



Management Discussion & Analysis for the Quarter Ended September 30, 2005

This Management Discussion and Analysis for Yukon Zinc Corporation (formerly Expatriate Resources Ltd. "Expatriate") incorporates information for the quarter ended September 30, 2005 and information subsequent to the quarter up to November 22, 2005. This Management Discussion and Analysis should be read in conjunction with the unaudited financial statements and related notes for the quarter ended September 30, 2005, the Annual Audited Consolidated Financial Statements and related notes of the Company for the year ended December 31, 2004 as filed on SEDAR (www.sedar.com).

Overall Performance

Yukon Zinc Corporation ("the Company", or "Yukon Zinc") changed its name from Expatriate Resources Ltd. on December 16, 2004. Yukon Zinc is in the business of exploration and development of mineral deposits in Yukon Territory, Canada. Yukon Zinc, through its subsidiary Nitrosyl Technologies Corporation, also has interests in metal leaching and sulphur technologies that may provide strategic benefit to the development of its mineral properties.

The Company was incorporated May 21, 1993 in the Province of British Columbia and became a reporting issuer on June 9, 1994. Prior to its name change, Expatriate undertook a re-organization by means of a Plan of Arrangement that was approved by the shareholders at an Extraordinary Meeting held on December 14, 2004. Pursuant to this Plan of Arrangement, Expatriate sold all of its exploration properties to Pacifica Resources Ltd. ("Pacifica"), except for its large holdings in the Finlayson District that include the Wolverine property and the Logan and Swift properties in the Rancheria District. All of Yukon Zinc's exploration properties are now located in the Yukon, and the Company changed its name to better reflect its clear focus on the exploration and development of these properties. In exchange for the issuance of 14 million common shares of Pacifica, Expatriate sold to Pacifica: (1) the Yava, Selwyn and Tillex properties in Canada, (2) the Blue Moon base metals property in California, (3) the Islena, Lucy, Cerro Ocre and Yuby-Gabriela properties in Chile, and, (4) 758,285 shares of StrataGold Corporation and 4 million StrataGold common share purchase warrants. Expatriate distributed these 14 million Pacifica shares to its shareholders of record as at December 8, 2004 on a pro rata basis at a conversion ratio of 0.09202485016 of a Pacifica share for each Expatriate share held on the record date. On December 16, 2004, Expatriate shareholders exchanged each of their shares for one common share of Yukon Zinc Corporation. During the fourth quarter of 2004, the Company increased its ownership of Wolverine to 100% and completed an aggregate of \$16.63 million in equity financing.

The Company commenced a test mining program on the Wolverine property in spring 2005 and contracted Hatch Associates in April 2005 to undertake a bankable feasibility study for stand-alone development of the Wolverine deposit.

The Company completed a \$5 million equity financing through the sale of flow-through shares in July 2005 (also see Subsequent Events for a further equity financing in October).

Financial Condition

Working capital for the quarter decreased from \$4,014,831 on June 30, 2005 to \$2,776,733 as at September 30, 2005, a decrease of \$1,238,098. Subsequently, working capital increased in October 2005 with the completion of a \$10 million equity financing (see Subsequent Events).

The decline in working capital from the second quarter reflects the high levels of expenditures in the quarter due to: a) continued Wolverine development activities related to the establishment of a portal and development of a decline to the ore zone at Wolverine, and b) continued surface definition drilling of the Wolverine deposit. The accounts payable at September 30 2005 was largely comprised of invoices from the underground mining contractor and other suppliers that were subsequently paid.

As at September 30, 2005, the Company recorded \$30,661,520 in cumulative deferred mineral property costs, an increase of \$5,957,609 from June 30, 2005, and \$205,949 in property and equipment, net of amortization. The Company had no debt as of September 30, 2005.

Administration costs for the third quarter were \$240,612 compared to \$199,189 in the comparable quarter of 2004. This increase principally reflects higher consulting fees, salaries, rent and office services, and regulatory fees, which were partially offset by lower investor relations and travel costs related to financings, and lower professional fees.

Future Financial Condition

The primary factors that may affect the future financial condition of the Company include the continued ability to raise equity capital and the level of exploration expenditures required to meet commitments. As a mineral exploration and development company with no current mining operations, Yukon Zinc's cash flows consist of cash outflows for administrative expenses, salaries, property acquisition and evaluation, exploration (net of cost recoveries and management fees allowed under joint venture agreements) and expenditures for depreciable equipment such as computers and field equipment. Interest income is credited against costs.

Industry and Economic Factors Affecting Performance

For Yukon Zinc, which is primarily a zinc-silver exploration company, the most important factors are zinc and silver prices and the availability of equity funds. Metal prices strengthened in the latter part of 2004 resulting in some improvement in the share price of zinc-silver companies; however, the zinc price receded during first half of 2005, which decrease was reflected in lower share prices for base metals companies including Yukon Zinc. With the continuing decline in zinc metal inventories, the zinc price strengthened significantly in the third quarter reaching US\$0.73 per pound on November 15, 2005.

Risk Factors

Mineral exploration and development involves a high degree of risk and few properties which are explored are ultimately developed into producing mines. With respect to Yukon Zinc's Wolverine property, substantial expenditures will be required to complete a Feasibility Study and establish ore reserves that are sufficient to permit development. In addition, further expenditures and time are required to obtain the required environmental approvals, construction permits and financing necessary to commence commercial operations. There can be no assurance that the mineral resources can be commercially mined or that the metallurgical processing will produce economically-viable, saleable products. The decision as to whether a property contains a commercial mineral deposit and should be brought into production, will depend upon the results of exploration and development programs and/or feasibility studies, and the recommendations of duly qualified engineers and/or geologists, all of which involves significant expenditures of capital. This decision will involve consideration and evaluation of

several significant factors including, but not limited to: (1) costs of bringing a property into production, including exploration and development work, preparation of production feasibility studies and construction of production facilities; (2) availability and costs of financing; (3) ongoing costs of production; (4) market prices for the minerals to be produced; (5) environmental compliance regulations and constraints (including potential environmental liabilities associated with historical exploration activities); (6) the availability of smelter capacity of the type able to receive any metal concentrate production; and (7) political climate and/or governmental regulation and control.

Associated with the issuance of flow-through shares is the obligation to renounce the equivalent amount of eligible Canadian Exploration Expenses (“CEE”) to investors by the end of the year following issuance of the shares. To the extent that the Company is unable to renounce the required amounts to investor there is a risk that investors may seek recourse to the Company (see also “Capital Resources”).

Environmental Risks and Other Regulatory Requirements

The current or future operations of Yukon Zinc, including development and commencement of production on its properties, require permits from various Federal, Territorial and local governmental authorities, and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, taxes, labor standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Companies engaged in the development and operation of mines and related facilities can experience increased costs and delays in production and other schedules as a result of the need to comply with the applicable laws, regulations and permits. There can be no assurance that all permits which Yukon Zinc may require for the construction of mining facilities and conduct of mining operations will be obtainable on reasonable terms or that such laws and regulations would not have an adverse effect on any mining project which Yukon Zinc might undertake. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on Yukon Zinc and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in the development of new mining properties.

Management and Corporate Matters

On August 22, 2005, Yukon Zinc appointed Pamela Ladyman as Vice-president Environment and Community Affairs. Ms. Ladyman joined Yukon Zinc in February 2005 to manage the permitting of the Wolverine zinc-silver project. She is responsible for the permitting and environmental management of the Wolverine project and implementation of the socioeconomic participation agreement recently completed with the Kaska. In addition, she is responsible for the management of health and safety matters for the Company.

Yukon Zinc is dependent on a relatively small number of key personnel, the loss of any of whom could have an adverse effect on the Company.

Selected Annual Information

The financial information disclosed below has been determined in accordance with Canadian Generally Accepted Accounting Principals (GAAP) and is reported in Canadian Currency. The table below displays selected financial information for the Company.

	3 Months Ended September 30, 2005	Year Ended December 31, 2004	Year Ended December 31, 2003	Year Ended December 31, 2002
Shares Outstanding	183,560,351	158,133,151	71,390,913	50,026,128
Warrants Outstanding	27,408,190	29,614,870	7,825,000	5,217,500
Options Outstanding	12,675,000	6,615,000	2,812,500	4,160,000
Fully Diluted Shares Outstanding	223,643,541	194,363,021	82,028,413	59,403,628
Weighted-Average Shares Outstanding	178,323,212	93,144,805	58,073,502	46,248,457
Total Revenues	Nil	Nil	Nil	Nil
Net Income (Loss) before Discontinued Items	\$(241,670)	(\$2,066,439)	(\$9,950,050)	(\$372,494)
Net Income (Loss) before Discontinued Items per share	\$(0.00)*	(\$0.02)	(\$0.17)	(\$0.01)
Net Income (Loss)	\$(241,670)	(\$2,066,439)	(\$10,567,832)	(\$372,494)
Net Income (Loss) per share issued*	\$(0.00)*	\$(0.02)	(\$0.18)	(\$0.01)
Net Income (Loss) per share diluted	\$(0.00)	\$(0.01)	(\$0.15)	(\$0.01)
Cash Dividends Declared per common share	\$0.00	\$0.00	\$0.00	\$0.00
Total Long Term Financial Liabilities	\$0	\$0	\$0	\$0
Total Assets	\$36,784,665	\$30,097,332	\$9,542,972	\$17,836,828

* based on 178,323,212 weighted average number of shares outstanding.

The Net Loss of \$241,670 for the third quarter 2005 compares with a Net Loss of \$235,973 for the comparable quarter of 2004.

Administration expenses for the quarter included investor relations and financing expense \$84,267, salaries and benefits \$63,217, and rent and office services \$48,402 as the major contributors. Total administration expenses increased by \$41,423 for the quarter, compared to the same period in 2004, principally due to higher rent and office services and salaries offset by lower investor relations and financing expense.

Results of Operations

Yukon Zinc's operations consist generally of mineral exploration and evaluation of new property acquisitions. This includes acquiring mineral properties, evaluating the merits of these properties using various techniques such as geophysical and geochemical methods as well as drilling, and the completion of engineering evaluation studies to advance them to feasibility study.

During the third quarter, Yukon Zinc continued definition drilling at Wolverine and the advancement of the underground exploration and development activity at the property. A portal for the decline was collared in April 2005. This decline will provide access to the Wolverine for future production. The test mining was completed in early November (see Subsequent Events).

Principal Properties and Focus

With the completion of the Expatriate's reorganization, all of Yukon Zinc's mineral properties are in Yukon, Canada. Its major properties are its Wolverine and Logan base-precious metals properties in the Finlayson and Rancheria Districts respectively in south central Yukon. Yukon Zinc's prime focus is the development of the Wolverine deposit that, together with its large land holdings in the Finlayson District, form the basis of the Yukon Silver-Zinc Project.

As of September 30, 2005, Yukon Zinc has an indirect interest in the exploration properties sold to Pacifica Resources Ltd. through its approximate 10% share ownership of Pacifica.(4,800,001 common shares) Subsequent to September 30, 2005, Pacifica closed an equity issue and as a result Yukon Zinc's interest in Pacifica declined to 8.6%. Yukon Zinc also holds warrants to purchase an additional 2,400,000 common shares of Pacifica at a price of \$0.40 per share on or before December 16, 2006. On August 22, 2005, Pacifica announced the signing of a formal Howard's Pass option agreement with subsidiaries of each of Placer Dome Inc. and US Steel Corporation. Pacifica can acquire 100% of the Howard's Pass zinc-lead deposits located in the Yukon northeast of Wolverine.

Wolverine Project, Yukon

Yukon Zinc's prime focus is the evaluation of exploration and development of its base-precious metals properties in the Finlayson District, in southeast Yukon. This activity is directed at the advancement of the 100% owned Wolverine property to feasibility stage, which depending on the results of the feasibility study, will be followed by a production decision.

Wolverine Development Chronology

After reviewing a number of development opportunities for Wolverine in the past 5 years, in late 2003 Yukon Zinc made a decision to consider the Wolverine project as a stand-alone underground development. In July 2004, Hatch was commissioned to undertake prefeasibility-level studies relating to the development of Wolverine as a stand-alone 1,250 tonne per day underground mine. This study was not completed, as it was decided to progress directly to the more detailed engineering studies of mine and process plans required for a bankable feasibility study. In preparation for the completion of a bankable feasibility study by early 2006, the Company commenced planning and permitting for a test mining program that would provide the additional information required to expand the mineable reserve by conversion of resources into reserves. This work would also provide the additional detailed mining and metallurgical information required for a feasibility study. A feasibility study contract was awarded to Hatch on April 25, 2005.

Historic reserves and resources at Wolverine, prior to completion of the Hatch Feasibility Study, have been estimated as follows:

Wolverine Reserves and Resources (see Notes)						
	Grade					
	Tonnes	Zinc	Lead	Copper	Silver	Gold
Wolverine ⁽¹⁾ Probable reserves	3,470,000	12.43%	1.44%	1.37%	336.6 g/t	1.59g/t
Wolverine Resources ⁽²⁾	6,237,000	12.66%	1.55%	1.33%	371.0 g/t	1.76 g/t
Wolverine Resources ⁽³⁾ Indicated	4,941,000	13.00%	1.58%	1.43%	379.4 g/t	1.76 g/t
Inferred	498,000	13.61%	1.70%	1.36%	365.3 g/t	1.51 g/t
(1, 3) Reserve and resource estimates for Wolverine calculated by Hatch Associates Ltd., November 2000.						
(2) Westmin Resources Ltd. 1998 (measured, indicated and inferred; estimate predates current NI-43-101 standards and are non-compliant with 43-101 standards). Westmin is a previous owner of the Wolverine property.						

The difference in the two Hatch and Westmin resource estimates is primarily related to the exclusion of resources for a hangingwall lens in the Hatch estimate that was included in the Westmin calculation.

A total of 1,758 metres of large diameter drill core was completed in nine holes in the Wolverine deposit in August and September, 2004. The large diameter core was sent to SGS Lakefield Research Ltd. for additional metallurgical testing and heavy media separation studies.

The dense media separation (DMS) study was completed at SGS Lakefield in late 2004 to evaluate gravity as a means of separating massive sulphide mineralization and waste rock. The testwork results were very positive indicating that the application of this simple technology could provide a very effective pre-concentration step through the rejection of waste and production of an ore product containing approximately 98% of base metals and 95% of precious metals in the dense "sink" portion together with "fines" products. There can be no assurance that the Lakefield test results will be replicated in actual operations (see Risk Factors).

Successful application of DMS technology at Wolverine could reduce mill process costs on a unit of production basis. However, the main benefits would be in mining, where it provides a means of removing waste material from ores prior to processing. The effective removal of waste allows mining to maximize recovery of high-grade ores; particularly, where excessive dilution with waste rock occurs due to multiple bands of massive sulphide mineralization, hanging-wall failure, contamination of ore with footwall material and in the mining of thin massive sulphide lenses. Application of DMS to the mining of thinner zones would allow the conversion, with additional drilling, of significant amounts of indicated and inferred resources into mining reserves, thereby increasing mine life. DMS has been used successfully at several underground base metal mines.

In late July 2004, Yukon Zinc made application for a Class B Water Licence related to a test mining program proposed to commence in early 2005. In April 2005, this licence was granted and a \$64,000 reclamation deposit required under the licence was made in the second quarter. The test mining program included the sinking of a decline from surface to access the massive sulphide zone and undertaking the test mining of the mineralization to confirm mining assumptions and extract a bulk sample for additional metallurgical testing. This program was successfully completed in early November 2005 (see Subsequent Events).

In November 2004, Yukon Zinc made application for a Class A Water Licence related to the permitting of a mine for the development of Wolverine. Yukon Zinc also advanced its discussions with the Ross River Dena Council in the negotiation of a socioeconomic participation agreement that would provide for First Nations employment and services in the development and operation of the Yukon Zinc-Silver Project (Wolverine). Yukon Zinc completed a socioeconomic participation agreement (SEPA) with the Ross River Dena Council on July 13, 2005. Ross River Dena Council represents the Kaska Nation (Kaska), whose traditional territory encompasses Yukon Zinc's mineral claims within the Finlayson District.

The SEPA provides a basis for participation by all Kaska in project exploration and development activities; in the review of environmental, social and economic matters related to these activities and the environmental assessment and permitting of the Wolverine deposit to production. The support of the Kaska in these activities is positive for the efficient advancement of the project through the environmental permitting process. As part of the consideration of this agreement, the Company paid \$400,000 to the Ross River Dena Council which they in turn invested in the Company and purchased 2 million shares at a price of \$0.20 per share by means of a private placement (see July 13, 2005 news release).

Initially the development of Wolverine was hindered by marketing concerns related to the high levels of selenium. The recent rapid rise in selenium prices and tightness in zinc concentrate markets is creating a more positive environment for the sale of concentrates from Wolverine on more reasonable terms. Selenium prices have risen to over US\$50 per pound (March 2005) from US\$3 per pound in mid-2003. Yukon Zinc is studying the concentrate and selenium markets to determine opportunities to remove the selenium penalty and participate in the price of selenium.

On July 19, 2005, the Company released the results of its initial Wolverine concentrate marketing efforts. Based on a trip to visit with smelter groups in Japan and Korea, written "expressions of interest" for Wolverine concentrates and the advice of our marketing consultants, management is confident that the 100% of the projected volumes and qualities of zinc, copper lead concentrates are saleable under long term marketing arrangements.

In late September 2004, exploration drilling resumed to follow up previous encouraging drill results in the northern part of the Wolverine Property. Two drill holes were completed on the Fisher Ridge area. One hole was completed to target depth and intersected a broad zone of alteration and low grade zinc mineralization.

Finlayson District Exploration

Yukon Zinc resumed exploration in the Finlayson District in 2004 after several years of low level activity. Exploration focused on the Goal Net South area. Surface mapping located a new zone of massive sulphide mineralization grading 13.2% zinc, 5.2% lead, 1.7% copper, 40.7 g/t silver and 0.06 g/t gold over 0.3 metres in a gently south dipping zone that has been named Thunderstruck. Mapping of the Thunderstruck zone traced the zone for 225 metres before it was lost in overburden cover. Further along strike is an untested airborne electromagnetic anomaly.

Three drill holes were completed in the Thunderstruck Zone before winter conditions brought an end to drilling in late November 2004. All three drill holes intersected narrow zones of high grade mineralization at a point 500 metres downdip from the surface discovery. Wide spaced drill holes are planned to test this horizon for thicker mineralization over a six square kilometer area.

Hole GN-04-17 was drilled on the Skyblaze zone located 1.25 kilometres north of GN-01-05, that intersected 16m of greater than 1% zinc, and 2.7 kilometres south of GN00-02 which intersected 0.73 meters of semi-massive sulphide mineralization grading 3.0% zinc, 1.85% lead, 0.14% copper, 63 g/t silver and 0.2 g/t gold. Drill hole GN 04-17 was not completed to target depth and will be deepened in 2005. The upper part of the drill hole intersected several intervals of sulphide mineralization. Additional drilling resumed in June 2005 to more fully evaluate the Kudz Ze Kayah stratigraphy on the Skyblaze and Thunderstruck zones.

Yukon Zinc completed two holes in the thunderstruck Zone and one hole in the Skyblaze Zone, Drill hole 6N05-16 was drilled approximately 2,000 meters southwest of GN04-16 and intersected numerous sulphide horizons within mixed felsic volcanic and sedimentary rocks. Hole GN05-19 was drilled 400 meters west of GN05-16 and failed to intersect the thin massive sulphide horizon intersected in GN04-16. Hole GN05-20 was drilled in the Goal Net North area 3,700 meters northwest of the Thunderstruck area and intersected weak zinc mineralization within felsic volcanic rocks.

Money Property

On August 23 2005, the Company announced details of an option agreement with YGC Resources Ltd. covering the Money claims located adjacent to the Wolverine property on the east. The Money claims cover a copper-rich massive sulphide occurrence that was last drilled in 1996. Yukon Zinc may earn an initial 25% interest by making cash payments totaling \$40,000 and aggregate exploration expenditures of \$150,000 over five years. Upon vesting the initial option, Yukon Zinc may earn an additional 26% interest by making a payment of \$25,000 to YGC Resources and making exploration expenditures of \$500,000 over two years. Upon vesting its interest, Yukon Zinc and YGC Resources will form a joint venture with the parties having a 51 and 49 percent participating interest respectively. At Yukon Zinc's option, it may satisfy the cash payment requirements in shares of Yukon Zinc.

Rancheria District

The Rancheria District is located in south central Yukon. The District hosts numerous carbonate-hosted zinc-lead-silver deposits with similarities to the major manto deposits of Mexico that make that district a world class silver producer. The Logan deposit occurs within a granitic intrusion within this terrane. Further west of the platformal carbonate strata are mixed volcanic-sedimentary strata that host zinc-copper-lead-silver-gold occurrences including the Swift property.

Logan Joint Venture

The Logan Joint Venture is 60% owned by the Company and 40% by Almaden Resources Ltd., Getty Resources Limited and Total Energold Corporation, predecessors to Energold Minerals, spent approximately \$4.5 million exploring the Logan property in the period 1982 through 1989. A total of 103 diamond drill holes were previously drilled. A resource was calculated by Stammers in 1989, however it predates criteria of National Instrument 43-101. Utilizing the new criteria the resource should be considered as an Inferred Resource.

Hatch has, as part of a scoping study of the joint development of the Wolverine and Logan deposits, completed a re-estimation of resources in the Logan deposit. Hatch estimated an Inferred Resource of 13,080,000 tonnes grading 5.10% zinc and 23.7 g/t silver using a 3.5% zinc equivalent cutoff that is based upon metal prices of US\$0.43/lb zinc, US\$5.50/oz silver, and recoveries of 94% and 64% respectively (see March 29, 2004 news release). The Company abandoned the pursuit of the joint development of Logan and Wolverine in January of 2004, in favour of evaluation of Wolverine as a stand-alone mine.

Swift Property

In November 2004, Yukon Zinc acquired all interest in the Swift Property, subject to a 1% net smelter return royalty to the claim holder. The property is situated approximately 55 kilometres southwest of Logan and covers a 20 kilometre long belt of anomalous geochemistry and numerous massive sulphide occurrences and boulders in till.

Massive sulphide and oxide mineralization in the Window/Dan showing occurs as at least two distinct units within a complex sequence of phyllite, schist, calc-silicate rocks, and marble, suggestive of stratabound mineralization. Drill results from a previous hole, SR97-06, include 1.2 metres grading 14.6% zinc and 0.2% copper from 93.85–95.05 metres and 3.62% zinc from 103.95–107.57 metres. This second interval includes 0.87 metre intercept grading 13.4% zinc and 0.1% copper. These and other showings suggest that the mineralization is characteristic of a volcanogenic massive sulphide deposit environment and has potential for higher grade mineralization that could be developed in conjunction with the Logan deposit.

Summary of Quarterly Results

Yukon Zinc is an exploration company and has no operations from which to derive revenues. It raises capital through the sale of its shares. It receives minor income from interest on cash balances. The Income or Loss for the years 2003, 2004 and the 1st, 2nd and 3rd quarters of 2005 are as follows:

Summary of Historical Quarterly Financial Information

Period	Revenues	Net Income (Loss)	Net Income (Loss) Per Share
3rd Quarter 2005	Nil	\$(241,670)	\$(0.00)
2nd Quarter 2005	Nil	\$(428,842)	\$(0.00)
1st Quarter 2005	Nil	\$3,022,280	\$0.02
4th Quarter 2004	Nil	(\$935,592)	(\$0.01)
3rd Quarter 2004	Nil	(\$235,973)	(\$0.00)
2nd Quarter 2004	Nil	(\$555,295)	(\$0.01)
1st Quarter 2004	Nil	(\$339,579)	(\$0.00)
4th Quarter 2003	Nil	(\$10,526,536)	(\$0.15)
3rd Quarter 2003	Nil	(\$135,525)	(\$0.00)

The large positive net income in the first quarter 2005 reflects a non-cash income tax recovery item that relates to the renunciation of \$10.2 million of flow through expenditures to investors in March 2005 (see Note 6 to the financial statements). There was no effect on cash in that quarter. This income item, which effectively results from a change in Canadian accounting principles in 2004, reduces the balance sheet Share Capital account whilst also decreasing the balance sheet Deficit Account by the same amount and therefore has no effect on total shareholders' equity.

The large loss in fourth quarter 2003 is mainly due to the large writedown of deferred exploration expenditures and, to a lesser degree, to a loss related to discontinued operations.

Liquidity

As at September 30, 2005, on a consolidated basis, the Company had cash of \$4,090,831 compared to \$4,374,654 as at June 30, 2005. The Company had \$497,770 in accounts receivable, \$1,226,542 in marketable securities, \$3,071,651 in accounts payable (all of which have been paid), and no long-term liabilities as at September 30, 2005. As at September 30, 2005, the Company had \$2,776,733 in working capital. The cash includes \$744,909 of Yukon Mineral Exploration Tax Credits for the year 2004 that were received during the quarter. Accounts payable increased substantially by \$1,073,735 during the quarter reflecting the high expenditure levels at Wolverine. The payables reflect mainly amounts owed to the underground and drilling contractors.

The Company relies on its existing and future cash resources to fund its mineral exploration and development activities. With no internal sources of available cash flow at this stage of its development, the Company is dependent on external sources of funds, primarily the public equity markets. Circumstances that could affect the availability of equity funds to the Company (both positively and negatively), include: significant exploration successes or lack thereof; new acquisitions; changes in metal prices; significant world events; exchange rate movements and the general state of the equity markets for base metal companies.

In the second quarter of 2005, the Company resumed financing to fully fund its 2005 Wolverine program, administration expenses and completion of the Hatch feasibility study. In this regard, a \$10.0 million financing was completed in October from the sale of units and flow-through shares (see October 21, 2005 News Release and Subsequent Events).

Capital Resources

Yukon Zinc had \$4,090,831 of cash on hand as at September 30, 2005. Included in this amount is \$789,472 of "flow through" funds that must be spent on qualifying CEE prior to December 31, 2006 (see Risk Factors in this document and Note 7 to the accompanying financial statements). This renouncement obligation was fulfilled in October 2005. To the extent of the flow-through funds raised, Canadian tax deductions derived from the Company's eligible CEE are renounced to the individual flow-through share investors.

The Company has interests in several mineral properties, some of which require ongoing exploration, or cash payments in lieu of work, in order to maintain title.

At present the Company will rely on equity issuances to meet its additional capital requirements. There can be no assurance that these current sources of capital will continue to be available to the Company. The Company is advancing its Wolverine Zinc-Silver Project to bankable feasibility study stage. A positive feasibility study would provide a basis for seeking project financing for development of the Wolverine deposit. There is no assurance that the Company will be able to produce a positive feasibility study or to secure project financing for the development of the Wolverine deposit as a mine.

The Company also has interests in other mineral properties in the Finlayson area and southern Yukon, some of which require ongoing exploration, or cash payments in lieu of work, in order to maintain title.

Transactions with Related Parties

Yukon Zinc shares corporate offices and has cost sharing arrangements with StrataGold Corporation and Pacifica Resources Ltd. relating to office and certain overhead expenses, and certain management personnel that act as officers, or office staff, and perform work for the three

companies on a cost and time reimbursement basis. The reason for these arrangements is cost efficiency and shared expertise.

As at September 30, 2005 the Company is owed \$51,813 by certain employees for seed loans to acquire Pacifica shares and has accrued interest on these loans to September 30, 2005. Also \$44,117 is due from a related public company for expense reimbursements, and \$87,317 in legal fees and disbursements have been incurred with a law firm in which an officer of the Company is a partner.

Yukon Zinc owns 4,800,000 common shares of Pacifica and share purchase warrants for the purchase of an additional 2,400,000 common shares of Pacifica at \$0.40 per share on or before December 6, 2006. Dr. Harlan Meade, President and CEO of the Company, is also Chairman and Director of StrataGold, and President, CEO and Director of Pacifica Resources Ltd. Mr. Robert McKnight, Chief Financial Officer and Vice President Corporate Development of the Company, is also Chief Financial Officer and Vice President Corporate development of both StrataGold Corporation and Pacifica Resources Ltd., and a Director of Pacifica. Mr. Jason Dunning, Vice President of Exploration of the Company is also Vice President of Exploration for Pacifica. Richard Goodwin, Vice President Mining of the Company is also a Director of Pacifica.

Proposed Transactions

In the normal course of business, the Company evaluates property acquisition transactions and, in some cases, makes proposals to acquire such properties. These proposals, which are generally subject to Board, regulatory and, sometimes, shareholder approvals, may involve future payments, share issuances and property work commitments. These future obligations are usually contingent in nature and generally the Company is only required to incur the obligation if it wishes to continue with the transaction.

Critical Accounting Estimates

Under the accounting policies practiced by Yukon Zinc, the "fair value" of stock-based compensation (i.e. the vesting of new and existing stock option grants) are expensed to the Statements of Operations and Deficit. In addition, agents' warrants issued as compensation to brokers must be similarly accounted for on a fair value basis and recorded as a share issue cost. The determination of the fair value of options and warrants for this purpose is generally calculated using the "Black-Scholes" formula. Some of the parameters used in this formula are highly subjective, in particular the assumption of future share price volatility, and therefore the amounts expensed are highly subjective and may not be reflective of the true cost of the option granted. Whether or not any of the options and agents' warrants are exercised, the amounts previously expensed are not adjusted and will have permanently increased Yukon Zinc's Deficit and Contributed Surplus accounts. During the quarter ended September 30, 2005, \$35,726 was expensed for stock-based compensation (option grants). This is a non-cash item that has no effect on the Company's cash position.

Changes in Accounting Policies

Yukon Zinc's accounts are stated using Canadian GAAP. Except in following required changes under GAAP, the Company's accounting policies have not changed since incorporation and no future changes are currently contemplated.

Financial Instruments and Other Instruments

Except as disclosed, Yukon Zinc currently does not own, hold or have any material interest in, or liability associated with, any financial or other instruments.

Other MD&A Requirements

Additional information relating to Yukon Zinc is available on the SEDAR website: www.sedar.com under "Yukon Zinc".

Deferred Property Expenditures

The required detailed Schedule of Deferred Property Costs, including deferred mineral property costs, is included in the Company's financial statements. During the quarter, Yukon Zinc expended \$5,957,609 on deferred property costs (including acquisition costs), net of \$744,909 in Yukon Mineral Exploration Tax Credits. Aggregate Deferred Property Costs, including acquisition costs) increased to \$30,661,520 as at September 30, 2005, from \$24,703,911 as at June 30, 2005. The major part of these expenditures (\$5,887,875 net of a \$223,870 tax recovery) was on the Wolverine property. There was also a \$506,144 tax recovery related to the Finlayson District properties. Net acquisition costs (related to maintenance of the Wolverine Finlayson claim blocks) during the same period were \$12,254.

There were no write-downs of exploration expenditures during the quarter.

Disclosure of Outstanding Share Data

Yukon Zinc has an unlimited number of common shares without par value, an unlimited number of Class "A" Preferred shares without par value, and an unlimited number of Class "B" Preferred shares with a par value of \$10 per share, authorized for issuance.

As of September 30, 2005, the Company had 183,560,351 common shares issued and outstanding. There are no other classes of shares outstanding. As of September 30, 2005, Yukon Zinc had 27,408,190 warrants and 12,675,000 stock options outstanding at various exercise prices and future expiry dates. If all these securities were exercised, a total of 223,643,541 shares would have been issued and outstanding.

Share Capital Summary as at November 22, 2005

	Common Shares Issued	Options	Warrants	Fully Diluted Shares
Balance: June 30, 2005	158,833,151	12,375,000	28,125,470	199,333,621
Issued during period	24,727,200	300,000	2,272,720	
Granted during period				
Exercised during period				
Expired during period			2,990,000	
Balance: September 30, 2005	183,560,351	12,675,000	27,408,190	223,643,541
Shares Issued subsequent to September 30	45,454,500	-	-	
Warrants issued subsequent to September 30			13,840,875	
Options granted subsequent to September 30		-	-	
Exercised subsequent to September 30		-	-	
Expired subsequent to September 30		-		
Balance: November 22, 2005	229,014,851	12,675,000	41,249,065	282,938,916

Subsequent to September 30, the Company issued 45,454,500 shares pursuant to a unit and flow-through share offering. Warrants totaling 13,840,875 warrants were also issued pursuant to that share offering.

Share Purchase Warrants

As at September 30, 2005 the Company had 27,408,190 common share purchase warrants outstanding with various expiry dates ranging from March 24, 2006 to July 21, 2007. Exercise prices range from \$0.22 to \$0.70 per share, as detailed in Note 4 of the financial statements. Exercise of all outstanding warrants would result in cash proceeds to the Company of \$10.2 million.

The Expatriate Resources Ltd. warrants outstanding as of December 8, 2004 are convertible upon exercise into one common share of Yukon Zinc and one fractional share of Pacifica, at an exchange ratio of 0.09202485016 of a Pacifica share for each Expatriate share. Pursuant to a provision of the Plan of Arrangement, Yukon Zinc is required to remit to Pacifica \$0.25 per each share of Pacifica issued pursuant to the exercise of a Yukon Zinc warrant. As at September 30, 2005, there were 25,135,470 warrants outstanding that are eligible to receive the fractional Pacifica share upon exercise.

Share Purchase Options

During the quarter, 300,000 options were granted, none were exercised and none expired. As at September 30, 2005 the Company had 12,675,000 common share purchase options outstanding at various exercise prices and expiry dates. Details of options and the exercise prices and expiry dates for the period ending September 30, 2005 are summarized in Note 4 of the Company's quarterly financial statements. If all of these outstanding options were fully exercised, the Company would realize cash proceeds of approximately \$3.4 million. There have been no new options granted subsequent to September 30.

Holders of options and warrants of Yukon Zinc on December 8, 2004 will receive, on exercise, one common share of the Company and one fractional share of Pacifica Resources Ltd. at an exchange ratio of 0.09202485016 of a Pacifica share for each Yukon Zinc share. Pursuant to a provision of the Plan of Arrangement, Yukon Zinc is required to remit to Pacifica \$0.25 per each share of Pacifica issued pursuant to the exercise of a Yukon Zinc option or warrant (the "Pacifica commitment"). As at September 30, 2005, there were 6,090,000 Yukon Zinc options outstanding that are eligible to receive the fractional Pacifica share upon exercise.

Subsequent Events

Private Placement.

On October 21, 2005 Yukon Zinc closed a \$10 million brokered private placement financing that was announced on September 19, 2005. The private placement consisted of 21,033,000 Units at a price of \$0.22 per Unit for proceeds of \$4,627,260. The financing also included 24,421,500 Flow-Through Common Shares at a price of \$0.22 per share for proceeds of \$5,372,730. Each Unit consists of one common share and one-half warrant, with each full warrant being exercisable at \$0.25 over a two year period that expires on October 22, 2007.

Completion of Test Mining Program and Definition Drilling

On November 7, 2005, Yukon Zinc reported the completion of the test mining program at Wolverine. The program successfully demonstrated that the ore can be accessed and mined and that ground conditions were more favourable than anticipated. The more favourable conditions in the ore and immediate hangingwall rocks is very positive to the mine plan and suggest lower levels of dilution than had been previously assumed. Completion of this work and the definition drilling of the Wolverine deposit paves the way for completion of the feasibility study in early 2006. Additional results from another 11 drill holes from the deeper part of the

Lynx zone demonstrated the continuation of the thicker core zone further down dip than previously indicated. A new National Instrument 43-101 resource estimate is in progress and is targeted for completion in December.

Filing of Environmental Assessment Report

On November 3, 2005, the Company announced that it had filed its Environmental Assessment Report (EAR) for the Wolverine Project, Yukon Territory. The report provides an overview of the development plan for the Wolverine deposit and related facilities and infrastructure and an assessment of environmental and socioeconomic factors. The report completes many years of gathering baseline data and studies. The proposed development and environmental management plan are being incorporated into the feasibility study that is in progress for completion in early 2006.

The EAR is now being reviewed by the regulators and general public. Public meetings are planned during November and December with a screening report expected in late December. The submission of the EAR sets in motion a permitting and public review process that should see the Mining License for the development of Wolverine being issued in August 2006. Issuance of this license will allow mine construction to begin.

Forward Looking Statements

This discussion includes certain statements that may be deemed “forward-looking statements”. All statements in this discussion, other than statements of historical facts, that address future production, reserve potential, exploration drilling, exploration activities and events or developments that the Company expects, are forward looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continued availability of capital and financing, and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and that the actual results or developments may differ materially from those projected in the forward-looking statements.

YUKON ZINC CORPORATION.

“Harlan Meade”

Harlan Meade
President and CEO, Director
November 22, 2005