

CANADA ZINC METALS CORP.

MANAGEMENT DISCUSSION AND ANALYSIS

December 31, 2009

CANADA ZINC METALS CORP.

Management Discussion and Analysis, page 1
December 31, 2009

1.1 Date

This Management Discussion and Analysis (“MD&A”) of Canada Zinc Metals Corp. (“Canada Zinc” or the “Company”) has been prepared by management as of February 26, 2010 and should be read in conjunction with the unaudited consolidated interim financial statements and related notes thereto of the Company for the six months ended December 31, 2009 and 2008 and with the audited consolidated financial statements and related notes thereto of the Company, as at and for the years ended June 30, 2009 and 2008, which were prepared in accordance with Canadian generally accepted accounting principles.

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. The statements reflect the current beliefs of the management of the Company, and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Issuer to differ materially from those expressed in, or implied by, these statements.

The Company undertakes no obligation to publicly update or review the forward-looking statements whether as a result of new information, future events or otherwise.

Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

1.2 Over-all 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.

To date, the Company has not generated significant revenues from operations or recorded any cost of sales and as a result is considered to be in the development stage. The underlying value of the mineral properties and related deferred costs are entirely dependent on the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and upon future profitable production.

Effective October 18, 2005, the Company’s common shares commenced trading on the Frankfurt Stock Exchange under the trading symbol, WKN A0RAQJ, M9R.

During fiscal 2006, the Company graduated to Tier 1 of the TSX Venture Exchange (“TSXV”).

Effective September 26, 2008, the Company changed its name from Mantle Resources Inc. to Canada Zinc Metals Corp. and commenced trading under its new name and symbol “CZX”. There was no consolidation of share capital.

As at the date hereof, the Company has mining interests in properties located in British Columbia and the Northwest Territories.

CANADA ZINC METALS CORP.

Management Discussion and Analysis, page 2
December 31, 2009

Kechika Trough District, BC (zinc, lead, silver)

Akie Property

On August 23, 2005, the Company entered into an agreement with Ecstall Mining Corporation (“Ecstall”), pursuant to which the Company had been granted an option entitling it to earn a 65% interest in Ecstall’s Akie property, located in northeastern British Columbia, approximately 260 kilometers north-northwest of the town of Mackenzie.

In consideration, the Company had to make staged cash payments totalling \$450,000 on or before June 21, 2008 (fully paid as of June 30, 2007) and incur a total of \$4,000,000 in exploration expenditures on or before August 31, 2008 (incurred as of June 30, 2007).

As per the original agreement, the Company was appointed operator of the Akie property until December 31, 2006 and was responsible for managing all work carried out. In return, the Company was paid an operator’s fee.

The Company issued 150,000 shares as a finder’s fee to a third party as per the terms of the agreement.

The Company acquired 100% of the issued and outstanding shares of Ecstall pursuant to a take-over bid made December 22, 2006, as amended by its Notice of Variation dated January 29, 2007 and Notice of Extension dated February 9, 2007. The conditions of its Offer were satisfied and the Company took up an aggregate of 53,533,615 shares of Ecstall which were validly tendered prior to the February 23, 2007 expiry date. Pursuant to the Offer, the Company issued and distributed to those shareholders who tendered, 0.41 of one share of the Company for each Ecstall share tendered.

The Company exercised its rights pursuant to compulsory acquisition procedures under the British Columbia Business Corporations Act to acquire, for the same consideration as that paid under the Offer, all of the remaining shares of Ecstall that were not tendered to the Offer. The Company now owns 100 % interest in the Akie property.

Akie Property Update

Below is a progress report on exploration activities completed to date on the Akie zinc-lead property.

The primary objectives of the 2008 drill program were to determine both the updip and on-strike extent of the Cardiac Creek Deposit as well as to better define it within key areas. Information gained from this work will assist in forward planning for future programs that may include advanced underground drilling and sampling activities.

A total of eleven drill holes were completed on the Cardiac Creek zinc-lead-silver deposit during the calendar 2008 field season, for a total of 5,103.15 metres (NQ and HQ core).

Hole A-08-58 yielded an interval of 20.19 metres grading 9.35% zinc +lead (including 8.5 metres grading 11.67% zinc+lead). This intercept indicates that mineralization is still open in an updip direction from this hole. Holes A-08-64 (11.12 metres grading 9.03% zinc+lead) and A-08-66 (which includes 8.23 metres grading 6.96% zinc+lead) tested the southeastern extension of the deposit – these results are highly encouraging as they validate that mineralization remains open in this direction. Hole A-08-65 contains several high grade intervals (including 10.78 metres grading 13.07% zinc+lead) that confirm both the thickness and high grade of the Cardiac Creek deposit to the northwest. The high grade in hole A-08-60A (5.19 metres of 14.00% zinc+lead) supports the interpretation of a high grade core continuing to the northwest direction and highlights the value of some further drilling in this open area. In summary, the drilling completed to date indicates a strike length potentially exceeding 1 kilometer and a dip extent exceeding 550 metres.

In addition, the Company completed construction of 8.72 km of mainline access road and 3.7 km of access trail on the Akie property. These roads will greatly improve access to the Cardiac Creek deposit for future exploration activities.

Other work over the reporting period involved the completion of a variety of base line studies.

CANADA ZINC METALS CORP.

Management Discussion and Analysis, page 3

December 31, 2009

On November 18, 2008, the Company provided the following update on the 2008 exploration activities on the North Lead Anomaly located at the northern end of the Akie property.

Two holes (A-08-62 and A-08-63) were completed to test the downdip and updip extension, approximately 70 metres in each direction, of the massive sulphide mineralization observed in the 1996 Inmet hole. For both of the holes, zinc and lead values, which increase updip, are locally as high as 9.82% and 0.17%, respectively. Of particular interest is the presence of finely banded, pinkish sphalerite in the matrix of the second (updip) 2008 hole. These characteristics are also noted in several holes located at the northern end of the Cardiac Creek deposit. Such debris flows may reflect the presence of an underlying synsedimentary fault zone, a feature that is interpreted as a conduit for metal-bearing hydrothermal fluids.

The summer 2009 program on Akie has been focused on detailed geologic mapping in the general vicinity of the North Lead Anomaly. This additional mapping has provided important information on the distribution of geological units in this highly prospective area, including identification of carbonate outcrops which, along with a nearby iron seep, indicate proximity to shale (Gunsteel)-carbonate contact, a key stratigraphic marker horizon. The zinc-lead mineralization in both the Cardiac Creek deposit and the North Lead Anomaly occurs in Gunsteel shale at, or close to, the contact with carbonate rocks.

About the North Lead Anomaly: This feature, located some 2.3 km northwest of the nearest drill hole to penetrate the Cardiac Creek deposit, is considered to be the highest priority target on the Akie property due to the mineralization encountered in a 1996 drill hole (Inmet; 11.60% zinc and 9.05% lead over an interval of 0.80 metre) within a geologic environment identical to that at Cardiac Creek. The mineralization, hosted by Gunsteel shale, is stratigraphically immediately above a debris flow in which the fragments and matrix have been replaced by pyrite, sphalerite and galena. This, combined with the presence of quartz-carbonate alteration in footwall rocks beneath the debris flow and widespread high lead/zinc ratios in samples of the overlying soil, are supportive of the presence of a hydrothermal feeder zone/vent complex in the area. Worldwide, SEDEX mineralizing centers such as this exhibit higher grade mineralization at the transition between the vent complex and the laterally extensive bedded ore facies.

Also during the 2009 field season, a small program of prospecting and silt sampling was carried out in the southeast corner of the Akie property to follow-up a highly anomalous (18,500 ppm zinc, 100 ppm lead) silt sample collected by a previous operator (1978) at the southeast end of the **South Zinc Anomaly** (+2,000 ppm zinc; 200 to 500 metres wide by 2 km long). This work yielded anomalous (to >3,000 ppm) zinc values from silts from four widely spaced creeks in the area, confirming the earlier result. The South Zinc Anomaly, which is underlain by Gunsteel formation/ Pinstripe shale, remains as a high priority exploration target.

Kechika Regional

In addition to the Akie property, the Company controls a large contiguous group of claims, some 130 km long, which comprise the Kechika Regional project. These claims are underlain by geology identical to that on the Akie property (Cardiac Creek deposit) and Cirque. This project includes the 100% owned Mt. Alcock property, which has yielded a historic drill intercept of 8.8 metres grading 9.3% zinc+lead, numerous zinc-lead-barite occurrences, and several regional base metal anomalies.

The 2009 Kechika regional program has been largely directed towards the Pie, Yuen Extension and Yuen claims that extend northwestward from the Akie Property for a distance of some 30 km. These properties encompass the highly prospective geological package(s) of Middle to Late Devonian fine grained sediments (Gunsteel Formation) and associated carbonate rocks that host both the Company's Cardiac Creek deposit and the nearby Cirque deposits owned by Teck Resources and Korea Zinc. Exploration on the Pie property resulted in identification of two new, significant mineral occurrences and two distinct geochemical targets.

In the western part of the property, in an area on strike from the large Cirque SEDEX zinc-lead deposit (located some 18.5 km to the northwest) and underlain by black shales (Gunsteel formation) similar to those hosting this deposit, prospecting has identified a 70 metre long by 1.5 metre thick occurrence of bedded barite that is associated iron seeps, silicification and

CANADA ZINC METALS CORP.

Management Discussion and Analysis, page 4

December 31, 2009

a nearby outcrop of laminated pyrite (collectively referred to as the GPS Showing), all features consistent with SEDEX deposits. In addition, approximately 7 km to the northwest, anomalous zinc values have been obtained from a 1 km long cluster of six silt (>3,000ppm), soil (>3,000ppm) and rock samples (>1,000ppm) in a area underlain by the same Gunsteel rocks.

Prospecting in the central part of the Pie property has resulted in discovery of two outcrops, some 75 metres apart, hosting very distinctive veins of coarse grained, medium brown sphalerite, lesser galena, comb-structure quartz crystals, and very large (to +10 cm long) lath-like crystals of white barite within a hard, black, "sugary" siliceous matrix (Black Silica Veins - "Breccia" Showing in previous news releases). Locally, the veins exhibit a breccia texture comprising vuggy, angular fragments, to +6 cm across, of white quartz, carbonate and sphalerite in a similar black matrix. These veins occur within limestone or at the contact between black shales and limestone and range in thickness from 30 cm to +1 metre. Channel sampling (1 metre samples on 7 lines up to 5 metres long and approximately 1 to 2 metres apart) along the strike of the basal part of the vein exposed in the largest of the two outcrops has yielded an average zinc grade of 10.19%, with a little lead (highest individual sample grade - 27.81% zinc, 0.02% lead). Analytical data also indicate that the zinc mineralization is accompanied by copper values, up to 2,172 ppm. This general area of the Pie claims is characterized by the presence of numerous occurrences of galena, sphalerite and/or barite in either carbonate or in the immediate vicinity of the contact between carbonate and black shales. It is possible that the veins could be associated with a nearby, but as yet unrecognized, vent complex or feeder zone.

Soil and rock sampling in an area of extensive iron seeps and gossan development in the eastern part of the Pie property, approximately 4 km to the southeast of the aforementioned black silica veins, has returned highly anomalous values of zinc and other metals, the maximums (minimums) reported being >10,000 ppm (5,718) zinc, 9,711 ppm (1442) nickel, 1,384 ppm (66.3) cobalt, 623 ppm (82.98) molybdenum and >10,000 ppm (2,437) manganese. These oxidized features can be traced for several kilometers; field evidence suggests that the underlying rocks may be limestone, which elsewhere in this area has been noted to host local sphalerite and galena mineralization in veinlets and fractures, or nearby black shales.

Afridi Lake, NWT (diamonds)

DA Properties

The Company beneficially owns an undivided 8.2% interest, subject, in part, to certain royalties and a royalty reduction option dated August 30, 1998, in twenty-four mineral claims and three mineral leases, known collectively as the Afridi Lake Property. The Afridi Lake Property is located southeast of Lac de Gras, some 40 km east of the Diavik Diamond Mine, approximately 335 km northeast of Yellowknife, Northwest Territories. The target mineral being sought on the property is diamond contained in kimberlite. To date, five kimberlite intrusions, with variable, but low diamond content, have been identified on the mineral leases.

On August 1, 2006, the Company entered into a joint venture agreement where by the Company holds 8.2% undivided interest in the mineral claims and three mineral leases, the latter subject to a 10% underlying NPI, a 5% GOR and a 5% NSR. 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. The other joint venture participants are Shear Minerals Ltd. ("Shear") (58.2%), the project operator, International Samuel Exploration Corp. (25.4%) and New World Resources Inc. (8.2%).

During April and May, 2008, Shear completed 12 holes (1741 m) to test 12 geophysical targets. Kimberlite was encountered in three holes, all of which tested targets in the vicinity of previously identified DA kimberlites.

CANADA ZINC METALS CORP.

Management Discussion and Analysis, page 5

December 31, 2009

Summary of exploration expenditures incurred on various properties:

	Akie Property	Kechika Regional	DA	Total
Acquisition Costs:				
Balance, June 30, 2009	\$ 24,173,329	\$ 328,432	\$ 71,535	\$ 24,573,296
Additions	2,000	–	–	2,000
Balance, December 31, 2009	24,175,329	328,432	71,535	24,575,296
Deferred Exploration Costs:				
Balance, June 30, 2009	25,695,058	702,512	150,025	26,547,595
Additions:				
Geological consulting	319,459	220,047	–	539,506
Camp operating	108,701	249,974	–	358,675
Environmental studies	217,778	–	–	217,778
Metallurgical analysis	30,335	–	–	30,335
Road and transportation	21,958	–	–	21,958
Balance, December 31, 2009	26,393,289	1,172,533	150,025	27,715,847
December 31, 2009	\$ 50,568,618	\$ 1,500,965	\$ 221,560	\$ 52,291,143

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		
	2009	2008	2007
Interest and other income	\$80,256	\$309,987	\$231,342
Net Loss	(\$1,733,051)	(\$3,151,779)	(\$1,419,576)
Loss per share	(\$0.02)	(\$0.05)	(\$0.03)
Total assets	\$57,815,908	\$49,054,558	\$40,564,127
Total long term liabilities	\$Nil	\$Nil	\$Nil
Cash dividends declared per share for each class of share	\$Nil	\$Nil	\$Nil

1.4 Results of Operations

The following is a discussion of the financial condition, changes in financial condition and results of operations of the Company for the six months ended December 31, 2009 and 2008.

During the period ended December, 2009, the Company reported a loss of \$1,278,374 or \$0.01 per share compared to a loss of \$1,554,459 or \$0.01 per share during the same period last year, a decrease in loss by \$276,085. The decrease in loss was primarily due to a decrease in stock-based compensation expense by \$687,983, offset by an increase in consulting fees by \$409,125.

Total interest income during the six months ended December 31, 2009 was \$17,769 compared to \$36,612 during the same period last year. The decrease in interest income was attributable to considerably lower interest rates on the short-term investments and bank accounts.

CANADA ZINC METALS CORP.

Management Discussion and Analysis, page 6
December 31, 2009

Total general and administration expenses decreased by \$294,928 due to decreases in investor relations fees by \$22,758, office and miscellaneous fees by \$9,264, professional fees by \$10,281, regulatory fees by \$1,265, transfer agent fees by \$4,794, stock-based compensation expense by \$687,983, travel and promotion by \$29,085, and wages and benefits by \$33,800, offset by increases in bank service charges by \$791, in consulting fees by \$409,125 and in performance bonus by \$97,750.

The increase in consulting fees by \$409,125 was primarily due to business development consulting services retained during the period. On July 1, 2009, the Company entered into four separate consulting agreements to provide business development consulting services to the Company for a period of six months for an aggregate monthly fee of approximately \$57,021. During the six months ended December 31, 2009, the Company paid consulting fees of \$342,125 in respect of the above agreements. In addition, the Company also paid \$67,000 in consulting fees related to financial advisory and business development activities carried out both in Europe and Asia.

The decrease in travel and promotion by \$29,085 during the period was primarily due to decreases in travel expenses incurred by management for investors' presentations and conferences, conference registration fees and other related costs.

The decrease in investor relations by \$22,758 during the period was a result of decreased investor relations services.

The decreases in office and miscellaneous fees by \$9,609 and wages and benefits by \$33,800 were due to a reduction of office related expenditures and employees salaries, respectively.

The decrease in professional fees by \$10,281 was a result of decreased legal costs, inclusive of the costs related to the Company's annual general meeting, during the period.

The decrease in transfer agent fees by \$4,794 was a result of fewer transfer and shareholders services in connection with private placements.

As at December 31, 2009, the Company accrued \$20,891 for flow-through taxes based on cumulative exploration expenditures incurred before the end of the period and unused portion of flow-through funds raised in calendar 2008. During the period ended December 31, 2009, the Company adjusted its prior period accruals for flow-through taxes, and the adjustments have resulted in recovery of \$10,189 and \$2,368 for the three and six months ended December 31, 2009, respectively. There were no such amounts paid or accrued during the same period last year.

The Company recognizes compensation expense for all stock options granted, using the fair value based method of accounting and any cash paid on the exercise of stock options is added to the stated value of common shares. For the six months ended December 31, 2009, the Company recorded stock compensation expense of \$352,498 (2008 - \$1,040,481) on the vested portion of stock options granted to directors, officers and consultants of the Company. The decrease in stock-based compensation expense during the period was primarily due to fewer stock options being granted and no outstanding options being re-priced as well as due to changes in valuation assumptions used to calculate a fair value of stock options granted at varying times, such as stock market prices, a volatility of stock and risk-free interest rates.

The Company's consolidated net loss for the six months ended December 31, 2009, not factoring in non-cash transactions of flow-through tax adjustment, stock-based compensation expense and amortization of office equipment and leasehold improvements, was \$926,942 (2008-\$548,634).

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:

CANADA ZINC METALS CORP.

Management Discussion and Analysis, page 7

December 31, 2009

Quarter ended	Interest Income	Net Earnings (Loss)	Earnings (Loss) per share
December 31, 2009	\$ 6,907	\$ (827,018)	\$ (0.01)
September 30, 2009	10,862	(451,356)	(0.00)
June 30, 2009	31,606	107,235	0.00
March 31, 2009	12,038	(285,827)	(0.00)
December 31, 2008	8,636	(1,104,200)	(0.01)
September 30, 2008	27,976	(450,259)	(0.01)
June 30, 2008	70,384	884,600	0.01
March 31, 2008	52,147	(1,736,944)	(0.03)

Over the past eight fiscal quarters there have been no significant trends or variations except for the quarters ended June 30, 2009 and 2008. The June 2009 and 2008 quarters resulted in net earnings due to future income tax recoveries of \$428,130 and \$2,042,411, respectively.

1.6/1.7 Liquidity and Capital Resources

The Company reported a working capital of \$4,213,598 at December 31, 2009 compared to a working capital of \$6,279,367 at June 30, 2009, representing a decrease in working capital by \$2,065,679. Net cash decreased by \$2,394,550 from \$6,389,394 at June 30, 2009 to \$3,994,844 at December 31, 2009.

During the six months ended December 31, 2009, the Company utilized its cash and cash equivalents as follows:

- (a) \$863,991 was used in operating activities, consisting primarily of general and administrative expenditures and change in non-cash items.
- (b) \$1,184,616 was used for deferred exploration of resource properties and \$375,000 for an investment of 1,875,000 units at a price of \$0.20 per unit of TNR Gold Corp. ("TNR").
- (c) \$153,250 was generated from the exercise of 642,500 stock options at a weighted average price of \$0.25 per share.
- (d) \$124,193 was used for the purchase of 329,000 the Company's common shares at a weighted average price of \$0.38 under the normal course issuer bid commenced on July 31, 2009.

TNR is a diversified junior mining company focused on identifying and exploring existing properties in Argentina and Alaska and new prospective projects globally. TNR now has a total portfolio of 32 projects, of which 16 will be included in the proposed spin-off of International Lithium Corp. Management believes that this strategic investment into TNR and its proposed spin-off subsidiary, International Lithium Corp, will give the Company's shareholders diversification into the growing opportunities that rare metal industries are offering. Furthermore, the investment gives the Company an interest in TNR's stake in the significant Los Azules copper project in Argentina.

During the period ended December 31, 2009, the Company received TSXV approval to purchase at market price up to 4,423,445 of its common shares under the NCIB, which commenced on July 31, 2009. As at January 27, 2010, the Company purchased 283,000 of its common shares for a total consideration of \$329,000 at a weighted average price of \$0.38 per share under the NCIB.

Current assets excluding cash as at December 31, 2009 consisted of receivables of \$27,138, which consisted of GST recoverable of \$16,368 and interest receivable of \$10,770, marketable securities of \$375,000 and prepaid expenses of \$3,742. Current assets excluding cash as at June 30, 2009 consisted of receivables of \$83,730, which consisted of GST recoverable of \$69,239 and interest receivable of \$14,491, dues from related party of \$50,000, and prepaid expenses of \$693.

CANADA ZINC METALS CORP.

Management Discussion and Analysis, page 8
December 31, 2009

Current liabilities as at December 31, 2009 consisted of accounts payable and accrued liabilities of \$187,126 (June 30, 2009 - \$241,980) and amounts due to related parties of \$nil (June 30, 2009 - \$2,470).

The Company has applied 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. The METC application for \$1,154,579 has not been recorded by the Company pending receipt of the Notice of Assessment from the Canada Revenue Agency.

The other sources of funds potentially available to the Company are through the exercise of outstanding stock options. 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.

1.8 Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

1.9 Transactions with Related Parties

During the period ended December 31, 2009:

- (a) the Company paid \$75,000 (2008 – \$75,000) for management fees and \$30,000 (2008 – \$30,000) for administrative fees to a company partially controlled by a director and an officer of the Company.
- (b) the Company paid or accrued \$48,000 (2008 - \$60,000) for consulting and geological services fees, included in resource properties, to a company controlled by a director of the Company. The Company also paid a cash bonus of \$1,500 (2008 - \$Nil), which is included in wages and benefits in the consolidated statements of operations and deficit, to this director.
- (c) the Company paid a cash bonus of \$97,750 (2008 - \$Nil) to a company partially controlled by a director and an officer of the Company.
- (d) as at December 31, 2009, there were no amounts due to or from directors and officers of the Company. The Company fully repaid a balance of \$2,470 outstanding as at June 30, 2009 for the reimbursement of business expenses and received \$50,000 for a loan repayment from a former director of the Company.

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.

CANADA ZINC METALS CORP.

Management Discussion and Analysis, page 9
December 31, 2009

1.10 Fourth Quarter and Subsequent Events

Subsequent to the period ended December 31, 2009:

- (a) 2,800,000 stock options were exercised at a weighted average price of \$0.25 per share and a total of 2,800,000 common shares were issued for total proceeds of \$683,750.
- (b) The Company granted to directors, officers, employees and consultants an aggregate of 1,320,000 stock options, exercisable for a period of ten years, at price of \$0.63 per share.

1.11 Proposed Transactions

No disclosure necessary.

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 Canadian Generally Accepted Accounting Principles (GAAP). Our significant accounting policies are set out in Note 2 of the audited consolidated financial statements of the Company, as at and for the years ended June 30, 2009 and 2008.

Going concern issue

The Company's financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to obtain the necessary financing to meet its ongoing commitments and further its mineral exploration programs.

The Company may encounter difficulty sourcing future financing in light of the recent economic downturn. The current financial equity market conditions and the inhospitable funding environment make it difficult to raise capital through the private placements of shares. The junior resource industry has been severely affected by the world economic situation as it is considered speculative and high-risk in nature, making it even more difficult to fund. While the Company is using its best efforts to achieve its business plans by examining various financing alternatives, there is no assurance that the Company will be successful with any financing ventures.

International Financial Reporting Standards (IFRS)

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. As part of that plan, accounting standards in Canada for public companies will converge with International Financial Reporting Standards ("IFRS"). AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canadian GAAP. This date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended June 30, 2010. In July 2008 AcSB announced that early adoption will be allowed in 2009 subject to seeking exemptive relief. Management plans for conversion include internal training, external consulting on complex issues and Board and Audit Committee oversight. The Company continues to monitor and assess the impact of convergence of Canadian GAAP and IFRS.

CANADA ZINC METALS CORP.

Management Discussion and Analysis, page 10
December 31, 2009

1.14 Financial Instruments and Other Instruments

Please see Note 11 of the audited consolidated financial statements of the Company, as at and for the years ended June 30, 2009 and 2008.

1.15 Other Requirements

Summary of outstanding share data as at February 26, 2010:

- | | | |
|-----|---|------------|
| (1) | Authorized: Unlimited common shares without par value | |
| | Issued and outstanding: | 91,911,414 |
| (2) | Stock options outstanding: | 7,075,500 |
| (3) | Share purchase warrants outstanding: | 5,750,000 |

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
February 26, 2010