



## NEWS RELEASE

NZC-TSX  
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FOR IMMEDIATE RELEASE

### NORZINC REPORTS RESULTS FOR 2019

**March 13, 2020 – Vancouver, British Columbia – NorZinc Ltd.** (TSX: NZC; OTCQB: NORZF) (“NorZinc” or “the Company”) reports its interim financial results and development activities for the year ended December 31, 2019. (All amounts are in Canadian dollars unless otherwise stated. M = million).

#### 2019 Results & Recent Highlights

- Financial and Corporate
  - Updated schedule and 2020 mine enhancement plans underway (Feb 2020)
  - Shareholders approved the RCF VI CAD LLC (“RCF”) \$8.0 million sale of a 1% royalty on Prairie Creek Mine
  - Reported \$7.7 million gain on sale of royalty in Q4 2019
  - Appointed Scotia Capital as streaming finance advisors
  - NorZinc appoints Mr. Portka as Chief Financial Officer, and welcomes Mr. Sugar and Mr. Flewelling to its Board of Directors (Nov)
  - Mr. Warwick appointed as Chair of Board, and Ms. Brown joins the Board of Directors (Jun)
  - Cash at December 31, 2019 - \$2.5 million (Dec)
  - Income for Q4 2019 - \$3.0 million, including \$7.7 million gain (Dec)
  
- Prairie Creek
  - Received final permits for Prairie Creek Mine (Nov)
  - All season road (“**ASR**”) permits granted by Mackenzie Valley Land and Water Board (“**MVLB**”) and Parks Canada (Nov)
  - Traditional Lands Use Agreement for ASR signed (Jan)
  - Hired Prairie Creek Project Manager (Apr)
  - Site activities concentrated on
    - refurbishing the mobile fleet, administration building renovations, sewage treatment plant upgrades and clearing the site in support of 2020 laydown areas (Q3)

## **Prairie Creek Project - All Season Road**

### Regulatory Approval

The Environmental Assessment (“EA”) of the ASR was completed in 2018. With the Company’s submission of the requested Post-EA Information Package in February 2019, subsequently deemed complete in March 2019, the ASR entered the final permitting stage jointly with the MVLB and Parks Canada. Comments from reviewers on the Post-EA Information Package were received April 25, 2019.

On May 15, 2019, the Company provided written responses to all the comments and in early June participated in a three-day Technical Session with the reviewers in Yellowknife to discuss the comments. Subsequent to the Technical Session, 11 Information Requests (“IRs”) were issued to NorZinc and two to other participants. The Company issued responses to the IRs.

The MVLB and the Parks Canada draft ASR permits were made available to government agencies and other reviewers for review and comments in August 2019. Comments from reviewers were received and the Company provided comments and responses in September 2019.

The draft permits confirmed reclamation security deposits will be due in two phases, phase 1 being the construction and operation of a winter road to transport equipment and materials to the Prairie Creek site and phase 2 being the construction of the ASR.

On November 13, 2019 the MVLB, followed on November 22, 2019 by Parks Canada, issued their respective Water Licenses and Land Use Permits for the ASR access to the Mine. Following the permit issuances, in December 2019, NorZinc submitted all the required Management Plans to facilitate phase 1 road construction in Q1 2020 and the regulators released the Management Plans for comment prior to Dec. 31, 2019,

On February 4, 2020 the Company announced that the review and issuance timeline for the approved Management Plans had extended to a point where the contractor believed the safety of the road construction in 2020 was compromised due to the anticipated spring break-up. This schedule change resulted in NorZinc working on a revised program for 2020 activities that will focus on optimizing economics of the project, including a mine enhancement program.

The enhanced program for 2020 which will be outlined in further detail during Q1 2020 will discuss a more robust 2021 Phase 1 construction plan and schedule than was possible with the previous schedule.

### Indigenous Agreements

In January 2019, the Company signed a Traditional Land Use Agreement (“TLUA”) with the NDDDB for the construction and operation of the ASR. The Company is also finalizing negotiations for a Road Benefit Agreement (“RBA”) with the LKFN.

As part of the EA Report engagement, the NDDDB and LKFN entered into an agreement with the Company which provides for the negotiation of an Environmental Management Agreement (“EMA”). The EMA is intended to be a formal mechanism to provide for Indigenous participation in environmental management, and to ensure that the mitigative measures and environmental protection commitments in the EA Report are appropriately implemented. It will also involve Dene participation in the environmental management of the road, a cornerstone of which is a Dene-led independent monitoring program. This agreement will also provide for Dene communities’ review, participation and oversight of environmental monitoring of the ASR during permitting, design, construction, operation and closure phases, and the implementation of the mitigation measures contained in the EA Report.

The Dene communities and the Company intend the EMA to provide for a consultative and cooperative approach to environmental management of the ASR that will establish the appropriate responsibilities of the NDDB, LKFN and the Company in the development, project design, ongoing review and monitoring, as well as modification of follow-up programs to mitigate potential effects on the environment and to provide transparency and oversight to local communities.

The Company had been in discussion for several years with ADK who have signed letters of support for the Mine and ASR. In 2019 the Company commenced more advanced discussions particularly related to business opportunities related to the Mine operation. Those discussions continue in 2020 and are expected to result in a long term agreement related to the Mine.

### **Financing Initiatives – RCF Provides \$20 Million Equity Financing**

In September, the Company agreed to sell a 1.0% Royalty over the Company's Mine for \$8.0 million to RCF. Sandstorm Gold Ltd. ("**Sandstorm**") holds a right of first refusal ("**Sandstorm ROFR**") on the Royalty sale. It was confirmed, in October, that the Sandstorm ROFR would not be exercised. The Royalty calculation is essentially the same as used for the existing 1.2% royalty previously sold to Sandstorm in 2013 for US\$10.0 million (at the time C\$10.3 million). On December 23, 2019, the Company announced the successful closing of the Royalty sale.

To conform with a two-phase development of the Mine, the Company is planning to finance the project in two stages – using equity to finance Phase 1 and using more conventional bank debt or hybrid financing for Phase 2. This financing plan will also ensure the best matching of risk and reward between different sources of financing.

Earlier in 2019, NorZinc terminated its financial advisory arrangement with HCF International Advisers who had been retained since late 2016, primarily to facilitate the raising of project debt financing. The Company has appointed a financial advisor, who the company expects to have a broader and more relevant scope.

The market for project lending is currently reasonably strong, however, as described below, equity markets for junior base metal companies are currently at recent historic lows.

### **Newfoundland Properties**

NorZinc holds four, high-grade zinc-lead-copper-gold-silver volcanogenic massive sulphide ("VMS") deposits consisting of Lemarchant, Boomerang-Domino, Long Lake and Tulks East. Three of these have resource estimates and Tulks East has a historical resource. Since acquiring the Newfoundland assets, the Company has completed 47,000 metres of drilling on its properties and increased indicated resources by almost 40%. The Company's exploration strategy in Newfoundland was to build on its existing polymetallic resource base with the aim of developing either a stand-alone mine, similar to the past-producing mines at Buchans and Duck Pond, or a number of smaller deposits that could be developed simultaneously and processed in a central milling facility.

Recognizing the focus of the Company on developing the Prairie Creek Mine there was a reduced focus on the Newfoundland assets. During 2019 the Company:

- Reduced Newfoundland land holdings and maintained the core land position that includes:
  - 3 base metal deposits having National Instrument (NI) 43-101 compliant resource estimates; and
  - the Tulks East historic base metal resource.
- Pursued optioning out key land holdings with high gold exploration potential.
- Considered possible opportunities to monetize the holdings.

### **Corporate Matters**

The Company went through significant changes during the year at both the Executive and Board level. In December 2019, the Company appointed Peter Portka as Chief Financial Officer. In May 2019, Scott Fulton was added as Prairie Creek Project Manager. Alan Taylor, COO and VP Exploration of NorZinc, retired

effective July 31, 2019 and continued until January 31, 2020 as a consultant to the Company, assisting with the transition to the construction team.

As a result of the Annual General Meeting of the Company in June 2019, Ms. Shelley Brown (former director of Deloitte LLP and senior auditor partner, Deloitte Vancouver) was appointed as a director. A number of other changes in the Board of Directors resulted with Mr. John Warwick taking the Board Chair position; the addition of Ms. Anita Perry (formerly VP Communications & External Affairs at BP Canada) as Chair of the Health, Safety and Environment Committee; and Ms. Shelley Brown as Chair of the Audit Committee. Mr. John Kearney, former Board Chair, did not stand for re-election. The Company gratefully acknowledges Mr. Kearney's 18 years of tireless service and dedication to the Prairie Creek Mine.

On November 18, 2019 the Company appointed Mr. Gary Sugar and Mr. Stephen Flewelling to the Company's Board of Directors. Mr. Sugar served for more than 30 years with RBC Capital Markets, including 24 years as a Managing Director. Mr. Flewelling is currently the Chief Development Office at Noront Resources Ltd. and has more than 30 years of worldwide mining executive experience.

### **Financial Results for the Year ended Fourth Quarter of 2019**

For the year ended December 31, 2019, the Company reported a net loss and comprehensive loss of \$7.9 million compared to a net loss and comprehensive loss \$11.6 million for the year ended December 31, 2018.

### **Liquidity**

At December 31, 2019, the Company had a positive working capital balance of \$0.8 million which included cash and cash equivalents of \$2.5 million and short-term investments of \$32,000. At December 31, 2018, the Company had cash and cash equivalents of \$9.3 million, short-term investments of \$32,000 and a positive working capital balance of \$8.3 million.

### **Outlook and Factors Affecting Performance**

NorZinc's focus for 2020 is to continue the development of the Mine and advance the Mine towards production.

The business of mining for minerals involves a high degree of risk. NorZinc is an exploration and development company and is subject to risks and challenges similar to companies in a comparable stage and industry. The Company's future performance will be most affected by its access to financing, whether debt, equity or other means. Access to such financing, in turn, is affected by general economic conditions, the price of metals, exploration and development risks and the other factors described in the section entitled "Risk Factors" in this MD&A and the Company's most recent AIF.

At December 31, 2019 the Company had cash and cash equivalents and short-term investments totaling \$2.5 million and a working capital balance of \$0.8 million. The long-term price outlook for zinc and lead remains positive, however, the prices of all base metals are under stress due to what are said to be temporary trade and economic uncertainties. The 2017 FS showed robust economics for the Mine. With the currently challenged economic environment with capital and operating costs continuing to increase in the NWT, NorZinc commenced in mid-2019 a program to consider potential throughput enhancements. A desk-top study showed that the combination of a potential conversion of some inferred resources to indicated (through a potential new drill program) and an increased mill throughput, could significantly increase both the economics and financeability of the project. The Company is planning to fully assess these opportunities during 2020.

In 2019 at the mine site, further de-risking programs were carried out, including detailed engineering and design of the mine facilities, assessment of, and proposals for, rehabilitation of certain site facilities in anticipation of construction, including site cranes, accommodation, the mill roof and some electrical facilities. The Company initiated refurbishment of some of those items in the 2019 summer season.

On the permitting and environmental side, the Company was issued Water Licenses and the Land Use Permit by MVLB. The company is currently working with regulators to ensure all Management Plans are complete. Due to timing of when all the Management Plans will be resolved, the contractor believed that there would be safety concerns with starting the construction of the road during the 2020 Winter/Spring. As a result, NorZinc

is working on a revised program for 2020 which will include a more robust 2021 Phase 1 construction plan and further optimizations of the mine design and potential throughput opportunities.

The Company concluded an important TLUA agreement with NDDB and is negotiating the RBA agreement with LKFN, all the while continuing engagement with both Indigenous groups on the implementation of various mitigation measures recommended by the Review Board in the EA Report of the ASR to seek agreement on the incorporation of Dene traditional knowledge and the inclusion of both Indigenous groups in environmental monitoring.

The Company is assessing various options for financing the development of Prairie Creek, these include alternative project financing, discussions with strategic investors, governmental supported funding, leases and other financing mechanisms.

## **About NorZinc**

NorZinc is a TSX-listed mine development Company trading under the symbol “NZC”. NorZinc is developing its key project, the 100%-owned high grade zinc-lead-silver Prairie Creek Mine, located in the Northwest Territories. NorZinc also owns projects in Newfoundland that host several zinc-lead-copper-gold-silver deposits.

### Cautionary Statement – Forward-Looking Information

*This press release contains forward-looking information, including, among other things, statements regarding the use of proceeds from the Private Placement. In making the forward-looking statements in this release, the Company has applied certain factors and assumptions that the Company believes are reasonable, including the Company will be able to use the proceeds of the Private Placement as anticipated. However, the forward-looking statements in this release are subject to numerous risks, uncertainties and other factors that may cause future results to differ materially from those expressed or implied in such forward-looking statements. Such uncertainties and risks include, among others, financing risks, delays in obtaining or inability to obtain required regulatory approvals, inability to use the proceeds from the Private Placement as anticipated, as well as all of the risk factors described in the Company's most recent Form 20-F/Annual Information Form and Management's Discussion & Analysis on file with the United States Securities and Exchange Commission and Canadian provincial securities regulatory authorities. The Company disclaims any intention or obligation to update or revise any forward-looking information, except as required by applicable law. This forward-looking information is based on, among other things, management's expectations with respect to, the size and quality of mineral resources, future trends for the Company, progress in development of mineral properties, future production and sales volumes, capital costs, mine production costs, demand and market outlook for metals, future metal prices and treatment and refining charges, the outcome of legal proceedings, the timing of exploration, development and mining activities, capital market conditions, and the financial results of the Company. Actual results may vary from the forward-looking information. Material risk factors that could cause actual results to differ materially from the forward-looking information include risks that the assumptions and factors on which the forward-looking information is based differ from expectations, the Company's history of losses, lack of revenue generation, and dependence on substantial financing to develop the Prairie Creek Mine, as well as all of the risk factors described in the Company's most recent Form 20-F/Annual Information Form and Management's Discussion & Analysis on file with the United States Securities and Exchange Commission and Canadian provincial securities regulatory authorities. The Company disclaims any intention or obligation to update or revise any forward-looking information, except as required by applicable law. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Inferred mineral resources are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that mineral resources will be converted into mineral reserves.*

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