CANADIAN ZINC CORPORATION

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 third quarter and first nine months of 2005 with those of the third quarter and first nine months 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 third quarter ended September 30, 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 November 8, 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 property contains a significant mineral deposit, Zone 3 of which, as currently known, comprises an estimated inferred resource of 11.8 million tonnes grading an 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 2005 the Company was mainly engaged in mine planning studies, metallurgical studies and permitting activities. The Prairie Creek mine site was open throughout the summer months and various site preparation and care and maintenance activities were undertaken together with additional engineering studies on the mine plan and access road. A new water treatment plant was constructed to treat mine water from the 870 level and a new polishing pond was also constructed. A bulk sample was taken for metallurgical testing and further metallurgical studies completed. At the end of August the Judicial Review Appeal of the decision of the Mackenzie Valley Land and Water Board to issue the Company's Water Licence was heard before the Federal court in Vancouver. The appeal had been taken by the Dehcho First Nations against the Mackenzie Valley Land and Water Board and the Company, alleging that the Water Licence as issued did not include all of the recommendations of the Mackenzie Valley Environmental Impact Review Board. The Minister for Indian Affairs and Northern Development joined the case an Intervenor. Prior to the hearing, the Company reached agreement with the Minister that the Water Licence should be corrected to include the recommendations of the Mackenzie Valley Environmental Impact Review Board which had been adopted by the Minister. Both the Company and the Minister have asked the Court to correct the Licence and have submitted proposed amending language to the Court. This correction may take the form of an amendment approved by the Court, or a direction by the Court that the Licence be referred back to the Water Board for re-issue in its corrected form. The Court reserved judgment and a decision is pending.

Canadian Zinc continues in a strong financial position. At September 30, 2005 the Company had cash and short term deposits of $11.5 million and is debt free. Subsequent to the end of the quarter the Company completed the private placement of $5 million of flow through shares. The proceeds from the private placement will be used for eligible Canadian exploration expenses and will be used to fund further exploration at the Prairie Creek mine along with future possible property acquisitions in Canada.

2. REVIEW OF FINANCIAL RESULTS

For the third quarter and first nine months of 2005, the Company reported net losses of $87,923 and $1,834,149, respectively compared to losses of $63,978 and $448,813 in the third quarter and first nine months of 2004. Included in the loss for the first nine months 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 third quarter and first nine months of 2005 was $80,686 and $209,607 respectively, compared to $83,134 and $247,498 in the third quarter and first nine months of 2004.

Administrative Expenses

Administrative expenses for the third quarter were $167,864 and for the first nine months were $800,487 (excluding stock based compensation), compared to $145,832 and $692,471 in the third quarter and first nine months of 2004. The increase was largely attributable to increased management expense.

Related Party Transactions

The Company had no related party transactions in the third quarter and first nine months of 2005 or 2004 other than executive compensation of $86,950 in the third quarter and $271,000 in the first nine months of 2005 and $64,850 and $241,252, respectively 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 nine months of 2005 the Company expended $1,070,089 on exploration and development on the Prairie Creek Property, the principal components of which were metallurgical testing, geology and camp operation and environmental costs.

During the first nine months of 2004, the Company expended $1,767,927, which included a 27 drill hole exploration program, 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

5.

	Revenue $	*Net Earnings (Loss) $*	*Net Earnings (Loss) per Common Share $*
		(Unaudited)	
2005			
Third Quarter	80,686	(87,923)	(0.00)
Second Quarter	75,812	(159,896)	(0.00)
First Quarter	53,108	(1,586,330)	(0.02)
2004			
Fourth Quarter	82,579	(229,323)	(0.01)
Third Quarter	83,134	(63,978)	(0.00)
Second Quarter	83,635	(136,391)	(0.00)
First Quarter	80,728	(249,535)	(0.00)
2003			
Fourth Quarter	27,505	(655,173)	(0.02)
Third Quarter	263	(62,685)	(0.00)
Second Quarter	217	(69,583)	(0.00)
First Quarter	395	(117,419)	(0.03)

Revenue for the reported quarters represents interest income earned on cash deposits. The loss is the first quarter of 2005 includes a charge of $1,241,000 in respect of stock based compensation arising on the grant of stock options. The loss in the fourth quarter of 2003 reflects increased corporate activity, investor communication and management compensation in the quarter compared to earlier quarters in that year.

6. 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 nine months of 2005 was $209,607, compared to $247,498 in the first nine months of 2004.

Source of Cash - Financing Activities

During the first nine months of 2005 the Company generated $233,288 from the issue of common shares through the conversion of share purchase warrants. In the first nine months of 2004 cash flow from financing activities was $2,188,505, through the exercise of stock options and the conversion of share purchase warrants.

Use of Cash – Investing Activities

In the first nine months of 2005 cash used in operating activities was $483,608 which largely represents corporate and operating expenses, whilst cash used in investing activities was $1,112,597 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 nine months of 2004 cash used in operating activities was $482,557, again largely representing corporate and operating expenses, whilst cash used in investing activities was, $1,808,077 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 and $12,016,277 at June 30, 2005 to $11,545,080 at the end of the third quarter. The Company's working capital decreased to $11,287,439 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 September 30, 2005 the Company had 69,783,755 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.

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.

Subsequent to the end of the third quarter the Company completed a private placement financing of $5 million through the sale of 9,090,909 flow through shares at a price of $0.55 per flow through share. The proceeds have been committed to Canadian exploration expense to be incurred during 2006.

7. 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 September 30, 2005 the Company held cash and deposits of $11.5 million, which was increased to $16.5 million at October 30, 2005, 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 in general.

Plans for the remainder of 2005 include continuing the Company's permitting programme on the Prairie Creek project. 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 decline for the remainder of 2005 following the completion of the summer programmes at the Prairie Creek mine site.

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

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 experts 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.