
Management's Discussion and Analysis

For the Quarter Ended September 30, 2007

Introduction

The following management discussion and analysis ("MD&A") for Yukon Zinc Corporation, (the "Company" or "Yukon Zinc") is dated November 28, 2007 and provides an analysis of Yukon Zinc's financial results for the quarter ended September 30, 2007 compared to the same period in the previous year. As at November 28, 2007 the Company had 342,915,742 common shares issued and outstanding. This MD&A was prepared to conform to National Instrument 51-102, and was approved by the Board of Directors prior to its release.

The following information should be read in conjunction with the Company's September 30, 2007 unaudited consolidated financial statements, and related notes thereto, and with the Company's audited consolidated financial statements and related notes for the year ended December 31, 2006, all of which were prepared in accordance with Generally Accepted Accounting Principles in Canada ("Canadian GAAP"). The accounting policies have been consistently followed in preparation of these financial statements except that the Company has adopted the guidelines governed by Sections 3855 and 1530 of the CICA Handbook, "Financial Instruments – Recognition and Measurement" and "Comprehensive Income", respectively, effective for the Company's first quarter commencing January 1, 2007 whereby the Company is required to disclose comprehensive income and its components.

All dollar amounts are in Canadian dollars unless otherwise indicated. Some numbers in this MD&A have been rounded for discussion purposes. Certain forward-looking statements are discussed in the MD&A with respect to the Company's activities and future financial results. These are subject to significant risks and uncertainties that may cause projected results or events to differ materially from actual results or events. The section on Forward-looking Statements at the end of this document more fully describes the nature of these statements and the risks of relying on them. The Company is a reporting issuer in British Columbia, Alberta, Ontario and Quebec and its shares trade on Tier 1 of the TSX Venture Exchange ("TSX.V") under the symbol YZC. Additional information relating to the Company is available on SEDAR at www.sedar.com.

Overview

The Company is in the business of exploration and development of its mineral properties in the Yukon Territory, Canada. Its focus is on advanced exploration and feasibility related engineering and permitting work being done at the Wolverine Project with the goal of bringing this project through construction and development to become a producing mine. Wolverine is a base-precious metals property located in the Finlayson District of the Yukon.

In January 2007, the Board of Directors accepted a positive, independent optimized feasibility study of the Wolverine Project by Wardrop Engineering (the "OFS"). Wolverine will be an underground mining operation with processing facilities designed to produce zinc, copper and lead concentrates. Average annual metal production contained in concentrates in the first three years is forecast at 53,400 tonnes of zinc, 4,900 tonnes of copper, 6,000 tonnes of lead, 4.9 million ounces of silver and 20,000 ounces of gold. Refer to the Company's SEDAR filings for more details.

On August 27, 2007, The Company received a commitment letter from Barclays Capital ("Barclays") for a senior project finance facility (the Facility) in the amount of US \$140 million. The Facility carries an interest rate of LIBOR plus 3.00% pre-construction completion, 2.25% for the first four years post-completion, and 2.75% after four years post-completion. Financial maturity is 7.5 years from financial closing and will be repayable in semi-annual installments. Once closed, the Facility will be secured against the assets of the project. Barclays requires certain minimum debt service reserves and ratios relating to projected debt service coverage and ratios. Failure to meet certain of these tests could result in a possible acceleration of the loan repayment. The commitment letter is subject to conditions precedent, including the raising of sufficient equity capital to complete the project development. In

addition to the \$207 million Wolverine construction capital as detailed in the Wardrop OFS, YZC has agreed to have US\$25 million set aside to allow for any Wolverine Project capital cost overruns. Additional funds would also be required for working capital, loan arrangement and broker fees, legal costs and, for any equity offering that included interest bearing securities including provision for amounts required for interest escrow (required for interest during construction).

Management and the Board, with our agents, evaluated opportunities to raise the balance of the funds required to fully finance Wolverine construction. Based on these discussions, on October 4, 2007 the Company announced the filing of a preliminary prospectus in certain provinces of Canada for a brokered, best-efforts offering of C\$130 million of securities (see Subsequent Events). The Offering includes provision for an additional 10% overallotment option.

Highlights during the period include:

- Received a commitment letter from Barclays Capital (“Barclays”) that provides for a senior project finance facility (“the Facility”) in the amount of US \$140 million.
- Completed the 24km, all-weather access road to Phase 1 standards for the Wolverine Project.
- Announced the selection of Glencore Ltd. and MRI Trading AG as the buyers for all of its initial projected Wolverine concentrates production. The contracts will be executed prior to close of the Barclays Facility and will run through to December 31, 2013.

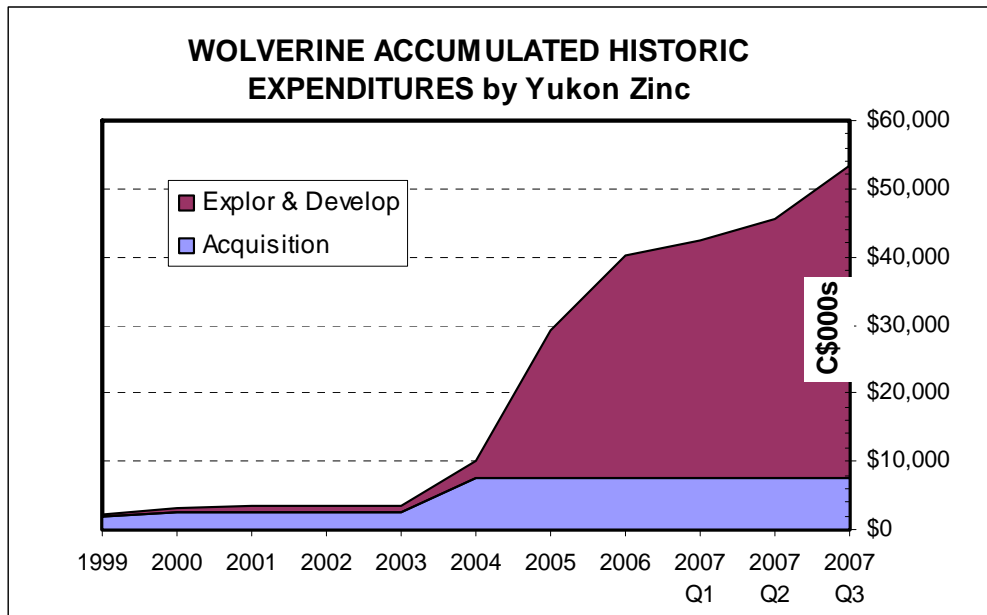
Highlights subsequent to period end:

- On October 3, 2007 the Company was granted a Type A Water Licence for the Company's Wolverine Project by the Yukon Government (see Subsequent Events). With both the Quartz Mining Licence and Type A Water Licence in place, development and operation of a mine at the Wolverine Project can now proceed, subject to completion of financing arrangement and final Board approval.
- On October 4, 2007 the Company announced filing of a preliminary prospectus in certain provinces of Canada for a brokered, best-efforts offering of C\$130 million of securities (see Subsequent Events). The net proceeds of the Offering will be held in escrow, less \$15 million, which will be released to the Company to fund corporate activities and to maintain project timelines.
- On October 11, 2007 the Yukon Government announced the allocation of over \$31 million of funds for the improvement and upgrading infrastructure on the southern Robert Campbell Highway over the following three years. The government announcement noted: ***“Increased activity along the Robert Campbell Highway, including renewed mining activity at the Yukon Zinc Wolverine Project Mine, has necessitated an upgrade to the current highway infrastructure”***. Much of the Wolverine construction materials, supplies and concentrates will use this public highway, which runs south from the Wolverine Project to the town of Watson Lake on the Alaska Highway.

Wolverine Property

The Company has a 100% interest in the Wolverine property, subject to certain royalties. As at September 30, 2007, the Company held 1,064 mineral claims covering approximately 19,500 hectares of lands located 198 kilometres north-northwest of the town of Watson Lake and 16 kilometres west of the Robert Campbell Highway in the Yukon. The Wolverine property contains a volcanogenic massive sulphide deposit with zinc, lead, copper, silver and gold mineralization.

The Wolverine Project is within the traditional territory of the Ross River Dena Council and Kaska First Nations. Communities near the Project include Ross River, Faro and Watson Lake. During the period the Company completed construction of an access road to the Wolverine project. Over the past seven years the Company has spent approximately \$53.3 million on acquisition, surface and underground exploration, and pre-feasibility development of the Wolverine Project as at September 30, 2007.



In 1995 Westmin Resources Limited (“Westmin”) optioned the property from Atna Resources Ltd (“Atna”) and a drilling program was conducted that resulted in the discovery of the Wolverine deposit. At the end of 1995, Westmin entered into a 60/40 joint venture (“JV”) with Atna. An airstrip was constructed near the deposit in 1996 and drilling programs significantly expanded the known area of mineralization. In 1998, all activities ceased when Westmin was acquired by Boliden Ltd.

Yukon Zinc (known as Expatriate Resources Ltd. at the time) acquired a 60% interest in the Wolverine JV from Boliden Westmin in 1999 and together with Atna, conducted metallurgical evaluations and investigated marketing opportunities. At the time, there were concerns about the high selenium levels in the zinc concentrate and the impact that this would have on project economics.

The Company increased its interest in the Wolverine JV to 100% in 2004 by acquiring Atna’s 39.4% interest for \$2.0 million plus 10 million common shares and 5 million common share purchase warrants. Atna retained a sliding scale royalty payable on the net proceeds of gold and silver production. The net smelter return royalty (“NSR”) is payable only on silver and gold at a rate of 4% when the silver price exceeds US \$5.00 per ounce and 10% if the silver price exceeds US \$7.50 per ounce. No royalty is payable to Atna on base metals.

Included in the Wolverine property are claims (the “Initial Claims”) plus other mineral claims within a two kilometre area of interest which are subject to NSR royalties payable to the original claim holders; Equity Engineering Ltd. (“Equity”) and Strategic Metals Corporation. Equity is entitled to NSR royalties of 0.5% which may be purchased at any time for \$0.5 million. One of the Initial Claims, the Kink 3 claim, is subject to a 1% NSR royalty which may be reduced to 0.5% after cumulative payments of \$0.5 million have been made. The Kink 3 claim covers approximately 50% of the Wolverine deposit.

In 2005, the Company developed a production-sized decline to the ore zone followed by test mining to define the mining conditions for a feasibility study. A comprehensive program including surface drilling, underground work, permitting and metallurgical studies, was conducted in 2005 totalling \$19.2 million. This program was successful in confirming resources in the Measured and Indicated categories required for completion of a feasibility study. In 2005, Hatch was commissioned to conduct a feasibility study.

Wardrop Engineering was commissioned in July 2006 to review the Hatch study and consider some optimization measures. The Optimized Feasibility Study (OFS) was completed by Wardrop in January

2007 and demonstrated improved project economics. The OFS is the basis of current project financing and development activities.

Wolverine Project

Project Development

The Wolverine Project is remote. Previously, access to the site was by air transportation only, however, during the current period a new, all-weather access road was constructed to Phase 1 standards. This road, which connects to the Robert Campbell Highway, will provide for transportation of equipment and supplies required for on-going maintenance of the site and initial construction activities at site. Completion of this Phase 1 road allows for a fast start to construction of various mine facilities when project financing is completed and a production decision is made. On October 11, 2007 the Yukon Government announced the allocation of over \$31 million of funds for the improvement and upgrading infrastructure on the southern Robert Campbell Highway.

At the mine site, some preliminary earthworks has been completed for the main camp facilities. The civil work is being managed and completed by Yukon Zinc with their operators and equipment at the site. Procon Mining and Tunnelling Ltd. is the underground mining contractor on site, continuing to provide support services for the underground mine.

Once the Wolverine Mine is constructed and in operation, it will be operated on a fly-in, fly-out basis, with personnel flown from Whitehorse, Ross River and other nearby communities, with the access road as a backup. The OFS projected development to take about two years for completion of permitting, project financing, engineering, construction and commissioning. During operations, concentrates will be trucked to the Port of Stewart, British Columbia, approximately 870 km from the site and from there exported to markets in Asia.

Project Costs

Wardrop estimated the initial capital cost for the design and construction of the Project to be \$207.7 million. The cost estimates, which include infrastructure, mine and ore processing facilities are \$175.8 million with a \$24.4 million contingency and \$7.5 million in owner's costs.

Annual operating costs are expected to be approximately \$59.4 million or \$95.58 per tonne based on 621,000 tonnes mined per year, as follows:

Project Operating Costs	Annual Cost \$000's	\$/tonne- mined
Mining	\$26,204	\$42.18
Processing	9,002	14.49
Maintenance	5,249	8.45
Power costs	9,449	15.21
General and administration	9,476	15.25
Total	\$59,380	\$95.58
Tonnes mined per year (average)	621,235	

Marketing

Wardrop reviewed reports prepared by independent consultants for the Company in 2005 and updated the numbers to reflect changes in the market. The marketability of the three base metal concentrates that the Company intends to produce; the applicable prices for the payable metals; smelting and refining terms; penalties on certain impurities; and transportation costs were all reviewed.

On September 4, 2007 the Company announced the selection of Glencore Ltd. and MRI Trading AG as the buyers for all of its initial projected Wolverine concentrates production. Concentrate purchase contracts with the two buyers have been drafted based on their proposals. The contracts will likely be executed prior to year-end and will run through to December 31, 2013.

Permitting

The major permits and approvals required in the Yukon include:

- Mining Land Use Permit under the *Yukon Quartz Mining Act*, Department of Energy Mines and Resources, (received January 18, 2005);
- a Type B Water Licence under the *Yukon Waters Act*, (received April 5, 2005);
- Land Treatment Facility Permit, under the *Environment Act*, (received June 2, 2006);
- a Quartz Mining License, under the *Yukon Quartz Mining Act*, Department of Energy Mines and Resources (received December 5, 2006);
- an Access Permit from the *Yukon Department of Highways and Public Works*, (issued in March 2007); and
- a Type A Water Licence under the *Yukon Waters Act*, (received October 4, 2007).

The Company now has all major permits required to construct and operate the Wolverine Mine.

Mineral Resource Estimate

Following the 2005 definition drilling program, a NI 43-101 compliant mineral resource estimate was made. This remains unchanged (US \$80/tonne cut-off). The Inferred resources are in the deeper portion of the deposit and require additional in-fill drilling to improve resource confidence.

Resource Category	Tonnes	Zn (%)	Ag (g/t)	Cu (%)	Au (g/t)	Pb (%)
Measured	493,000	12.44	298.8	1.18	1.50	1.48
Indicated	3,968,000	12.10	361.8	1.16	1.72	1.59
Total	4,461,000	12.14	354.8	1.16	1.69	1.58
Inferred	1,693,000	12.16	385.4	1.23	1.71	1.74

The resource estimate was prepared by Independent Qualified Persons (within the meaning of NI 43-101) Gary Giroux, P.Eng. of Giroux Consultants Ltd. of Vancouver, BC, and Mr. Cliff Pearson, P.Geo. of Pearson Geological Ltd. of Victoria, BC.

All resource estimates reported in this MD&A are calculated in accordance with the Canadian NI 43-101 and the Canadian Institute of Mining and Metallurgy Classification system. These standards differ significantly from the requirements of the United States Securities and Exchange Commission ("SEC").

The SEC permits U.S. mining companies in their SEC filings to disclose only those mineral deposits that qualify as proven or probable "reserves" because a determination has been made based on an appropriate feasibility study that the deposits could be economically and legally extracted or produced. The term "resource" does not equate to "reserves" and normally may not be included in documents filed with the SEC and readers are cautioned not to assume that "resources" will be converted into "reserves" in the future.

This disclosure uses the term "inferred resource", which is recognized in Canadian regulations but it is not accepted by the U.S. SEC. "Inferred resources" have a great amount of uncertainty as to their existence and as to their legal and economic feasibility. It cannot be assumed that all or any part of the "inferred resource" will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Mineral Resources may not form the basis of feasibility or other economic studies. Investors are cautioned not to assume that all or any part of an Inferred Mineral Resource exists, or that the Company may economically or legally mine the Resource.

Mining Plan and Reserves (Diluted)

The diluted Proven and Probable mining reserves based on the Measured and Indicated resources provide for an 8 year production plan.

Reserve Category	Tonnes	Zn (%)	Ag (g/t)	Cu (%)	Au (g/t)	Pb (%)
Proven	564,000	10.31	246.9	0.96	1.24	1.24
Probable	4,588,000	9.59	286.2	0.91	1.37	1.26
Total	5,152,000	9.66	281.8	0.91	1.36	1.26

This reserve estimate was prepared by Independent Qualified Person (within the meaning of NI 43-101) Al Polk, P.Eng. of Snowden Mining Industry Consultants Ltd. of Vancouver, BC. as part of the Wardrop OFS.

A portal and 5 by 5 metre ramp to the upper part of the mineral zones were completed as part of the underground test mining program in 2005. The existing portal and decline will be rehabilitated as the main production access. Additional development work is planned to provide stope access. Underground operations at the Wolverine Project are planned to achieve a daily production rate of 1,700 tpd.

Drift and fill mining was selected as the stoping method, and it will be modified to adjust to changing ore widths. Paste back-fill will be used as the primary filling material for the mine. The fill will be prepared on surface at the mill and pumped through a piped delivery system for placement in the stopes.

The Company plans to use trackless diesel mining equipment for both development and production purposes. Ore and waste haulage will be done using load-haul-dump units and 50 tonne underground trucks. All drilling will be done using electric-hydraulic units.

Processing

Milling involves crushing, Dense Media Separation "DMS", and two-stage grinding followed by differential flotation processes to produce three concentrates; zinc; copper; and lead. In addition to the primary metals, the concentrates contain gold, silver and selenium.

The processing facilities at Wolverine will be designed to treat an annual plant feed of 621,000 tonnes, with a daily throughput expected to average 1,700 tpd at a plant availability of 80% for the secondary crushing and DMS section. The grinding circuit will be a conventional rod mill – ball mill circuit with classification by cyclones. Conventional flotation cells will be used in each of the three flotation circuits.

Metallurgical test-work programs including DMS and flotation tests were carried out in a number of laboratories over the last decade. The metallurgical test-work program in 2004 established the process plant flow-sheet design. This design includes a DMS pre-concentration circuit to limit the amount of waste material in run-of-mine ore delivered to the primary processing circuit. Application of this technology at Wolverine is expected to have positive benefits, not only in reducing mill process costs on a unit of production basis, but also in providing greater mining flexibility and lower mining costs. The effective removal of waste in the mill allows less selective mining, with emphasis on maximizing recovery of the high-grade ores, particularly in areas where excessive waste rock dilution may occur. Excessive dilution is common in areas with multiple bands of massive sulphide mineralization; hanging-wall failure; contamination of ore with footwall material; and in areas of thin massive sulphide lenses. DMS has been successfully employed at several other underground base metal mines.

Wolverine Property Expenditures

In the nine months ended September 30, 2007 the Company recorded net additions to its deferred mineral property costs of \$13,207,483 (quarter ended September 30, 2007 - \$7,895,597.)

Procon was engaged in 2005 to provide advanced exploration and test mining services. Approximately \$5.3 million was incurred in establishing a portal for the mine and conducting pilot test mining in 2005. In 2006 an additional \$1.7 million was incurred in advanced exploration activities and \$3.9 million for maintenance costs, dewatering the mine adit area and rehabilitating the underground workings.

Project management and support costs for the nine months ended September 30, 2007 were \$11,214,675 (quarter ended September 30, 2007 - \$6,915,759). The Company incurred \$1,988,563 in environmental, engineering and site maintenance costs during the nine months ended September 30, 2007 (\$979,838 during Q3). These costs were associated with continued water treatment of mine waters and underground refurbishment, and engineering and environmental work associated with continued permitting of the Type A Water License application.

Additional details are in the Consolidated Schedule of Mineral Property Costs included as part of the Financial Statements for the period.

Other Mineral Properties

The Company has interests in certain other mineral properties in the Yukon that are described in the Notes to the year-ended December 31, 2006 Consolidated Financial Statements. Deferred costs on these properties totalled \$1,186,918, as at September 30, 2007. (September 30, 2006: \$930,891).

No exploration program has been conducted on the other Finlayson District properties since 2005 while the Company focused on the Wolverine Project. Capitalized mineral property costs associated with the Finlayson District totalling \$4.5 million were written off in 2006. These costs were primarily field costs and geological consulting costs incurred over several years. The Company intends to maintain most of these mineral claims, however, it will be devoting most of its efforts to advancing the Wolverine Project during 2007. Similarly, there has been no exploration on the Logan or Swift properties during the period.

Results of Operations

The following financial data was derived from the Company's Consolidated Financial Statements for each of the eight most recently completed quarters:

Summary by Quarter \$000's	Q4 2005	Q1 2006	Q2 2006	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007
Corporate expenses	353	401	629	474	610	798	923	3,396
Stock based compensation		622	392	68	319	679	402	127
Write off mineral properties	-	-	-	-	4,456	-	-	-
Gain on sale of investments/other	-	(38)	(2)	-	(655)	(175)	2	2
Future income tax recovery	2,423	-	-	-	(4,083)	(354)	(517)	(1,488)
Net loss (income)	2,776	985	1,019	542	647	948	810	2,037
Net loss (income) / share – basic & diluted	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.01

A net loss before tax of \$3,525,893 was reported for the three months ended September 30, 2007 (\$0.014 per share) compared to a net loss before tax of \$541,911 (\$0.002 per share) for the three months ended September 30, 2006. Salaries and benefits increased from \$109,067 to \$275,012 due to an increase in staff numbers, salary increases, and increased activity.

The Company reported a net loss before tax of \$6,156,478 (or \$0.018 per share) for the nine month period ended September 30, 2007, compared with net loss of \$2,545,703 (\$0.007 per share) for the same period in 2006. The results of operations were largely influenced by increasing general and administrative expense related to the advancing of the Wolverine project in addition to increased financial advisory fees and loan commitment fees relating to ongoing project financing.

During the three months ended September 30, 2007 the Company granted options to purchase up to 900,000 shares of the Company's stock at an average exercise price of \$0.26. Because a portion of these options vested in the period, \$61,512 was recorded as stock-based compensation expense in the current period. A further \$65,779 relating to stock options granted in previous periods and vesting in the current period was also recorded as stock-based compensation expense. For the nine month period ended September 30, 2007 the Company granted options to purchase up to 6,900,000 shares of the Company's stock at an average exercise price of \$0.25. \$287,658 was recorded as stock-based compensation expense as related to vesting in the current year to date and a further \$916,196 relating to stock options granted in previous periods and vesting in the current year to date was recorded as stock-based compensation expense. The Black-Scholes valuations are subject to significant variations depending upon the assumptions used and changes in market conditions, especially share price volatility.

Financial advisory fees for the three months ended September 30, 2007 was \$53,824 greater than the same period in the previous year (\$172,217 compared to \$118,393) due to services provided by Hill Street Capital in search of alternative equity investment by potential strategic partners, Conseil Advisory Services for loan documentation review, and fees paid to Pincock Allen & Hold for project evaluation expenses.

Financial advisory fees for the nine months ended September 30, 2007 increased to \$542,117 from \$193,393 in the same period of 2006. This consisted of \$177,571 paid to Hill Street Capital, \$131,430 to Pincock Allen & Holt, and \$225,335 in legal fees associated with the Barclays senior debt financing due diligence.

Office and general expenses remained consistent with the same period last year as the Company continued to occupy its present office space under the terms of the lease.

Investment in Selwyn Resources Ltd. (formerly Pacifica Resources Ltd.)

Selwyn Resources Ltd. ("Selwyn") is a related company with the same Chief Executive Officer and certain other common officers and directors. As at September 30, 2007, the Company held approximately 5.6 million common shares of Selwyn with a market value of \$3.2 million. This represented approximately 4.7% of the issued and outstanding shares of Selwyn as at the end of the period.

Liquidity and Capital Resources

The Company has limited financial resources and does not generate any revenue from operations, so it has financed its operations by raising capital in the equity markets. Management, with the assistance of financial advisors, is evaluating various financial alternatives to fund Wolverine Project construction and development. There can be no assurance that the Company will be successful in its financing efforts.

The Company had a working capital balance of \$125,151 as at September 30, 2007. During the current period, the Company's cash position decreased by \$8.6 million to \$3.7 million as the Company utilized its cash resources to continue advancing the Wolverine Project. Cash used in operating activities during the current period totaled \$3.4 million (\$0.4 million for the same period in 2006). Future income tax expense of \$1.7 million was the largest non-cash item affecting operating activities.

Off Balance Sheet

The Company did not enter into any off balance sheet transactions or commitments as defined by NI 51-102, except as disclosed in the Notes and below.

Change in Accounting Policies

Effective the quarter commencing January 1, 2007, the Company adopted the guidelines governed by Sections 1530 and 3855 of the CICA Handbook, "Comprehensive Income" and "Financial Instruments – Recognition and Measurement". Comprehensive income (Section 1530) is the change in a company's net assets that results from transactions, events and circumstances from sources other

than the Company's shareholders and includes items that would not normally be included in net earnings such as unrealized gains or losses on available-for-sale investments. Financial Instruments – Recognition and Measurement (Section 3855) requires that all financial assets, except those classified as held to maturity, and derivative financial instruments, must be measured at fair value. All financial liabilities must be measured at fair value when they are classified as held for trading; otherwise, they are measured at cost. The adoption of Sections 1530 and 3855 impacts the retained earnings and losses of the Company. The unrealized gain on the available for sale securities from purchase to December 31, 2006 was \$2,970,256 net of tax of \$610,955 which is reported as an adjustment to the opening balance of accumulated comprehensive income. The unrealized loss of the available for sale securities for the nine months ended September 30, 2007 was \$1,799,394 which is reported in the current period.

Critical Accounting Estimates

The preparation of financial statements in accordance with Generally Accepted Accounting Principles in Canada ("GAAP") requires the Company to select from possible alternative accounting principals and to make estimates and assumptions that affect the reported results. Critical accounting policies that affect the financial statements are summarized in Note 2 to the audited Consolidated Financial Statements.

Contingencies and Commitments

Reclamation Deposits

As a condition of the QML, Type B Water License and the Mining Land Use Permit, the Company is required to maintain security deposits in amounts determined by Government regulators. The total may be adjusted depending upon environmental assessments. Upon the commencement of construction of the access road and the industrial complex an additional \$0.6 million and \$1.0 million, respectively, is required to be held pursuant to the terms of the QML. In addition, the Company was obligated to fund approximately \$0.1 million on or before April 1, 2007 for water treatment and monitoring purposes as stipulated in the Mining Land Use Permit. This was done on March 28, 2007.

Financing Commitments

Pursuant to the terms of agreements with its financial advisors, Yukon Zinc has the following obligations:

- A fee of \$75,000 due to Macquarie Bank was made during the current period. Macquarie also has the right to participate in a defined amount (25%) of the syndicated portion of any senior Wolverine project debt including the Barclays Facility on terms equal to those offered to other participating banks. This right expires on December 1, 2007.
- Barclays Capital – a \$1.0 million termination fee payable if there is a change in control of the Company or if the Company accepts senior Project financing from alternative sources; 3.5 million share purchase warrants exercisable into an equivalent number of common shares at \$0.26 per share for a period of five years. The warrants available for exercise are staged and conditional upon the achievement of key milestones (see March 2, 2007 news release). Under the Barclays engagement agreement, 50% of their arrangement fee was payable on delivery of a commitment letter. This portion of the fee equal to US\$2.1 million was paid in August 2007. Also, 2.1 million of the warrants due to Barclays were issued.

The Kaska Nation - SEPA Commitments

The Company has made commitments pursuant to the terms of an agreement with the Kaska and Ross River Dena Council, some of which are considered privileged information. The agreement provides for their participation in the Wolverine Project through employment and service contract opportunities. The Company has made payments to the Ross River Dena Council and if a production decision is made and construction begins, the Company expects to pay at least \$0.4 million in 2007. On May 7, 2007 the company awarded its first contract under the Socioeconomic Participation

Agreement with Arctic Construction Ltd. and Ross River Dena Council ("Arctic Construction Ltd.") for the construction of the 24km Phase 1 access road for the Wolverine project.

Exploration

Over the next twelve months, the Company has expenditure commitments of approximately \$0.1 million to maintain its exploration properties and earn its interests. The Company intends to focus on the advancement of the Wolverine Project.

Wolverine Project Commitments

Pending the completion of Wolverine Project financing and production decision, the Company is conserving cash by keeping operational and procurement activities to a minimum.

Other contingencies and commitments are disclosed in the Notes to the Consolidated Financial Statements and elsewhere in this MD&A.

Related Party Information

Selwyn Resources Corp. ("Selwyn") and Savant Explorations Ltd. ("Savant") are related companies with certain common officers and directors, with whom the Company shares office space and some administration expenses. The intention of these cost sharing arrangements is to improve administrative efficiencies and to share expertise. These services were provided in the normal course of operations for consideration established and accepted by the related parties, which management believes were reasonable under the circumstances. There were small inter-company balances outstanding, as disclosed in Note 10, for services rendered and for reimbursement of common office expenses.

Dr. Harlan Meade, President, CEO and a Director of the Company, is President, CEO and a Director of Selwyn and a Director of Savant. Mr. Robert McKnight, Chief Financial Officer, Vice President Corporate Development and a Director of Yukon Zinc, is also a Vice President and Director of Selwyn, and CFO and Director of Savant. Mr. Jason Dunning is Vice President of Exploration for both Yukon Zinc and Selwyn. Robert Yeoman is a Director of both Yukon Zinc and Selwyn.

Other related party transactions and balances are disclosed in the Notes to the Consolidated Financial Statements and elsewhere in this MD&A.

Financial Instruments, Equity and Comprehensive Income

In April 2005, the Accounting Standards Board issued new accounting standards dealing with the recognition, measurement and disclosure of financial instruments, hedges and comprehensive income which, consistent with US and international reporting standards, require that certain gains and losses be recorded in a separate statement as comprehensive income. Fair value is considered the most relevant measure for financial instruments, which are any contracts that gives rise to a financial asset of one party and a financial liability or equity instrument of another party.

These new standards are effective for financial statements relating to fiscal years beginning on or after October 1, 2006. The Company has adopted these policies effective January 1, 2007 and will report comprehensive income, equity and financial instruments in accordance with the relevant sections in the CICA handbook (sections 1530, 3251, and 3855, respectively). In addition to disclosing a new comprehensive income statement, the primary effect on the Company will be that all financial instruments will be measured at fair value. The Company's investment in Selwyn was booked at a cost of \$1.9 million on the balance sheet: based on the year-end closing price of \$0.90 per share, the market value was approximately \$5.4 million. As at September 30, 2007, based on a closing price of \$0.57 the market value of Selwyn was approximately \$3.2 million.

The Company's financial instruments consist of cash and cash equivalents, cash reserved for flow-through expenditures, receivables, investments and payables. Management is of the opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Derivatives and Hedging

The Company does not currently have any derivative products. However, in March 2007 the Company engaged Barclays to arrange for senior debt financing of the Wolverine Project. It is expected that to meet lending requirements, the Company will be required to enter into trades involving the use of derivative instruments to reduce the risk exposure to metal prices, and possibly foreign currency and interest rate movements.

Derivatives will be accounted for on a mark-to-market basis. Depending upon the terms of any financing facility, management will assess the impact of any embedded derivatives to the Company at that time. The new standard on Hedges, (section 1530), is applicable when a company chooses to designate a hedging relationship for accounting purposes. The impact of adopting this standard is not known at this time.

Management's Responsibility for Financial Information

Management has prepared the information and representations in this report. The financial statements have been prepared to conform to GAAP and, where appropriate, reflect management's best estimates and judgment. The financial information presented throughout this report is consistent with the data presented in the Consolidated Financial Statements.

Disclosure Controls and Procedures

The Company's Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining the Company's disclosure controls and procedures and internal control over financial reporting. They are assisted in this responsibility by the Company's senior management team.

Through the evaluation of the design of its internal controls, the Company has identified certain pre-existing internal control weaknesses in the financial reporting process due to the small size of the financial team. As a result of the limited number of staff, there is little segregation of duties within the financial internal control system of the Company.

Management believes that it does control these weaknesses through certain control procedures including: a) the requirement for two senior management signatures on all cash disbursements; b) no signing officers can sign checks made out to themselves; c) regular visits by senior management to work sites and, d) substantive periodic review of the financial statements to ensure disclosure controls and procedures are effective. As well, the Company is expanding the size of its financial staff.

The broad scope of senior management's oversight is expected to compensate for any individual weaknesses. As such, the Company's Chief Executive Officer and Chief Financial Officer have concluded that disclosure controls and procedures are effective to provide reasonable assurance that all material or potentially material information about the activities of the Corporation is made known to them by others within Yukon Zinc. However, management does not expect that the Company's disclosure controls and procedures would prevent all errors or fraud. Management believes that any system of internal controls over financial reporting, no matter how well designed or operated, can only provide reasonable, not absolute, assurance that the objectives of the control system are met.

Audit Committee

The independent auditors have the responsibility of auditing the financial statements and expressing an opinion on them. The Board of Directors, through its Audit Committee, is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Audit Committee is composed of three independent directors, who meet at least quarterly with management and annually with the external auditors to review accounting, auditing, internal controls and financial reporting matters.

Outlook

The Company has secured a commitment from Barclays Capital of a senior debt facility for US\$140 million. The Company is evaluating financing alternatives for the approximate US\$110 million, plus

funds required for interest escrow, fees and legal costs of the equity Offering (see *Subsequent Events*). These additional funds are needed to meet all requirements necessary to complete the financing, construction and commissioning of the Wolverine Project.

The Company has negotiated and prepared all major contracts for engineering and procurement services relating to mine construction and operation.

Share Capital Summary as at November 26, 2007

Issued and Outstanding	Common Shares	Stock Options	Agents' Options & Warrants	Diluted
Balance, December 31, 2006	266,186,729	21,988,000	15,453,704	303,628,433
Q1 2007 transactions:				
Flow through shares issued	6,451,613	-	-	6,451,613
Stock options exercised	375,000	-	-	375,000
Exercised/cancelled during the period	-	(1,060,000)	-	(1,060,000)
Options granted	-	4,100,000	-	4,100,000
Balance, March 31, 2007	273,013,342	25,028,000	15,453,704	313,495,046
Private placement shares issued	67,064,950	-	29,032,921	96,097,871
Options exercised	855,980	(250,000)	(605,980)	-
Exercised/cancelled during the period	-	(1,065,000)	-	(1,065,000)
Options granted	-	1,900,000	-	1,900,000
Balance, June 30, 2007	340,934,272	25,613,000	43,880,645	410,427,917
Agents' options exercised	1,861,470	-	(1,861,470)	-
Exercised/cancelled during the period	-	-	(4,000,070)	(4,000,070)
Options granted	-	900,000	-	900,000
Barclays Warrant	-	-	2,100,000	-
Balance, September 30, 2007	342,795,742	26,513,000	40,119,105	407,327,847
Subsequent event transactions:				
Warrants expired	-	-	(8,986,184)	(8,986,184)
Options Exercised	120,000	(120,000)	-	(120,000)
Balance, November 26, 2007	342,915,742	26,393,000	31,132,921	398,221,663
Contingent Commitments to Issue Warrants:				
Hill Street Capital warrant – commitment, subject to conditions			2,000,000	
Barclays Capital warrant – commitment, subject to conditions			1,400,000	

Additional Disclosure for Venture Issuers without Significant Revenue

Additional disclosure concerning Yukon Zinc's general and administrative expenses and mineral property costs is provided in the Company's Consolidated Statement of Loss and Deficit and the Consolidated Schedules of Mineral Property Costs contained in its Consolidated Financial Statements for the quarter ended September 30, 2007.

Risks and Uncertainties

Critical factors affecting the Company's performance are zinc, lead, copper and silver and gold prices and the availability of equity and project development funds.

The ability to attract capital to the Company is dependent on movements in commodity prices and general equity market conditions, which fluctuate on a daily basis and are affected by a number of factors beyond the control of Yukon Zinc. If, because of a sustained decline in prices, financing were not available to meet cash operating costs, the feasibility of continuing operations would be evaluated and if warranted, would be modified, subject to the terms and conditions of any future debt facilities that may be in force at that time.

Mineral exploration and development involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. The Wolverine Project has estimated mineral reserves and resources; however, substantial expenditures will be required to allow the Company to

obtain the required environmental approvals, permits and financing required to commence commercial operations from this Project.

The figures presented for both mineral reserves and mineral resources are only estimates. The estimating of mineral reserves and mineral resources is a subjective process and the accuracy of reserve and resource estimates is a function of the quantity and quality of available data and the assumptions used and judgments made in interpreting engineering and geological information. There is significant uncertainty in any reserve or resource estimate, and the actual deposits encountered and the economic viability of mining a deposit may differ materially from the Company's estimates.

Estimated mineral reserves or mineral resources may have to be recalculated based on changes in metal prices, foreign exchange rates, further exploration or development activity or actual production experience. This could materially and adversely affect estimates of the volume or grade of mineralization, estimated recovery rates or other important factors that influence reserve or resource estimates. Market price fluctuations for metals, increased production costs or reduced recovery rates, or other factors may render the present proven and probable mineral reserves of the Company uneconomical or unprofitable to develop at a particular site or sites. A reduction in estimated reserves could require material write-downs in the Company's investment in the Wolverine Project and increased amortization, reclamation and closure charges.

Feasibility studies are used to determine the economic viability of a deposit. Many factors are involved in the determination of the economic viability of a deposit, including the achievement of satisfactory mineral reserve estimates, the level of estimated metallurgical recoveries, capital and operating cost estimates, the estimate of future metal prices, and foreign exchange rates. Capital and operating cost estimates are based upon several factors, including anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, ground and mining conditions, expected recovery rates of the metals from the ore and anticipated environmental and regulatory compliance costs. Each of these factors involves uncertainties and as a result, the Company cannot give any assurance that its development or exploration projects will become operating mines. If a mine is developed, actual operating results may differ from those anticipated in the OFS.

The Company will be required to obtain additional financing in the future to fund its exploration and development activities or acquisitions of additional properties or other interests that may be appropriate to enhance the Company's financial or operating interests. The Company has historically raised capital through equity financing and in the future may raise capital through equity or additional debt financing, joint ventures, production sharing arrangements or other means. There can be no assurance that the Company will be able to obtain necessary financing in a timely manner on acceptable terms, if at all.

Increased Costs and Compliance Risks

Legal, accounting and other expenses associated with public company reporting requirements have increased significantly in the past few years. The Company anticipates that costs may continue to increase with recently adopted corporate governance requirements, including new rules implemented by the TSX.V and the CSA. Like many smaller public companies, the Company faces a significant impact from compliance with the requirement for management to evaluate the effectiveness of internal control over financial reporting. Any failure to effectively implement new or improved internal controls, or to resolve difficulties in their implementation, could harm the Company's operating results, cause the Company to fail to meet reporting obligations or result in management being required to give a qualified assessment of the Company's internal controls over financial reporting. Any such result could cause investors to lose confidence in the Company's reported financial information, which could have a material adverse effect on the Company's share price.

Environmental and Other Regulatory Requirements

The Company's operations require permits from various 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 generally 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 the Company 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 will not have an adverse effect on any mining project.

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 mining activities could have a material adverse impact on the Company. Capital expenditures or production costs may be increased, or the level of achievable production may be reduced, or the Company may be required to abandon or delay the development of new mining properties as a result of changes in regulations.

Subsequent Events

Grant of Type A Water Licence

On October 3, 2007 the Company was granted a Type A Water Licence for the Company's Wolverine Project by the Yukon Government. The Type A Water Licence sets out the conditions for the use of water during construction and operations at the Wolverine Project and the deposit of waste into water as required for the tailings facility. The Licence extends to the end of 2027, thereby incorporating all phases of development, operation and closure of the Wolverine Project. With both the Quartz Mining Licence and Type A Water Licence in place, development and operation of a mine at the Wolverine Project can now proceed subject to completion of financing arrangement and final Board approval.

Offering of Securities

On October 4, 2007 the Company announced filing of a preliminary prospectus in certain provinces of Canada for a brokered, best-efforts offering of securities (the "Offering") with a syndicate lead by Haywood Securities Inc., co-lead by Paradigm Capital Inc., and including Blackmont Capital Inc. ("the Agents"). The net proceeds will be used to fund the balance of the Wolverine Project capital funding requirements and for general corporate purposes. The net proceeds of the Offering will be held in escrow, less \$15 million, which will be released to the Company to meet the additional funding requirements of the Barclays Capital US\$140 million underwritten senior debt Facility. The completion of the Offering, together with the Barclays Facility, will enable the Company to proceed with construction at the Wolverine Project. In addition, completion of the Offering will enable the Company to consider certain corporate initiatives, which could include applying to the Toronto Stock Exchange for the listing of the Company's securities and a consolidation of the share capital of the Company. The Company announced initial pricing of the Offering on November 7, 2007 and made certain amendments to the previously-announced preliminary prospectus offering. In consultation with the syndicate lead by Haywood Securities Inc. and Paradigm Capital Inc., the Company elected to amend the Offering to exclude the Debt Units and to provide for the sale of Class A Subscription Receipts ("Class A Receipts") and Class B Subscription Receipts ("Class B Receipts") and units ("the Equity Units").

On November 23, 2007 the Company announced the filing of its final prospectus. The final prospectus contemplates an Offering amount of up to \$130 million of securities with an overallotment option of 10%. The final prospectus terms also re-priced the Offering from the terms previously detailed in the November 7th News Release. The Offering continues to provide for the sale of Class A Receipts,

Class B Receipts and Equity Units. Each Class A Receipt will be priced at Cdn\$1,000 and will entitle the holder to acquire for no additional consideration (i) \$1000 principal amount of subordinated secured convertible notes ("Convertible Notes"), and (ii) 700 common shares ("Common Shares") of the Company. The Convertible Notes will mature eight years and six months after the closing of the Offering (the "Closing"). An interest rate of 11.0% per annum will apply to each Convertible Note and will be paid semi-annually. The interest will accrue from Closing. The conversion price for the Convertible Notes is \$0.20 per Common Share. If at any time after the fifth anniversary of the closing of the Offering, the weighted average trading price of the Common Shares is greater than \$0.2625 for any 20 consecutive trading days, the Company may, subject to certain conditions, require the Convertible Notes to be converted upon 30 days notice. Each Equity Unit will be priced at \$0.16 and will consist of: (i) one Common Share and (ii) one-half of one Common Share purchase warrant (a "Warrant"). Each whole Warrant will entitle the holder to acquire an additional Common Share for a period of 5 years at an exercise price of \$0.23. Each Class B Receipt will be priced at Cdn\$0.16 and will entitle the holder to acquire, for no additional consideration, one Common Share and one-half of one Warrant. The Offering is expected to close on or about the end of November or such other later date as the Company and the Agents mutually agree.

The Securities will be sold in certain provinces of Canada, and the Agents may also arrange for the sale of the Securities in certain foreign jurisdictions, pursuant to applicable securities laws. The Agents will receive a 3.75 percent selling commission on proceeds from the sale of Debt Units and Convertible Note Units and will receive a 6.00 percent commission on proceeds from the sale of Equity Units. In addition, the Agents will receive compensation options equal to 6.00 percent of the number of Equity Units sold. The compensation warrants will have a term of 24 months from the closing date and have an exercise price equal to the issue price of the Common Shares under the Offering.

The details of the Offering are contained in the final prospectus which has been filed on SEDAR.

Forward-Looking Statements

This discussion and analysis contains forward-looking statements about the Company's future prospects, and the Company provides no assurance that actual results will meet management's expectations. Forward-looking statements include estimates and statements that describe the Company's future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur.

Forward-looking statements may be identified by such terms as "believes", "anticipates", "expects", "estimates", "may", "could", "would", "will", or "plan". Such forward-looking statements are made pursuant to the safe harbour provisions of the United States Private Securities Litigation Reform Act of 1995 and similar securities legislation in Canada. Since forward-looking statements are based on assumptions and address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results relating to, among other things, results of exploration, project development, reclamation, capital costs, and the Company's financial condition and prospects, could differ materially from those currently anticipated in such statements for many reasons such as; changes in general economic conditions and conditions in the financial markets; changes in demand and prices for the minerals the Company expects to produce; litigation, legislative, environmental and other judicial, regulatory, political and competitive developments; technological and operational difficulties encountered in connection with the Company's activities; and changing foreign exchange rates and other matters discussed in this MD&A. This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements. These and other factors should be considered carefully and readers should not place undue reliance on the Company's forward-looking statements. Further information regarding these and other factors, which may cause results to differ materially from those projected in forward-looking statements, are included in the filings by the Company with securities regulatory authorities that may be viewed on SEDAR at www.sedar.com. The Company does not undertake to update any forward-looking statement that may be made from time to time by the Company or on its behalf, except in accordance with applicable securities laws.