gross proceeds of $1,075,300.
- In October 2014, the Company completed a private placement of 988,220 flow-through shares at a price of $0.55 per flow-through share for gross proceeds of $543,521, and non-flow through private placement of 580,750 units at a price of $0.50 per unit for gross proceeds of $290,375.

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 from 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 of 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 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 from the 950 metre elevation mark. All permitting and engineering designs are complete and in-hand in order to commence the underground drill program.

2015 Diamond Drilling Program

Exploration on the Akie Property in 2015 consisted of a total of 5,350 metres of HQ/NQ drilling in eight drill holes on the Akie property. Drilling focused on resource expansion down-dip of the current indicated resource and expansion of the robust and high-grade zinc-lead-silver system in the central core of the Cardiac Creek deposit. All eight drill holes successfully intersected Zn-Pb-Ag mineralisation of the Cardiac Creek deposit. The program ran from early June until late September. A total of 1,120 core samples, including industry standard QA/QC samples, were submitted to Acme Labs in Vancouver BC, an ISO 9001 and 17025 certified assay and geochemical analytical lab. Good drill production, cost efficiencies and budget control realized enough cost savings to warrant extending the program to complete a bonus 8th drill hole with a total length of 322 metres.

Results have been announced from four holes (A-15-121, A-15-122, A-15-124, A-15-245) totaling 2,278 metres. Drill hole A-15-123 was abandoned downhole at a depth of 270.66 metres due to excessive deviation and re-started as drill hole A-15-124. Results from the additional holes are pending. The drill data will be used to update the Cardiac Creek geological model with important infill and down-dip drill intercepts.

Drill hole A-15-121 targeted the high grade core of the Cardiac Creek deposit with the intended pierce point located approximately 75 metres down-dip of the high grade holes A-05-32, A-07-50, and A-07-53. Previously reported results from these hole include; 26.70 metres of 14.69% Zn+Pb in A-05-32, 29.40 metres of 15.78% Zn+Pb in A-07-50, and 16.23 metres of 15.15% Zn+Pb in A-07-53. The objective of this target was to expand the known high grade mineralisation down-dip and the limits of the 5% Zn cut-off indicated resource.

The Cardiac Creek Zone was intersected from 433.87 to 483.32 metres and characterized by very thick sulphide beds consisting primarily of fine to very fine grained grey sphalerite, galena and pyrite laminations. Higher grade sections of individual sulphide beds displayed a mottled texture comprised of sphalerite, galena, quartz and barite.

A strongly mineralized Footwall Zone (FW) was intersected from 493.08 to 508.48 metres, and consisted of interbedded sphalerite and galena-enriched, mottled sulphide beds and massive granular barite with minor quartz-carbonate veining. Underlying the Footwall Zone are several beds of massive barite with laminar pyrite and sphalerite enrichment interbedded with shale that extends to 523.06 metres. A 12.46 metre thick massive sulphide lens (MS) was intersected from 523.06 to 535.52 metres comprised primarily of bright brassy yellow pyrite with a central zone enriched with carbonate and pink to grey sphalerite with galena enrichment. The massive sulphide lens graded into a debris flow cemented by bright brassy yellow pyrite. The hole continued into typical basement lithologies and was shut down at a depth of 554.17 metres.

The entire mineralized interval extending from 419.16 to 531.00 metres returned 7.34% combined Zn+Pb and 14.24 g/t Ag over a true width of 64.29 metres. The Cardiac Creek Zone, Footwall Zone and the massive sulphide lens are contained within this extensive envelope of mineralisation. The results from these zones are tabulated below and include 28.51 metres (true width) of 10.22% Zn, 2.34% Pb and 20.45 g/t Ag for a total of 12.56% combined Zn+Pb from the Cardiac Creek zone. Also included within this mineralized interval was 12.98 metres (true width) of 13.83% Zn , 3.23% Pb and 28.98 g/t Ag for a total of 17.06% combined Zn + Pb. The Footwall zone (FW) returned 8.86 metres (true width) of 8.88% Zn, 1.36% Pb, and 21.51 g/t Ag for a total of 10.24% combined Zn+Pb.

Drill hole A-15-122 targeted the lateral strike extents of the high grade core within the Cardiac Creek deposit with the intended pierce point located between holes A-07-48 and A-08-65 and along strike of A-07-51 with an approximate separation of 75 metres. Previously reported results from these surrounding holes included: 7.04 metres (core length) of 10.14% Zn+Pb in A-07-48, 24.54 metres (core length) of 15.49% Zn+Pb in A-07-51, and 17.82 metres (true width) of 11.77% Zn+Pb in A-08-65.

The Cardiac Creek Zone was intersected from 488.97 to 516.50 metres with a shale interbed from 495.32 to 497.70 metres. Mineralisation is characterized by thick sulphide beds comprised of very fine grained, grey sphalerite, cream colored sphalerite and mottle textured quartz – carbonate – sphalerite – galena. Galena is disseminated within grey sphalerite and mottled mineralisation. The hole was shut down in calcareous siltstone of the Road River Group at a depth of 553.21 meters.

A broad envelope of mineralisation is present from 474.45 to 519.30 metres and returned 6.87% combined Zn+Pb and 11.16 g/t Ag over a true width of 39.16 metres. The Cardiac Creek zone returned 10.31% combined Zn+Pb and 14.64 g/t Ag over a true width of 23.36 metres including 12.35 metres (true width) grading 13.62% combined Zn+Pb and 17.92 g/t Ag. These high grade intervals are outlined in the table below.

Drill hole A-15-124 targeted the high grade core of the Cardiac Creek deposit with the intended pierce point located approximately 75 metres down-dip of the high grade hole A-05-32. Previously reported results from A-05-32 include: 26.7 metres (core length) of 14.69% Zn+Pb.

The hole intersected a 30 metre interval of proximal facies pyrite mineralization overlying the Cardiac Creek Zone. The Cardiac Creek Zone consisted of three main sections extending over a downhole length of 55.28 metres separated by intervals of weakly mineralized shale. The first section occurred immediately below proximal facies mineralization and consisted of approximately 40% visible sulphide bedding with sphalerite bands over a downhole interval of 19.87 metres. The second section is characterized by approximately 60% visible sulphide bedding with mottled sphalerite bands with galena over a downhole interval of 8.73 metres. The last section is a well-developed zone of Cardiac Creek style mineralisation with approximately 65-70% visible sulphide bedding throughout, over a downhole interval of 15.81 metres. The hole was finished in calcareous siltstone at a total depth of 708.66 metres.

A-15-124 contains an extensive interval of mineralisation that is present from 577.63 to 662.30 metres that grades 5.47% combined Zn+Pb and 9.20 g/t Ag over a true width of 58.53 metres. The Cardiac Creek Zone, included within that interval from 601.13 to 656.41 metres, returned 7.72% combined Zn+Pb and 12.30 g/t Ag over a true width of 38.43 metres. Higher grade intervals include 11.58 % Zn+Pb and 18.22 g/t Ag over a true width of 21.41 metres, and 17.20% Zn+Pb and 26.43 g/t Ag over a true width of 11.09 metres. The results from A-15-124 are tabulated below.

Drill hole A-15-125 targeted the up-dip extents of the high grade core of the Cardiac Creek deposit with the intended pierce point located between holes A-07-49 and A-07-50 and along strike of A-07-53 with an approximate separation of 75 metres. Previously reported results from these surrounding holes included: 20.19 metres (core length) of 13.65% Zn+Pb in A-07-49, 20.98 metres (core length) of 20.08% Zn+Pb in A-07-50, and 16.23 metres (core length) of 15.15% Zn+Pb in A-07-53.

The hole intersected a thin 6.67 metre interval of proximal facies pyrite mineralisation before shifting into the Cardiac Creek Zone at 416.05 metres. The zone, extending to a depth of 439.91 metres, is characterized by laminar pyrite with steadily increasing amounts of mottled sphalerite banding with galena occurring downhole. Based on visual estimates, higher grade Cardiac Creek mineralization occurred from 429.98 to 439.91 metres. In this interval, the mineralisation is dominantly mottled sphalerite-quartz-carbonate-galena, with minor laminated pyrite. Disseminated galena is fine grained and in close association with the mottling textures. Visible mineralisation makes up approximately 45% of the interval. The hole was terminated at a depth of 461.64 metres in Road River Group siltstone.

The Cardiac Creek Zone was intersected from 414.85 to 441.62 metres and returned 8.53% combined Zn+Pb and 12.28 g/t Ag over a true width of 23.37 metres. Inclusive higher grade intervals include 11.45% Zn+Pb and 15.75 g/t Ag over a true width of 15.76 metres, and 15.45% Zn+Pb and 21.76 g/t Ag over a true width of 8.68 metres.

Drill Hole	From (m)	To (m)	True Width (m)*	Zn (%)	Pb (%)	Ag (g/t)	Zn+Pb (%)
A-15-121	419.16	531.00	64.29	6.06	1.28	14.24	7.34
including	419.16	483.32	36.89	8.03	1.82	16.38	9.85
including	433.80	483.32	28.51	10.22	2.34	20.45	12.56
including	445.90	482.07	20.84	12.76	2.93	25.01	15.69
including	459.55	482.07	12.98	13.83	3.23	28.98	17.06
FW	493.08	508.48	8.86	8.88	1.36	21.51	10.24
MS	523.06	535.52	7.14	1.98	0.17	11.09	2.15
A-15-122	474.45	519.30	39.16	5.75	1.12	11.16	6.87
including	489.00	515.70	23.36	8.63	1.68	14.64	10.31
including	498.00	512.10	12.35	11.40	2.22	17.92	13.62
A-15-124	577.63	662.30	58.53	4.57	0.90	9.20	5.47
including	601.13	656.41	38.43	6.41	1.32	12.30	7.72
including	607.00	656.41	34.41	7.00	1.46	13.33	8.46
including	617.00	656.41	27.51	8.19	1.77	15.69	9.96
including	625.80	656.41	21.41	9.47	2.11	18.22	11.58
including	632.07	656.41	17.04	10.74	2.46	20.18	13.20
including	640.60	656.41	11.09	13.99	3.21	26.43	17.20

Drill Hole	From (m)	To (m)	True Width (m)*	Zn (%)	Pb (%)	Ag (g/t)	Zn+Pb (%)
A-15-125	414.85	441.62	23.37	7.25	1.28	12.28	8.53
including	416.05	439.91	20.83	7.97	1.41	12.99	9.38
including	421.87	439.91	15.76	9.71	1.74	15.75	11.45
including	425.50	439.91	12.59	10.78	2.02	17.71	12.80
including	429.98	439.91	8.68	12.98	2.47	21.76	15.45

(*) The true width is calculated based on the orientation of the mineralised horizon which is estimated to have an azimuth of 130 degrees and a dip of -70 degrees. (FW) = Footwall Zone, (MS) = Massive Sulphide.

2014 Diamond Drilling Program

The Company completed 8 HQ diamond drill holes on the Cardiac Creek deposit, totaling 2,855 metres. The drilling focused on targets along the up-dip, northwest and southeast areas of the deposit with the objective of expanding the boundary of the internal high grade core as well as expanding the overall perimeter of the deposit. A total of 715 sawn core samples, including industry standard QA/QC samples, were taken and submitted to Acme Labs in Vancouver BC, an ISO 9001 and 17025 certified assay and geochemical analytical lab. No issues were identified during the QA/QC process. As part of its QA/QC program, the Company sent approximately 10% of the processed samples to an independent laboratory (ALS Minerals in Vancouver) for routine confirmatory purposes. The results from ALS Minerals indicate consistent results between the two labs with no significant variation from the Acme results.

Highlights from the 2014 drilling program are tabulated below.

Hole-ID	From (m)	To (m)	True Width (m)*	Zn (%)	Pb (%)	Ag (g/t)ƚ	Zn+Pb (%)
A-14-111	305.44	351.41	34.75	4.80	0.78	9.80	5.58
including	317.00	340.16	17.51	7.39	1.15	10.91	8.54
including	317.85	330.34	9.44	8.93	1.25	10.54	10.18
including	319.90	329.07	6.93	9.11	1.23	10.93	10.34
A-14-112	337.15	356.30	13.70	4.57	0.70	6.87	5.27
including	343.00	356.30	9.52	5.71	0.88	7.86	6.59
including	345.30	356.30	7.87	5.97	0.94	8.02	6.91
including	349.00	356.30	5.23	6.28	0.89	8.23	7.17
A-14-115	173.69	203.56	20.87	5.09	0.92	7.31	6.02
including	176.70	184.90	5.72	6.04	1.26	8.18	7.30
including	191.54	203.56	8.42	7.43	1.19	10.72	8.62
including	196.45	201.05	3.22	10.16	1.69	13.97	11.85
A-14-117	346.00	367.80	15.38	3.35	0.58	5.33	3.93
including	355.00	367.80	9.03	3.92	0.71	6.15	4.63
including	361.38	369.49	5.72	5.45	0.94	8.49	6.39
including	362.25	367.80	3.92	6.21	1.11	9.49	7.32

(*) True widths are calculated on the basis that the deposit has an overall average dip of 70° to the southwest from the horizontal

(ƚ) Values below the detection limit have been given a value of half the detection limit for the purposes of weighted averages

The 2014 drilling program has provided valuable information across several select areas of the deposit including the high grade core, and the up-dip, northwest and southeast edges of the deposit. The extensive width of mineralisation intersected in drill holes A-14-116 and A-14-117 speaks to the consistency of the deposit along its southeastern edge while the results from hole 120 have pushed the known limits of the deposit to over 1,400 metres in strike length.

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 by means of an close-spaced, infill drill definition program on the Cardiac Creek deposit. The permit was originally expired December 2014 but has since been extended 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 Company continues to examine the costs associated with the planned underground exploration program and has yet to make a construction decision. Engineering and environmental studies will continue as required to maintain permits in good standing.

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 kilometres from the north boundary of the Akie property to 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 Surveys

To complement the earlier 2012 and 2013 airborne VTEM surveys, the Company commenced an airborne gravity survey in November over the Company’s Akie and Mt. Alcock and Yuen North properties. The helicopter-borne FALCON™ gravity gradiometry survey was completed by CGG of Mississauga, Ontario.

The survey was flown over two large property blocks covering the Akie, Mt. Alcock and Yuen North properties. Flight lines were flown orthogonal to the dominant geological fabric of the area (NE–SW @50°) with a nominal spacing of 200 metres. A total of 26 production flights were flown for a combined total of 962.36 line kilometres of data acquired over the three survey blocks. Aggregate coverage on the Akie claim block totaled 95 square kilometres while aggregate coverage on the Yuen North and Mt. Alcock block amounted to 89 square kilometres.

The primary goal of the gravity survey was to delineate gravity anomalies within the highly prospective Gunsteel Formation which has now been more accurately mapped using the airborne VTEM data. Gravity data will assist with drill targeting along strike of known mineralized zones and will be useful in delineating new targets in areas of coincident anomalous soil and rock samples and EM conductivity. SEDEX deposits are known to commonly exhibit positive gravity anomalies.

The post-processed and corrected gravity data has been by Campbell and Walker Geophysics Ltd. ("CWG") of North Vancouver, BC. This consulting group has extensive experience in the interpretation and modelling of gravity data in complex terrains. CWG has recommended close field examination of several high priority anomaly targets. These targets will be evaluated and tested in upcoming exploration programs on the Akie and Mt. Alcock properties.

Pie Option Properties: Agreement with Teck and Korea Zinc

On September 6, 2013, the Company entered into an Option Agreement with Teck Resources Limited ("Teck") and their joint venture partner Korea Zinc Co. ("Korea Zinc") that would see Teck/Korea Zinc acquire up to a 70% interest in the Company's 100% owned Pie, Cirque East and Yuen properties (the "Pie Option Properties", or "Property"), three of the ten regional properties that make up the Kechika Regional Project.

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, as a result of the Notice of Participation, will share any interest which may be acquired under the Agreement.

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 (extended to December 31, 2017), with $500,000 in exploration expenditures to be completed on or before September 30, 2014 (incurred) and $1,500,000 (amended to $1,295,000) in cumulative exploration expenditures to be completed on or before September 30, 2015 (extended to December 31, 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/Korea Zinc 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.

The Pie, Cirque East and Yuen properties surround T-KZ JV's Cirque deposit to the north, south and east, and provide extensive coverage of the highly prospective Gunsteel Formation shale.

Teck has spent approximately $1.3 million in exploration expenditures over two field seasons on the Pie Option properties utilizing an integrated approach to exploration to maximize the potential for discovery. There is a commitment to spend an additional $2.2 million by the end of 2017. This would conclude the "First Option" and earn Teck/Korea Zinc an undivided 51% interest in the Pie Option properties. Upon exercising the First Option, Teck/Korea Zinc would have an additional option (the "Second Option") to acquire a further 19% interest in the properties for a total of 70%, by incurring an additional $5.0 million in exploration expenditures on or before September 30, 2019.

Pie-Option Properties: 2015 Exploration Program

The 2015 field program was conducted by Teck from their Cirque exploration camp located approximately 22 km northwest of the Company's flagship Akie property. The work commenced in early March and was completed in late September. Work focused on drill targeting with a multi-dimensional program of airborne geophysics, rock and soil geochemistry, re-logging historical drill holes, and geological mapping.

Target development work in 2015 included collection of 423 soil samples, 227 rock samples and 22 geological mapping traverses totaling 23 km focused on the Pie and Yuen properties. A total of 522 portable XRF ("pXRF") analyses were collected from rock samples and rock chips to confirm geology and define geochemical vectors. A total of 3 historic drill holes from the Yuen property were also re-logged and analyzed with the pXRF with a total of 1,064 core analyses collected.

An airborne gravity gradiometry ("AGG") survey totaling 874 line kilometres was completed by CGG in early March at a line spacing of 200 meters over the entire prospective area of the Pie Option properties. The survey was flown in conjunction with the Company's own gravity survey completed over the Akie, Mt. Alcock and Yuen North properties. The two surveys totaled over 1,780 line kilometres covering a lineal distance of 45 kilometres of highly prospective Gunsteel Formation stratigraphy.

Reprocessed airborne gravity gradiometry data was received in late August. Follow-up ground gravity data was collected by SJ Geophysics between late-August and mid-September. Ground gravity data totaling 91 stations was collected along 5 single lines totaling 5.7 kilometres across 5 targets (2 on Pie; Pie West and Del Creek and 3 on Yuen; 2 at Noel Creek and 1 at Yuen South) with station spacing of 100 and 50 meters. Further data processing and interpretation of both airborne and ground gravity datasets is ongoing.

Review of preliminary processed data by Teck reveals a set of geophysical anomalies which are either spatially coincident with priority prospects defined by Canada Zinc Metals in earlier work, or outline new potential targets. Significant results include the identification of coincident soil geochemistry and AGG anomalies within an untested strike extension of interpreted Gunsteel and Akie stratigraphy at the Yuen South target area located approximately 8 km northwest of the North Cirque deposit. Soil sampling defined a 2.2 x 0.5 km Zn (627 ppm average; peak 6,268 ppm), Pb (76 ppm average; peak 270 ppm) +Ag anomaly containing two AGG anomalies in areas of no outcrop exposure. One ground gravity line was completed over the stronger AGG anomaly; data processing and interpretation is in progress. The AGG data will be integrated by Teck with Canada Zinc Metals' existing exploration data to plan the next phase of exploration.

Pie-Option Properties: 2014 Exploration Program

The 2014 program was completed between July and August, 2014 and included geological mapping and rock sampling and re-logging and sampling of historic drill core representing 8 Pie drill holes for a total of 3,350 meters.

Core re-logging allowed for confirmation of stratigraphy to ensure accuracy and consistency of geological interpretation at the property and regional scale. Geochemical data collection from drill core included 3,006 portable XRF (pXRF) analyses, and 456 whole rock lithogeochemical results. The lithogeochemistry results provide valuable data through Earn Group stratigraphy of interest in order to identify Zn and Pb mineralization and other pathfinder elements that may provide vectors toward other prospective areas. The pXRF data demonstrated the same usable trends as the laboratory lithogeochemistry data.

The 2014 field program also included 15 geological traverses covering key areas of interest on the three properties. As well, 118 whole rock lithogeochemistry samples were taken to assist with recognition of the distribution of the Kechika Group, Road River Group and the Earn Group rocks on the regional scale and to help understand the regional structural architecture including fold and thrust style and distribution of the panel bounding regional thrusts across the properties, The work confirmed previous interpretations of 3 regional structural panels including Earn Group rocks and provided an interpretation of the Earn Group basin architecture through distribution of various lithofacies.

The work has allowed Teck's geologists a consistent property scale geological base on which to interpret the VTEM and airborne gravity datasets and define targets of interest for development work in the 2015 program.

Summary of exploration expenditures incurred on various properties:

	Akie Property	Kechika Regional	Total
Acquisition Costs:			
Balance, June 30, 2013	$ 24,175,329	$ 330,434	$ 24,505,763
Additions	–	6,351	6,351
Write-off	(10,088)	–	(10,088)
Balance, June 30, 2014 and 2015	**$ 24,165,241**	**$ 336,785**	**$ 24,502,026**
Deferred exploration costs:			
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	111,027	–	111,027
Camp supplies, settlement of contract	(82,401)	–	(82,401)
Drilling	2,510,831	–	2,510,831
Geochemical sampling	–	456,322	456,322
Geology	45,961	40,030	85,991
Community consultations	355,367	–	355,367
Environmental studies and permit compliance monitoring	102,796	–	102,796
Less:			
METC	(170,349)	–	(170,349)
Write-off	(82,193)	–	(82,193)
Balance, June 30, 2014	37,517,569	4,462,840	41,980,409
Camp equipment, depreciation	113,415	–	113,415
Airborne geophysical survey	135,744	148,407	284,151
Camp rental	82,839	–	82,839
Drilling	957,002	–	957,002
Geology	64,765	13,183	77,948
Community consultations	223,438	–	223,438
Environmental studies and permit compliance monitoring	63,701	–	63,701
Less:			
METC	(44,175)	–	(44,175)
Balance, June 30, 2015	**$ 39,114,298**	**$ 4,624,430**	**$ 43,738,728**
Total June 30, 2014	$ 61,682,810	$ 4,799,625	$ 66,482,435
Total June 30, 2015	**$ 63,279,539**	**$ 4,961,215**	**$ 68,240,754**

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		
	2015	2014	2013
Interest and other income	$ 166,326	$ 208,417	$ 197,038
Net Loss	$ (1,920,460)	$ (2,322,711)	$ (1,861,866)
Loss per share	$ (0.01)	$ (0.02)	$ (0.01)
Total assets	$ 79,411,837	$ 79,539,598	$ 78,868,023
Total long term liabilities	$ 1,877,000	$ 2,120,000	$ 1,761,000
Cash dividends declared per share for each class of share	$ Nil	$ Nil	$ Nil

1.4 Results of Operations

Years ended June 30, 2015 and 2014

During the year ended June 30, 2015, the Company reported a loss before comprehensive loss of $1,920,460 or $0.01 per share compared to a loss before comprehensive loss of $2,322,711 or $0.02 per share during fiscal 2014, a decrease in net loss of $402,251. The decrease in net loss was due to increases in interest and other income of $171,032 and deferred tax recovery of $405,715, as a result of amortization of the flow-through premium liabilities recorded in connection with the flow-through private placements, offset by an increase in administration expenses of $174,496.

The Company's consolidated net loss for the year ended June 30, 2015 not factoring in non-cash transactions of share-based compensation expense, depreciation of office equipment and leasehold improvements, loss on sale of marketable securities, write-offs and deferred income tax recovery of flow-through liabilities, was $1,589,834 (2014 - $1,476,003), representing an increase of $113,831.

Interest and other income

Total interest and other income increased by $171,032 and consisted primarily of interest income of $166,637 (2014 - $189,657) received from the Company's main treasury account and GIC investments. The 2014 income included other non-recurring items such as recovery of exploration expenses of $63,213, gain on write-off of accounts payable of $10,525 and other income of $18,760 for conducting exploration activities on behalf of third parties, which were offset by loss on sale of marketable securities of $56,802, write-off of exploration and evaluation assets of $92,281 and loss on settlement of an exploration contract of $137,401. There were no similar transactions recorded during the current fiscal year.

In fiscal 2014, the Company recorded a loss of $137,401 on the settlement of an exploration contract with a service provider, which comprised of a cash payment of $55,000 and the transfer of gabion baskets, which had a historical purchase price of $82,401.

In fiscal 2014, the Company forfeited its Parrish claims (seven contiguous mineral claims located approximately 5 kilometers west of the Company's exploration camp on the Akie property) and wrote-off acquisition and exploration costs incurred on these claims of $92,281.

General and administration expenses

Total general and administration expenses increased by $174,496 primarily due to increases in bonuses of $1,277, reduction of previously accrued flow-through taxes of $42,782, investor relations fees of $3,359, management fees of $50,000, marketing expenses of $63,651, office and miscellaneous of $6,280, rent of $3,797, stock-based compensation of $26,863, transfer agent fees of $2,557 and travel and promotion of $41,604, offset by decreases in consulting fees of $43,650, professional fees of $9,573 and wages and benefits of $14,415.

The increase in management fees was due to an increase in monthly management fees by $5,000 effective May 1, 2014 (please see 1.9. Transactions with Related Parties).

The increase in marketing expenses of $63,651 was due to increases in advertisement and marketing campaigns.

The increase in travel and promotion of $41,604 resulted from the Company's senior management trips to resource conferences in Hong Kong, Singapore and Switzerland, a European road show and a trip to China to conduct meetings and presentations for existing and potential investors.

The decrease in consulting fees of $43,650 was due to decreased business development consulting and financial advisory services retained during the current fiscal year.

The decrease in professional fees of $9,573 was due to a decrease in legal fees during the year. The higher legal fees last fiscal year were primarily related to the Option Agreement with Teck.

The decrease in wages and benefits of $14,415 resulted from lower salary expenses.

The Company recognizes compensation expense for all share options granted, using the fair value based method of accounting and any cash paid on the exercise of share options is added to the stated value of common shares. During the year ended June 30, 2015, the Company recorded share-based compensation expense of $730,007 (2014 – $714,058) for 3,785,000 share options granted during the year and vested portion of share options granted in prior years. The Company also recorded $10,914 (2014 - $Nil) in additional share-based compensation for re-pricing 172,500 stock options previously granted to certain employees of the Company.

Three months ended June 30, 2015 and 2014

During the three months ended June 30, 2015, the Company reported a loss before comprehensive loss of $792,019 or $0.01 per share compared to a loss before comprehensive loss of $969,699 or $0.01 per share during the same period in fiscal 2014, a decrease in net loss of $177,680. The decrease in loss was primarily a result of deferred tax recovery of $303,201 (2014 - deferred tax expense of $265,270), which constitutes a non-cash transaction, and was partially offset by an increase in administration expenses in comparative quarters of $602,665.

The increase in administration expenses was primarily due to increases in bonuses of $12,000, flow-through taxes of $61,739, management fees of $5,000, office and miscellaneous of $5,139, accrued legal fees of $7,855, rent of $9,291, share-based compensation of $598,050 and wages and benefits of $12,154, offset by decreases in travel and promotion of $41,223 and interest income of $8,728.

The share–based compensation expense of $715,833 (2014 - $117,782) for the fourth quarter ended June 30, 2015 was recorded in connection with the April 10, 2015 grant of 3,785,000 share options to directors, officers, employees and consultants of the Company, as compared to 600,000 share options granted to a consultant during the comparative quarter in fiscal 2014.

The increase in flow-through taxes in the comparative quarters was a result of the CRA's assessment of the Company's flow-through 2013 renunciations and a refund of $59,651 received in fiscal 2014.

The increase in rent expenses was due to an increase in monthly office rent from $5,000 per month to $7,500 per month effective April 1, 2015 and rental costs for external storage of drilling samples.

The increase in wages and benefits of $12,154 resulted from higher salary expenses during the current period.

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 and other income	Net loss before comprehensive loss	Loss per share
June 30, 2015	$ 37,441	$ (792,019)	$ (0.01)
March 31, 2015	40,375	(291,176)	(0.00)
December 31, 2014	45,363	(382,419)	(0.00)
September 30, 2014	43,458	(454,846)	(0.00)
June 30, 2014	46,169	(969,699)	(0.01)
March 31, 2014	54,964	(450,154)	(0.00)
December 31, 2013	104,768	(826,475)	(0.01)
September 30, 2013	65,729	(76,383)	(0.00)

The increase in loss for the quarter ended June 30, 2014 was primarily due to share-based compensation of $715,833 recorded for the 3,785,000 share options granted to directors, officers and consultants of the Company during the period, partially offset by deferred income tax recovery of $303,201.

The increase in loss for the quarter ended June 30, 2014 was primarily due to share-based compensation expense of $117,782 recorded for the 600,000 share options granted to a consultant during the period, deferred income tax expense of $265,270, write-off of exploration and evaluation assets of $92,281 and a loss on settlement of a contract in the amount of $137,401.

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 share options granted to directors, officers, employees and consultants of the Company during the period. The increase in interest and other income during the quarter was due to recovery of exploration expenditures incurred in prior periods and administration fees earned for conducting exploration activities on behalf of third parties.

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.

1.6/1.7 Liquidity and Capital Resources

The Company reported working capital of $9,485,202 at June 30, 2015 compared to working capital of $10,347,373 at June 30, 2014, representing a decrease in working capital of $862,171. The decrease in working capital was a result of exploration and evaluation and general administrative expenditures, adjusted fair values of marketable securities, offset by proceeds from the financings completed by the Company during the year. Net cash decreased by $1,489,873 from $10,558,472 at June 30, 2014 to $9,068,599 at June 30, 2015.

During the year ended June 30, 2015, the Company utilized its cash and cash equivalents as follows:

(a) $1,584,347 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 $341,021 for its fiscal years ended June 30, 2013 and 2014, and the partial refund in the amount of $23,429 of the office rent deposit;
(c) $1,850,836 was used for exploration of mineral resource properties;
(d) $219,150 was used for purchase of equipment and existing on-site camp structures;
(e) $42,148 was used for the purchase of marketable securities;

(f) $50,703 was used for the purchase of 147,500 common shares of the Company at a weighted average price of $0.34 per share under the Normal Course Issuer Bid ("NCIB"), which commenced on July 31, 2009 and was subsequently extended on an annual basis up to July 31, 2016;
(g) $1,812,861 was received from the private placements net of finders' fees and regulatory filing fees of $96,335; and
(h) $80,000 was received from the exercise of 200,000 share options at a price of $0.40 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.

Current assets excluding cash as at June 30, 2015 include receivables of $65,283, which consisted of GST recoverable of $64,886 and accrued interest receivable on security deposits of $397, prepaid expenses of $44,280, marketable securities with a fair market value of $48,245 and GIC investment with a fair value of $1,016,968. Current assets excluding cash as at June 30, 2014 include receivables of $111,761, which consisted of GST recoverable of $51,574, interest receivable on security deposits of $536 and a refund of flow-through Part XII.6 tax of $59,651, recoverable mineral exploration tax credits ("METC") of $296,846, prepaid expenses of $33,187 and marketable securities with a fair market value of $255,796.

Current liabilities as at June 30, 2015 consisted of trade payables and accrued liabilities of $621,448 and flow-through premium liability recorded in connection with the flow-through private placements of $136,725. 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 exploration expenditures qualifying for the flow-through program. Current liabilities as at June 30, 2014 consisted of trade payables and accrued liabilities of $745,191, mainly consisting of exploration invoices and flow-through premium liability recorded in connection with the flow-through private placements of $163,498.

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 $9,068,599 and

a long-term investment in a GIC of $1,000,000. This risk is managed by using major Canadian banks that are high credit quality financial institutions 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 interest accrued on a GIC investment.

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 June 30, 2015, the Company was holding cash deposits of $9,068,599 to settle current cash liabilities of $621,448. 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, other assets, and long-term investment earn interest income at variable rates. The effect of a 10% fluctuation in interest rates may result in an increase or decrease in net loss of $13,603.

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

Key management personnel includes persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. Key management personnel comprise of the directors of the Company, executive and non-executive, and Vice President of Exploration.

The remuneration of the key management personnel during the years ended June 30, 2015 and 2014 were as follows:

		2015		2014
Bonuses (iii)	$	52,184	$	50,907
Consulting fees (iv)		15,000		15,000
Directors fees (ii)		50,000		50,000
Exploration and evaluation expenditures (geological consulting) (v)		147,504		140,016
Management fees (i)		354,000		304,000
Other employment benefits (vii)		26,018		14,970
Share-based compensation (vi)		479,994		369,038
Total	$	1,124,700	$	943,931

(i) 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 effective July 1, 2011 and May 1, 2014 to increase the monthly management fee to $24,500 and $29,500, respectively. During the year ended June 30, 2015, the Company paid or accrued $354,000 (2014 – $304,000) for management fees and $60,000 (2014 – $60,000) for administrative fees to VCC;

(ii) the Company paid or accrued $50,000 (2014 - $50,000) in directors' fees to the five directors of the Company - Henry Giegerich, John Thomas, Marco Strub, Peeyush Varshney and Praveen Varshney;

(iii) the Company paid or accrued a bonus of $52,184 (2014 - $50,907) to VCC;

(iv) the Company paid or accrued $15,000 (2014 - $15,000) for consulting fees to Sircon AG, a company controlled by Marco Strub, a director of the Company;

(v) the Company paid or accrued geological consulting fees of $147,504 (2014 - $140,016) to Ridgeview Resources Ltd., a company controlled by Ken MacDonald, VP of Exploration of the Company, of which $107,878 was capitalized as exploration and evaluation costs and $39,626 was expensed as consulting fees;

(vi) share-based compensation is the fair value of options that have been granted to directors and executive officers and the related compensation expense recognized over the vesting periods; and

(vii) other employment benefits included life insurance and health benefits for the CEO and health benefits for the CFO of the Company.

1.10 Fourth Quarter and Subsequent Events

During the fourth quarter ended June 30, 2015, the Company granted 3,785,000 share options to directors, officers, employees and consultants of the Company exercisable for 10 years at a price of $0.23 per share. In addition, previously granted share options to a number of employees to acquire 172,500 common shares at a price between $0.50 per share and $1.05 per share, expiring between February 11, 2018 and November 24, 2020, have been re-priced to $0.23 per share.

In June 2015, the Company commenced drilling on the Cardiac Creek deposit and purchased the existing on-site camp trailers, fuel tanks and other equipment from a subcontractor. As a result, the Company will be no longer required to subcontract the rental of the camp, which will result in substantial annual savings.

Mr. Henry Giegerich resigned from the Board of Directors of the Company effective June 30, 2015.

Please also see Summary of Quarterly Results section of the MD&A.

Subsequent to the year ended June 30, 2015:

a. the Company cancelled and returned to its treasury, 149,000 common shares of the Company, of which 145,000 were repurchased prior to June 30, 2015;
b. the Company received TSXV approval for its new NCIB application to purchase at market price up to 7,620,721 common shares, being approximately 5% of the Company's issued and outstanding common shares through the facilities of the TSXV. The bid commenced on August 1, 2015 and will stay open for another 12 months;
c. the Company repurchased 48,000 of its common shares for the total consideration of $8,770 at a weighted average price of $0.18 per share under the new bid;
d. the Company extended the expiry date the term of 1,250,000 share purchase warrants exercisable at a price of $0.40 per common share for 1,250,000 common shares of the Company by two years to September 16, 2017. These share purchase warrants were issued pursuant to the September 2013 private placement (Note 11(b)(viii)). All other terms of the warrants remain unchanged; and
e. 3,365,000 previously granted stock options were voluntarily surrendered by directors, officers and consultants of the Company.

1.11 Proposed Transactions

The Company does not have any proposed transactions as at June 30, 2015 other than as disclosed elsewhere in this document.

1.12 Critical Accounting Estimates

Not applicable to venture issuers.

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, 2015.

New standards adopted during the year

Effective July 1, 2014, the following standards were adopted but did not have a material impact on the consolidated financial statements.

IAS 32 (Amendment): Standard amended to clarify requirements for offsetting financial assets and financial liabilities.
IFRS 10 Investment Entities – Amendment.

New standards and interpretations not yet adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for future accounting periods. The following have not yet been adopted by the Company and are being evaluated to determine their impact.

- IFRS 7: Amended to require additional disclosures on transition from IAS 39 and IFRS 9, effective for annual periods beginning on or after January 1, 2015.
- IFRS 9: New standard that replaced IAS 39 for classification and measurement, tentatively effective for annual periods beginning on or after January 1, 2018.
- IFRS 15 – Revenue from contracts with customers, the standard on revenue from contracts with customers was issued on May 28, 2014 and is effective for annual reporting periods beginning on or after January 1, 2018 for public entities with early adoption permitted.

1.14 Financial Instruments and Other Instruments

The Company's financial instruments as at June 30, 2015 were as follows:

	Loans & receivables	*Available for sale*	*Fair Value through Profit or Loss*	*Other financial liabilities*
Financial assets				
Cash	$ –	$ –	$ 9,068,599	$ –
Receivables	397	–	–	–
Marketable securities	–	48,245	–	–
Investment	–	–	1,016,968	–
Refundable deposit	98,429	–	–	–
Financial liabilities				
Trade payables and accrued liabilities	–	–	–	621,448
	$ 98,826	$ 48,245	$ 10,085,567	$ 621,448

Unless otherwise disclosed their carrying values approximate their fair values due to the short term nature of these instruments. Please also see Note 2 of the audited consolidated financial statements of the Company for the year ended June 30, 2015.

1.15 Other Requirements

Summary of outstanding share data as at October 22, 2015:

(1) Authorized: Unlimited common shares without par value

Issued and outstanding:	152,414,428
Less treasury shares:	(48,000)

(2)	Share options outstanding:	7,257,500
(3)	Warrants	1,250,000

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
October 22, 2015