

News Release

Yukon Zinc Completes Feasibility Study

May 9, 2006 - Yukon Zinc Corporation (YZC.TSX.V) is pleased to announce the results of the feasibility study completed by prime consultant Hatch Ltd. and the sub-consultants. Hatch was engaged to prepare the study in accordance with the Standards of Disclosure for Mineral Projects as defined in National Instrument 43-101. Management and the Board of Directors are studying the document and assessing next steps in advancing Wolverine to production. Unless so noted all dollar amounts are in Canadian dollars.

The feasibility study covers all aspects of the development of the Wolverine deposit as an underground mine and related infrastructure. The study includes all information from the \$19 million test mining and definition drilling program completed in 2005.

Highlights:

- Average annual metal production in the first 3 years is forecast at 33,342 tonnes of zinc, 3,577 tonnes of copper, 3,399 tonnes of lead, 3,814,474 ounces of silver and 16,043 ounces of gold in the zinc, copper and lead concentrates.
- Mining reserves provide for 10 years of operations that could be extended an additional 4 years with the conversion of inferred resources into mining reserves with more in-fill drilling.
- Operating cost per tonne mined is \$90.26; resulting in a Base Case life-of-mine cash cost of zinc of US\$0.18 per pound after deducting by-product revenue.
- Capital cost is estimated at \$155.7 million before contingency, owner's costs and working capital.
- Average annual cashflow in first 3 years is estimated at \$63.6 million for the Forward Prices assumption, increasing to \$95.1 million for the Current Prices model.
- Using price assumptions based in part on Forward Prices for metals as at April 13, 2006 the project has a 11.6% after-tax internal rate of return that increases to 31.8% if Current Prices as of April 28, 2006 are used.

Project Description

The Wolverine Project is located in south central Yukon, 195 kilometers northwest of Watson Lake and 135 kilometers southeast of Ross River. The Wolverine deposit is to be developed as an underground mine and ores will be processed by standard flotation processes to produce silver and gold bearing zinc, copper and lead concentrates to be sold primarily to metal markets in Asia.

The proposed mine property is located within the traditional territory of the Ross River Dena Council (RRDC). Yukon Zinc completed a socio-economic participation (SEPA) agreement with the RRDC in July 2005 that provides for their participation in the economic and social benefits of the development and operation of the mine. The development of the Wolverine deposit as a new high grade zinc-copper-lead-silver-gold mine is one of the more significant developments in the Yukon in recent years, and would make an important contribution to the economy of the Yukon.

The Wolverine property covers 178 square kilometers of mineral claims and represents approximately 25% of the claim holdings of Yukon Zinc in the Finlayson District. The Wolverine property is 100% owned 100% by Yukon Zinc; however, it is subject to a royalty to Atna Resources Ltd. and other lesser royalties. The Atna royalty that is payable on net proceeds of silver and gold production with the royalty rate indexed to the price of silver. At a silver price of less than US\$5.00 per ounce no royalty is payable; between US\$5.00 and US\$7.50 per ounce a royalty of 4% is payable, and if the silver price exceeds US\$7.50 per ounce then a royalty of 10% is payable. A 0.5% Net Smelter Return (NSR) royalty, capped at \$500,000 is also payable on a portion of the Wolverine property claims that include the claims hosting the Wolverine deposit. A 1% NSR royalty is payable on one claim that hosts part of the Wolverine deposit; such royalty is reduced to ½ % after making royalty payments totaling \$500,000.

Resource

Following the 2005 definition drilling program, a new National Instrument 43-101 compliant mineral resource estimate was made. Measured & Indicated resources are 4.46 million tonnes grading 12.14% zinc, 354.8 grams per tonne silver, 1.16% copper, 1.69 grams per tonne gold and 1.58% lead (at US\$80 cut-off). Inferred resources are 1.69 million tonnes containing 12.16% zinc, 385.4 grams per tonne silver, 1.23% copper, 1.71 grams per tonne gold and 1.74% lead (at the same cut-off). The Inferred resources are in the deeper portion of the deposit and require additional in-fill drilling to improve resource confidence.

Resource Category	Tonnes	Zn (%)	Ag (g/t)	Cu (%)	Au (g/t)	Pb (%)
Measured	493,000	12.44	298.8	1.18	1.50	1.48
Indicated	3,968,000	12.10	361.8	1.16	1.72	1.59
Total	4,461,000	12.14	354.8	1.16	1.69	1.58
Inferred	1,693,000	12.16	385.4	1.23	1.71	1.74

The new resource estimate was prepared by Independent Qualified Persons (within the meaning of NI 43-101) Gary Giroux, P.Eng. of Giroux Consultants Ltd. of Vancouver, BC, and Mr. Cliff Pearson, P.Geo. of Pearson Geological Ltd. of Victoria, BC.

Mining Plan and Reserves

The diluted Proven and Probable mining reserves based on the Measured and Indicated resources total 5,208,000 tonnes grading 9.71% zinc, 0.93% copper, 1.26% lead, 284 g/t silver and 1.37 g/t gold, providing for a 10 year production plan. All reserves will be mined by underground methods.

Reserve Category	Tonnes	Zn (%)	Ag (g/t)	Cu (%)	Au (g/t)	Pb (%)
Proven	583,043	10.01	241.9	0.94	1.22	1.21
Probable	4,625,303	9.50	283.8	0.90	1.35	1.25
Total	5,208,346	9.71	284.2	0.93	1.37	1.26

The initial 5 by 5 metre ramp access to the upper part of the mineral zones was completed in the fall of 2005. The ramp is to be rehabilitated as the main production access and additional development work is planned to provide stope access.

Drift and fill mining has been selected as the stoping method, and will be modified to adjust to changing ore widths. Stopes will be mined in 4 m high horizontal lifts. Stopping blocks will be 20 m high, comprising five stope lifts each. Paste backfill is employed as the primary fill system. The fill will be prepared on surface at the mill and pumped through a piped delivery system for placement in the stopes. Trackless diesel mining equipment will be employed. Ore and waste haulage will be accomplished using load-haul-dump units (LHDs) and 50 tonne underground trucks. All drilling will be done using electric-hydraulic units.

Mr. Richard Goodwin, P.Eng. is the Qualified Person for the Mining Section of the feasibility study; Mr. Al Polk, P.Eng. of Snowden MIC is acting as the Independent Qualified Person for this section.

Metallurgy and Processing

Extensive testwork conducted at SGS Lakefield and other laboratories has confirmed the application of Dense Media Separation (DMS) as an effective pre-concentration step and standard flotation as providing reasonable metal recovery to produce saleable concentrates. The run-of-mine ores will undergo primary and secondary crushing to produce a minus one-inch product for processing in the DMS circuit. The DMS process uses simple gravity methods to segregate and remove less dense waste materials included in the ore during mining to provide a high grade feed to the grinding circuit. Approximately 1440 tonnes per day of run-of-mine (ROM) ore will be processed through the DMS plant to provide 1250 tonnes per day of mill feed.

A daily feed of 1250 tonnes of ore product from the DMS plant will be ground to a minus 70 microns in primary circuit. Re grind averages 80% passing 21 microns prior to undertaking standard flotation to recover zinc, copper and lead concentrates. Recoveries of the metals to the concentrates are estimated as follows:

		Recovery and Concentrate Quality									
		ASSAYS					RECOVERIES				
Product	Tonnes	Zn %	Cu %	Pb %	Ag g/t	Au g/t	Zn %	Cu %	Pb%	Ag g/t	Au g/t
ROM	5,208,346	9.71	0.93	1.26	284.19	1.37					
Cu Con	164,652	4.24	22.50	2.54	5136.00	17.90	1.4%	77.7%	6.4%	54.3%	42.3%
Pb Con	89,363	7.50	0.65	37.20	2750.00	14.50	1.3%	1.2%	50.9%	16.8%	18.5%
Zn Con	742,095	54.40	0.84	1.31	235.00	0.90	80.5%	13.1%	14.9%	11.9%	9.6%

Mr. Bob Johnston, P.Eng. is the Independent Qualified Person for the metallurgical portion of the feasibility study.

Infrastructure and Transportation

The project area is currently accessed by 800 metre long gravel airstrip and after freeze-up by winter road. The development plan provides for the construction of a 26 km all-weather gravel road from the property to connect to the Robert Campbell Highway at km 195. It is also planned to extend the airstrip to 1200 metres and upgrade the surface for larger aircraft required for transport of construction and mine personnel. The development plan provides for the construction of a 150 person camp at the mine site to house workers at the mine during both construction and operations. Initial construction work will be supported from the 50-man exploration camp.

It is planned to ship the zinc, copper and lead concentrates by highway haul truck approximately 860 kilometres to concentrate loading facilities in the port of Stewart, British Columbia for trans-shipment to smelters in Asia. The high content of silver and gold in the copper and lead concentrates increases their unit value and reduces the impact of high transportation costs.

Environment and Permitting

Yukon Zinc obtained a Type B water License Activities and a Mining Land Use Permit in early 2005 in respect of its advanced exploration program that included the initial underground development of the Wolverine deposit and test mining activity. As part of this activity it constructed temporary waste storage and water treatment facilities.

In November 2005 it submitted its Environmental Assessment Report to regulatory authorities and Yukon Zinc has consulted with the public and First Nations in respect of its development and environmental

impact mitigation plans. The environmental assessment process is ongoing and is expected to be completed by late May 2006.

A Quartz Mining License is required to proceed with construction activities, such as the main access road and earthworks for foundations. A Type A Water License is required for water use and waste deposition during construction activities and operations. On the basis of submissions made to date and regulatory response, Yukon Zinc anticipates issuance of the Quartz Mining License in July 2006 and the A Water License in November 2006.

The development plan contemplates manageable impact on the local environment. Importantly, the mine is largely a contained system with recycle of process waters, and release of treated effluent only during seasonal major precipitation events.

Yukon Zinc has worked closely with regulators and stakeholders to address all environmental and socio-economic concerns, and its SEPA agreement with the Ross River Dena Council provides for ongoing monitoring and mitigation of environmental impacts.

Capital Costs

Capital costs (excluding working capital requirements) include direct and indirect costs and aggregate an estimated \$155.7M before contingency of \$19.9 million and \$6.2M in owner's costs. The estimated capital costs are based on all new equipment and are as follows:

Direct Costs (CAD\$millions)		Indirect Costs (CAD\$millions)	
Site preparation and roads	\$15.7	Engineering	\$11.3
Mill and process	\$44.9	Construction Management	\$6.9
Power generation	\$3.4	Construction Indirects	\$14.4
Tailings & water supply and reclaim	\$7.3	Materials and inventory	\$3.0
Service facilities and mobile	\$9.1	Duties and freight	\$5.0
Permanent Camp	\$6.7	Commissioning	\$0.6
Mining	\$27.1		
Subtotal	\$114.3		\$41.4
		Total	\$155.7

The capital estimate is classified as Class 3 and is -5%+15% in accuracy. Yukon Zinc continues to evaluate opportunities for reduction of capital expenditure; however, the above estimate will be used for project financing purposes. Sustaining capital is estimated at \$26.5 million over the 10 year mine life.

Operating Costs

Estimated life-of-mine operating costs are determined on a cost per tonne mined basis and aggregate \$88.27 per tonne as follows:

Cost centre	\$/tonne mined	\$/tonne milled
Mining	24.93	28.85
Milling	19.42	22.45
Maintenance	6.52	7.54
G&A	15.40	17.82
Power	20.70	23.95
Equipment leases	3.29	3.81
Total	90.26	\$104.43

The processing of the ore through a Dense Media Separation plant reduces milled tonnage to 1250 tonne per day as compared with a mining rate of 1440 tonnes per day. The General and Administration includes environmental, human resources and training in addition to the customary accounting, warehousing and similar activities. A key component of power costs is diesel costs that were determined on diesel fuel

costs of \$0.88/liter excluding road taxes. The equipment lease costs are associated with lease of diesel generators and underground equipment.

Financial Evaluation

The economics of the project have been estimated using a large range of metal price scenarios to reflect the current market financing opportunities.

		METALS PRICE SCENARIOS			
		“Base Case”	“Moderate Price”	“Forward Hedge Prices” (3 year avg.)	“Current Price”**
Currency		US\$	(US\$)	US\$	US\$
Metal					
Zinc		\$0.74/lb	\$1.00/lb	\$0.93/lb	\$1.46/lb
Silver		\$9.18/oz	\$10/oz	\$11.20/oz	\$13.51/oz
Copper		\$1.10/lb	\$1.50/lb	\$2.01/lb	\$3.28/lb
Gold		\$480/oz	\$500/oz	\$640/oz	\$652/oz
Lead		\$0.45/lb	\$0.50/lb	\$0.50/lb	\$0.54/lb
Exchange Rate		0.84	0.86	0.8926	0.8926

* Current Prices are the quoted spot market prices for metals on April 28, 2006.

* Base Case prices were determined using 3 year backward looking average prices and two year forward prices for the metals.

* Moderate prices were selected as an intermediate price scenario for comparison purposes.

* Forward Hedge Prices are spot prices as of April 13, 2006 over 3 to 5 years, and assumptions in longer term where no spot quotations are available.

Using these price scenarios, the project economics indicate a large range of potential outcomes. Current prices remain volatile and hedge curves are similarly changing rapidly. Changes to metal prices and forward sales curves have become more attractive in the recent months, and remain very favourable for project financing. However, there is no assurance that lenders will assess the debt service capability of the project on the basis of metal prices based on Forward Hedge Prices.

		PRICE SCENARIOS			
		“Base Case”	“Moderate Prices”	“Forward Prices”	“Current Prices” (April 28/06)
NPV 0% aft-tax	C\$000s	\$62,601	\$176,269	\$93,508	\$434,488
NPV 8% aft-tax	C\$000s	(\$18,234)	\$52,427	\$20,142	\$206,177
NPV 10% aft-tax	C\$000s	(\$30,100)	\$33,422	\$8,294	\$170,177
Internal Rate of Return (pre-tax)	%	7.1%	18.7%	15.2%	39.6%
Internal Rate of Return (aft-tax)	%	5.5%	14.7%	11.6%	31.8%
Payback Period	Yrs	6.8	4.3	3.5	2.2
Annual Cashflow (3 yr avg)	C\$000s	\$30,493	\$49,475	\$63,622	\$95,131

The Forward Prices provide insight into revenues that could be achieved through that portion of production that is necessary to secure project debt financing and ensure adequate cash flow ratios for the debt portion of financing.

The following table illustrates annual cashflow estimates for the various price scenarios and illustrates what the available cashflow would be for debt service.

Annual After Tax Cashflow During First Five Years Production (CAD\$ millions)					
	2008	2009	2010	2011	2012
Current Prices	\$101.1	\$90.5	\$81.7	\$56.4	\$33.2
Forward Prices	\$80.2	\$59.1	\$45.7	\$39.4	\$11.1
Moderate Prices	\$53.6	\$49.3	\$43.0	\$42.8	\$40.6
Base Case	\$34.2	\$30.8	\$26.3	\$25.6	\$22.1

The decline in annual after-tax cashflows partially reflects lower mining grades but also the effects of becoming taxable in the latter years; plus, in the forward price scenario, zinc and copper forward metal prices that are lower than spot.

Sensitivity Analysis

Sensitivity to metal prices is illustrated by the different price scenarios. The following chart illustrates the effect of change for prices, operating and capital costs from the Base Case. As zinc and silver revenues commonly make up more than 70% of net revenue, the project economics are most sensitive to fluctuations in these metals.

Variation from base	-20%	-15%	-10%	-5%	0%	5%	10%	15%	20%
Internal Rate of Return									
Prices	0.0%	0.0%	0.0%	2.9%	5.5%	8.1%	10.4%	12.7%	15.7%
Capital	10.0%	8.8%	7.6%	6.5%	5.5%	4.6%	3.7%	2.9%	2.1%
Op Costs	10.5%	9.3%	8.1%	6.8%	5.5%	4.3%	2.9%	1.3%	0.0%
NPV 8%									
Prices	-\$118,261	-\$89,663	-\$62,469	-\$38,087	-\$18,234	\$461	\$18,467	\$36,151	\$53,520
Capital	\$12,294	\$4,897	-\$2,712	-\$10,392	-\$18,234	-\$26,297	-\$34,440	-\$42,676	-\$51,379
Op Costs	\$18,502	\$9,524	\$475	-\$8,845	-\$18,234	-\$27,902	-\$38,013	-\$49,650	-\$62,208

Engineering and Construction Schedule

Mine infrastructure construction may begin once the Quartz Mining License has been issued, assuming that project financing has been committed. The Capital Cost of the project is premised on an EPCM (Engineering, Procurement and Construction Management) contract with a recognized project management company. Underground development is expected to continue with Procon to prepare the ore zone for mining. All equipment and supplies needed for resumption of the underground development are at the site.

Pending receipt of the Mining License, the development schedule provides for commencement of access road construction and earthworks in July, and mobilization of the construction camp and concrete batch plant in early September to allow foundations work to begin in early fall. Equipment and supplies were positioned on the property during the past winter to permit a quick start on construction. Construction is expected to take approximately 15 months and would peak at 215 persons in second quarter 2007.

Marketing

Yukon Zinc has completed preliminary discussions with numerous smelters and metal trading groups on the purchase of zinc, copper and lead concentrates from Wolverine. Yukon Zinc solicited and received expressions of interest from 15 different smelters and metal trading companies, with indicative smelter terms and payables provisions. On the basis of these discussions, and the recommendation of its marketing consultants, Yukon Zinc has selected treatment and refining terms for use in determining Net

Smelter Returns for the feasibility study, thought to be representative for what might be expected over the medium term.

Treatment terms for zinc were assumed to increase from US\$175/tonne to US\$190/tonne in the first two years of production with price participation established on a US\$1400/tonne basis and a penalty for selenium above 100 ppm. Treatment charges for copper were assumed to be US\$85/tonne and a refining charge of US\$0.095 per pound of copper plus 10% price participation over US\$0.90/lb. Treatment terms for lead were assumed to be US\$140/tonne with a 15% price participation over US\$800/dmt. No payment or penalty is assumed for selenium in either of the copper or lead concentrates. Although no provision is made for selenium values in the Feasibility Study or in indicative terms received from the smelters, the Company will seek some payment for selenium in the copper and lead concentrates and removal of the selenium penalty in zinc concentrates.

Project Opportunities

Hatch and Yukon Zinc have identified a number of areas of potential savings to operating and capital costs that warrant more investigation. All costs are for new equipment and some savings may be possible with used or refurbished equipment. There is also considerable internal dilution included in resources. If it is possible to remove this internal waste included in the mining reserves, during DMS processing, an upgrade of head grade to the mill would occur which could increase metal output. There are also numerous possible savings due to operating synergies associated with including DMS reject materials in back fill and backhaul of diesel and other bulk materials on concentrate haul trucks. Also important is the opportunity to convert the 1.69 million tonnes of Inferred resources into mining reserves with in-fill drilling, thereby adding approximately 3.5 years to the mine plan. This in-fill drilling will need to confirm continuity and grade of the Inferred Resource tonnages.

Cautionary Note

Safe Harbor Statement under the United States Private Securities Litigation Reform Act of 1995 and similar Canadian legislation: Except for the statements of historical fact contained herein, the information presented contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 and similar Canadian legislation. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, “believes”, or variation of such words and phrases that refer to certain actions, events or results to be taken, occur or achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Yukon Zinc to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the actual results of exploration activities, actual results of reclamation activities, the estimation or realization of mineral reserves and resources, the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of new deposits, availability of capital required to place the Wolverine property into production, conclusions of economic evaluations, acceptance of the Hatch feasibility study by lending institutions, changes in project parameters as plans continue to be refined, future prices of commodities, possible variations in ore grade or recovery rates, efficacy and efficiency of the DMS process, failure of plant, equipment or processes to operate as anticipated, accidents, labor disputes and other risks of the mining industry, delays in obtaining governmental approvals, permits or financing or in the completion of development or construction activities, Yukon Zinc’s hedging practices, currency fluctuations, title disputes or claims limitations on insurance coverage and the timing and possible outcome of pending litigation, as well as those factors discussed under “Risk Factors” in Yukon Zinc’s Annual Information Form for the year ended December 31, 2005. Although Yukon Zinc has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such

statements. Accordingly, readers should not place undue reliance on forward-looking statements contained herein and in Yukon Zinc's other filings incorporated by reference.

Cautionary Note to United States Investors Concerning Estimates of Measured, Indicated and Inferred Resources: This press release uses the terms “Measured”, “Indicated” and “Inferred” Resources. United States investors are advised that while such terms are recognized and required by Canadian regulations, the United States Securities and Exchange Commission does not recognize them. “Inferred Mineral Resources” have a great amount of uncertainty as to their existence, and as to their economic and legal feasibility. It cannot be assumed that all or any part of an Inferred Mineral Resource will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Mineral Resources may not form the basis of feasibility or other economic studies. **United States investors are cautioned not to assume that all or any part of Measured or Indicated Mineral Resources will ever be converted into Mineral Reserves. United States investors are also cautioned not to assume that all or any part of an Inferred Mineral Resource exists, or is economically or legally mineable.**

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