

News Release

Yukon Zinc Secures US\$140 Million Senior Debt Facility from Barclays Capital for the Wolverine Project

Investor conference call and webcast are scheduled today at 8:30AM Pacific Time

Vancouver, BC, August 27, 2007 – Yukon Zinc Corporation (YZC.TSX-V) is pleased to announce that Barclays Capital (“Barclays”) has issued the Company a commitment letter for a US\$140 million senior project debt facility (“the Facility”). This Facility forms the lead portion of project financing for the Wolverine Project located in southeast Yukon. The commitment letter is subject to customary conditions precedent, including the raising of sufficient equity capital to complete the project development.

Barclays’ commitment letter sets the foundation for securing the remaining equity capital to complete the equity portion of financing required to fully finance the Wolverine Project. *“Barclays’ commitment confirms the merits of the Wolverine project and confidence in the development team”* said Dr. Harlan Meade, Yukon Zinc President and CEO. *“We are very pleased to have Barclays, together with other banking syndicate members, provide this key portion of our project financing program, particularly in the current period of uncertain financial markets”*.

Barclays Capital is the Investment Banking division of Barclays Bank PLC and one of the leading providers of finance to the mining sector. *“We are delighted to issue the commitment letter to Yukon Zinc and look forward to completing the financing later this year. Wolverine is an exciting project for Yukon Zinc, and Barclays is pleased to partner with the company in its development”*, said Grant Willis, Co-Head of Mining & Metals at Barclays Capital.

Senior Debt Facility

The term sheet for the debt facility provides for up to US\$140 million that will be available to the Company following completion of loan and security documentation as well as satisfaction of various conditions precedent. This loan has a term of 7.5 years and will be secured against the assets of the project.

The senior financing commitment follows an extensive due diligence review by Barclays’ Independent Engineers, Pincock Allen and Holt, of the Optimized Feasibility Study (OFS) completed by Wardrop Engineering.

Wolverine Project

The Wolverine Project contains a diluted high grade Proven and Probable reserve of 5,152,000 tonnes grading 9.66% zinc, 0.91% copper, 1.26% lead, 281.8 g/t silver and 1.26 g/t gold providing for a 9.5 year mining life. Conversion of Inferred resources could provide an additional 3 years of mine life. At a mining rate of 1,700 tonnes per day, average annual production in the first three years is forecast at 116 million pounds of zinc, 10 million pounds of copper and 13

million pounds of lead in concentrates containing 4.9 million ounces of silver and 20,200 ounces of gold,

The Wardrop OFS indicates an attractive 26.3 per cent pre-tax rate of return and a payback of 3.0 years, using moderate metal prices of US\$1.07/lb zinc, US\$1.85/lb copper, US\$0.52/lb lead, US\$9.48/oz silver and US\$526/oz gold and US-CAD exchange rate of 0.855. Current prices and near term forward prices are significantly higher than these price assumptions and provide an attractive environment for building of the Wolverine mine.

The January 2007 OFS estimated project capital cost at C\$207.6 million including contingency of C\$24.4 million and owner's costs of C\$7.6 million. The total capital requirement is estimated at approximately US\$250 million including working capital, financing fees, debt service during construction and an additional US\$25 million for funding of potential over-run in costs.

Development Program

Yukon Zinc has an experienced development team in place spanning engineering, procurement and construction management. The current development plan would see a production decision being made in fall 2007 following completion of project financing.

The team has made good progress in planning for the development of the Wolverine Project as an underground mine and milling project. Strategic agreements have been formed with major suppliers including Metso Minerals Canada and Finning Canada Ltd to secure long lead time equipment. Orders have been placed for ball and rod mills, diesel modular power plant and fabrications slots have been secured for other major process equipment.

Yukon Zinc has secured its key Quartz Mining Licence and, with this permit is able to start major mine construction activities such as the access road, civil works and mill foundations. In June 2007 the Company commenced construction of the access road connecting the site to the Robert Campbell Highway. The road has now reached the property and should be completed by early September. In addition, preparation of a new permanent camp facility at the mine-site has commenced. The final key project permit, the "A" water license is expected in September 2007. This permit would allow construction to start on the tailings dam and other water related structures.

With completion of the Senior Debt loan documentation, Yukon Zinc will finalize its metal concentrate sales agreements for all of the initial forecast production.

Overview

Yukon Zinc Corporation is focused on the development of the Wolverine deposit as the Yukon's next significant zinc-silver mine and the exploration of the Finlayson District in the Yukon as Canada's newest Volcanogenic Massive Sulphide District.

Teleconference and webcast

Management will provide a brief project update and review the Senior Debt Financing in a teleconference and webcast to commence at 8:30AM Pacific Time/11:30AM Eastern Time on August 27, 2007. To participate in the teleconference call please dial: North American Toll-Free: 1-866-585-6398, Local / International: 416-849-9626. The webcast link is: <http://www.vcall.com/IC/CEPage.asp?ID=120262>

For a replay of the teleconference dial: Toll-Free number: 1-866-245-6755, Local / International: 416-915-1035, Passcode: 253301.

Safe Harbor Statement under applicable Canadian securities legislation: This news release contains forward-looking statements which are based on assumptions and judgments of management regarding future events or results that may prove to be inaccurate as a result of failure to complete the proposed financing, failure to obtain necessary regulatory permits or approvals, exploration and other risk factors beyond the Company's control. As a result, actual results may differ materially from the expected results. 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 be achieved. There can be no assurance that such forward-looking 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 the Company's other documents referred to herein.

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