Financial Statements
(Unaudited)
(A Development Stage Company)

March 31, 2009

Index

The Company's auditors have not reviewed these financial statements for the period ended March 31, 2009.

CANADIAN ZINC CORPORATION
(a development stage company)
Balance Sheets
(Prepared in accordance with Canadian generally accepted accounting principles)
(Unaudited)

(in thousands of Canadian dollars)		March 31, 2009		December 31, 2008
		(unaudited)		(audited)
ASSETS				
Current				
Cash and cash equivalents (Note 5)	$	9,018	$	9,225
Short-term investments (Note 6)		11,137		11,723
Marketable securities (Note 7)		2,355		2,024
Other receivables and prepaid expenses		73		96
Total Current Assets		22,583		23,068
Other long-term assets (Note 8)		525		525
Restricted cash (Note 9)		214		214
Resource interests (Note 10)		5,053		5,053
Plant and equipment (Note 12)		612		661
Total Assets	$	28,987	$	29,521
LIABILITIES				
Current				
Accounts payable	$	94	$	314
Accrued liabilities		95		197
Total Current Liabilities		189		511
Asset retirement obligation (Note 13)		1,181		1,162
Total Liabilities		1,370		1,673
Commitments (Notes 10 and 19)				
SHAREHOLDERS' EQUITY				
Share capital (Note 14)		65,600		65,621
Contributed surplus (Note 15)		8,441		8,354
Accumulated other comprehensive income		-		-
Deficit		(46,424)		(46,127)
Total Shareholders' Equity		27,617		27,848
Total Liabilities and Shareholders' Equity	$	28,987	$	29,521
Subsequent events (Note 20)				

Approved by the Board of Directors:

"John F. Kearney"	*"Brian A. Atkins, CA"*
Director	Director

See accompanying notes to the financial statements.

CANADIAN ZINC CORPORATION

(a development stage company)
Statements of Operations, Comprehensive Income and Deficit
(Prepared in accordance with Canadian generally accepted accounting principles)
(Unaudited)

(*in thousands of Canadian dollars except share and per share amounts)*	Three Months ended March 31,			
		2009		2008 Restated [a]
Income				
Investment Income	$	130	$	296
Mineral exploration and development costs (Note 11)		323		129
Expenses				
Depreciation		5		5
Listing and regulatory fees		15		19
Management and directors fees		146		147
Office and general		88		77
Professional fees		24		22
Project evaluation		36		1
Shareholder and investor communications		48		67
Stock based compensation		73		168
		435		506
Other income (expenses)				
Unrealized gain (loss) on securities (Note 7)		331		(13)
Net loss for the period		(297)		(352)
Other comprehensive income/(loss)		-		-
Comprehensive loss	$	(297)	$	(352)
Deficit, beginning of period	$	(46,127)	$	(41,899)
Net loss		(297)		(352)
Deficit, end of period	$	(46,424)	$	(42,251)
Loss per share - basic and diluted	$	(0.00)	$	(0.00)
Weighted average number of common shares outstanding – basic and diluted		118,961,630		120,612,586

(a) See Note 3.

See accompanying notes to the financial statements.

CANADIAN ZINC CORPORATION
(a development stage company)
Statements of Cash Flows
(Prepared in accordance with Canadian generally accepted accounting principles)
(Unaudited)

(in thousands of Canadian dollars)	Three Months Ended March 31,	
	2009	2008
		Restated [(a)]
Operating Activities		
Net loss for the period	$ (297)	$ (352)
Reclamation expenditures	(93)	
Adjustment for items not involving cash:		
- Accretion and depreciation	68	67
- Unrealized (gain) loss on securities (Note 7)	(331)	13
- Stock based compensation	73	168
Change in non-cash working capital items:		
- other receivables and prepaid expenses	23	(845)
- accounts payable and accrued liabilities	(229)	(827)
	(786)	(1,776)
Financing Activities		
Capital stock issued	-	340
Capital stock repurchased (Note 14)	(7)	-
	(7)	340
Investing Activities		
Plant and equipment	-	(351)
Short-term investments	586	7,192
	586	6,841
(Decrease) increase in cash and cash equivalents	(207)	5,405
Cash and cash equivalents, beginning of period	9,225	6,919
Cash and cash equivalents, end of period	$ 9,018	$ 12,324
Supplemental Information:		
Interest paid	$ -	$ -
Income taxes paid	$ -	$ -

(a) – See Note 3.

CANADIAN ZINC CORPORATION
(a development stage company)
Statements of Shareholders' Equity
(Prepared in accordance with Canadian generally accepted accounting principles)
(Unaudited)

(in thousands of Canadian dollars except for share amounts)	Common shares			Contributed					
	Shares		Amount Restated [a]		Surplus		Deficit Restated [a]		Total Restated [a]
Balance, December 31, 2007	120,213,962	$	65,964	$	7,844	$	(41,899)	$	31,909
Exercise of warrants at $0.72 per share	471,101		613		(273)		-		340
Shares cancelled under normal course issuer bid	(1,716,000)		(956)		578		-		(378)
Stock-based compensation	-		-		205		-		205
Net loss for the year	-		-		-		(4,228)		(4,228)
Balance, December 31, 2008	118,969,063	$	65,621	$	8,354	$	(46,127)	$	27,848
Shares cancelled under normal course issuer bid	(38,500)		(21)		14		-		(7)
Stock-based compensation	-		-		73		-		73
Net loss for the period	-		-		-		(297)		(297)
Balance, March 31, 2009	118,930,563	$	65,600	$	8,441	$	(46,424)	$	27,617

(a) – See Note 3

1. Basis of Presentation

These unaudited financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") for interim financial information and follow the same accounting policies and methods of application as the most recent audited financial statements of the Company for the year ended December 31, 2008, except as noted below (see Note 4). These interim financial statements do not include all the information and note disclosures required by Canadian GAAP for annual financial statements and therefore should be read in conjunction with the Company's audited financial statements and the notes thereto for the year ended December 31, 2008. In management's opinion, all adjustments considered necessary for fair presentation have been included in these financial statements. Interim results are not necessarily indicative of the results expected for the fiscal year.

2. Nature of Operations and Going Concern

The Company is primarily engaged in the exploration, development and re-permitting of its Prairie Creek property. The Company is considered to be in the exploration and development stage given that its Prairie Creek property is not yet in production and, to date, has not earned any significant revenues. The recoverability of amounts shown for resource interests is dependent on the existence of economically recoverable reserves, obtaining the necessary permits to operate a mine, obtaining the financing to complete development and future profitable production (see Note 10).

These financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes that the Company will realize its assets and discharge its liabilities in the normal course of business. Management has carried out an assessment of the going concern assumption and has concluded that the Company has sufficient cash and cash equivalents, short-term investments and marketable securities (as well as no debt obligations outside of normal course accounts payable and accrued liabilities) to continue operating at current levels for several years from the current date. Accordingly, these financial statements do not reflect the adjustments to the carrying value of assets and liabilities, or the impact on the statement of operations and balance sheet classifications, that would be necessary were the going concern assumption not appropriate.

However, at such time that the Company receives its operating permits for the Prairie Creek Mine (which is not a certain event), it will require significant additional financing to place the mine into operation. There is no guarantee that the Company will be able to obtain such financing to complete the development of the Prairie Creek Mine.

3. Change in Accounting Policy

During the year ended December 31, 2008, the Company determined that it was appropriate to change its accounting policy for resource interests whereby exploration and development costs are expensed until such time as either reserves are proven or permits to operate a mineral resource property are received and financing to complete development has been obtained. Previously, the Company capitalized its exploration and development expenditures as incurred, which is permitted under Canadian GAAP. The change in accounting policy was applied retrospectively.

(Tabular amounts are in thousands of Canadian dollars, except for shares, price per share and per share amounts)

3. Change in Accounting Policy (continued)

The effect of the change was to increase the accumulated deficit at January 1, 2008 by $28.290 million from $13.609 million to $41.899 million. The effect of the change on the prior period comparatives included in these financial statements (i.e. the three month period ended March 31, 2008), is summarized in the table below:

	As Previously Reported	Adjustment	Restated
Statement of Operations, Comprehensive Income and Deficit for the three months ended March 31, 2008:			
Mineral exploration and development costs	$ -	$ (129)	$ (129)
Net loss / Comprehensive loss for period	(223)	(129)	(352)
Loss per share – basic and diluted	(0.00)	(0.00)	(0.00)
Statement of Cash Flows for the three months ended March 31, 2008:			
Operating activities	(248)	(1,528)	(1,776)
Investing activities	$ 5,313	$ 1,528	$ 6,841

4. Accounting Changes

On January 1, 2009, the Company adopted the recommendations included in Section 3064, "Goodwill and Intangible Assets," of the CICA Handbook. This Section replaces Section 3062, "Goodwill and Other Intangible Assets" and establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. The adoption of this Section has had no material impact on the Company's financial statements.

New Canadian Accounting Standards

In February 2008, the CICA Accounting Standards Board ("CICA") confirmed that the use of International Financial Reporting Standards ("IFRS") will be required in 2011 for public companies in Canada (i.e., IFRS will replace Canadian GAAP for public companies). The official changeover date will apply for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company is continuing to assess the impact of the implementation of IFRS.

Sections 1582, Business Combinations, 1601, Consolidations and 1602, Non-controlling Interests

In January 2009, the CICA issued these new sections to replace Section 1581, "Business Combinations" and Section 1600, "Consolidated Financial Statements." Section 1582 will apply to a transaction in which the acquirer obtains control of one or more businesses (as defined in the Section). Most assets acquired and liabilities assumed, including contingent liabilities that are considered to be improbable, will be measured at fair value. A bargain purchase will result in the recognition of a gain. Acquisition costs will be expensed. Any non-controlling interest will be recognized as a separate component of shareholders' equity and net income will be allocated between the controlling and non-controlling interests. These new standards will apply to fiscal years beginning on or after January 1, 2011. The Company does not believe that these new Sections will have an impact on its financial statements unless the Company enters into a business acquisition subsequent to January 1, 2011.

(Tabular amounts are in thousands of Canadian dollars, except for shares, price per share and per share amounts)

5. Cash and Cash equivalents

Cash and cash equivalents consist of cash and liquid investments which are readily convertible into cash with maturities of three months or less when purchased. The Company's cash and cash equivalents at March 31, 2009 consisted of cash of $461,000 and cash equivalents of $8.557 million (December 31, 2008 – cash of $264,000 and cash equivalents of $8.961 million).

6. Short-term Investments

Short-term investments, which consist primarily of investments in Bankers Acceptances and Guaranteed Investment Certificates, are investments with maturities of more than three months and less than one year when purchased. As at March 31, 2009, short-term investments were valued at $11.137 million, earning investment income at rates ranging from 0.48% to 3.15% (December 31, 2008 - $11.723 million, earning income at rates ranging from 1.48% to 4.20%). The Company has designated its short-term investments as held for trading assets. Investment income and changes in market value on short-term investments are recorded in investment income in the Statement of Operations; accrued interest earned but not yet received is included in short-term investments on the balance sheet. The market value of these assets is based upon quoted market values and the recorded amounts at March 31, 2009 approximate fair value for these investments.

7. Marketable Securities

The Company holds a portfolio of marketable securities which have been designated as held for trading assets. Changes in fair value, based on quoted market values and exchange rates, of the marketable securities are recorded in the Statement of Operations. The timing and proceeds from the eventual sale of these shares are dependent, to a large extent, on market forces that are not within the control of the Company. Therefore, there is a significant amount of uncertainty as to the actual amount of cash the Company would eventually receive upon the sale of these shares.

Held for Trading	# of Shares	Original Cost	Fair Value - March 31, 2009	Cumulative Gain (Loss)
Alcoa Inc.	16,800	$ 210	$ 155	$ (55)
Anglo American plc	23,000	286	247	(39)
BHP Billiton Ltd.	8,000	328	450	122
Copper Mesa Mining Corp.	764,595	250	-	(250)
Freeport-McMoRan Copper & Gold Inc.	12,000	337	577	240
Rio Tinto plc	3,500	497	592	95
Teck Resources Limited	11,600	99	82	(17)
Companhia Vale do Rio Doce	15,000	205	252	47
		$ 2,212	$ 2,355	$ 143

(Tabular amounts are in thousands of Canadian dollars, except for shares, price per share and per share amounts)

8. Other long-term assets

Other long-term assets of $525,000 (December 31, 2008 - $525,000) consist of reclamation security deposits that the Company has lodged with government agencies as security in support of certain reclamation obligations.

9. Restricted Cash

The Company has $214,000 (December 31, 2008 - $214,000) of cash on hand, which is restricted as security for a letter of guarantee issued by a financial institution, to secure performance by the Company of certain obligations pursuant to an authorization from Department of Fisheries and Oceans Canada (see Notes 10 and 19).

10. Resource Interests

The Company's resource interests comprise the Prairie Creek Mine Property.

	March 31, 2009	December 31, 2008
Acquisition costs:		
- mining lands	$ 3,158	$ 3,158
- plant and mill	500	500
	3,658	3,658
Asset retirement obligation	1,395	1,395
	$ 5,053	$ 5,053

The asset retirement obligation balance included within resource interests represents the "asset" portion of amounts initially recorded to correspond with the asset retirement obligation liability (see Note 13). This asset amount is amortized over the useful life of the asset to which it relates. To date, no amortization has been recorded on the asset retirement obligation asset.

Prairie Creek Mine

The Company holds a 100% interest in the Prairie Creek Mine property located in the Northwest Territories, Canada. The Company holds various licences and permits required in order to maintain and perform current activities at the Prairie Creek Mine site. A summary of permits and licences granted to the Company subsequent to December 31, 2007 is noted below.

On March 20, 2008, the Mackenzie Valley Land and Water Board issued a Type B Water Licence (MV2007L8-0026) to permit remediation of a portion of the winter road. The Water Licence is valid for five years to March 20, 2013.

In June 2008, the Company entered into a letter of guarantee in the amount of $214,000 in favour of DFO to secure performance by the Company of certain obligations pursuant to an authorization from DFO dated July 15, 2008, to perform certain road repairs in proximity to the Prairie Creek Mine site.

In September 2008, the Water Board granted a two year extension to the Company's Land Use Permit (MV2001C0023) to September 9, 2010 and a five year renewal of the Company's Water Licence (MV2001L2-0003) to September 9, 2013.

(Tabular amounts are in thousands of Canadian dollars, except for shares, price per share and per share amounts)

11. Mineral Exploration and Development Costs

The Company's costs relating to activities at the Prairie Creek Mine for the three months ended March 31, 2009 and 2008 respectively are:

	Three Months Ended March 31,	
	2009	2008
		Restated – Note 3
Mineral exploration and development costs		
Assaying and metallurgical studies	$ 3	$ 25
Camp operation and project development	95	476
Drilling and underground exploration	-	171
Insurance, lease rental	16	13
Permitting and environmental	146	227
Transportation and travel	-	97
	260	1,009
Drilling and underground development cost recovery	-	(942)
Depreciation – mining plant and equipment	44	41
Asset retirement accretion	19	21
	63	62
Total mineral exploration and development costs for the period	323	129
Mineral exploration and development costs, beginning of period	35,993	32,567
Mineral exploration and development costs, end of period	$ 36,316	$ 32,696

(Tabular amounts are in thousands of Canadian dollars, except for shares, price per share and per share amounts)

12. Plant and Equipment

	March 31, 2009		
	Cost	Accumulated Depreciation	Net Book Value
Mining equipment	$ 1,073	$ 551	$ 522
Pilot plant	108	90	16
Furniture, fixtures & equipment	129	93	36
Leasehold improvements	60	22	38
	$ 1,370	$ 756	$ 612

	December 31, 2008		
	Cost	Accumulated Depreciation	Net Book Value
Mining equipment	$ 1,073	$ 510	$ 563
Pilot plant	108	90	18
Furniture, fixtures & equipment	129	90	39
Leasehold improvements	60	19	41
	$ 1,370	$ 709	$ 661

13. Asset Retirement Obligation

Although the ultimate amount of the asset retirement obligation is uncertain, the fair value estimate of these obligations, including the Company's obligations to undertake site reclamation and remediation in connection with its Prairie Creek Mine Site infrastructure and development and applicable regulations, is based on information currently available.

The total undiscounted amount of the estimated cash flows required to settle the Company's reclamation and remediation obligations, as at March 31, 2009, is estimated to be $2.383 million (December 31, 2008 - $2.383 million). While it is anticipated that some expenditures will be incurred during the life of the operation to which they relate (should mining activity commence), a significant component of this expenditure will only be incurred at the end of the mine life.

The fair value of the estimated cash flows has been estimated at $1.181 million as at March 31, 2009 (December 31, 2008 - $1.162 million). In determining the fair value of the asset retirement obligation, the Company has assumed a long-term inflation rate of 2%, a credit-adjusted risk-free discount rate of 6.5% and a weighted average useful life of production facilities and equipment of ten years. Elements of uncertainty in estimating this amount include changes in the projected mine life, reclamation expenditures incurred during ongoing operations and reclamation and remediation requirements and alternatives.

(Tabular amounts are in thousands of Canadian dollars, except for shares, price per share and per share amounts)

13. Asset Retirement Obligation (continued)

A summary of the Company's provision for asset retirement obligation and reclamation is presented below:

		Three months ended March 31, 2009		Year ended December 31, 2008
Balance – beginning of period	$	1,162	$	1,228
Reclamation activity		-		(366)
Accretion		19		80
Change in estimates		-		220
Balance – end of period	$	1,181	$	1,162

14. Share Capital

Authorized: Unlimited common shares with no par value (December 31, 2008 – unlimited).

Issued and outstanding: 118,930,563 common shares (December 31, 2008 – 118,969,063).

During the three months ended March 31, 2009, 38,500 common shares were purchased for cancellation pursuant to the Company's Normal Course Issuer Bid for a total expenditure of $7,000 or $0.19 per share. The difference of $14,000 between the cost of the shares re-acquired and the average stated value of the shares based upon the Company's share capital account was allocated to contributed surplus.

(Tabular amounts are in thousands of Canadian dollars, except for shares, price per share and per share amounts)

15. Stock Options and Warrants

(a) *Stock Options*

The Company has an incentive stock option plan in place under which it is authorized to grant stock options to directors, executive officers, employees and consultants. At March 31, 2009, the Company was authorized to grant up to 10% of the issued share capital of the Company as stock options. Stock options are exercisable once they have vested under the terms of the grant. A summary of the Company's options at March 31, 2009 and 2008 and the changes for the three month periods then ended is presented below:

	Three Months Ended March 31, 2009			Three Months Ended March 31, 2008		
	Number of Options		Weighted Average Exercise Price	Number of Options		Weighted Average Exercise Price
Outstanding, beginning of period	4,205,000	$	0.73	4,865,000	$	0.73
Granted	2,905,000		0.23	-		-
Exercised	-		-	-		-
Cancelled	(170,000)		0.93	(50,000)		0.94
Outstanding, end of period	6,940,000	$	0.52	4,815,000	$	0.73

As at March 31, 2009, the Company has outstanding stock options to purchase an aggregate 6,940,000 common shares as follows:

Options Outstanding				Options Exercisable		
Number		Weighted Average Exercise Price	Expiry Date	Number		Weighted Average Exercise Price
2,460,000	$	0.60	January 14, 2010	2,460,000	$	0.60
70,000		0.89	June 27, 2011	70,000		0.89
1,000,000		0.90	December 13, 2011	1,000,000		0.90
505,000		0.94	October 15, 2012	505,000		0.94
2,905,000		0.23	March 27, 2014	726,250		0.23
6,940,000	$	0.52		4,761,250	$	0.65

(Tabular amounts are in thousands of Canadian dollars, except for shares, price per share and per share amounts)

15. Stock Options and Warrants (continued)

(a) Stock Options (continued)

2,905,000 stock options were granted during the three months ended March 31, 2009. For the three months ended March 31, 2009, using the fair value method for stock-based compensation, the Company recorded a charge of $73,000 for vested stock options granted to directors, officers, employees and service providers. This amount was determined using the Black-Scholes option pricing model, based on the following terms and assumptions:

Dividend Yield	0%
Risk free interest rate	1.90%
Expected life	4 years
Expected volatility	83%

(b) Warrants

A summary of the Company's warrants issued and outstanding as at March 31, 2009 and 2008 and the changes for the three month periods then ended is presented below:

	Three Months Ended March 31, 2009			2008		
	Number of Warrants		Weighted Average Exercise Price	Number of Warrants		Weighted Average Exercise Price
Outstanding, beginning of period	5,882,500	$	1.20	17,569,243	$	1.09
Exercised	-		-	(471,101)		0.72
Expired	-		-	(7,383,130)		1.00
Outstanding, end of period	5,882,500	$	1.20	9,715,012	$	1.17

As at March 31, 2009, the Company has outstanding warrants to purchase an aggregate 5,882,500 common shares at an exercise price of $1.20 per warrant, expiring July 23, 2009.

No warrants were issued in the three month period ended March 31, 2009.

(Tabular amounts are in thousands of Canadian dollars, except for shares, price per share and per share amounts)

15. Stock Options and Warrants (continued)

(c) Contributed Surplus

A summary of the contributed surplus account is presented below:

	Options	Warrants	Unexercised Options and Warrants	Normal Course Issuer Bid	Total
Balance, December 31, 2008	2,036	4,015	1,725	578	8,354
Stock-based compensation	73	-	-	-	73
Stock options cancelled	(114)	-	114	-	-
Shares cancelled under normal course issuer bid	-	-	-	14	14
Balance, March 31, 2009	$ 1,995	$ 4,015	$ 1,839	$ 592	$ 8,441

16. Capital Management

The Company manages its cash and cash equivalents, short-term investments, marketable securities, common shares, stock options and share purchase warrants as capital. As the Company is in the exploration and development stage, its principal source of funds for its operations is from the issuance of common shares. The issuance of common shares requires approval of the Board of Directors. It is the Company's objective to safeguard its ability to continue as a going concern, so that it can continue to explore and develop its Prairie Creek project for the benefit of its stakeholders. The Company uses stock options primarily to retain and provide future incentives to key employees and members of the management team. The granting of stock options is primarily determined by the Compensation Committee of the Board of Directors.

In 2008, the Company reviewed its current investment portfolio and strategy. During this review, it was noted that the rates of return for Bankers' Acceptances and Guaranteed Investment Certificates had declined significantly during the latter half of 2008. The Company determined that it was appropriate to allocate a portion of its investments to equities in order to seek a better return on its capital resources. During 2008, a total of approximately $1.962 million was invested in the equity stock of a number of major mining companies. The Company considers that these marketable securities, while acquired as part of a medium-term investing strategy, are highly liquid assets in view of the average trading volumes of the shares of the companies acquired.

17. Related Party Transactions

The Company incurred rent expense with a corporation with a common director of the Company in the amount of $6,000 (three months ended March 31, 2008 - $3,000). These transactions were within the normal course of business and have been recorded at amounts agreed to by the transacting parties. At March 31, 2009, $600 relating to amounts owing to related parties, with no interest accruing, was included in accounts payable and accrued liabilities (December 31, 2008 - $10,000).

18. Financial Instruments

(a) Fair Values

The recorded amounts for other cash and cash equivalents, other receivables, accounts payable and accrued liabilities approximate their fair value due to their short-term nature. The Company has designated its cash and cash equivalents, short-term investments, marketable securities and restricted cash as held for trading assets.

(b) Market risk

The Company holds certain marketable securities that will fluctuate in value as a result of trading on global financial markets. Furthermore, as the Company's marketable securities are also in mining companies, market values will fluctuate as commodity prices change. Based upon the Company's portfolio at March 31, 2009, a 10% fluctuation in the market price of the securities held, ignoring any foreign currency risk which is described below, would have resulted in an increase (or decrease) to net loss of approximately $235,000.

(c) Interest rate risk

Included in the loss for the three months ended March 31, 2009 is investment income on the Company's cash and cash equivalents and short-term investments. If interest rates throughout the period had been 100 basis points (1%) lower (higher) the net loss would have been approximately $51,000 higher ($51,000 lower). The Company does not have any debt obligations which expose it to interest rate risk.

(d) Foreign currency risk

The Company holds certain marketable securities that are denominated in U.S. dollars and which, as held for trading assets, impact the Company's net loss as a result of being marked to market at each reporting period. The Company estimates that, based upon the securities held at March 31, 2009, and assuming no changes in number of shares or stock price, for every $0.01 fluctuation in exchange rate between the Canadian and U.S. dollar, the Company's net loss would be $18,000 higher (or lower).

(e) Credit risk

The Company considers that the following financial assets are exposed to credit risk: cash and cash equivalents, short-term investments, marketable securities and restricted cash. The total value of these items at March 31, 2009 is $22.724 million. Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company does not currently generate any revenues from sales to customers nor does it hold derivative type instruments that would require a counterparty to fulfil a contractual obligation. The Company has never held any asset-backed paper instruments. The Company seeks to place its cash and cash equivalents, short-term investments and restricted cash with reputable financial institutions. Accordingly, the Company believes that it is exposed to minimal credit risks at the current time, although the current concerns surrounding financial institutions globally have increased the risk of a credit default by a major bank impacting the Company. At March 31, 2009, the Company's cash and cash equivalents, short-term investments and restricted cash were invested in three financial institutions.

(Tabular amounts are in thousands of Canadian dollars, except for shares, price per share and per share amounts)

18. Financial Instruments (continued)

(f) Liquidity risk

Liquidity risk encompasses the risk that the Company cannot meet its financial obligations as they fall due. As at March 31, 2009, the Company had positive working capital of $22.394 million. Accordingly, the Company is able to meet its current obligations and has minimal liquidity risk. However, the Company will require significant additional funding in the future in order to complete the development of the Prairie Creek Mine site and bring the mine into production. Accordingly, there is a risk that the Company may not be able to secure adequate funding on reasonable terms, or at all, at that future date.

19. Commitments

(a) The Company has entered into operating lease agreements for office space and equipment. These agreements require the Company to make the following lease payments:

	Office Leases	Office equipment	Total
9 months ending December 31, 2009	$ 106	$ 5	$ 111
Year ending December 31, 2010	136	-	136
Year ending December 31, 2011	134	-	134
Year ending December 31, 2012	78	-	78
	$ 454	$ 5	$ 459

(b) The Company has a letter of guarantee outstanding in the amount of $214,000 as security for the Company fulfilling certain obligations pursuant to an Authorization granted by DFO relating to road repairs in proximity to the Prairie Creek Mine Site (see Notes 9 and 10).

20. Subsequent events

Subsequent to March 31, 2009:

(a) Acquisition of Shares in Vatukoula Gold Mines Plc

The Company acquired 347,669,022 shares of Vatukoula Gold Mines Plc ("VGM") at a price of £0.0073 per share for total consideration of £2.538 million ($4.597 million). VGM is a UK company, listed on the Alternative Investment Market ("AIM") of the London Stock Exchange, which currently owns and operates the Vatukoula Gold Mine located in Fiji.

The Company also entered into a Subscription Agreement with VGM to acquire a further 200,000,000 shares of VGM (the "Subscription Shares") for an investment of £1.2 million (£0.006 per share), or approximately $2.160 million (the "Subscription"). Completion of the Subscription is subject to approval of VGM shareholders at an Extraordinary General Meeting, currently anticipated to take place in early June 2009, to confer authority under the United Kingdom Companies Act 1985 to issue the Subscription Shares without the requirement to first offer them on a pre-emptive basis to existing shareholders. Upon completion of the Subscription, Canadian Zinc will hold a total of 547,669,022 shares, or approximately 20.01% of the issued share capital of VGM. In addition, VGM has agreed that two nominees of Canadian Zinc will be appointed to the Board of VGM.

20. Subsequent events (continued)

(a) Acquisition of Shares in Vatukoula Gold Mines Plc (continued)

The Company also granted Viso Gero Global, Inc. ("Viso Gero"), a subsidiary of Red Lion Management Ltd., the option until January 7, 2010, to purchase up to 200,000,000 of its VGM shares at an exercise price of £0.01 per share.

Should Viso Gero exercise its option over 200,000,000 shares of VGM, then under the terms of the Subscription Agreement with VGM, Canadian Zinc will be entitled to subscribe for up to 250,000,000 additional VGM shares so that the total percentage shareholding of VGM held by Canadian Zinc remains at 20.01%. The subscription price for any additional VGM shares subscribed to will be 95% of the volume weighted average price of VGM shares for the five trading days prior to the exercise of the Viso Gero call option.

Under the Subscription Agreement VGM has also undertaken that, in the event of any future financing by VGM within the following twelve months, Canadian Zinc will be invited to participate on the same terms in such financing pro rata to its holding so as to maintain its equity position in VGM immediately prior to the completion of such equity financing.

Further to the Subscription Agreement, the Company also confirmed that it presently has no intentions of making an offer for VGM but reserves the right (on behalf of itself and anyone acting in concert with the Company) to announce an offer or possible offer for VGM and/or to take any other action which would otherwise be restricted under Rule 2.8 of the UK City Code on Takeovers and Mergers (the "City Code") within six months of the announcement in the event that:

(i) a third party announces an offer or possible offer for VGM; or
(ii) if any announcement is made by or on behalf of VGM that it is in discussions which may or may not lead to an offer (or partial offer), or formally or informally invites an offer (or partial offer) for VGM; or
(iii) VGM announces a "whitewash proposal" or "reverse takeover" (each as defined in the City Code).

The Company has also agreed that for a period of nine months from the date of the issue of the Subscription Shares it will not dispose of any of the Subscription Shares without the prior consent of the Board of VGM, except in certain defined circumstances.

20. Subsequent events (continued)

(b) Option on Tuvatu Gold Project, Fiji

The Company entered into an Option Agreement on the Tuvatu Gold Project in Fiji. The Tuvatu Project is currently owned by American Eagle Resources Inc. Under the Option Agreement, the Company has the option, until October 30, 2009, to carry out further evaluation and exploration of the Tuvatu property and has made an option payment of $1.8 million to the majority shareholder of American Eagle. The Company has the option, at any time during the Option Period, to exercise such option to acquire Tuvatu, via amalgamation of American Eagle with a wholly-owned subsidiary of Canadian Zinc under which 16,250,000 shares of Canadian Zinc would be issued to the shareholders of American Eagle. During the option period, Canadian Zinc has agreed to maintain the property in good standing and continue with the current exploration program at an estimated cost of approximately $500,000.

(c) Sale of Marketable Securities

The Company sold a portion of its marketable securities (representing approximately 40% of the portfolio's fair value at March 31, 2009 – see Note 7) for a realized gain of approximately $365,000.

(d) Share Capital and Stock Options

An additional 30,000 common shares were purchased for cancellation pursuant to the Company's Normal Course Issuer Bid for a total expenditure of $5,200 or $0.17 per share.

200,000 stock options exercisable at $0.90 per common share were cancelled.