The Quarterly Highlights of Canada Zinc Metals Corp. (the "Company" or "CZX") provide a summary of the activities, results of operations and financial condition of the Company as at and for the three months ended September 30, 2015. The Quarterly Highlights have been prepared by management as of November 25, 2015 and should be read in conjunction with the condensed consolidated interim financial statements and related notes thereto of the Company for the three months ended September 30, 2015 and 2014, the audited consolidated 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"), and the annual Management Discussion and Analysis ("MD&A") of the Company prepared by management as of October 23, 2015.

The Company is presently a "Venture Issuer", as defined in NI 51-102. The Company's stock is listed on the TSX Venture Exchange ("TSXV") trading under the symbol "CZX".

The Company operates in one business segment, that being the exploration and development of mineral properties in British Columbia, Canada. The Company owns 100% of eleven, large, contiguous property blocks that comprise the Akie and Kechika Regional projects.

The Company's flagship Akie Project is host to the Cardiac Creek deposit. Drilling on the Akie property by CZX since 2005 has identified a significant body of baritic-zinc-lead-silver SEDEX mineralisation known as the Cardiac Creek deposit. The deposit is hosted by siliceous, carbonaceous, fine grained clastic rocks of the Middle to Late Devonian Gunsteel Formation.

The Company has outlined a NI 43-101 compliant mineral resource at Cardiac Creek, 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).

The Kechika Regional Project includes the Pie, Yuen, Cirque East and Mt. Alcock properties extending northwest from the Akie property for approximately 140 kilometres along the strike of the highly prospective Gunsteel Formation shale; the main host rock for known SEDEX zinc-lead-silver deposits in the Kechika Trough of northeastern British Columbia.

Overall performance

Significant events and operating highlights for the three months ended September 30, 2015 and as at the date of these MD&A – Quarterly Highlights:

- The Company completed eight diamond drill holes on the Cardiac Creek deposit, totaling 5,350 metres of HQ drilling. 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.
- 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. The 2015 drill assay results were reported by the Company in press releases issued on September 2nd and October 22nd, 2015. Results from four 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.

- The Company has an option agreement (the "Option Agreement") dated September 6, 2013 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 Options Properties"), three of the ten regional properties that make up the Kechika Regional Project. The terms of the Option Agreement were slightly amended on September 23, 2015 to revise the dates on which required exploration expenditures had to be incurred by Teck.
- Teck has spent approximately $1.3 million in exploration expenditures over two field seasons on the Property utilizing an integrated approach to exploration to maximize the potential for discovery. There is a requirement 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 Pie Option Properties for a total of 70%, by incurring an additional $5.0 million in exploration expenditures on or before September 30, 2019.
- The Company extended the expiry date 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 to Teck pursuant to the September 2013 private placement. All other terms of the warrants remain unchanged.
- The Company received TSXV approval for its new Normal Course Issuer Bid ("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. The Company cancelled and returned to its treasury, 149,000 common shares repurchased under its NCIB in fiscal 2015.

Exploration and evaluation assets

	Akie Property	Kechika Regional	Total
Acquisition Costs:			
Balance, June 30, 2015 and September 30, 2015	$ 24,165,241	$ 336,785	**$ 24,502,026**
Deferred exploration costs:			
Balance, June 30, 2015	$ 39,114,298	$ 4,624,430	$ 43,738,728
Camp equipment, depreciation	30,732	–	30,732
Airborne geophysical survey	4,475	3,425	7,900
Drilling	1,403,709	–	1,403,709
Environmental studies and permit compliance monitoring	21,801	–	21,801
Balance, September 30, 2015	$ 40,575,015	$ 4,627,855	**$ 45,202,870**
Total, September 30, 2015	**$ 64,740,256**	**$ 4,964,640**	**$ 69,704,896**

Exploration Objectives

Akie Project:

- Continue drill definition program to expand the known extent of the Cardiac Creek deposit; update the current geological and resource model to NI 43-101 standards with all new drill results.
- Continue to evaluate outlying coincident geological/geophysical/geochemical targets for drill target definition.
- Complete follow-up assessment of airborne gravity anomalies from the 2015 geophysical survey on Akie.
- Continue to refine design and costs of the planned underground exploration program. The underground exploration permit remains in good standing until December 2017. The underground exploration program was conceived in order to allow tightly-spaced infill drilling from an underground decline in order to upgrade the current mineral resource to the Measured and Indicated level of confidence, and to allow for a preliminary economic assessment of the ore body and investigate future viability of bulk sampling and mining.
- Continue environmental baseline sampling as required to maintain all related exploration permits in good standing.

Kechika Regional Project:

- Continue regional synthesis of all historical and modern exploration data to assist with gap analysis and drill target definition.
- Complete follow-up assessment of airborne gravity anomalies from the 2015 geophysical survey on Mt. Alcock and Yuen North.
- Continue to evaluate high priority greenfield targets.
- Refine target selection to identify drill targets.
- Maintain current drill permits in good standing.

Kechika Regional Project (Pie Option Properties):

- Continue to work closely with Teck to review and advise on plans for ongoing exploration on the properties.
- Monitor field exploration results and expenditures and option agreement commitments.
- The next planned phase of exploration of the optioned properties is expected to include drill testing of the highest priority targets.

Results of Operations

During the three months ended September 30, 2015, the Company reported a net loss of $181,399 or $0.00 per share compared to a net loss of $454,846 or $0.02 per share during the same period last year, a decrease in net loss of $273,477. The decrease in net loss was primarily due to a decrease in marketing expenses of $188,703 and an increase in deferred tax recovery of $58,042.

The deferred tax recovery of $136,725 recognized during the current quarter resulted from amortization of the flow-through premium liabilities recorded in connection to the October 2014 flow-through private placement. As of the current date, the Company incurred the required qualifying exploration expenditures of $1,618,821, which has been already renounced to the flow-through investors in calendar 2014, and fulfilled all its flow-through commitments.

The following transactions contributed to the decrease in loss during the three months ended September 30, 2015:

- No bonuses were paid or accrued during the quarter.
- Decreased consulting fees by $7,251 as a result of a reduction in the allocation of geological consulting fees for services provided by the VP of Exploration as the majority of services provided during the quarter related to the 2015 drilling program were capitalized as exploration and evaluation costs.
- Decreased directors' fees by $2,500 as a result of Henry Giegerich's resignation from the Board of Directors of the Company effective June 30, 2015.
- Decreased marketing expenses by $188,703 as a result of reduced marketing activities as part of the Company's cost savings strategies.
- Decreased transfer agent fees by $3,035 due to less activity requiring transfer agent services. The first quarter ended September 30, 2014 included costs incurred in connection with the private placement that closed in September 2014.
- Decreased travel and promotion by $7,899 primarily as a result of decreased travel plans. Senior management trips to resource conferences in Asia in the fall of 2014 contributed to higher travel expenses recorded during the comparative quarter last year.
- Share-based payments of $3,769 (2014 - $14,188) relating to the fair value of stock options vested in the comparative periods.

There were no significant variations in management and administrative fees, office expenses, regulatory costs and wages and benefits over the periods.

Rent expenses increased by $5,870 due to an increase in monthly office rent from $5,000 per month to $7,500 per month effective April 1, 2015, partially offset by lower rental costs for external storage of drilling samples.

During the three months ended September 30, 2015, the Company also recognized an unrealized loss of $44,991 (2014 – $86,190) on its investments in marketable securities, resulting in a comprehensive loss of $226,390 (2014 - $541,036).

Liquidity and capital resources

The Company's working capital position remains strong with its cash of $7,066,132 and a GIC investment of $1,000,000 as at September 30, 2015. Management believes that the Company has sufficient funds to meet its current obligations as they become due and to fund its exploration projects and administrative overhead for the next twelve months.

At September 30, 2015, the Company reported working capital of $7,787,246 compared to working capital of $9,485,202 at June 30, 2015, representing a decrease in working capital of $1,697,956.

Net cash used in operating activities during the three months ended September 30, 2015 was $407,697 (2014 – $524,251) representing general administrative expenses and changes in non-cash items.

Net cash used in investing activities during the three months ended September 30, 2015 was $1,585,510 (2014 – $829,905), of which $1,476,948 (2014 - $1,087,118) was spent on exploration expenditures for the recently completed 2015 drilling program. In addition, $26,697 (2014 - $Nil) was used for the purchase of camp equipment and $81,865 (2014 - $39,633) was used for the purchase of marketable securities.

There were no significant financing activities in the period ended September 30, 2015, except for the purchase of 49,000 common shares of the Company for a total of $9,260 (2014 - $4,195) with a weighted average price of $0.19 per share under its NCIB. During the three months ended September 30, 2014, $1,024,311 was received from private placements net of finders' fees and regulatory filing fees of $50,989, and $80,000 was received from the exercise of 200,000 share options at a price of $0.40 per share.

Current assets excluding cash as at September 30, 2015 include receivables of $109,452 (June 30, 2015 - $65,283), which consisted of GST recoverable of $108,533 (June 30, 2015 - $64,886) and accrued interest receivable on security deposits of $919 (June 30, 2015 - $397) , prepaid expenses of $50,906 (June 30, 2015 - $44,280) , marketable securities with a fair market value of $85,119 (June 30, 2015 - $48,245) and investment in GIC with a fair market value of $1,021,007 (June 30, 2015 - $1,016,968).

Current liabilities as at September 30, 2015 consisted of trade payables and accrued liabilities of $543,355 (June 30, 2015 - $621,448) primarily consisting of exploration payables, due to related parties of $2,015 (June 30, 2015 - $Nil) and flow-through premium liability of $Nil (June 30, 2015 - $136,725).

The other sources of funds potentially available to the Company are through the exercise of outstanding stock options and share purchase warrants that are summarized below. 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, including price risk with respect to commodity and equity prices. 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. For further discussion of financial risks, please refer to Note 15 of the condensed consolidated interim financial statements for the three months ended September 30, 2015.

Transactions with related parties

The remuneration of directors and other key management personnel during the three months ended September 30, 2015 and 2014 were as follows:

September 30,		2015		2014
Bonuses (iii)	$	–	$	21,506
Consulting fees (iv)		3,750		3,750
Directors fees (ii)		10,000		12,500
Exploration and evaluation expenditures (geological consulting) (v)		37,500		35,004
Management fees (i)		88,500		88,500
Other employment benefits (vii)		7,008		6,485
Share-based compensation (vi)		3,769		9,165
Total	$	150,527	$	176,910

(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 three months ended September 30, 2015, the Company paid or accrued $88,500 (2014 – $88,500) for management fees and $15,000 (2014 – $15,000) for administrative fees to VCC;
(ii) the Company paid or accrued $10,000 (2014 - $12,500) in directors' fees to the four directors of the Company - John Thomas, Marco Strub, Peeyush Varshney and Praveen Varshney;
(iii) the Company paid or accrued a bonus of $Nil (2014 - $21,506) to VCC;
(iv) the Company paid or accrued $3,750 (2014 - $3,750) 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 $37,500 (2014 - $35,004) to Ridgeview Resources Ltd., a company controlled by Ken MacDonald, VP of Exploration of the Company;
(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.

As at September 30, 2015, $2,015 (June 30, 2015 - $Nil) was due to the CEO and the CFO of the Company for reimbursement of business expenses. The amounts were paid subsequent to September 30, 2015.

Summary of outstanding share data as at November 25, 2015:

(1)	Authorized: Unlimited common shares without par value	
	Issued and outstanding:	152,414,428
	Less treasury shares:	(83,000)
(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