



MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

The Management's discussion and analysis of financial condition and results of operations ("MD&A") provides a detailed analysis of Canadian Zinc's business and compares its financial results for the first quarter of 2005 with those of the first quarter of 2004. In order to better understand the MD&A, it should be read in conjunction with the unaudited Financial Statements and related notes for the quarter ended March 31, 2005 and in conjunction with the audited Financial Statements and notes for the year ended December 31, 2004, and managements discussion and analysis for the year 2004. The Company's financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and filed with appropriate regulatory authorities in Canada. This MD&A is made as of May 9, 2005.

Management's discussion and analysis contains certain forward-looking statements with respect to the Company's activities and future financial results that are subject to risks and uncertainties that may cause the results or events predicted in this discussion to differ materially from actual results or events.

ADDITIONAL INFORMATION

Additional information relating to the Company including the Company Annual Information Form for the year 2004 dated March 30, 2005 is available under the Company's profile on SEDAR at www.sedar.com and on the Company's website at www.canadianzinc.com.

1. OVERVIEW

Canadian Zinc Corporation is a public company listed on the Toronto Stock exchange under the symbol: CZN and is engaged in the business of exploration and development of natural resource properties. The Company's principal focus is the exploration and development of the Prairie Creek Property, a large high-grade zinc/lead/silver property located in the Northwest Territories of Canada.

The Prairie Creek deposit contains a significant mineral deposit, Zone 3 of which as currently known contains an estimated 11.8 million tonnes grading average 12.5% zinc, 10.1% lead, 0.4% copper and 161 grammes of silver per tonne, with significant exploration potential. The deposit is one of the highest-grade base metal properties in the world and a major Canadian resource.

During the first quarter of 2005 the Company was mainly engaged in mine planning studies, metallurgical studies and permitting activities and planning the proposed 2005 exploration and development programs at Prairie Creek. Also during the first quarter, the company undertook review of new mineral property opportunities.

Canadian Zinc is in a strong financial condition. At March 31, 2005 the Company had cash and short term deposits of \$12.6 million and is debt free.

2. REVIEW OF FINANCIAL RESULTS

For the first quarter of 2005, the Company reported a net loss of \$1,586,330, compared to a loss of \$249,535 in the first quarter of 2004. Included in the loss for the first quarter of 2005 was an expense of \$1,241,000 in respect of stock based compensation arising on the issue during the period of options under the Company's Stock Option Plan.

Revenue and Interest Income

The Company is in the exploration and development stage and does not generate any cash flow. To date the Company has not earned any significant revenues other than interest income. Interest income in the first quarter of 2005 was \$53,108 compared to \$80,728 in the first quarter of 2004.

Administrative Expenses

Administrative expenses for the quarter were \$397,726 (excluding stock based compensation) compared to \$327,892 in the first quarter of 2004. The increase was largely attributable to increased management expense and project evaluation costs.

Related Party Transactions

The Company had no related party transactions in the first quarter of 2005 or 2004 other than executive compensation of \$95,900 in 2005 and \$120,694 in 2004 paid to executives, directors and corporations controlled by directors.

Exploration and Development Expense

The Company capitalizes all exploration and development costs relating to its resource interests. During the first quarter the Company expended \$177,520 on exploration and development on the Prairie Creek Property, the principal components of which were geology and engineering costs.

During the first quarter of 2004, the Company expended \$71,263 on the Prairie Creek Property. Full particulars of the deferred exploration and development costs are shown on the Schedule attached to the Financial Statements.

3. CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Canadian Zinc's accounting policies are described in Note 2 to the audited financial statements for the year ended December 31, 2004. The critical accounting policies and estimates in understanding the judgments that are involved in preparing the Company's financial statements and the uncertainties that could impact the results of operations, financial condition and future cash flows are described in Management Discussion and Analysis for the year ended December 31, 2004.

4. SUMMARY OF QUARTERLY RESULTS

	<i>Revenue \$</i>	<i>Net Earnings (Loss) \$</i>	<i>Net Earnings (Loss) per Common Share \$</i>
			<i>(Unaudited)</i>
2005			
<i>First Quarter</i>	53,108	(1,586,330)	(0.02)
2004			
<i>Fourth Quarter</i>	82,579	(229,323)	(0.01)
<i>Third Quarter</i>	83,134	(63,878)	(0.00)
<i>Second Quarter</i>	83,635	(136,391)	(0.00)
<i>First Quarter</i>	80,728	(249,535)	(0.00)
2003			
<i>Fourth Quarter</i>	27,505	(655,173)	(0.02)
<i>Third Quarter</i>	263	(62,685)	(0.00)
<i>Second Quarter</i>	217	(69,583)	(0.00)
<i>First Quarter</i>	395	(117,419)	(0.03)

5. LIQUIDITY AND CAPITAL RESOURCES

Cash Flow

Canadian Zinc does not generate any cash flow and has no income other than interest income. The Company relies on equity financings for its working capital requirements and to fund its planned exploration, development and permitting activities. Interest income in the first quarter of 2005 was \$53,108, compared to \$80,728 in the first quarter of 2004.

Source of Cash - Financing Activities

During the first quarter the Company generated \$230,288 from the issue of 383,813 common shares, through the conversion of share purchase warrants. In the first quarter of 2004 cash flow from financing activities was \$1,680,627, through the exercise of stock options and the conversion of share purchase warrants.

Use of Cash – Investing Activities

In the first quarter of 2005 cash used in operating activities was \$344,618 which largely represents corporate and operating expenses, whilst cash used in investing activities was \$207,520 in exploration and development made on the Prairie Creek Property. A schedule of the Company's deferred exploration and development costs is attached to the financial statements and shows the major components of expenditure.

In the first quarter of 2004 cash used in operating activities was \$247,164, again largely representing corporate and operating expenses, whilst cash used in investing activities was, \$88,944 in exploration and development made on the Prairie Creek Property

Liquidity, Financial Condition and Capital Resources

Canadian Zinc's cash position, including term deposits, decreased from \$12,907,997 at December 31, 2004 to \$12,593,746 at March 31, 2005. The Company's working capital decreased to \$12,435,778 from \$12,757,628 at December 31, 2004. The decrease in each case was largely attributable to the funds expended on operations and exploration. The Company is in a strong financial position to carry out its planned exploration, development and permitting activities.

Canadian Zinc is in a debt free position and has no off balance sheet financing structures in place.

At March 31, 2005 the Company had 69,778,755 common shares outstanding, with an authorized capital of unlimited common shares with no par value, compared to 69,394,942 common shares outstanding at December 31, 2004.

At March 31, 2005 the Company also had 6,900,252 share purchase warrants outstanding exercisable at prices of \$0.60 and \$1.25 per share and with expiring dates of May 2005 and June 2005.

In the first quarter of 2005, options on a total of 3,650,000 shares exercisable at a price of \$0.60 per share for five years from January 14, 2005 were granted under the Company's Stock Option Plan to employees, directors and other service providers.

6. RISKS AND UNCERTAINTIES

In conducting its business, Canadian Zinc faces a number of risks and uncertainties. These are described in detail under the heading "Risk Factors" in the Company's Annual Information Form for the year 2004, dated March 30, 2005, which is filed on SEDAR and which may be found at www.SEDAR.com and which is incorporated herein by reference. The principal risks and uncertainties faced by the Company are summarized in Management's Discussion and Analysis for the year ended December 31, 2004.

7. OUTLOOK

Canadian Zinc is currently in an exploration and development phase. At March 31, 2005 the Company held cash and deposits of \$12.6 million, placing the Company in a strong financial position to carry out its planned exploration, development and permitting activities.

Business conditions for Canadian Zinc are expected to be positive as demand for primary metals, allied to a continuing shortage in supply, will help to sustain metal prices, which in turn should encourage investor interest in mining and exploration companies. However, since the beginning of the year, economic uncertainties particularly with regard to the United States economy and upward movement in interest rates, seemed to have a negative impact on stock prices and investor interest in mineral exploration companies.

Plans for 2005 include continuing the Company's exploration programme on the Prairie Creek property, and initiating the planned decline development and underground drilling programme.

At the same time ongoing technical and metallurgical studies will be carried out to advance the project towards commercial production. Expenditures on exploration and development are expected to increase for the remainder of 2005 as the company reopens the Prairie Creek minesite for the planned summer programmes.

The Company will also continue with its permitting activities and expects during the year to file an application for the Land Use Permits and Water License for commercial operation of the Prairie Creek mine.

The Company has also undertaken the review of a number of other new mining investment opportunities and this activity will continue in 2005.

CAUTIONARY NOTE:

Some of the statements contained in this document are forward-looking statements, such as 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. 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, mineral reserves, mineral resources, results of exploration, reclamation and other post-closure costs, capital costs, mine production costs and the Company's financial condition and prospects, could differ materially from those currently anticipated in such statements by reason of factors 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 in areas in which the Company operates, technological and operational difficulties encountered in connection with the Company's activities, labour relations matters, costs and changing foreign exchange rates and other matters discussed under "Management's Discussion and Analysis of Financial Condition and Results of Operations". 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. 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.