CANADA ZINC METALS CORP.

Interim MD&A - Quarterly Highlights
For the three months ended September 30, 2017 and 2016

The Quarterly Highlights of Canada Zinc Metals Corp. (the “Company” or “CZX”) provide a summary of the activities, results of operations and financial condition of the Company as at and for the three months ended September 30, 2017. The Quarterly Highlights have been prepared by management as of November 29, 2017 and should be read in conjunction with the condensed consolidated interim financial statements and related notes thereto of the Company for the three months ended September 30, 2017 and 2016, the audited consolidated financial statements and related notes thereto of the Company for the years ended June 30, 2017 and 2016, which were prepared in accordance with International Financial Reporting Standards (“IFRS”), and the annual Management Discussion and Analysis (“MD&A”) of the Company prepared by management as of October 25, 2017.

The Company is presently a “Venture Issuer”, as defined in NI 51-102. The Company’s stock is listed on the TSX Venture Exchange (“TSXV”) trading under the symbol “CZX”.

The Company operates in one business segment, that being the exploration and development of mineral properties in British Columbia, Canada. The Company owns 100% of eleven, large, contiguous property blocks that comprise the Akie and Kechika Regional projects.

The Company’s flagship Akie Project is host to the Cardiac Creek deposit. Drilling on the Akie property by CZX since 2005 has identified a significant body of baritic zinc-lead-silver SEDEX mineralization known as the Cardiac Creek deposit. The deposit is hosted by siliceous, carbonaceous, fine-grained clastic rocks of the middle to late Devonian Gunsteel Formation.

The Kechika Regional Project includes the Pie, Yuen, Cirque East and Mt. Alcock properties extending northwest from the Akie property for approximately 140 kilometres along the strike of the highly prospective Gunsteel Formation shale; the main host rock for known SEDEX zinc-lead-silver deposits in the Kechika Trough of northeastern British Columbia.

In May 2016, the Company announced a revised NI 43-101 compliant mineral resource for the Cardiac Creek deposit. This includes an indicated resource of 19.6 million tonnes grading 8.17% zinc, 1.58% lead, and 13.6 g/t silver (at a 5% zinc cut-off grade) and an inferred resource of 8.1 million tonnes grading 6.81% zinc, 1.16% lead and 11.2g/t silver (at a 5% zinc cut-off grade). The Company filed a technical report, entitled “NI 43-101 Technical Report Mineral Resource Estimate for the Akie Zinc-Lead-Silver Project, British Columbia, Canada”, dated May 16, 2016, which can be found on SEDAR (www.sedar.com).

The Pie, Yuen and Cirque East properties (known as the “Pie Option properties”) are the subject of an option agreement (the “Option Agreement”) concluded on September 9, 2013 with Teck Resources Limited (“Teck”) and its JV partner, Korea Zinc Co., Ltd. ("Korea Zinc"). The Option Agreement would see Teck and Korea Zinc spend up to $8.5 million to acquire up to 70% interest in the Pie Option properties.

Teck and Korea Zinc have spent approximately $3.035 million in exploration expenditures over the past three field seasons on the Pie Option properties. In accordance with the Option Agreement, Teck must spend an additional $0.465 million by the end of 2017 to exercise the “First Option” and earn Teck/Korea Zinc an undivided 51% interest in the Pie Option Properties. Upon exercising the First Option, Teck would have an additional option to acquire a further 19% interest in the properties for a total interest of 70%, by incurring an additional $5.0 million in exploration expenditures on or before December 31, 2019.

Overall performance

Significant events and operating highlights for the three months ended September 30, 2017 and up to the date of these MD&A:

1. The Company concluded its 2017 Akie drilling program in late August. A total of 8 drill holes were successfully drilled on the Cardiac Creek deposit for a total of 4,700 metres. The program focused on the expansion of the indicated resource and new target development on the robust and high-grade central core of the deposit.

   Program Highlights:

   - Drill hole A-17-132 returned 10.38% Zn+Pb and 14.2 g/t Ag over a true width of 28.67 metres which includes 12.39% Zn+Pb and 15.9 g/t Ag over a true width of 19.81 metres.
   - Drill hole A-17-133 returned 12.11% Zn+Pb and 16.0 g/t Ag over a true width of 9.42 metres within a broader mineralized interval of 25.63 metres.
   - Drill hole A-17-137 returned 11.79% Zn+Pb and 19.1 g/t Ag over a true width of 57.79 metres including 14.51% Zn+Pb and 23.4 g/t Ag over a true width of 37.06 metres as well as 15.44 metres of 22.61% Zn+Pb and 36.2 g/t Ag, which represents the best intersection ever encountered on the Cardiac Creek deposit.
   - Drill hole A-17-138 returned 7.75% Zn+Pb and 10.4 g/t Ag over a true width of 24.96 metres including 10.07% Zn+Pb and 12.3 g/t Ag over a true width of 11.82 metres.
   - Drill hole A-17-140 returned 8.99% Zn+Pb and 13.8 g/t Ag over a true-width of 7.51 metres from the Footwall Zone including 10.21% Zn+Pb and 15.5 g/t Ag over a true width of 6.46 metres.
   - Drill hole A-17-141 returned 11.89% Zn+Pb and 18.4 g/t Ag over a true width of 18.34 metres from the Cardiac Creek Zone including 22.48% Zn+Pb and 29.3 g/t Ag over a true width of 7.49 metres.
   - Drill hole A-17-142 returned an envelope of mineralisation grading 11.15% Zn+Pb and 15.5 g/t Ag over a true width of 32.65 metres. and includes 23.32% Zn+Pb and 30.9 g/t Ag over a true width of 11.31 metres from the Footwall Zone.
   - Drill hole A-17-143 returned 7.77 % Zn+Pb and 9.8 g/t Ag over a true width of 20.49 metres including 10.41% Zn+Pb and 15.0 g/t Ag over a true width of 7.90 metres.

   A summary table of the results from the 2017 drilling program on the Cardiac Creek deposit can be seen below.

Drill Hole	From (m)	To (m)	True Width (m)*	Zn (%)	Pb (%)	Ag (g/t)†	Zn+Pb (%)
A-17-132	520.29	573.08	42.43	6.41	1.08	10.6	7.49
CCZ	**537.41**	**573.08**	**28.67**	**8.84**	**1.54**	**14.2**	**10.38**
including	**546.41**	**571.06**	**19.81**	**10.52**	**1.87**	**15.9**	**12.39**
including	546.41	566.01	15.75	10.96	2.01	16.7	12.97
including	**546.41**	**559.05**	**10.16**	**12.18**	**2.24**	**17.2**	**14.42**
A-17-133	341.08	388.38	33.14	4.77	0.78	8.5	5.55
CCZ	351.03	387.57	25.63	5.68	0.94	9.6	6.62
including	361.90	381.10	13.48	8.00	1.40	12.9	9.40
including	**367.68**	**381.10**	**9.42**	**10.30**	**1.81**	**16.0**	**12.11**

A-17-137	**454.40**	**559.44**	**57.79**	**9.72**	**2.07**	**19.1**	**11.79**
CCZ	**466.78**	**534.09**	**37.06**	**11.83**	**2.68**	**23.4**	**14.51**
including	**480.93**	**534.09**	**29.26**	**14.32**	**3.33**	**28.0**	**17.65**
including	**506.00**	**534.09**	**15.44**	**18.27**	**4.34**	**36.2**	**22.61**
FW	544.48	559.44	8.20	14.41	2.36	25.3	16.77
MS	559.44	565.00	3.04	0.98	0.23	10.0	1.21
A-17-138	403.32	440.85	33.40	5.33	0.91	9.0	6.24
CCZ	412.15	440.17	24.96	6.60	1.15	10.4	7.75
including	**426.27**	**439.52**	**11.82**	**8.50**	**1.57**	**12.3**	**10.07**
A-17-140	694.00	776.57	59.87	2.24	0.37	4.9	2.61
HW A	694.00	706.20	8.66	1.11	0.14	4.0	1.25
HW B	718.19	723.83	4.05	3.77	0.63	7.4	4.40
CCZ	730.24	758.23	20.40	2.44	0.34	5.6	2.78
FW	**766.46**	**776.57**	**7.51**	**7.49**	**1.50**	**13.8**	**8.99**
including	766.46	775.16	6.46	8.50	1.71	15.5	10.21
A-17-141	555.20	587.64	23.36	8.09	1.46	15.1	9.55
CCZ	**562.18**	**587.64**	**18.34**	**10.05**	**1.84**	**18.4**	**11.89**
including	**563.85**	**587.64**	**17.14**	**10.47**	**1.94**	**19.1**	**12.41**
including	563.85	586.00	15.96	10.86	2.06	19.4	12.93
including	**563.85**	**574.24**	**7.49**	**18.79**	**3.69**	**29.3**	**22.48**
A-17-142	581.84	655.75	60.67	5.55	1.06	10.0	6.61
including	**616.34**	**655.75**	**32.65**	**9.30**	**1.85**	**15.5**	**11.15**
CCZ	616.34	632.17	13.05	6.45	1.14	11.3	7.59
including	623.33	632.17	7.30	7.09	1.38	14.0	8.47
FW	**642.17**	**655.75**	**11.31**	**19.30**	**4.01**	**30.9**	**23.32**
A-17-143	346.92	384.42	25.33	5.72	0.89	8.6	6.61
CCZ	**352.64**	**382.95**	**20.49**	**6.73**	**1.04**	**9.8**	**7.77**
including	365.99	382.95	11.50	7.17	1.27	12.4	8.44
including	**371.31**	**382.95**	**7.90**	**8.84**	**1.57**	**15.0**	**10.41**

(*) The true width in metres is calculated utilising the Geovia GEMS software package. The orientation of the mineralised horizon is estimated to have an azimuth of 130 degrees and a dip of -70 degrees. (CCZ) = Cardiac Creek Zone; (HW) = Hangingwall Zone; (FW) = Footwall Zone; (MS) = Massive Sulphide. ([1]) Ag values below detection were given a value half of the detection limit for the purposes of weighted averaging.

2. The Company has started a comprehensive metallurgical testing program on a number of 2017 drill core composites. The objective of the program is to assess the metallurgical performance of the selected samples from the deposit using heavy media pre-concentration followed by conventional flotation processes to recover lead and zinc into saleable concentrates. A total of 16 composites from five drill holes were prepared, totaling approximately 430 kg of material. The composites consist of one global composite and 3 composites per hole: representing the hanging wall, the main Cardiac Creek zone, and the footwall zone for each intercept. The global composite will be used for the Phase I program and the composites from each hole for Phase II. The program is intended to generate sufficient metallurgical data to support a Preliminary Economic Assessment (PEA).

3. The Company has engaged independent Qualified Person Robert Sim, P.Geo., to update the mineral resource estimate for the Cardiac Creek deposit.
4. The Company received a detailed satellite imagery based structural interpretation of the Akie and southern Kechika Regional Project from Murphy Geological Services (Ireland). The report defined the primary structural fabric of the region and generated a total of 41 ranked exploration targets. These targets will be prioritized and assessed using the Company's extensive digital database for use in future exploration efforts.
5. On November 3, 2017, the Company completed a flow-through private placement of 4,112,900 flow-through shares at a price of $0.37 per share for gross proceeds of $1,521,773. The Company paid 6% finders' fees of $91,306 in connection with the private placement. The Company intends to use the proceeds from the sale of the flow-through shares to finance exploration of the Company's Akie and Kechika Regional projects in British Columbia.
6. In July 2017, the Company received the TSXV approval for its new Normal Course Issuer Bid ("NCIB") application to purchase at market price up to 8,152,189 common shares, being approximately 5% of the Company's issued and outstanding common shares, through the facilities of the TSXV. The bid commenced on August 1, 2017 and will stay open for another 12 months.

Summary of exploration expenditures incurred on various properties to September 30, 2017:

		Akie Property		Kechika Regional		Total
Acquisition Costs: **Balance, June 30, 2017 and September 30, 2017**	**$**	**24,165,241**	**$**	**336,785**	**$**	**24,502,026**
Deferred exploration costs:						
Balance, June 30, 2016		**40,821,568**		**4,631,543**		**45,453,111**
Camp equipment, depreciation		102,485		–		102,485
Airborne geophysical survey		2,075		4,200		6,275
Drilling		577,417		–		577,417
Geology		72,924		6,683		79,607
Technical review and engineering		30,258		–		30,258
Community consultations		937		–		937
Environmental studies and permit compliance monitoring		18,944		–		18,944
Balance, June 30, 2017	**$**	**41,626,608**	**$**	**4,642,426**	**$**	**46,269,034**
Camp equipment, depreciation		19,862		–		19,862
Drilling		1,588,811		–		1,588,811
Geology		21,804		–		21,804
Road repair		75,104		–		75,104
Technical review and deposit appraisal		14,696		–		14,696
Community consultations		130,000		–		130,000
Environmental studies and permit compliance monitoring		30,718		–		30,718
Balance, September 30, 2017	**$**	**43,507,602**	**$**	**4,642,426**	**$**	**48,150,028**
Total, June 30, 2017	**$**	**65,791,849**	**$**	**4,979,211**	**$**	**70,771,060**
Total, September 30, 2017	**$**	**67,672,843**	**$**	**4,979,211**	**$**	**72,652,054**

Exploration Objectives

Akie Project:

- Continue definition drilling to expand the known extent of the Cardiac Creek deposit; update the current geological and resource model to NI 43-101 standards with all new drill results; conduct metallurgical lab testing on 2017 Cardiac Creek drill core; and endeavor to complete a preliminary economic assessment of the Cardiac Creek deposit.
- Continue to evaluate outlying coincident geological/geophysical/geochemical targets for drill target definition.
- Continue to refine the design and costs of the planned underground exploration program. The underground exploration permit remains in good standing until December 2020. The underground exploration program was conceived in order to allow tightly-spaced infill drilling from an underground decline in order to upgrade the current mineral resource to the Indicated and Measured levels of confidence. This would provide sufficient data for a pre-feasibility level of economic assessment of the ore body to be completed and investigate future viability of bulk sampling and mining.
- Continue environmental baseline sampling as required to maintain all related exploration permits in good standing.

Kechika Regional Project:

- Continue regional synthesis of all historical and modern exploration data to assist with gap analysis and drill target definition.
- Complete follow-up assessment of airborne gravity anomalies from the 2015 geophysical survey on Mt. Alcock and Yuen North.
- Continue to evaluate high priority greenfield targets.
- Refine target selection to identify drill targets.
- Maintain current drill permits in good standing.

Kechika Regional Project (Pie Option Properties):

- Continue to work closely with Teck to review and advise on plans for ongoing exploration on the properties.
- Monitor field exploration results and expenditures and option agreement commitments.
- The next planned phase of exploration on the optioned properties is expected to include continued drill testing of the highest priority targets.

Results of Operations

During the three months ended September 30, 2017, the Company reported a net loss before comprehensive loss of $125,381 or $0.00 per share compared to a net loss of $992,741 or $0.01 per share during the same quarter last year, a decrease in net loss of $867,360. The decrease in net loss was primarily due to a decrease in operating expenses of $536,340 and a deferred tax recovery of $308,132.

Income reported for the first quarter ending September 30, 2017 included interest income earned on the Company's cash deposits and short-term investments of $26,307 (2016 - $21,814) and gain on sale of marketable securities of $18,395 (2016 - $Nil).

The following expense categories contributed to the decrease in operating expenses by $536,348 during the first quarter ended September 30, 2017 as compared to the same quarter of the previous fiscal year:

- Investor relations fees decreased by $18,883 as the Company has not retained any IR services provider during the period. In the comparative quarter in fiscal 2016, the Company had engaged Paradox Public Relations Inc. to provide investor relations services for a monthly fee of $5,000.

- Marketing expenses decreased by $6,436 due to a reduction of advertisement and marketing campaigns conducted during the period.
- Rent expense decreased by $1,508 as the Company discontinued a separate rental arrangement for a geologists' office effective August 1, 2016.
- Share-based compensation expenses decreased by $456,571 as there were no stock options granted during the period. During the first quarter ended September 30, 2016, 1,750,000 stock options were granted to directors, officers, consultants and employees of the Company at a weighted average price of $0.40 per share, valued at approximately $0.26 using the fair value based method of accounting.
- Travel and promotion decreased by $24,843 as a result of a decreased number of senior management trips for investor presentations.
- Wages and benefits decreased by $53,038 as a result of lower salary expenses due to a temporary reduction of personnel.

There were no changes in management, administrative and directors' fees during the comparative quarters.

The above-noted decreases were partially offset by increases in the following categories:

- Consulting fees by $15,969 as a result of financial advisory services provided during the period.
- Office expenses increased by $1,505 primarily due to increases in printing costs associated with the AGM and investors presentation materials.
- Regulatory fees increased by $5,370 primarily due to costs associated with a foreign search for a potential appointee to the Board of Directors of the Company.
- Transfer agent fees increased by $2,381 due to the AGM related costs.

Liquidity and capital resources

The Company's working capital position remains strong with cash of $1,541,644 and GIC investments with a fair value of $4,212,459 as at September 30, 2017. Management believes that the Company has sufficient funds to meet its current obligations as they become due and to fund its exploration projects and administrative overhead for the next twelve months.

At September 30, 2017, the Company reported working capital of $5,909,904 compared to working capital of $7,951,129 at June 30, 2017, representing a decrease in working capital of $2,041,225.

Net cash used in operating activities during the three months ended September 30, 2017 was $860,728 (2016 – $617,131) representing general administrative expenses and changes in non-cash items.

Net cash used in investing activities during the three months ended September 30, 2017 was $2,060,845 (2016 – $204,032), of which:

- $1,899,499 (2016 - $81,927) was spent on exploration expenditures for the 2017 drilling program;
- $30,363 (2016 - $Nil) was used for the purchase of drilling core racks;
- $189,508 (2016 - $100,000) was invested in a GIC term deposit net of interest received from the matured term deposit; and
- $58,525 was received from sale of marketable securities (2016 - $22,105 used for purchases).

Financing activities during the three months ended September 30, 2017 were minimal and included the exercise of 10,000 share options by a former employee of the Company for gross proceeds of $2,300, and purchase of 12,500 common shares of the Company for a total of $3,508 (2016 - $3,570) with a weighted average price of $0.28 per share under its NCIB.

The Company's current assets excluding cash consisted of the following:

	September 30, 2017	June 30, 2017
Government Sales Tax credits	$ 126,726	$ 42,871
Accrued interest	1,457	292
Recoverable exploration expenses (i)	115,609	–
Prepaid expenses	77,665	146,875
Loan receivable including interest (ii)	110,986	108,466
Marketable securities at fair value	51,000	90,400
GIC investments (iii)	4,212,459	4,019,351

(i) During the summer 2017 drilling program, the Company facilitated repair of the Pesika Creek bridge, which is located approximately 70 km away from the Company's properties, to allow for safe access of its staff, contractors and vehicles to the Akie camp. The Company has spent approximately $195,208 before sales taxes on the Pesika Creek bridge repair. The Company negotiated arrangements with the following parties to share the repair costs:
- Kwadacha First Nation and Tsay Keh Dene First Nations agreed to contribute $5,000 each;
- Ministry of Forests, Lands and Natural Resource Operations (FLNRO) agreed to provide $35,000
- for the project; and
- -Teck Resources agreed to share the remaining balance with CZX and provide a $75,104 contribution towards the repair costs.

The recoverable costs including applicable sales taxes were included in accounts receivables and collected subsequent to September 30, 2017.

(ii) The $100,000 loan, which has been previously advanced under a promissory note, bearing interest at a rate of 10% per annum for a period of 6 months, was extended to February 25, 2018.

(iii) The Company's short investments consist of highly liquid Canadian dollar denominated non-redeemable guaranteed investment certificates ("GIC") yielding an average fixed interest rate of 1.52% per annum with maturity dates within one year.

Current liabilities as at September 30, 2017 consisted of trade payables and accrued liabilities of $327,642 (June 30, 2017 - $633,133).

The other sources of funds potentially available to the Company are through the exercise of outstanding stock options and share purchase warrants that are summarized below. There can be no assurance, whatsoever, that any or all of these outstanding exercisable securities will be exercised.

The Company has and may continue to have capital requirements in excess of its currently available resources. In the event the Company's plans change, its assumptions change or prove inaccurate, or its capital resources in addition to projected cash flow, if any, prove to be insufficient to fund its future operations, the Company may be required to seek additional financing. Although the Company has been successful in raising the above funds, there can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future.

The Company's overall success will be affected by its current or future business activities. The Company is currently in the process of acquiring and exploring its interests in resource properties and has not yet determined whether these properties contain mineral deposits that are economically recoverable. The continued operations of the Company and the recoverability of expenditures incurred in these resource properties are dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, obtaining necessary financing to explore and develop the properties, and upon future profitable production or proceeds from disposition of the resource properties.

The Company is exposed in varying degrees to a variety of financial instrument related risks, including price risk with respect to commodity and equity prices. The Company closely monitors certain commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. For further discussion of financial risks, please refer to Note 16 of the condensed consolidated interim financial statements for the three months ended September 30, 2017.

Transactions with related parties

The remuneration of directors and other key management personnel during the three months ended September 30, 2017 and 2016 were as follows:

September 30,		2017		2016
Consulting fees (iv)	$	3,750	$	3,750
Directors fees (ii)		10,000		10,000
Exploration and evaluation expenditures (geological consulting) (v)		37,500		37,500
Management fees (i)		88,500		88,500
Other employment benefits (vii)		7,559		6,979
Share-based compensation (vi)		1,565		421,638
Total	$	148,874	$	568,367

(i) Pursuant to a management and administrative services agreement amended effective July 1, 2011 and May 1, 2014 with Varshney Capital Corp. ("VCC"), a company with two common directors, Peeyush Varshney and Praveen Varshney, the Company agreed to pay management and administrative fees of $29,500 and $5,000, respectively.

During the three months ended September 30, 2017, the Company paid $88,500 (2016 – $88,500) for management fees and $15,000 (2016 – $15,000) for administrative fees to VCC;

(ii) the Company paid $10,000 (2016 - $10,000) in directors' fees to the four directors of Company - John Thomas, Marco Strub, Peeyush Varshney and Praveen Varshney;

(iii) the Company paid $3,750 (2016 - $3,750) for consulting fees to Sircon AG, a company controlled by Marco Strub, a director of the Company;

(iv) the Company paid geological consulting fees of $37,500 (2016 - $37,500) to Ridgeview Resources Ltd., a company controlled by Ken MacDonald, VP of Exploration of the Company, of which $31,250 (2016 - $9,375) was capitalized as exploration and evaluation costs and $6,250 (2016 - $28,125) was expensed as general consulting fees;

(v) share-based compensation is the fair value of options that have been granted to directors and executive officers and the related compensation expense recognized over the vesting periods; and

(vi) other employment benefits included life insurance and health benefits for the CEO and health benefits for the CFO of the Company.

Summary of outstanding share data as at November 29, 2017:

(1)	Authorized: Unlimited common shares without par value	
(2)	Issued and outstanding:	167,166,683
	Less treasury shares:	(312,500)
(3)	Share options outstanding:	9,072,500
(4)	Warrants	3,457,250

Additional disclosures pertaining to the Company's technical report, management information circulars, material change reports, press releases and other information are available on the SEDAR website at www.sedar.com.

On behalf of the Board of Directors, thank you for your continued support.

"Peeyush Varshney"

Peeyush Varshney
Director