



Corporate Update

Yukon Zinc Corporation is a mining, exploration and development company with mining reserves and resources in the Finlayson and Rancheria Districts of the Yukon Territory in northwestern Canada. Yukon Zinc has been active in the southeast Yukon region for over 10 years and has taken the Wolverine zinc-silver Mine from exploration through development into operation.

2011 was a productive year at Yukon Zinc. Staff and contractors continued to safely transition Wolverine into the Yukon's next operating mine, and the company secured four new international shareholders to strengthen its ownership group. Below is a summary of the main Wolverine achievements reached in 2011 and the focus heading into 2012. The company's key priorities in 2012 are to reach commercial production at Wolverine, and to focus on growth opportunities.

Wolverine Mine Operations Update



Health and Safety

2011 Work:

- Increased safety systems and streamlined reporting
- Increased number of safety training and job specific courses offered
- Added to safety management team including new Safety Superintendent (recently worked for NIOSH in U.S.)
- Wolverine 2011 LTI frequency rate: 0.91 (Yukon 5 year average 2.66)

Current Focus: Continued priority on proactive safety management and building a strong safety culture

Mine

2011 Work:

- Development of main access ramp and stopes into additional levels
- Strengthened Ground Control Management Plan
- Experienced members added to mine management and technical team
- Increased u/g production rate
- Improved equipment and standardized maintenance plan

Current Focus: Ramp up to meet commercial production levels in early 2012

Mill

2011 Work:

- Optimized processing circuits, which led to increased grade and recovery
- Installed new assay lab (with fire assays for gold) for on-site mineral sampling
- Increased production of zinc, copper and lead concentrates
- Increased frequency of concentrate trucks to the port at Stewart, BC

Current Focus: Further optimization to increase grade and recovery in anticipation of reaching commercial production output



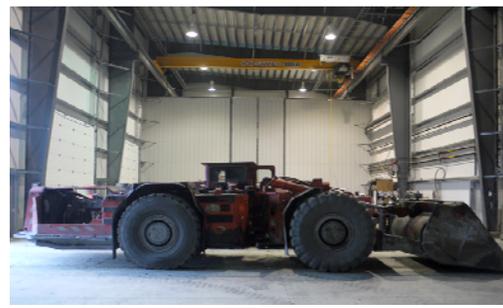
On-site paste plant for use underground

Surface Construction

2011 Work: Construction included:

- Full assay lab, Truck maintenance shop
- Paste and sand plant, Underground office complex, Waste rock pad

Current Focus: Completed construction phase and transitioned into operations phase



Truck shop with radiant heat floor



Yukon Zinc Receives Robert E. Leckie Award

Yukon Zinc was awarded the Yukon Government's 2011 Robert E. Leckie award for excellence in environmental stewardship, innovation and corporate social responsibility for a (quartz) mining operation. *"We would like to thank all of our staff and contractors whose efforts have contributed to this award. Yukon Zinc will continue to make environmental and social responsibility a priority at Wolverine and our future operations."* Raymond Mah, Chief Operating Officer.

Key elements of the application:

- The new truck shop uses a oil/water separator and the reclaimed waste oil is collected and used to heat a closed glycol loop, providing radiant heating in the floor
- Proactive waste management and housekeeping standards
- Social responsibility including hosting a Kaska Nation Rock Breaking Ceremony at Wolverine and delivering a community based pre-employment workshop *Groundwork for Employment*



Wolverine staff with Leckie award

Kaska Heavy Equipment Graduates

In December, Yukon Zinc held a Heavy Equipment Operator Certification graduation ceremony at Wolverine Mine. The training initiative enabled six Yukon Zinc Kaska First Nation employees to become certified Heavy Equipment Operators and one local Yukon Zinc Heavy Equipment Operator to become a Trainer. The training was conducted on-site while these seven employees continued to fulfill their regular job duties.

"Wolverine Mine would like to thank the program partners Yukon Mine Training Association and Northern Safety Network Yukon, along with the graduates and their families for their support and commitment to training and development." Aldea Lavallie, HR Coordinator.



Kaska and site services management team at graduation ceremony

HR & Career Opportunities at Wolverine

Yukon Zinc is looking for enthusiastic, safety-minded individuals who want to be part of the team to operate our first mine. At the end of 2011 there was 314 employees working at Wolverine (site wide and all shifts) and 160 were Yukon Zinc personnel (with 190 at full production). Some of the reasons to work at Yukon Zinc/Wolverine include:

- Competitive salaries, RRSP matching, medical, dental and vision coverage
- Charter flights to site from Vancouver, Prince George, Campbell River, Smithers, Terrace, Whitehorse, Ross River and Watson Lake
- Exposure to a newly operating mine environment
- Ongoing training and development support
- Encouraging career growth with our company growth
- Commitment to operating responsibly and ethically in the global business environment

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For Employment Opportunities

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