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## News Release

### **Yukon Zinc Corporation Project Financing Update**

**Vancouver, BC, January 24, 2006** – Yukon Zinc Corporation (YZC.TSX-V) reported on December 19, 2005, that it had engaged Macquarie Bank Ltd. (Macquarie) to act as exclusive lead arranger of a project loan and related hedging facilities for Yukon Zinc's 100%-owned Wolverine high grade zinc-silver development project, located in southeast Yukon. Due diligence evaluation of the project is progressing as resource and feasibility information becomes available. A draft of the feasibility being completed by Hatch Associates is expected in February 2006.

The Company is now evaluating various sources of equity financing including the exercise of warrants and options. It currently has \$7.3 million of options and warrants whose exercise price is below the closing price of \$0.425 per share on January 23, 2006. Over the coming weeks the Company intends to meet with various holders of these warrants to encourage their early exercise, thereby reducing the amount of equity capital remaining to be financed.

The Company is also evaluating the opportunity of a forward sale of a portion of its future silver and/or gold production from the Wolverine Project. Funds from the sale of precious metals, together with proceeds of exercise of warrants and current working capital of approximately \$7 million, could provide all of the necessary equity capital required for project financing, and negate the need for an additional offering of common shares. The Company has set an objective of having secured all necessary equity and project debt financing by mid year.

### **About Yukon Zinc**

Yukon Zinc is advancing the unusually silver-rich Wolverine zinc-copper-lead-silver-gold deposit to feasibility that is scheduled for draft completion in February 2006. The feasibility study is the basis of permitting, engineering and financing plans that are expected to advance the Wolverine deposit to a production decision in mid-2006 and production in late 2007.

*Except for the statements of historical fact contained herein, the information presented includes "forward-looking statements". Forward-looking statements, include, but are not limited to those with respect to, the price of commodities, the estimation of mineral reserves and resources, the realization of mineral reserves estimates, the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of new deposits, success of exploration activities, hedging practices, permitting time lines, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses and title disputes. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", or "does not expect", "is expected", "budget", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variation of such words and phrases or state that certain actions, events or results, "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking*

*statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the actual results of current exploration activities, actual results of current reclamation activities, conclusions of economic evaluations, changes in project parameters as plans continue to be refined, future prices of commodities, possible variations in ore grade or recovery rates, failure of plant, equipment or processes to operate as anticipated, accidents, labor disputes and other risks of the mining industry, delays in obtaining governmental approvals or financing or in the completion of development or construction activities. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.*

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