

NORZINC LTD.

ANNUAL INFORMATION FORM

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2019

March 13, 2020

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ITEM 1. GENERAL MATTERS

In this annual information form (“AIF” or “Annual Information Form”), unless the context otherwise requires, the “Company”, “NorZinc”, “us”, “we” and “our” refer to NorZinc Ltd. and its subsidiaries. Unless otherwise indicated, information in this Annual Information Form is provided as of December 31, 2019.

This AIF should be read in conjunction with the Company’s consolidated financial statements and management’s discussion and analysis for the year ended December 31, 2019. The financial statements and management’s discussion and analysis are available under the Company’s profile on SEDAR at www.sedar.com.

Cautionary Statement on Forward-Looking Information

Information relating to the magnitude or quality of mineral deposits is deemed to be forward-looking information. The reliability of such information is affected by, among other things, uncertainty involving geology of mineral deposits; uncertainty of estimates of their size or composition; uncertainty of projections relating to costs of production or estimates of market prices for the mineral; the possibility of delays in mining activities; changes in plans with respect to exploration, development projects or capital expenditures; and various other risks including those relating to health, safety and environmental matters.

This AIF contains “forward-looking information” (within the meaning of applicable Canadian securities law, and also referred to herein as “forward-looking” statements) concerning NorZinc’s plans at its mineral properties and other matters, including statements about the magnitude or quality of mineral deposits; the Company’s planned/proposed Prairie Creek Mine operations, which includes future mine grades and recoveries; the Company’s plans for further exploration at the Prairie Creek Mine and other exploration properties; future cost estimates pertaining to further development of the Prairie Creek Mine and items such as long-term environmental reclamation obligations; financings and the expected use of proceeds thereof; the completion of financings and other transactions; the outlook for future prices of zinc, lead and silver; the impact to the Company of future accounting standards and discussion of risks and uncertainties around the Company’s business.

The forward-looking statements herein relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management. The Company’s actual results could differ materially and adversely from those expressed in any forward-looking statements as a result of various factors, including:

- uncertainties as to whether the Company is able to obtain the financing to be able to continue as a going concern
- uncertainties related to actual capital costs, operating costs and expenditures, production schedules and economic returns from NorZinc’s projects;
- uncertainties associated with development activities;
- uncertainties inherent in the estimation of mineral resources and precious metal recoveries;
- risks related to obtaining appropriate permits and licences to explore, develop, operate and produce at the Company’s projects;
- uncertainties related to current global economic conditions;
- risks that NorZinc’s title to its property could be challenged;
- risks associated with having adequate surface rights for operations;
- environmental risks;
- NorZinc’s need to attract and retain qualified personnel;
- risks associated with operating hazards at the Company’s mining projects;
- risks associated with potential conflicts of interest;
- risks related to the integration of businesses and assets acquired by NorZinc;
- uncertainties related to the competitiveness of the mining industry;
- risk associated with theft;
- risk of water shortages and risks associated with competition for water;
- uninsured risks and inadequate insurance coverage;
- risks associated with potential legal proceedings;
- risks associated with community relations;

- outside contractor risks;
- risks associated with security and human rights; and
- risks related to the need for reclamation activities on NorZinc's properties.

This list is not exhaustive of the factors that may affect the Company's forward-looking information. These and other factors should be considered carefully, and readers should not place undue reliance on such forward-looking information. Investors should carefully consider the risks set out below under the heading "Risk Factors" as well as those contained in the management's discussion and analysis for the year ended December 31, 2019.

The Company undertakes no obligation to revise or update any forward-looking statement, or any other information contained or referenced in this AIF to reflect future events and circumstances for any reason, except as required by law. In addition, any forecasts or guidance provided by the Company are based on the beliefs, estimates and opinions of the Company's management as at the date of this AIF and, accordingly, they involve a number of risks and uncertainties. Consequently, there can be no assurances that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Except as required by law, the Company undertakes no obligation to update such projections if management's beliefs, estimates or opinions, or other factors should change.

Compliance with NI 43-101

As required by National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("**NI 43-101**"), NorZinc has filed a technical report detailing the technical information related to its material mineral property discussed herein. For the purposes of NI 43-101, the Company's material mineral property is the Prairie Creek Project. Unless otherwise indicated, the Company has prepared the technical information in this AIF ("**Technical Information**") based on information contained in the technical reports, news releases and other public filings (collectively, the "**Disclosure Documents**") available under the Company's profile on SEDAR. Technical Information contained in each Disclosure Document was prepared by or under the supervision of a qualified person as defined in NI 43-101. For readers to fully understand the information in this Annual Information Form, they should read the Disclosure Documents in their entirety, including all qualifications, assumptions and exclusions that relate to the information set out in this AIF which qualifies the Technical Information. The Disclosure Documents are each intended to be read as a whole, and sections should not be read or relied upon out of context. The Technical Information is subject to the assumptions and qualifications contained in the Disclosure Documents.

Unless otherwise indicated, all scientific and technical information relating to the Company's mineral projects contained in this AIF has been reviewed and approved by Kerry Cupit who by reason of education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience, fulfills the requirements of a qualified person as defined in NI 43-101. Mr. Cupit is a Project Geologist employed by the Company, with a B.Sc in Earth Sciences (Geology).

Classification of Mineral Reserves and Mineral Resources

In this AIF and as required by NI 43-101, the definitions, if any, of proven and probable mineral reserves and measured, indicated and inferred mineral resources are those used by Canadian provincial securities regulatory authorities and conform to the definitions utilized by the Canadian Institute of Mining, Metallurgy and Petroleum ("**CIM**") in the "CIM Definition Standards on Mineral Resources and Mineral Reserves".

Currency Presentation and Exchange Rate Information

All dollar amounts referenced in this Annual Information Form, unless otherwise indicated, are expressed in Canadian dollars ("**\$**" or "**C\$**"). The Company's financial statements are presented in Canadian dollars. Certain information in this AIF is presented in United States dollars ("**United States dollars**" or "**US\$**").

ITEM 2. CORPORATE STRUCTURE

Name, Address and Incorporation

NorZinc was incorporated as “1163153 B.C. Ltd.” on May 7, 2018 pursuant to the *Business Corporations Act* (British Columbia) (“**BCBCA**”). On May 22, 2018, the Company changed its name to “NorZinc Ltd.”.

On September 6, 2018, Canadian Zinc Corporation (“**Canadian Zinc**” or “**CZN**”) and NorZinc completed an internal corporate reorganization by way of a statutory arrangement (the “**Arrangement**”) under the BCBCA. Pursuant to the Arrangement, shares of CZN were exchanged for shares of NorZinc, on a one-for-one basis, with no impact on shareholder’s ultimate economic interest and shareholders of Canadian Zinc became shareholders of NorZinc and Canadian Zinc became a wholly-owned subsidiary of NorZinc. The common shares of NorZinc commenced trading on the Toronto Stock Exchange (“**TSX**”) in September 2018, under the symbol “NZN” and on the OTCQB under the symbol “NORZF” and the former shares of Canadian Zinc were delisted from trading.

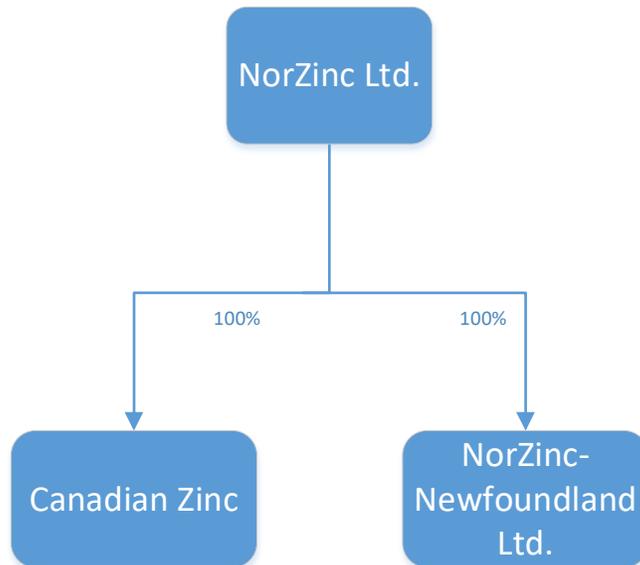
The head office of the Company is located at Suite 1710, 650 West Georgia Street, PO Box 11644 Vancouver, British Columbia, V6B 4N9 and the registered office is located at 10th Floor, 595 Howe Street, Vancouver, British Columbia, V6C 2T5.

Intercorporate Relationships

As of the date hereof, the Company has two wholly-owned subsidiaries, Canadian Zinc Corporation and NorZinc-Newfoundland Ltd. Canadian Zinc is organized under the BCBCA. NorZinc – Newfoundland Ltd. was incorporated under the BCBCA.

The organizational chart of the Company is as follows:

NorZinc Ltd. Corporate Organizational Chart



ITEM 3 GENERAL DEVELOPMENT OF THE BUSINESS

Overview

NorZinc is a reporting issuer in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland, and its common shares are currently listed and posted for trading on the TSX under the symbol “NZN”, on the OTCQB under the symbol

“NORZF” and on the Regulated Unofficial Market of the Frankfurt Stock Exchange under the symbol “SRS”. The Company is engaged in the business of exploration and development of natural resource properties.

Three Year History

Prairie Creek Project

Ownership, Reserves and Existing Infrastructure

The Prairie Creek Project is an advanced-stage, permitted, partially developed zinc-lead-silver property, located in the Northwest Territories, Canada (as applicable, the “**Prairie Creek Property**”, “**Prairie Creek Project**” or “**Prairie Creek Mine**”).

The Company obtained a NI 43-101 technical report titled “*Technical Report – Prairie Creek Property Feasibility Study NI 43-101 Technical Report*” with an effective date of September 28, 2017 and a report date of October 27, 2017 (the “**Prairie Creek Technical Report**”), which was prepared by H.A. Smith, L.P. Staples, S. Elfen, G.Z. Mosher, F. Wright and D. Williams, and is available on the Company’s profile at www.sedar.com.

On September 30, 2019, the Company agreed to sell a 1% net smelter return royalty (the “**RCF Royalty**”) over the Prairie Creek Project to RCF VI CAD LLC (“**RCF**”), an affiliate of Resource Capital Fund VI L.P, for \$8 million. With the sale of this net smelter return royalty, the Prairie Creek Property is subject to a 2.2% net smelter return royalty. As RCF held more than 10% of the Company’s shares at the time of the agreement, Shareholders approved the sale of the RCF Royalty at a special meeting held on November 18, 2019. The sale of the RCF Royalty closed on December 23, 2019.

The Prairie Creek Mine contains a Proven and Probable Reserve of 8.1 million tonnes grading 8.6% Zn; 8.1% Pb and 124 g/t Ag, which ranks Prairie Creek amongst the highest grade base metal deposits in the world. These reserves are based upon a Measured and Indicated Resource of 8.7 million tonnes grading 9.5% Zn; 8.9% Pb and 136 g/t Ag, and represent an initial mine life of 15 years at 1,600 tonnes per day mining.

Prairie Creek also hosts an additional Inferred Mineral Resource of 7.0 million tonnes grading 11.3% Zn, 7.7% Pb, and 166 g/t Ag, which has the potential, through further exploration and development, to be upgraded to the Reserve category and thus potentially significantly increasing the initial 15-year mine life.

The Prairie Creek Mine has extensive infrastructure in place including five kilometres of underground workings on three levels, a 1,000 ton per day mill, a fleet of heavy duty and light duty surface vehicles, three surface exploration diamond drill rigs, camp accommodation, maintenance and water treatment facilities and a 1,000 metre long gravel airstrip.

NorZinc’s primary objective is to bring the Prairie Creek Mine into production at the earliest opportunity and in pursuit of that objective to secure the necessary senior financing to complete the development and construction of the Prairie Creek Project. As the Prairie Creek Mine is the flagship property of the Company, its development is integrally linked to the financing of the Company.

2017 Feasibility Study

The Company completed a Feasibility Study (“**2017 FS**”) in 2017, the results of which are set forth in the Prairie Creek Technical Report which contemplates a mine life of 15 years resulting in \$3 billion in net revenue and \$1.3 billion in earnings before interest, taxes, depreciation and amortization (“**EBITDA**”) over the life of the mine and pre-tax Net Present Value (“**NPV**”) of \$344 million, using an 8% discount rate, with an Internal Rate of Return (“**IRR**”) of 24% (post-tax NPV of \$188 million and an IRR of 18%) and using base case metal price forecasts of US\$1.10 per pound for zinc, US\$1.00 per pound for lead and US\$19 per ounce for silver with a foreign exchange rate of CA\$1.25=US\$1.00 and treatment charges of US\$172/tonne for zinc concentrate and US\$130/tonne for lead concentrates.

The 2017 FS indicated average annual production over the first 10 years of operation (including the start-up year) of 64,800 tonnes of zinc concentrate and 71,600 tonnes of lead concentrate containing a total of 95 million pounds of zinc, 105 million pounds of lead and 2.1 million ounces of silver in both zinc and lead concentrates.

Pre-production capital costs, including provision for a new All Season Road (“**ASR**”), were estimated at \$279 million, including contingency, with payback of less than five years.

The 2017 FS contemplated a 2.5 year construction period, commencing with a winter road construction as the initial phase of the ASR construction.

The 2017 FS showed robust economics for the Mine. With current market prices and conditions reference should be made to chart “Economic sensitivities of the Prairie Creek Project” in Schedule “A” and other comments on NPV sensitivity in the 2017 FS. 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. The Company is planning to fully assess throughput enhancements, due to the large potential for increased reserves at Prairie Creek during 2020, including updates to any permits that may be necessary.

The All Season Road

REGULATORY APPROVAL

On November 14, 2019, the Mackenzie Valley Land & Water Board (“**MVLWB**” or “**Water Board**”) issued Water Licences and the Land Use Permit for the ASR access to the Prairie Creek Mine in the NWT, Canada. On November 22, 2019, Parks Canada issued the Water Licence and Land Use Permit for its portion of the ASR.

The issuance of the Water Licences and the Land Use Permit followed the receipt of a positive recommendation for the ASR from the Mackenzie Valley Environmental Impact Review Board on September 12, 2017 and subsequent acceptance of this recommendation by the Responsible Ministers on October 9, 2018 and the filing by the Company of a post-environmental assessment information package with the MVLWB and Parks Canada (“**PC**”). The full texts of the correspondence related to this process may be viewed on the public registry website of the Review Board.

INDIGENOUS AGREEMENTS

The Nah?a Dehé Dene Band (“**NDDB**”) of Nahanni Butte is the nearest community to the Prairie Creek Mine, located approximately 90 kilometres southeast of the mine site. The mine site and route of the ASR are within NDDB’s Traditional Territory. The Łíídljį Kúę First Nation (“**LKFN**”) of Fort Simpson are the largest community within the Dehcho Region, Fort Simpson is located about 185 kilometres east of the mine site.

In 2011, the Company signed an Impact Benefit Agreement with the NDDB (the “**Nahanni IBA**”), and subsequently signed a similar agreement with the LKFN (the “**LKFN IBA**”) for the development of the Prairie Creek Mine, which contemplated access to the mine via a winter road only. In both agreements, NDDB and LKFN agreed to support the Company in obtaining all necessary permits and other regulatory approvals required for the Prairie Creek Mine Project.

Recognizing the ASR may have additional potential impacts and effects on both groups as compared to a winter-only road, the Company initiated consultation discussions with both groups.

In January 2019, the Company signed a Traditional Land Use Agreement (“**TLUA**”) with the NDDB 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 NDDB 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, tested in other projects, to, in addition to regulatory instruments, 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 NDDDB, 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.

These aforementioned agreements, both completed and near completion, provide assurance the Prairie Creek Mine has strong local Aboriginal support as the ASR moves through the final stage of permitting.

TIMING

The construction schedule of the ASR requires an initial Phase 1 winter road be established in order to gain initial access to the project site and, at the same time, provide required geotechnical data to finalize the ASR route design. Due to local terrain challenges, small sections of the Phase 1 road would be constructed using non-typical methods of winter roads. The ASR will follow the general alignment of the previously permitted winter road, while reflecting the terrain, site characteristics, and road specifications suitable and preferred for an all season road.

NorZinc plans to construct the ASR over three calendar years. Prior to construction activities, the Company plans to conduct field investigations and prepare site plans (including detailed road design) and award construction contracts. Dependent on the permitting and financing timeline, construction of the ASR is currently planned to commence from a winter road in early 2021 and continue into 2023, in parallel with continuous and ongoing site construction and project development.

The construction of the Prairie Creek Mine is planned in two phases with timing for commencement dependent upon approval of the management plans. In 2022 and 2023, the main site construction is currently planned to be completed, including installation of a dense media separation circuit, new backfill plant, electrical facilities, as well as underground development to access high grade ore for the initial years of operation. Most underground development for the current 15-year mine life is currently planned to be completed between 2022 and 2025.

The Company is planning to finance the multi-year construction program for the Prairie Creek Project in at least two stages - using equity or other forms of non-equity financing (such as a silver stream) to finance the first stage; and using more conventional bank debt or hybrid financing (such as offtake financing) for the second stage. The Company, sold a 1% NSR to RCF for \$8 million which closed on December 23, 2019, the proceeds were used to continue the development of the project.

2019 work included:

- Received final major ASR permits for Prairie Creek Mine
- All season road permits granted by Mackenzie Valley Land & Water Board and Parks Canada
- Traditional Lands Use Agreement for ASR signed
- Hired Prairie Creek Project Manager
- Site activities concentrated on
 - Refurbishing existing onsite mobile equipment;
 - Preparing a laydown area for future camp modules;
 - Sewage treatment plant repairs, allowing commissioning to commence; and
 - Refurbishing the administration building.
- The Company also made the following permit applications:
 - Replacement of underground exploration Water Licence MV2001L2-0003, which expired on September 9, 2019 with Water Licence MV2019L2-0006 with a 7-year term.
 - Replacement of underground exploration Land Use Permit MV2012C0008, which expired on May 10, 2019 with Land Use Permit MV2019C0011 with a 5-year term.
 - Land Use Permit MV2019T0021 to stage vehicles and equipment on the north side of the Liard River prior to winter freeze-up.

2018 Operations

The Prairie Creek Project site was re-opened at the beginning of June 2018 and closed at the end of October 2018. Work was initially focused on normal care and maintenance activities, including re-initiation of treatment of

mine water discharge, building maintenance and mobile equipment repair. Much additional work was carried out relating to the upgrade of the reagent storage pad area and repackaging all the mill process materials stored at this pad and in the main yard. Repackaging and reorganization of stored mill process reagents was completed by the end of the summer.

Two airlifts of diesel fuel and freight were completed in July and August 2018. A helicopter supported program in undertaking further geotechnical studies and additional base line environmental studies, including archeology, along the ASR route was completed in August.

A further assessment of site equipment and infrastructure was undertaken to better estimate costs of rehabilitation along with advancing basic engineering in preparation for construction and planning for 2019. During September and October, engineering investigations focussed on the assessment of, and proposals for the rehabilitation of certain site facilities in anticipation of early construction, including site cranes, accommodation, the mill roof and some electrical facilities.

Other 2019 Permitting Activities

The Company made various applications to the Water Board for extensions or amendments to a number of existing licenses and land use permits, including the following:

- (a) The Company successfully applied to amend exploration Water Licence MV2001L2-0003 so that the zinc compliance levels reflect the levels prescribed in the federal Metal and Diamond Mining Effluent Regulations.
- (b) The Company extended by two years the terms of Land Use Permit MV2013C0002 (issued in April 2013 for a term of five years, which permits exploration drilling anywhere on the extensive Prairie Creek Property, and which expired on April 24, 2018) and Land Use Permit MV2008D0014 (issued in June 2013 for a term of five years, which permits operations at the Prairie Creek Mine, and which expired on June 16, 2018).
- (c) The Company applied to extend the term of Water Licence MV2008L2-0002 by 25 years and consideration of the application is pending, subject to NZC's completion of engagement with Indigenous groups.

Financing Initiatives – RCF Provides \$20 Million Equity Financing

In December 2017, the Company entered into a financing agreement ("**Project Bridge Loan**") with Resource Capital Fund VI L.P. ("**RCF VI**") pursuant to which RCF VI provided an interim non-convertible project loan in the amount of US\$10 million for the ongoing development of the Prairie Creek Project, focused on further engineering work to improve project confidence while the Company completes the senior project financing package and establishes the construction and development management team. The Company also entered into an investor agreement (the "**Investor Agreement**") with RCF VI which contained various rights granted to RCF VI, including among other things: a period of exclusivity to work with the Company to define the terms of RCF VI's future participation in the project financing of the Prairie Creek Mine, on terms and conditions to be agreed by the Company and RCF VI; participation rights in favour of RCF VI to maintain its pro rata shareholding interest in the Company for as long as it remains a significant shareholder; the right to nominate one member to the board of directors of the Company; and certain project oversight rights.

On May 14, 2018, the Company entered into an equity financing agreement with RCF, pursuant to which RCF agreed, subject to shareholder and regulatory approvals, to purchase \$20 million in units, each unit consisting of one common share and a half share purchase warrant, at \$0.20 per unit, with each full warrant ("**Warrant**") exercisable to purchase one share at \$0.25 per share on or before December 31, 2018 (the "**Units**"). The use of proceeds was agreed to include repayment of the US\$10 million Project Bridge Loan, the ongoing development of the Prairie Creek Project and general working capital. At the Company's Annual General and Special Meeting of Shareholders held on June 27, 2018, the shareholders voted in favour of the equity financing with RCF.

On July 10, 2018, the Company closed the \$20 million financing ("**RCF Unit Financing**") and issued 100 million units to RCF at a price of \$0.20 per Unit. The proceeds from the equity financing were used in part to repay the US\$10 million Project Bridge Loan to RCF VI and are being directed to ongoing development of the Prairie Creek Project, including additional engineering and permitting work to improve project confidence, and general working capital. The Warrants expired unexercised on December 31, 2018.

In conjunction with the closing of the RCF Unit Financing, the existing Investor Agreement with RCF VI was amended and restated to include RCF and to provide for the right of RCF to nominate additional members to the board of directors and to provide certain other project oversight rights, among other things, and RCF VI transferred its holdings in NorZinc to RCF. As a result of the financing, RCF held approximately 41% of the issued shares of the Company on a non-diluted basis.

During the year NorZinc announced a new financing with RCF which comprised of the following:

1. C\$8 Million Royalty
 - a. The Company agreed to sell a 1.0% Royalty on products from the Mine for C\$8 million to RCF. Sandstorm Gold Ltd. ("Sandstorm") holds a right of first refusal ("Sandstorm ROFR") on the Royalty sale which they chose not to exercise. The shareholders approved the transaction on November 19, 2019. The Royalty calculation is essentially the same as used for the existing 1.2% royalty previously sold to Sandstorm in 2013 for US\$10 million (at the time C\$10.25 million).
2. US\$6 Million Short Term Loan
 - a. RCF has agreed to loan the Company (the "Loan") up to US\$6 million repayable on the earlier of (a) 120 days from first advance under the Loan and (b) the date on which either the Royalty is funded by RCF or by Sandstorm. The Loan bears an interest rate of 8% per annum payable on maturity. The loan was settled on December 23, 2019 upon closing of the Royalty sale.

The company is working with Scotia Capital as stream financing advisors to facilitate one component of the overall project financing package. During the year, the Company ceased working with HCF International Advisers and engaged discussions with other parties to take on the role as lead financial adviser.

The market for project lending is currently very project specific. Overall the ability to raise debt is readily available but is more geared toward projects that are in the gold sector due to increasing gold prices and overall improved ability for gold companies to issue equity. As described in the "Risk Factors" section, equity markets for junior base metal companies are currently at recent historic lows. 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.

Newfoundland Properties

Overview

The Company 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. All of these deposits have excellent potential for expansion. NorZinc intends to focus its exploration on priority targets at these four established deposits with the aim of increasing the resource base.

The Company's exploration strategy in Newfoundland is to continue 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.

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 majority of the claims have reached their 20th year of ownership, at which time assessment and license costs increase by 80%. As part of the exploration process and claim evaluation, the Company, in January 2019, allowed claims that are not proximal to the established resources or part of the 2019 plan to expire.

Mineral Resource Estimate Update

On September 20, 2018, the Company prepared a technical report with an updated mineral resource estimate for the 100% owned Lemarchant zinc-lead-copper-gold-silver VMS deposit, titled "NI 43-101 Technical Report and

Updated Mineral Resource Estimate on the Lemarchant Deposit South Tally Pond Property, Central Newfoundland, Canada” with an effective date of September 20, 2018 and a report date of October 22, 2018 (the “**Lemarchant Mineral Resource Estimate**”). The Lemarchant deposit is located 20 km from Teck’s past-producing Duck Pond copper-zinc mine.

A summary of the Lemarchant Mineral Resource Estimate at a cut-off grade of 4% Zinc Equivalent (“**ZnEq**”) appears in Table 1 below. Table 2 presents the deposit’s calculated contained metal based on the Lemarchant Mineral Resource Estimate.

Table 1: Lemarchant Deposit Mineral Resource Estimate at 4.0% ZnEq Cutoff (Effective September 20, 2018)

Category	Tonnes	Zn (%)	Pb (%)	Cu (%)	Au (g/t)	Ag (g/t)	ZnEq (%)	BaSO4 (%)
Indicated	2,420,000	6.15	1.60	0.68	1.22	64.04	12.40	23.53
Inferred	560,000	4.68	1.08	0.45	1.06	44.67	9.31	13.11

Table 2: Lemarchant Mineral Resource Estimate Contained Metal

Category	Zn (M lbs.)	Pb (M lbs.)	Cu (M lbs.)	Au (K oz)	Ag (M oz)	Barite (tonnes)
Indicated	328.1	85.3	36.3	0.95	5.0	570,000
Inferred	57.8	13.3	5.6	0.19	0.8	73,000

Notes:

1. Resource tonnages have been rounded to the nearest 10,000. Totals may vary due to rounding.
2. Price assumptions used were in USD \$1.10/lb Zn, \$1.00/lb Pb, \$3.21/lb Cu, \$1351/oz Au, and \$19/oz Ag.
3. Metal recoveries used were 91.46% Zn, 82.42% Pb, 79.50% Cu, 84.23% Au and 68.22% Ag and are based on the 2017 Central Milling Facility Assessment prepared by Thibault & Associates Ltd.
4. $ZnEq\% = Zn\% + ((Pb\% * 22.046 * 0.8242 * 1.00) + (Cu\% * 22.046 * 0.795 * 3.21) + (Ag\ g/t / 31.10348 * 0.6822 * 19) + (Au\ g/t / 31.10348 * 0.8423 * 1351)) / (1.10 * 22.046 * 0.9146)$.
5. BaSO₄ % (Barite) is not included in the ZnEq% calculation.
6. A full block grade cut-off of 4.0 % ZnEq was used to estimate Mineral Resources.
7. Assay composites (1 meter) were capped at 36% Zn, 14.5 g/t Au, and 550 g/t Ag in the Mineralized domains, at 2.2% Cu, 4.6 g/t Au and 105 g/t Ag in the Upper Footwall domains, at 4.8% Zn and 8 g/t Ag in the Lower Footwall Domains and at 2% Zn, 5.2 g/t Au, and 48 g/t Ag in the Mudstone domains.
8. Results of an interpolated Ordinary Kriging bulk density model have been applied.
9. Mineral Resources are considered to reflect reasonable prospects for economic extraction in the foreseeable future using conventional underground mining methods.
10. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
11. This estimate of Mineral Resources may be materially affected by environmental, permitting, legal title, taxation, sociopolitical, marketing, or other relevant issues.

The Lemarchant Mineral Resource Estimate was prepared for the Company by M. Cullen, P.Geol and M. Harrington, P.Geol of Mercator Geological Services Limited of Dartmouth, Nova Scotia, and M. Vande Guchte, P.Geol, a non-independent qualified person with NorZinc Ltd. The Lemarchant Mineral Resource Estimate has an effective date of September 20, 2018 and is based on information provided from 165 drillholes, totaling 52,952 metres, completed between 1991-1993 and 2007-2017. Between 2013 and 2017, NorZinc completed 91 drillholes and 8 drillhole extensions for 28,455 metres, all of which post-date the last NI 43-101 Mineral Resource Estimate prepared for the deposit in 2012.

As a result, the Lemarchant Mineral Resource Estimate set out in Table 1 incorporates significant new exploration information in the geological interpretation and grade estimation, providing a more refined resource model in known areas as well as expanding the resource base in new areas. The Lemarchant Mineral Resource Estimate is based on 2 adjacent zones of VMS style mineralization, the Main Zone and Northwest Zone.

Corporate Matters

Executive Changes

On May 16, 2018, the Company hired Don MacDonald, formerly CFO and Acting CEO of KGHM International, as President of the Company, effective May 16, 2018 and as Chief Executive Officer effective June 27, 2018. Mr. MacDonald is a CPA, CA with Bachelors and Masters degrees in engineering and has been involved in the financing, development and/or operation of over 20 mines in North and South America over his career.

On June 27, 2018, John Kearney retired as Chief Executive Officer, while continuing as the Chairman of the Board, and Don MacDonald was appointed as Chief Executive Officer of the Company.

Ms. Anita Perry joined the board in November 2018. Ms. Perry is Vice President of Communications and External Affairs at BP Canada and currently leads all external relations and interface strategies for BP in Canada. Anita has held many leadership and public relations roles with corporations, as well as federal and territorial governments.

At the 2019 annual general meeting, after 18 years of service, John F. Kearney, Chairman and former President & CEO of the Company retired and stepped down from the board. John M. Warwick, a director of the Company since June 2016, was appointed as the incoming Chairman. Ms. Shelly Brown was newly appointed to the board.

On November 18, 2019, the Company welcomed Gary Sugar and Stephen Flewelling to the Board. Gary Sugar has an extensive career in the investment banking industry while Stephen Flewelling has more than 30 years of worldwide mining executive experience including exploration, feasibility planning, project development, construction and operations experience. Dave Nickerson and Malcolm Swallow agreed to retire from the board to facilitate the new appointments.

On December 2, 2019, Mr. Peter Portka was announced as the new Chief Financial Officer of the Company as Mr. Trevor Cunningham resigned. Mr. Portka is a mining financial professional with extensive metals and mining experience in corporate finance, corporate development, public accounting and M&A advisory.

Reorganization

At Canadian Zinc Corporation's annual general and special meeting of shareholders held on June 27, 2018, the shareholders voted in favour of a statutory arrangement to reorganize the Company into a separate publicly-listed holding corporation, named NorZinc Ltd., and a directly held, wholly-owned, operating subsidiary retaining the name Canadian Zinc Corporation. The Arrangement, which became effective September 6, 2018, leaves all the Prairie Creek property, assets, agreements and permits in place in the wholly-owned subsidiary. The shares of CZN were exchanged for shares of NorZinc, on a one-for-one basis, with no impact on shareholder's ultimate economic interest.

The objective of the Arrangement was to structure the assets of the Company to facilitate future project financing of the Prairie Creek Project. Discussions to date with financial institutions have confirmed that the opportunity of raising project debt financing to complete the development and construction of the Prairie Creek Mine would require that the Prairie Creek Project be held in a separate stand-alone entity, and that the public parent company be structured to act as project sponsor. Management determined that the Arrangement, which left all the Prairie Creek property, assets, agreements and permits in place, held in a wholly-owned subsidiary, was the most efficient way to accomplish this objective.

At the end of its most recently completed financial year, the Company's structure includes two wholly-owned subsidiaries, Canadian Zinc Corporation and NorZinc-Newfoundland Ltd.

Marketing

During the year, the Company had retained Cliveden Trading AG to advise on current and future market conditions for zinc and lead concentrates. NorZinc has signed non-binding Memorandum of Understanding ("MOU") with each of Korea Zinc Company ("**Korea Zinc**") and Boliden Commercial AB ("Boliden") for the sale of the Company's planned zinc concentrate production (and with Korea Zinc for planned lead concentrate production) confirming the marketability of both concentrates. The planned zinc concentrate production will contain, to varying degrees, relatively high levels of mercury. Since signing the MOUs almost three years ago, more concentrates with elevated levels of mercury are being produced and processed, laws around the world for mercury production continue to change, and technology regarding the safe removal of mercury has improved. The Boliden MOU was previously extended to June 30, 2019 and then extended to June 30, 2022. Effective March 1, 2020, the Company is working with a new concentrate marketing and logistics specialist. It was management's belief that having someone independent (not affiliated with a trading house) would be more beneficial in negotiations.

Recent Developments

Termination of SEC Reporting Obligations

On February 25, 2020, the Company announced and voluntarily filed a Form 15F with the United States SEC to terminate the registration of its common shares under Section 12(g) of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), and its reporting obligations under Section 13(a) of the Exchange Act. Management of the Company is of the view that the costs associated with continuing the registration and reporting under the Exchange Act outweigh the benefits received by the Company from maintaining its registration. After filing of the Form 15F, the Company expects its common shares to continue to be quoted on the OTCQB under the ticker symbol “NORZF”.

2020 Financing

On February 25, 2020, the Company announced a non-brokered private placement of 7,846,153 common shares of the Company at a price of \$0.065 per share, for gross proceeds of \$510,000. RCF exercised their right to purchase up to 5,385,443 to maintain their pro-rata ownership, for gross proceeds of \$350,054. The financing closed on March 9, 2020 for total proceeds of \$870,787, including additional subscriptions, and the proceeds will be used for general working capital purposes.

ITEM 4 DESCRIPTION OF THE BUSINESS

General

NorZinc’s focus is to continue the development of the Prairie Creek Project and advance the Prairie Creek 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. These risks include, but are not limited to, the challenges of securing adequate capital, exploration, development and operational risks inherent in the mining industry; changes in government policies and regulations; the ability to obtain the necessary permitting; as well as global economic and zinc price volatility; all of which are uncertain.

In particular, the Company does not generate revenue. As a result, the Company continues to be dependent on third party financing to continue exploration and development activities on the Company’s properties, maintain capacity and satisfy contractual obligations. Accordingly, 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 Annual Information Form.

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. Supported by the economics indicated by the 2017 FS, NorZinc will continue to pursue all alternatives for raising the senior financing necessary to complete the development and construction of the Prairie Creek Mine.

At the Prairie Creek Mine Site, the 2019 summer program concentrated on refurbishment of onsite mobile equipment, continued water treatment, preparing laydown areas for future camp modules, and refurbishment of the administration building. All of these activities were completed to assist the commencement of construction activities now planned for 2021.

The Company concluded an important TLUA agreement with NDDDB for the construction and operation of the all season road 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 All Season Road to seek agreement on the incorporation of Dene traditional knowledge and the inclusion of both Indigenous groups in environmental monitoring.

A temporary slowdown was placed on project debt financing discussions in June 2018 production due to the extended time of approving the ASR, but discussions have recommenced with a target for financing in the latter part of 2020. 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.

Risk Factors

An investment in the Company's securities should be considered highly speculative and involves a high degree of financial risk due to the nature of the Company's activities and the current status of our operations. Readers and prospective investors should carefully consider the risks summarized below and all other information contained in this AIF before making an investment decision relating to NorZinc shares. Some statements in this AIF (including some of the following risk factors) constitute forward-looking information. Please refer to the discussion of forward-looking information under "*General Matters – Cautionary Statement on Forward-Looking Information*" above. Any one or more of these risks could have a material adverse effect on the value of any investment in the Company and the business, financial position or operating results of the Company and should be taken into account in assessing our activities. The risks noted below do not necessarily comprise all those faced by the Company.

The Company may be unable to continue as a going concern.

NorZinc has a history of losses with no operating revenue other than minor interest income. The Company has not achieved profitable operations, has an accumulated deficit since inception and expects to incur further losses in the development of its business. NorZinc does not currently generate any cash flow from its operations and will need to generate additional financial resources to fund its corporate administration costs and working capital, to continue the development of the Prairie Creek Project and to put the Prairie Creek Mine into production.

The development of the Prairie Creek Mine will require substantial additional financing. The 2017 FS estimated that the additional capital required to install the planned new facilities and to bring the Prairie Creek Mine into production will aggregate \$253 million, plus a contingency of \$26 million for a total of \$279 million. Working capital required upon commencement of production is estimated to be \$36 million.

Supported by the results of the 2017 FS, NorZinc will continue to evaluate all alternatives and possibilities for raising the senior financing to complete the development and construction necessary to put the Prairie Creek Mine into production. The Company is currently evaluating various opportunities and seeking additional sources of financing. However, the ability to raise financing may be impacted by conditions beyond the control of the Company, including future projections of commodity prices, uncertainty in the capital markets and the lack of investor interest in the resource sector.

The ability of the Company to carry out its planned business objectives and meet its short-term working capital needs is dependent on its ability to raise adequate financing from lenders, shareholders and other investors. Additional financing will be required to continue the development of the Prairie Creek Project and to put the Prairie Creek Mine into production. There is no assurance that such financing will be available on a timely basis or on acceptable terms, however subsequent to year-end the company raised \$870,787 from a non-brokered private placement that will be used for working capital purposes. If the Company is unable to obtain adequate additional financing, the Company will be required to curtail operations, exploration and development activities. The Company is currently evaluating various opportunities and seeking additional sources of financing. These conditions indicate the existence of material uncertainties which cast significant doubt about the Company's ability to continue as a going concern. The Company has a history of losses and cannot provide assurance of profitable operations.

The Company has incurred cumulative losses since inception of \$145.5 million through December 31, 2019, which includes \$101.0 million of exploration and development expenditures on the Prairie Creek Property and \$7.6 million on the central Newfoundland properties all of which has been expensed in accordance with the Company's accounting policies. There can be no assurance that the Company will be able to operate profitably during future periods. If the Company is unable to operate profitably during future periods, and is not successful in obtaining additional financing, the Company could be forced to cease its exploration and evaluation programs and mine development activities as a result of insufficient cash resources.

The Company's operations are subject to permitting requirements that the Company may not be able to comply with in the future.

The operations of NorZinc require licences and permits from various governmental and regulatory authorities. NorZinc holds all necessary licences and permits under applicable laws and regulations for the operation of the Prairie Creek Mine. NorZinc believes that it is presently complying in all material respects with the terms of its current licences and permits. However, such licences and permits are subject to change in various circumstances. There can be no guarantee the Company will be able to maintain all necessary licences and permits as are required to explore and develop its properties, including the Prairie Creek Property, commence construction or operation of mining facilities or properties under exploration or development.

The Company must obtain various regulatory approvals, permits and licences relating to the Prairie Creek Property and there is no assurance that such approvals will be obtained. No assurance can be given that new rules and regulations will not be enacted or made, or that existing rules and regulations will not be applied, in a manner which could limit or curtail production or development.

Regulatory approvals and permits are currently, and will in the future be, required in connection with NorZinc's operations. To the extent such approvals are required and not obtained; NorZinc may be curtailed or prohibited from proceeding with planned exploration or development of its mineral properties or from continuing its mining operations.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. The Company may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation thereof, could have a material adverse impact on NorZinc and cause increases in exploration expenses, capital expenditures or production costs or require abandonment or delays in the development of mining properties.

The Prairie Creek Project has, on numerous occasions, experienced significant delays in obtaining permits and licences necessary for the conduct of its operations. If at any time permits essential to operations are not obtained, or not obtained in a timely manner, or are cancelled or revoked, there is a risk that the Company may not be able to operate a mine at the Prairie Creek Property.

The Company's operations are subject to environmental and other regulatory requirements that the Company may not be able to comply with in the future.

NorZinc's activities are subject to extensive federal, provincial, territorial and local laws and regulations governing environmental protection and employee health and safety. NorZinc is required to obtain governmental permits and provide bonding requirements under federal and territorial water and mine regulations.

All phases of NorZinc's operations are subject to environmental regulation. These regulations mandate, among other things, the maintenance of water and air quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner, which will require stricter standards and enforcement, increased fines and penalties for non-compliance, and more stringent environmental assessments of proposed projects. There is no assurance that future changes in environmental laws or regulations, if any, will not adversely affect NorZinc's operations.

Environmental laws and regulations are complex and have tended to become more stringent over time. These laws are continuously evolving. Any changes in such laws, or in the environmental conditions at the Prairie Creek Property, could have a material adverse effect on NorZinc's financial condition, liquidity or results of operations. NorZinc is not able to determine the impact of any future changes in environmental laws and regulations on its future financial position due to the uncertainty surrounding the ultimate form such changes may take. The Company does not currently consider that its expenditures required to maintain ongoing environmental

monitoring obligations at the Prairie Creek Property are material to the results and financial condition of the Company. However, these costs could become material in the future and would be reported in the Company's public filings at that time.

The Prairie Creek Project is located in an environmentally sensitive and remote area in the Mackenzie Mountains of the Northwest Territories, within the watershed of the South Nahanni River. The South Nahanni River is considered to be of global significance, is highly valued as a wilderness recreation river and is a designated World Heritage Site. The South Nahanni River flows through the Nahanni National Park Reserve.

The Prairie Creek Property is encircled by the Nahanni National Park Reserve; however, an area of approximately 300 square kilometres immediately surrounding the Prairie Creek Mine is specifically excluded from the Park. "*An Act to Amend the Canada National Parks Act to enlarge Nahanni National Park Reserve of Canada*" was enacted in 2009, which authorized the Minister of Environment to enter into leases, licences of occupation or easements over Nahanni Park lands for the purposes of a mining access road leading to the Prairie Creek Mine area, including the sites of storage and other facilities connected with that road. The Company has obtained permits from the Parks Canada Agency for the purposes of accessing the Prairie Creek Mine area. There can be no guarantee the Company will be able to maintain all necessary permits on acceptable terms.

Although NorZinc makes provision for reclamation costs, it cannot be assured that such provision is adequate to discharge its obligations for these costs. As environmental protection laws and administrative policies change, NorZinc will revise the estimate of its total obligations and may be obliged to make further provisions or provide further security for mine reclamation costs. The ultimate amount of reclamation to be incurred for existing and past mining interests is uncertain.

Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted.

Failure to comply with applicable environmental and health and safety laws can result in injunctions, damages, suspension or revocation of permits and imposition of penalties. There can be no assurance that NorZinc has been or will be at all times in complete compliance with all such laws, regulations and permits, or that the costs of complying with current and future environmental and health and safety laws and permits will not materially adversely affect NorZinc's business, results of operations or financial condition. Environmental hazards may exist on the properties, including the Prairie Creek Property, on which NorZinc holds interests which are unknown to NorZinc at present and which have been caused by previous owners or operators of the properties.

The Company is exposed to various levels of political, legislative, and other risks and uncertainties that may impact its continued operations or financial position.

The Company conducts its operations in Canada and specifically in the Northwest Territories and the province of Newfoundland and Labrador. The Mackenzie Valley in the Northwest Territories of Canada is in an area which is claimed by the Dehcho First Nations as their traditional territory. The Dehcho have not settled their land claim with the Federal Government of Canada. The Dehcho and the Federal Government both claim legal title to this territory and legal title to the land remains in dispute. The Company's operations are potentially subject to a number of political, legislative and other risks. NorZinc is not able to determine the impact of political, legislative or other risks on its business or its future financial position.

NorZinc's operations are exposed to various levels of political, legislative and other risks and uncertainties. These risks and uncertainties include, but are not limited to, cancellation, renegotiation or nullification of existing leases, claims, permits and contracts; expropriation or nationalization of property; changes in laws or regulations; changes in taxation laws or policies; royalty and tax increases or claims by governmental, Aboriginal or other entities; retroactive tax or royalty claims and changing political conditions; government mandated social expenditures; governmental regulations or policies that favour or require the awarding of contracts to local or Aboriginal contractors or require contractors to employ residents of, or purchase supplies from, a particular jurisdiction or area; or that require that an operating project have a local joint venture partner, which may require to be subsidized; and other risks arising out of sovereignty or land claims over the area in which NorZinc's operations are conducted.

The mineral exploration, mine development, and proposed mining, processing activities of NorZinc, and the anticipated production, transportation and sale of mineral concentrates are subject to extensive federal, territorial, international and local laws, regulations and treaties, including various laws governing prospecting, development, production, transportation taxes, labour standards and occupational health, mine safety, toxic substances including mercury, land use, water use and other matters. Such laws and regulations are subject to change and can become more stringent and costlier over time. No assurance can be given that new laws, rules and regulations will not be enacted or that existing laws, rules and regulations will not be applied in a manner which could limit or curtail exploration, development, mining, processing, production and sale of concentrates. Amendments to current laws and regulations governing operations and activities of exploration and mining, or more stringent implementation thereof, could have a substantial adverse impact on NorZinc.

In relation to Northwest Territories specifically, a number of policy and social issues exist which increase NorZinc's political and legislative risk. The Government of Canada and Government of the Northwest Territories are facing legal and political issues, such as land claims and social issues, all of which may affect future operations. This political climate increases the risk of the Government making changes in the future to its position on issues such as mining rights and land tenure, which in turn may adversely affect NorZinc's operations. Future government actions cannot be predicted but may affect the operation and regulation of the Prairie Creek Mine. Changes, if any, in Government policies, or shifts in local political attitude in the Northwest Territories may adversely affect NorZinc's operations or business.

The Government of the Northwest Territories passed a new *Mineral Resources Act* in 2019 which makes it a legal requirement for proponents who intend to undertake resource development activities in the Northwest Territories to enter into impact benefit agreements with affected Aboriginal groups.

In 2016, the Government of Canada announced the introduction of a national pan-Canadian framework that includes a national floor price on carbon which will increase the cost of power supply to the Company's projects. The Government of the Northwest Territories committed to meet the federal benchmark for carbon pricing by 2019 and introduced a territorial carbon tax effective July 1, 2019 based on an initial rate of \$20 per tonne and increasing annually to \$50 per tonne by 2022, subject to certain adjustments and/or credits for large or small emitters, and on aviation and heating fuel.

On May 30, 2018 Environment and Climate Change Canada ("**ECCC**") published the amended *Metal and Diamond Mining Effluent Regulations* ("**MDMER**"). The amendments include many changes that came into force on June 1, 2018 and new requirements for effluent and water quality monitoring which will come into force on January 1, 2019. The new MDMER regulations impose lower, more stringent, effluent discharge limits for arsenic, copper, cyanide, lead, nickel and zinc, as well as introduce limits for un-ionized ammonia. The new regulations also amend the environmental effects monitoring performance measurement and evaluation requirements, which stipulate that mine effluent not be acutely lethal to *Daphnia magna*.

In February 2018, the Government of Canada tabled Bills C-68 and C-69 in Parliament that if enacted will replace the *Canadian Environmental Assessment Act 2012* with an *Impact Assessment Act* and amend the *Fisheries Act* and the *Navigation Protection Act* (becoming the *Canadian Navigable Waters Act*). Although the *Canadian Environmental Assessment Act* does not impact the Prairie Creek Project, as the legislative and regulatory framework and regulations in the Mackenzie Valley are governed by the Mackenzie Valley Resource Management Act ("**MVRMA**"), the proposed new legislation is reflective of current federal government policies and may lead to changes in the MVRMA. The key changes proposed to the environmental and regulatory system include shifting from environmental assessment to impact assessment which would look at all of a project's impacts, including environmental, health, social and economic impacts. The proposed legislation is intended to provide more transparency and certainty that decisions would be based on robust science, evidence and Indigenous traditional knowledge, more and earlier opportunities for meaningful participation by Indigenous peoples and more Indigenous leadership of and partnership in project review. Bill C-68 would change the Fisheries Act from prohibiting serious harm to fish, to "prohibiting works, undertakings and activities that result in the death of fish or the harmful alteration, disruption or destruction of fish habitat". An amendment to Bill C-68 introduced in the House of Commons expands what is considered fish habitat, by declaring that characteristics of water flow could be deemed to be fish habitat.

NorZinc's exploration, development and production activities may be substantially affected by political and legislative factors beyond NorZinc's control, any of which could materially adversely affect NorZinc's financial

position or results of operations. The occurrence of these various factors and uncertainties cannot be accurately predicted. The Company is not able to determine the impact of these risks on its business.

Company operations and project costs may be negatively affected by Aboriginal land claims and treaty rights.

Relations between the Company and potentially impacted aboriginal groups have the potential to delay or halt regulatory approval processes and project development or construction and increase project costs, which may negatively affect the economics of the Prairie Creek project.

The Canadian courts have confirmed that the Crown has a duty to consult with Aboriginal people, and to accommodate if necessary, when its decisions or actions may adversely affect Aboriginal rights and interests or treaty rights. Crown consultation has the potential to delay regulatory approval processes. In certain cases, respecting Aboriginal rights may mean regulatory approval may be denied or the conditions in the approval make the project economically challenging or not feasible. In addition to the potential impacts of such claims, development and construction may be inhibited, delayed or stopped which could result in, among other things, a significant increase in costs and/or cost overruns, delays, reduced support of the federal or territorial governments or challenges to, or the revocation of, regulatory approvals or permits and/or the need for additional regulatory processes, any of which could materially impact the overall feasibility or economic benefits of the Prairie Creek Project which, in turn, could have a material adverse effect on the Company and its business.

The Prairie Creek Mine is located on land claimed by NDDB of Nahanni Butte as their traditional territory. The NDDB is a "band" pursuant to the Indian Act RSC 1985 and is part of the Dehcho indigenous group. The members of the Dehcho are Aboriginal people within the meaning of Section 35 of the *Constitution Act*, 1982. The Federal Government has recognized that the inherent right of self-government is an existing Aboriginal right recognized and affirmed by Section 35 of the *Constitution Act*, 1982.

The Dehcho have not settled their land claim with the Federal Government. The Dehcho and the Federal Government of Canada both claim legal title to this territory, the Dehcho by virtue of historical occupation and the Federal Government under Treaty 8, signed in 1900, and Treaty 11 signed in 1921 and 1922. The Federal Government and the Dehcho First Nations disagree on the interpretation of Treaties 8 and 11 and legal title to the land remains in dispute. Canada maintains that under the Treaties the Dehcho extinguished ownership of their traditional lands. The Dehcho have threatened to take the Federal Government to court, or to the United Nations, over the key issue of sovereignty.

Since the mid-1990s the Dehcho and the Federal Government and the Government of the Northwest Territories have been engaged in ongoing land settlement negotiations in what is referred to as the "Dehcho Process" whereby the Federal Government and the Government of the Northwest Territories have agreed to negotiate with the Dehcho First Nations on a government to government basis in order to set out land, resources and governance rights to apply in the Dehcho territory.

In 2001, the Federal Government and the Dehcho First Nations entered into a Framework Agreement dated May 23, 2001. The Framework Agreement contemplates providing a structure for the negotiation of the Final Agreement. However, all negotiations are without prejudice to the legal position of the parties and nothing in the Framework Agreement is to be interpreted as creating, recognizing or denying rights or obligations of any of the parties. The Federal Government and the Dehcho agreed that it is desirable that the negotiations proceed at a pace which allows for the people of the Dehcho territory, and particularly the Elders, to remain fully informed and involved in the process.

The Framework Agreement provides that no new water licences or land use permits will be issued under the MVRMA within the Dehcho territory except after written notice to the Dehcho First Nations and after a reasonable period of time for the Dehcho to make representations with respect to the application for such licence or permit. Canada also agreed not to issue any new prospecting permits under the Canada Mining Regulations in the Dehcho territory without the support of the affected Dehcho First Nation.

Canada also agreed that the Final Agreement will ensure that a major mining project that requires any authorization from Canada, and that will impact on the Dehcho, shall be subject to negotiation with the Dehcho of an agreement relating to that project. A major mining project is defined as a project related to the development or production of minerals that will employ an average of 50 persons annually for the first five years in the Dehcho

territory and for which more than \$50 million will be expended in capital costs. The Company believes that the Prairie Creek Project is currently the only such major mining project in the Dehcho territory.

Negotiations in the Dehcho Process have continued intermittently since 2006.

A draft bilateral agreement was tabled and discussed in 2014. The draft agreement provided for land selection, the completion of a Dehcho Land Use Plan and the structure and responsibilities of a Dehcho Resource Management Authority. It was reported in January 2015 that the Government of the Northwest Territories offered the Dehcho First Nations land selection of 37,500 square kilometres of their traditional territory, with only surface rights, as well as a generalized interest in the subsurface equivalent of approximately 18% of the Dehcho Settlement Area. The Company understands from media reports that a revised draft bilateral proposal was tabled by Canada and the Government of the Northwest Territories in May 2018. It was reported that the new offer outlines two options. One has a \$113 million cash settlement, with 48,000 square kilometres of surface and subsurface resource royalty rights, but no resource revenues from Crown land in the Mackenzie Valley. The other option is the same cash settlement, but with a smaller land offer of 42,000 square kilometres of surface and subsurface rights, and a small share in mineral royalties from development on Crown land in the Mackenzie Valley. It was reported that the governments' latest land claim offer was rejected by the Dehcho First Nations General Assembly in July 2018.

The outcome of the Dehcho Process negotiations is expected to be a Final Agreement that will provide, amongst other things, for the implementation of a Dehcho government within the Dehcho territory. It is expected that the negotiations towards a Dehcho Final Agreement will take many years to complete.

The Company cannot predict the impact, if any, that the Dehcho Final Agreement, if eventually approved and signed, may have on the Prairie Creek Mine or the permitting thereof.

A key feature of devolution was the establishment of an Intergovernmental Council which was established by the *Northwest Territories Intergovernmental Agreement on Lands and Resources Management* signed between the Government of the Northwest Territories, Inuvialuit Regional Corporation, Northwest Territory Métis Nation, Sahtu Secretariat Incorporated, Gwich'in Tribal Council and the Tłı̨chǫ Government as part of the Devolution Agreement which came into effect on April 1, 2014. The Intergovernmental Agreement allows for other Aboriginal organizations to become a party and the Government of the Northwest Territories is continuing discussions with the Dehcho First Nations and the Akaitcho Territory Dene First Nations about signing onto the Devolution Agreement and becoming members of the Council.

NorZinc is not able to predict future government actions or determine the impact, if any, on its business or operations if the Dehcho First Nations sign on to the Devolution Agreement and becoming members of the Intergovernmental Council, or if the proposed Northwest Territories *Minerals Resources Act* is enacted. There can be no assurance that these laws and regulations will not change in the future in a manner that could have an adverse effect on the Company's activities and/or its financial condition. Amendments to current laws and regulations governing operations and activities of exploration and mining, or more stringent implementation thereof, could have a substantial adverse impact on NorZinc.

The Company's operations may be negatively affected by Aboriginal disagreement regarding Impact and Benefit Agreements

The Company has instituted policies to promote the achievement of participative and mutually beneficial relationships with the Aboriginal groups affected by the Prairie Creek project and is committed to working with such groups so they may realize benefits from the project and its operation.

Notwithstanding that the Company has entered into agreements with Aboriginal groups respecting the Prairie Creek Project, the issues are complex and the impact of Aboriginal relations on operations and development initiatives is uncertain. There is no guarantee that the Company will be able to satisfy the concerns of the Aboriginal groups and attempting to address such concerns may require significant and unanticipated capital and operating expenditures. Future disagreements with Aboriginal groups could result in legal challenges by Aboriginal groups alleging breach of contract. If successful, such claims could require the Company to pay unanticipated compensation or damages to one or more Aboriginal groups.

The Company's continued operations depend on international market prices of metal and the marketability of minerals.

The market price of metals is volatile and cannot be controlled. Metal prices have fluctuated widely, particularly in recent years. If the price of metals and minerals should drop significantly, the economic prospects for the Prairie Creek Project could be significantly reduced or rendered uneconomic. There is no assurance that, a profitable market may exist for the sale of metals, including concentrates, from the Prairie Creek Project. Factors beyond the control of the Company may affect the marketability of metals or concentrates produced.

Factors tending to affect the price of metals include:

- The relative strength of the U.S. dollar against other currencies;
- Government monetary and fiscal policies;
- Expectations of the future rate of global monetary inflation and interest rates;
- General economic conditions and the perception of risk in capital markets;
- Political conditions including the threat of terrorism or war;
- Speculative trading;
- Investment and industrial demand; and
- Global production and inventory stocks.

The effects of these factors, individually or in aggregate, on the prices of zinc, lead and/or silver is impossible to predict with accuracy. Fluctuations in metal prices may adversely affect NorZinc's financial performance and results of operations. Further, if the market price of zinc, lead and/or silver falls or remains depressed, NorZinc may experience losses or asset write-downs and may curtail or suspend some or all of its exploration, development and mining activities.

Furthermore, sustained low metal prices can halt or delay the development of new and existing projects; reduce funds available for mineral exploration and may result in the recording of a write-down of mining interests due to the determination that future cash flows would not be expected to recover the carrying value.

Metal prices fluctuate widely and are affected by numerous factors beyond NorZinc's control such as the sale or purchase of such commodities by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of major mineral and metal producing countries throughout the world.

Future production, if any, from NorZinc's mining properties is dependent on metal prices that are adequate to make these properties economic. The prices of metals have fluctuated widely in recent years, and future or continued serious price declines could cause continued development of and commercial production from NorZinc's properties to be impracticable. Depending on the price of metal, cash flow from mining operations may not be sufficient and NorZinc may never commence commercial production and may lose its interest in, or may be forced to sell, its properties.

In addition to adversely affecting NorZinc's reserve or resource estimates and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. The need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

The marketability of concentrates is affected by numerous other factors beyond the control of the Company, including quality issues, impurities, deleterious elements, government regulations, royalties, allowable production and regulations regarding the importing and exporting of concentrates, the effect of which cannot be accurately predicted.

It is expected that the zinc concentrates to be produced from the Prairie Creek Mine will contain relatively high levels of mercury. The implementation of the Minamata Convention on Mercury, a United Nations global treaty intended to result in reduced global emissions of mercury, may place restrictions on the production, use and international movement of mercury and mercury-containing wastes which may, if adopted, result in restrictions on shipment of concentrates or other mineral products containing by-product or trace mercury.

The Company has signed non-binding Memoranda of Understanding (“MOUs”) with Korea Zinc and Boliden for the sale of its zinc concentrates (and with Korea Zinc for lead concentrates). The MOUs set out the intentions of the Company and each of Korea Zinc and Boliden to enter into concentrate sales agreements for the concentrates to be produced from the Prairie Creek Mine on the general terms set out in the MOUs, including commercial terms which are to be kept confidential. The Boliden MOU was amended in June 2019 to extend this MOU so that it now expires in June 2022. Since signing the MOUs, more concentrates with elevated levels of mercury are being produced and processed, laws around the world for mercury production continue to change, and technology regarding the safe removal of mercury has improved. In view of this, the Company is initiating an updated study to analyze the current market. Based on the current development timeline for Prairie Creek the first concentrate will be produced in 2022.

The actual sales agreements will likely provide that treatment charges will be set annually at the annual benchmark treatment charges and scales, as agreed between major smelters and major miners. Based on the current MOUs, payables and penalties will be negotiated in good faith annually during the fourth quarter of the preceding year, including industry standard penalties based on indicative terms and agreed limits specified in each MOU. Treatment and refining charges, including deductibles and penalties, vary with smelter location, and individual smelter terms and conditions. The economic model used in the 2017 FS has been prepared assuming average blended indicative treatment charges and penalties, however, no smelter or concentrate buyer has contractually committed to the assumed treatment charges or penalties. There can be no assurance that the assumed terms will be available to the Company.

The Company may be adversely affected by exchange rate fluctuations.

Currency fluctuations may affect the costs that NorZinc incurs at its operations. Zinc, lead and silver are sold throughout the world based principally on the U.S. dollar price, but operating expenses are incurred in currencies other than the U.S. dollar. Appreciation of the Canadian dollar against the U.S. dollar increases the cost of production in U.S. dollar terms at mines located in Canada.

The Company's exploration efforts are speculative in nature and may be unsuccessful.

Mineral exploration and mining involves a high degree of risk.

There is no assurance the Company's mineral exploration activities will be successful. Few properties that are explored are ultimately developed into producing mines. In exploring and developing its mineral deposits the Company is subjected to an array of complex economic factors and technical considerations. Unusual or unexpected formations, formation pressures, power outages, labour disruptions, flooding, explosions, cave-ins, landslides, environmental hazards, and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the conduct of exploration and development programs. Such risks could materially adversely affect the business or the financial performance of the Company.

There is no certainty that the expenditures made by NorZinc towards the search and evaluation of mineral deposits will result in discoveries of commercial quantities of ore. The exploration for and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs planned by NorZinc will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in NorZinc not receiving an adequate return on invested capital.

A specific risk associated with the Prairie Creek Property is its remote location. Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important factors, which affect capital and operating costs. Unusual or infrequent weather phenomena, government or other interference in the maintenance or provision of such infrastructure could adversely affect NorZinc's operations, financial condition and results of operations.

Mining operations generally involve a high degree of risk. NorZinc's mining operations will be subject to all the hazards and risks normally encountered in the development and production of minerals, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Mining and milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas, which may result in environmental pollution and consequent liability.

The Company's estimate of mineral reserves and mineral resources may be incorrect.

There is uncertainty in the estimation of mineral reserves and mineral resources.

The figures for Mineral Reserves and Mineral Resources contained in this document are estimates only and no assurance can be given that the anticipated tonnages and grades will be achieved, that the indicated level of recovery will be realized or that Mineral Reserves and Mineral Resources can be mined or processed profitably. There are numerous uncertainties inherent in estimating Mineral Reserves and Mineral Resources, including many factors beyond NorZinc's control. Such estimation is a subjective process, and the accuracy of any reserve and resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. In addition, there can be no assurance that mineral or metal recoveries in small scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production.

Inferred mineral resources do not have demonstrated economic viability. Due to the uncertainty, which may attach to inferred mineral resources, there is no assurance that inferred mineral resources will be upgraded to measured and indicated mineral resources as a result of continued exploration.

Fluctuation in metal prices, results of drilling, metallurgical testing and production and the evaluation of mine plans subsequent to the date of any estimate may require revision of any such resource or reserve estimate. The volume and grade of resources mined and processed, and recovery rates may not be the same as currently anticipated. Any material reductions in estimates of Mineral Reserves or Mineral Resources, or of NorZinc's ability to extract these Mineral Reserves or Mineral Resources, could have a material adverse effect on NorZinc's results of operations and financial condition.

Mineral reserve and mineral resource estimates are imprecise and depend partly on statistical inferences drawn from drilling and other data which may prove to be unreliable. Future production could differ dramatically from reserve or resource estimates for many reasons including the following:

- Mineralization or formations could be different from those predicted by drilling, sampling and similar examinations;
- Declines in the market price of metals may render the mining of some or all of NorZinc's Mineral Reserves or Mineral Resources uneconomic;
- Increases in operating mining costs and processing costs could adversely affect reserves or resources; and
- The grade of reserves or resources may vary significantly from time to time and there can be no assurance that any particular level of metal may be recovered from the reserves or resources.

Any of these factors may require NorZinc to reduce its Mineral Reserve or Mineral Resources estimates.

The Company's insurance will not cover all potential risks associated with the operations of a mining company.

The Company is not insured to cover all potential risks.

NorZinc's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to NorZinc's properties or the properties of others, delays in mining, monetary losses and possible legal liability.

Although NorZinc maintains insurance to protect against certain risks in such amounts as it considers reasonable, its insurance will not cover all the potential risks associated with the Company's mining operations. NorZinc may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to NorZinc or to other companies in the mining industry on acceptable terms. In particular, the Company is not insured for environmental liability or earthquake damage.

NorZinc might also become subject to liability for pollution or other hazards which may not be insured against, or which NorZinc may elect not to insure against, because of premium costs or other reasons. Losses from these events may cause NorZinc to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

The Company cannot guarantee that it has or will continue to have good title to its mining properties.

Title to the Company's mineral properties may be challenged or defective. Aboriginal groups may raise title disputes in relation to land claims and any impairment or defect in title could have a negative impact on the Company.

Mining leases and surface leases issued to the Company by the Government have been surveyed but other parties may dispute the Company's title to its mining properties. The mining claims in which the Company has an interest have not been surveyed and, accordingly, the precise location of the boundaries of the claims and ownership of mineral rights on specific tracts of land comprising the claims may be in doubt. These claims have not been converted to lease, and are, accordingly, subject to regular compliance with assessment work requirements. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure, could result in loss, reduction or expropriation of entitlements.

While the Company has investigated its title to all its mining leases, surface leases and mining claims and, to the best of its knowledge, title to all properties is in good standing, this should not be construed as a guarantee of title and title may be affected by undetected defects. The validity and ownership of mining property holdings can be uncertain and may be contested. There are currently a number of pending Aboriginal or Native title or Treaty or traditional land ownership claims relating to Northwest Territories. The Company's properties at Prairie Creek are subject to Aboriginal or Native land claims. Title insurance generally is not available, and NorZinc's ability to ensure that it has obtained secure title to individual mineral properties or mining concessions may be severely constrained. NorZinc's mineral properties may be subject to prior unregistered liens, agreements, transfers or claims, including Native land claims, and title may be affected by, among other things, undetected defects. No assurances can be given that there are no title defects affecting such properties.

The Company is dependent on certain key executives and the loss of any of these executives may adversely impact operations and directors or officers of the Company may have conflicts of interest.

The Company is dependent on certain key executives and the loss of these executives may adversely affect corporate activity and results of operations.

NorZinc is dependent on the services of key executives, including its President and Chief Executive Officer and its Chief Financial Officer. Due to the relatively small size of the Company, the loss of these persons or NorZinc's inability to attract and retain additional highly skilled or experienced employees may adversely affect its business and future operations.

Certain of the directors and officers of the Company also serve as directors and/or officers of, or have significant shareholdings in, other companies involved in natural resource exploration and development and consequently there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers involving NorZinc will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Company and its shareholders. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest in accordance with the procedures set forth in the *Business Corporations Act* (British Columbia) and other applicable laws.

To the extent that such other companies may participate in ventures in which NorZinc may participate, the directors of NorZinc may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for the approval of such participation or such terms.

From time to time, several companies may collectively participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. Under the laws of the Province of British Columbia, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not NorZinc will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Acquisitions by the Company may not produce desired benefits.

From time to time, NorZinc undertakes evaluations of opportunities to acquire additional mining assets and businesses. Any resultant acquisitions may be significant in size, may change the scale of NorZinc's business, and may expose NorZinc to new geographic, political, operating financial and geological risks. NorZinc's success in its acquisition activities depends on its ability to identify suitable acquisition candidates, to acquire them on acceptable terms, and integrate their operations successfully with those of NorZinc. Any acquisition would be accompanied by risks, such as a significant decline in metal prices; the ore body proving to be below expectations; the difficulty of assimilating the operation and personnel; the potential disruption of NorZinc's ongoing business; the inability of management to maximize the financial and strategic position of NorZinc through the successful integration of acquired assets and businesses; the maintenance of uniform standards, control, procedures and policies; the impairment of relationships with employees, customers and contractors as a result of any integration of new management personnel; and the potential unknown liabilities associated with acquired assets and business. In addition, NorZinc may need additional capital to finance an acquisition. Debt financing related to any acquisition will expose NorZinc to the risk of leverage, while equity financing may cause existing shareholders to suffer dilution. There can be no assurance that NorZinc would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions.

The competitiveness of the mining and resource industry in all its phases may impact the development of the Company.

The mining industry is competitive in all of its phases. There is aggressive competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. NorZinc faces strong competition from other mining companies in connection with the acquisition of properties, mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel. Many of these companies have greater financial resources, operational experience and technical capabilities than NorZinc. As a result of this competition, NorZinc may be unable to maintain or acquire attractive mining properties on terms it considers acceptable or at all. Consequently, NorZinc's operations and financial condition could be materially adversely affected.

The Company cannot guarantee maintaining an effective system of internal control to accurately report financial results or prevent fraud.

The Company is subject to Canadian regulations regarding internal controls over financial reporting and there are no assurances that the Company will be able to continue to comply with heightened regulatory requirements. Due to its size, its limited staff resources and financial constraints, the Company is exposed to certain potential deficiencies in its internal controls over financial reporting. If the Company is unable to maintain the adequacy of its internal control over financial reporting, as such standards are modified, supplemented, or amended from time to time; the Company may not be able to ensure that it can conclude on an ongoing basis that it has effective internal controls over financial reporting. The Company's inability to satisfy the requirements Canadian regulatory requirements on an ongoing, timely basis could result in the loss of investor confidence in the reliability of its consolidated financial statements, which in turn could harm the Company's business and negatively impact the trading price or market for its equity securities. In addition, any inability to implement required new or improved

controls, or difficulties encountered in their implementation, could impact the Company's operating results or cause it to be unable to meet its reporting obligations. Future acquisitions (if any) may provide the Company with challenges in implementing the required processes, procedures and controls in the acquired operations.

No evaluation can provide complete assurance that the Company's internal control over financial reporting will detect or uncover all failures of persons within the Company to disclose material information otherwise required to be reported. The effectiveness of the Company's controls and procedures could also be limited by simple errors or faulty judgments. In addition, as the Company continues to develop, the challenges involved in implementing appropriate internal controls over financial reporting will increase and will require that the Company continue to enhance its internal controls over financial reporting. Although the Company will be required to devote substantial time and will incur substantial costs, as necessary, in an effort to ensure ongoing compliance, the Company cannot be certain that it will be successful in continuing to comply Canadian regulatory requirement for disclosure controls and procedures.

Information technology systems disruption could jeopardize the Company's operations.

The Company relies on information technology systems and networks in the operation of its business. The Company could be materially and adversely affected in the event that its information technology systems or networks are compromised. This information technology infrastructure may be subject to security breaches or other cybersecurity incidents or may be compromised by natural disasters or defects in software or hardware systems. The consequences of the Company's information technology systems being compromised include material and adverse impacts on the Company's financial condition, operations, production, and reputation.

Conditions resulting from climate change may restrict or prohibit mining operations.

Experience in recent years would indicate that winter seasons in the north of Canada have been getting somewhat shorter and a little warmer. The Company identified some climate change risks from reliance on a winter-only access road and with a large volume of concentrates to transport out from, and supplies to bring in to, the Prairie Creek Mine site, so the decision was taken to propose construction and operation of the ASR. Constructing and operating the ASR could be impacted by potential climate change. Natural thaw of discontinuous permafrost could lead to soil instability and potentially slope failures and ongoing road maintenance may be required to address zones of thaw and settlement, as well as local soil movement or erosion.

Extreme weather events (such as increased frequency or intensity of storms, increased snow pack, or unusually warm or shorter winter seasons) have the potential to disrupt operations at the Company's projects. Extended disruption to road access due to extreme weather could delay or increase the cost of construction or operation of the Company's projects, or otherwise adversely affect the Company's business.

The Company may be adversely affected by global financial conditions.

Securities of junior and small-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and global and market perceptions of the attractiveness of particular industries.

The share price of NorZinc is likely to be significantly affected by short-term changes in metal prices. Other factors unrelated to NorZinc's performance that may have an effect on the price of its shares include the following: the extent of analytical coverage available to investors concerning NorZinc's business may be limited if investment banks with research capabilities do not follow the Company's securities; lessening in trading volume and general market interest in the Company's securities may affect an investor's ability to trade significant numbers of common shares; the size of Company's public float may limit the ability of some institutions to invest in the Company's securities; and a substantial decline in the price of the common shares that persists for a significant period of time could cause the Company's securities to be delisted from an exchange, further reducing market liquidity.

As a result of any of these factors, the market price of the Company's shares at any given point in time may not accurately reflect NorZinc's long-term value. Securities class action litigation often has been brought against

companies following periods of volatility in the market price of their securities. NorZinc may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

Shareholder dilution will impact the proportionate ownership of a shareholder and may impact the price of the Company's securities.

As of the date of this Annual Information Form, there were 389,799,917 common shares outstanding and the Company had 16,862,014 share purchase options, 2,251,200 deferred share units and 5,150,516 restricted share units outstanding. The exercise or payout of all the existing share purchase options, warrants, deferred share units and restricted share units would result in a percentage ownership dilution to the existing shareholders.

The Company requires capital and is subject to financing risks.

Additional financing may be needed for business operations which may lead to dilution of the Company's current shareholders. The Company has used equity financing in order to meet its needs for capital and may engage in equity financings during future periods. Subsequent issuances of equity securities or securities convertible into or exchangeable or exercisable for equity securities would result in further percentage ownership dilution to existing shareholders and could depress the price of the Company's shares.

The Company has not paid any dividends and is unlikely to do so in the future.

The Company has no earnings or dividend record, and has not paid dividends on its common shares since incorporation and does not anticipate doing so in the foreseeable future. The Company's current intention is to apply any future net earnings to increase its working capital. Prospective investors seeking or needing dividend income or liquidity should, therefore, not purchase the Company's common shares, or securities convertible into common shares. The Company currently has no revenue and a history of losses, so there can be no assurance that the Company will ever have sufficient earnings to declare and pay dividends to the holders of common shares.

Enforcement of foreign judgments against the Company may not be possible.

The Company is organized under the laws of, and headquartered in, British Columbia, Canada, and none of its directors and officers are citizens or residents of the United States. As such, it may be difficult or impossible for an investor to (i) enforce in courts outside the United States judgments against the Company and its directors and officers obtained in United States courts based upon the civil liability provisions of United States federal securities law, or (ii) bring in courts outside the United States an original action against the Company and/or its directors and officers to enforce liabilities based upon such United States securities laws.

Specialized Skills and Knowledge

The Company's business requires specialized skill and knowledge in the areas of geology, drilling, planning, implementation of exploration programs, underground mining, mine and plant engineering and compliance. Recently, the increased level of activity in the mining industry is making it more difficult to source competent professionals in these areas. To date, the Company has been able to locate and retain such professionals in Canada and believes it will be able to continue to do so.

Cycles

The mining business has cycles marked by commodity prices, which are also affected by a variety of economic indicators and worldwide cycles. These cycles affect the overall environment in which the Company conducts its business and the availability of capital.

Litigation Risk

The Company may become subject to litigation and legal proceedings arising in the normal course of business and may be involved in disputes with other parties in the future which may result in litigation. The causes of

potential future litigation cannot be known and may arise from, among other things, business activities and environmental laws. The risk of such litigation is, in part, a consequence of doing business under the current political and juridical climate in Canada. The results of litigation cannot be predicted with certainty. If the Company is unable to resolve these disputes favourably, they may result in a material adverse impact on the Company's financial condition, cash flows and results of operations.

In the event of a dispute involving the foreign operations of the Company, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in Canada.

ITEM 5 MINERAL PROJECTS

Prairie Creek

The Prairie Creek Project is an advanced-stage, permitted, partially developed zinc-lead-silver property, located in the Northwest Territories, Canada. The Prairie Creek Property is subject to a 2.2% net smelter return royalty.

The Prairie Creek Mine contains a Proven and Probable Reserve of 8.1 million tonnes grading 8.6% Zn; 8.1% Pb and 124 g/t Ag, which ranks Prairie Creek amongst the highest grade base metal deposits in the world.

The Company obtained the Prairie Creek Technical Report, which is available on the Company's profile at www.sedar.com. Attached as Schedule "A" to this AIF is an excerpt of the Summary section of the Prairie Creek Technical Report. The entire Prairie Creek Technical Report is incorporated by reference into this Annual Information Form, and is available under the Company's profile at www.sedar.com.

The 2017 FS showed robust economics for the Mine. With current market prices and conditions reference should be made to chart "Economic sensitivities of the Prairie Creek Project" in Schedule "A" and other comments on NPV sensitivity in the 2017 FS. 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, including updates to any permits that may be necessary.

ITEM 6 DIVIDENDS AND DISTRIBUTIONS

Although the board of directors of the Company is permitted to declare dividends on the common shares from time to time out of available funds, the Company has not paid any dividends on its common shares since its incorporation. Any decision to pay dividends on common shares in the future will be made by the board of directors on the basis of the earnings, financial requirements and other conditions existing at such time.

ITEM 7 DESCRIPTION OF CAPITAL STRUCTURE

The Company is authorized to issue an unlimited number of common shares without par value. As at March 13, 2020, the Company has 389,799,917 common shares issued and outstanding.

The holders of the common shares are entitled to one vote per share at all meetings of holders of common shares, to receive dividends if, as and when declared by the directors and to participate rateably in any distribution of property or assets upon the liquidation, winding-up or other dissolution of the Corporation. The common shares carry no pre-emptive rights, conversion or exchange rights, or redemption, retraction, repurchase, sinking fund or purchase fund provisions. There are no provisions requiring a holder of common shares to contribute additional capital and no restrictions on the issuance of additional securities by the Company. There are no restrictions on the repurchase or redemption of common shares by the Company except to the extent that any such repurchase or redemption would render the Company insolvent.

As at March 13, 2020, the Company also had the following options and executive compensation securities issued and outstanding:

- 16,709,406 common share purchase options with a weighted average exercise price of C\$0.15 expiring at various dates to February 14, 2025.
- 2,251,200 deferred share units.
- 5,029,438 restricted share units.

ITEM 8 MARKET FOR SECURITIES

Trading Price and Volume

The common shares of the Company are listed for trading on the TSX under the symbol “NZC”, on the OTCQB under the symbol “NORZF” and on the Regulated Unofficial Market of the Frankfurt Stock Exchange under the symbol “SRS”. The greatest volume of trading generally occurs on the TSX. The table below sets out the high and low trading prices, and volume of shares traded, on a monthly basis in respect of NorZinc’s common shares during its financial year ended December 31, 2019 and thereafter to the most recent month-end prior to the date of this Annual Information Form.

Trading Price and Volume

Month	High CAD\$	Low CAD\$	Volume
February 2020	0.08	0.05	3,793,345
January 2020	0.09	0.075	3,007,380
December 2019	0.085	0.075	2,318,600
November 2019	0.09	0.08	1,262,630
October 2019	0.095	0.08	1,474,280
September 2019	0.115	0.09	1,493,040
August 2019	0.11	0.08	2,318,320
July 2019	0.095	0.08	1,587,650
June 2019	0.105	0.09	1,060,850
May 2019	0.12	0.09	1,390,190
April 2019	0.125	0.085	2,679,552
March 2019	0.095	0.08	1,653,190
February 2019	0.095	0.08	1,590,040
January 2019	0.095	0.075	2,122,130

Prior Sales

The following table sets out warrants, stock options, DSUs and RSUs issued by the Company during the financial year ended December 31, 2019.

<u>Date of Issuance</u>	<u>Type of Security</u>	<u>Number of Securities</u>	<u>Price Per Security</u>
February 1, 2019	Options	7,010,000	\$0.10
February 1, 2019	DSUs	1,116,000	
February 1, 2019	RSUs	2,689,000	\$0.08
May 10, 2019	RSUs	500,000	\$0.11

ITEM 9 ESCROWED SECURITIES AND SECURITIES

As at the date of this Annual Information Form, none of the Company's issued and outstanding common shares were in escrow or subject to a contractual restriction on transfer.

ITEM 10 DIRECTORS AND OFFICERS

Name, Occupation and Security Holding

The following table sets forth for each of the directors and executive officers of the Company, their name, province/state and country of residence; their principal occupations or employment; a brief biographical description; the date on which they became directors of the Company; their independence; their memberships with the applicable committees of the Company; and the number of securities of the Company they hold.

The Company has an Audit Committee, a Compensation Committee, a Health and Safety Committee and a Nomination Committee.

Name, Province or State and Country of Ordinary Residence and Position Held with the Company	Age	Principal Occupation During Preceding Five Years	Date First Became Director of the Company ⁽⁵⁾	Securities Held	
Robert J. (Don) MacDonald ⁽³⁾ British Columbia, Canada Chief Executive Officer, President and Director	65	President of NorZinc since May 2018 and CEO since June 2018; Acting CEO of KGHM International from October 2016 to March 2017; CFO of KGHM International from 2010 to 2017.	June 2018	10,241,384 Shares 6,996,128 Options 2,744,438	RSUs
John Warwick ⁽²⁾ ⁽⁴⁾ Ontario, Canada Director, Chairman	66	Financial Consultant (CFA) and special advisor to Paradigm Capital Inc; Director Sherritt International Corporation since 2017. Prior to 2018, Member of the Finance and Audit Committee of the Board of Governors of the Shaw Festival. Prior to 2015, Managing Director, Investment Banking, founding partner and Head of Corporate Finance of Paradigm Capital Inc.	June 2016	869,230 500,000 514,388	Shares Options DSUs
Anita Perry ⁽³⁾ Alberta, Canada Director	61	Vice President, Communications and External Affairs, BP Canada since 2005.	November 2018	300,000 244,144	Options DSUs
Ian Ward ⁽¹⁾ ⁽²⁾ Ontario, Canada Director	73	Professional Engineer (Ontario), Metallurgical Consultant. From 2010 to 2015 was Senior Advisor and Vice President of Metallurgy and Processing for Kinross Gold Corporation, and prior thereto Senior Vice President, Project Development for Mustang Minerals Corp. and previously President and Principal Metallurgist with Micon International Limited.	June 2016	168,846 500,000 457,570	Shares Options DSUs
Shelly Brown ⁽¹⁾ ⁽⁴⁾ Saskatoon, Saskatchewan Director	63	Director of Stantec Inc. and former Director of Deloitte LLP and Senior Auditor Partner, Deloitte LLP (Vancouver office) from 2001 to 2018	June 2019	863,230 188,871	Shares DSUs

Name, Province or State and Country of Ordinary Residence and Position Held with the Company	Age	Principal Occupation During Preceding Five Years	Date First Became Director of the Company ⁽⁵⁾	Securities Held	
Gary A. Sugar ⁽¹⁾⁽⁴⁾ Toronto, Ontario Director	71	Currently serves as a director of Seabridge Gold Inc. Gary holds a BSc in Geology and an MBA, both from the University of Toronto. Served more than 30 years with RBC Capital Markets including 24 as a Managing Director.	November 2019	153,846 41,240	Shares DSUs
Stephen Flewelling ⁽²⁾⁽³⁾ Toronto, Ontario Director	62	Stephen Flewelling has more than 30 years of worldwide mining executive experience including exploration, feasibility planning, project development, construction and operations experience and is currently the Chief Development Officer at Noront Resources	November 2019	41,240	DSUs
Peter Portka Vancouver, Canada Chief Financial Officer	36	VP Finance at Quintana Resources Capital, a natural resources Private Equity Fund.	N/A	923,076 1,002,749 805,000	Shares Options RSUs

Notes:

- ⁽¹⁾ Member of the Audit Committee.
- ⁽²⁾ Member of the Compensation Committee.
- ⁽³⁾ Member of the Health and Safety Committee.
- ⁽⁴⁾ Member of the Nomination Committee
- ⁽⁵⁾ All Directors are elected annually to hold office until the Company's next Annual Meeting of shareholders.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of the Company, no director or executive officer of the Company:

- (a) is, as at the date of this Annual Information Form, or was within 10 years before the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any company (including the Company), that:
 - (i) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or
 - (ii) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

For the purposes of subsection (a) above, "order" means:

- (i) a cease trade order;
 - (ii) an order similar to a cease trade order; or
 - (iii) an order that denied the relevant company access to any exemption under securities legislation,
- that was in effect for more than 30 consecutive days.

Except as disclosed herein, to the knowledge of the Company, no director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company

- (a) is, as at the date of this Annual Information Form, or has been within the 10 years before the date of this Annual Information Form, a director or executive officer of any company (including the Company) that, while that person was acting in the that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency

- or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;
- (b) has, within the 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder;
 - (c) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
 - (d) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interests that they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the Board, any director in a conflict is required to disclose his interest and abstain from voting on such matter.

To the best of the Company's knowledge, and other than disclosed herein, there are no known existing or potential conflicts of interest among the Company, its directors and officers or other members of management of the Company or of any proposed promoter, director, officer or other member of management as a result of their outside business interests, except that certain of the directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Company and their duties as a director or officer of such other companies.

Related party transactions during each reporting period are detailed in the Company's Management Discussion & Analysis for the relevant period.

ITEM 11 PROMOTERS

The Company does not currently have any promoters nor has it had any promoters during the past two most recently completed financial years.

ITEM 12 LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

The Company may become party to litigation or other adversary proceedings, with or without merit, in a number of jurisdictions. The cost of defending such claims may take away from management time and effort and if determined adversely to the Company, may have a material and adverse effect on its cash flows, results of operation and financial condition.

The Company and its property is not currently, and was not during the Company's most recently completed financial year, party to or the subject of any legal proceedings, nor is the Company aware of any such legal proceedings being contemplated, in each case where the proceedings involves a claim for damages with an amount involved, exclusive of interest and costs, that exceeds 10% of the current assets of the Company.

Regulatory Actions

To the knowledge of the Company, there are no:

- (a) penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority during the most recently completed financial year,
- (b) any other penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision, and
- (c) settlement agreements the Company entered into before a court relating to securities legislation or with a securities regulatory authority during the most recently completed financial year.

ITEM 13 INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as disclosed herein, none of the following persons or companies had any material interest, direct or indirect, in any transaction within the three most recently completed financial years of the Company or during the current financial year, that has materially affected or is reasonably expected to materially affect the Company:

- (a) a director or executive officer of the Company;
- (b) a person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10 percent of any class or series of the Company's outstanding voting securities; and
- (c) an associate or affiliate of any of the persons or companies referred to in paragraphs (a) or (b) above.

Certain directors and officers of the Company have participated in private placements of the Company on the same terms as arm's length investors – see “*General Development of The Business – Recent Developments*”.

ITEM 14 TRANSFER AGENT AND REGISTRAR

The Company's transfer agent and registrar is Computershare Investor Services Inc. at its principal office in Vancouver, British Columbia.

ITEM 15 MATERIAL CONTRACTS

The Company is not a party to any material contracts entered into within the most recently completed financial year, or before the most recently completed financial year but that are still in effect, other than those contracts entered into in the ordinary course of business, **[and other than described above under “*General Development of The Business – Three Year History*”.]**

ITEM 16 INTERESTS OF EXPERTS

Names of Experts

Excluding the Company's auditors, no person or company is named as having prepared or certified a report, valuation, statement or opinion described or included in a filing, or referred to in a filing, made under National Instrument 51-102 *Continuous Disclosure Obligations* by the Company during, or relating to, the Company's most recently completed financial year and whose profession or business gives authority to the report, valuation, statement or opinion made by the person or company, other than:

- (a) H.A. Smith, L.P. Staples, S. Elfen, G.Z. Mosher, F. Wright and D. Williams, who are the authors of the Prairie Creek Technical Report;
- (b) Michael Cullen, Matthew Harrington and Michael J. Vande Guchte, who are the authors of the Lemarchant Mineral Resource Estimate; and
- (c) Kerry Cupit, P. Geo, who reviewed and approved various scientific and technical information relating to the Company's mineral projects in this AIF and the Company's other continuous disclosure filings.

Interests of Experts

Based on information provided by the experts named under “*Names of Experts*” above, the registered or beneficial interest, direct or indirect, in any securities or other property of the Company or of one of the Company's associates or affiliates of each of the above experts, represents less than one per cent of the Company's outstanding securities. In addition, none of the above experts is or is expected to be elected, appointed or employed as a director, officer or employee of the Company or of any associate or affiliate of the Company.

KPMG LLP are the auditors of the Company and have confirmed with respect to the Company that they are independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada, and any applicable legislation or regulations.

ITEM 17 AUDIT COMMITTEE

The Audit Committee is responsible for overseeing the Company's accounting and financial reporting processes and the audits of the Company's financial statements and to exercise the responsibilities and duties to assist the Board in fulfilling its responsibilities in reviewing the financial disclosures and internal controls over financial reporting; monitoring the system of internal control; monitoring the Company's compliance with the requirements of any stock exchanges on which the securities of the Company are listed and all other applicable laws; selecting the external auditors for shareholder approval; reviewing the qualifications, independence and performance of the external auditor; reviewing the qualifications, independence and performance of the Company's financial management; and identifying, evaluating and monitoring the management of the Company's principal risks impacting financial reporting. The Audit Committee also assists the Board with the oversight of the financial strategies and overall risk management.

The Audit Committee's Charter

The full text of the Charter of the Audit Committee is included as Schedule "B" to this Annual Information Form.

Composition of the Audit Committee

The Audit Committee, as of the date of this Annual Information Form, is composed as follows:

Name	Corporate Position	Independent ⁽¹⁾	Financially Literate ⁽¹⁾
Shelley Brown	Director	Yes	Yes
Gary Sugar	Director	Yes	Yes
Ian Ward	Director	Yes	Yes

(1) Within the meaning of NI 52-110 *Audit Committees* ("NI 52-110").

Relevant Education and Experience

The education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as a member of the Audit Committee is set out below:

Ms. Shelley Brown has been Director of NorZinc Ltd. since June 6, 2019. Ms. Brown has been a Director of Stantec Inc. since November 7, 2018. Ms. Brown serves as Office Managing Partner for the Saskatchewan practice of Deloitte which includes three offices (Saskatoon, Regina and Prince Albert). Ms. Brown serves as Vice Chairman of The Canadian Institute of Chartered Accountants. She previously been a CICA board member for six years and is a member of the national Board of Deloitte. She has many years of experience in public practice and is a Partner in Deloitte's Saskatoon office. During her distinguished 40-year career in accounting, Ms. Brown was a partner in two of the world's largest professional services firms. She was appointed a Fellow of the Institute of Chartered Accountants of Alberta in 2009 and the Institute of Chartered Accountants of Saskatchewan in 2002. She has a Bachelor of Commerce from the University of Saskatchewan. She is also a recognized leader in diversity and inclusion, having been listed on Canada's Top 100 Most Powerful Women for four years, earning her a position on the Women's Executive Network Hall of Fame.

Mr. Gary A. Sugar, B.Sc. Geology, M.B.A., serves as Director of NorZinc Ltd. since November 18, 2019. He served as a Managing Director of RBC Capital Markets until 2011. During his over 30 year tenure at RBC, Mr. Sugar led numerous equity and debt offerings, advised on merger and acquisition transactions for a wide range of Canadian and international mining companies and provided ongoing oversight of corporate banking relationships. He has experience across a broad range of commodities and geographic regions, particularly in the domains of corporate development, valuation and M&A transactions. Prior to his career in investment banking, he worked in the mining industry in various roles ranging from corporate development to field geologist. He has been an Independent Director of Seabridge Gold, Inc. since May 2016. Mr. Sugar graduated in 1971 from University of

Toronto with a Bachelor of Science in Geology and obtained his Master's degree in Business Administration, also from the University of Toronto, in 1973.

Ian Ward B.Sc. Mr. Ward holds a Bachelors degree in Minerals Engineering from the University of Birmingham U.K. He is a Professional Engineer (Ontario) and a Life Member of CIM. He commenced his career in the mining industry as a metallurgist at several mining operations and rising to the position of Mill Superintendent. After the period in operations he joined Kilborn Engineering and spent 16 years engaged in plant design, feasibility studies and project evaluations with the last 3 years as Manager of Metallurgy. In the following 12 years he worked as a consultant with the firm of Micon International Limited where numerous projects were as Independent Engineer for a variety of banking and financial groups engaged in project financing and evaluations. He also managed numerous feasibility studies during this period with the emphasis on estimation of costs and revenues, cash flow models and economic evaluation. Familiarity with financial statements and mining project cost accounting was gained during this time. During 2002-2004 he was a Director for the company Bolivar Goldfields Limited and a member of the Audit Committee. While at Micon International Limited and subsequently during employment with Mustang Minerals Limited and Kinross Gold Limited, he was a co-author of numerous public reports for mining projects in the form of Qualified Person for NI-43-101 compliant reports. Since 2015, he has worked as a consulting metallurgist and continues to act as a Qualified Person to several companies. He has served as a director of Canadian Zinc and subsequently NorZinc since 2016. He has an understanding of the accounting principles used by the Company to prepare its financial statements and the required internal controls and procedures. He has experience in evaluating financial statements with accounting issues comparable to the financial statements and issues that can reasonably be expected to be raised by the Company's financial statements.

Reliance on Certain Exemptions

Since January 1, 2019, the Company has not relied on:

- (a) The exemption in section 2.4 of NI 52-110 (*De Minimis Non-audit Services*);
- (b) The exemption in section 3.2 of NI 52-110 (*Initial Public Offerings*);
- (c) The exemption in section 3.4 of NI 52-110 (*Events Outside Control of Member*);
- (d) The exemption in section 3.5 of NI 52-110 (*Death, Disability or Resignation of Audit Committee Member*);
- or
- (e) An exemption from NI 52-110, in whole or in part, granted under Part 8 (*Exemptions*).

Reliance on the Exemption in Subsection 3.3(2) or Section 3.6

Since January 1, 2019, the Company has not relied on the exemption in subsection 3.3(2) of NI 52-110 (Controlled Companies) or section 3.6 of NI 52-110 (Temporary Exemption for Limited and Exceptional Circumstances).

Reliance on Section 3.8

Since January 1, 2019, the Company has no need to rely on the exemption in section 3.8 of NI 52-110 (Acquisition of Financial Literacy) as all members of the Audit Committee are financially literate.

Audit Committee Oversight

Since the commencement of the Company's most recently completed financial year (January 1, 2019) there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Board of Directors.

Pre-Approval Policies and Procedures

The Audit Committee has adopted procedures requiring Audit Committee review and approval in advance of all particular engagement for services provided by the Auditors. Consistent with applicable laws, the procedures permit limited amounts of services, other than audit services, to be approved by the Audit Committee provided the Audit Committee is informed of each particular service. All of the engagements and fees for fiscal 2018 and 2017 were approved by the Audit Committee. The Audit Committee reviews with the auditors whether non-audit services to be provided, if any, are compatible with maintaining the auditor's independence.

External Auditor Service Fees (By Category)

Audit Fees

KPMG LLP is the external auditor of the Company and was first appointed on June 23, 2015. During the financial year ended December 31, 2019, the external auditor billed the Company C\$132,430 for audit services (2018 – C\$137,340).

Tax Fees

During the financial year ended December 31, 2019, the external auditor billed the Company C\$4,475 for tax fees (2018 – C\$5,831), which are professional services for tax compliance, tax advice and tax planning.

All Other Fees

During the financial year ended December 31, 2019, the external auditor billed the Company C\$nil for all other fees (2018 – C\$nil), which are products and services provided by the external auditor other than services reported under the above three categories.

ITEM 18 ADDITIONAL INFORMATION

Additional financial information about the Company is contained in its comparative financial statements and Management's Discussion & Analysis for the fiscal years ended December 31, 2019 and 2018, and additional information relating to the Company is available on SEDAR, under the Company's profile, at www.sedar.com.

Additional information, including particulars of directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, where applicable, is contained in the Company's information circular for its most recent annual meeting of securityholders that involved the election of directors.

SCHEDULE "A"
SUMMARY SECTION FROM THE PRAIRIE CREEK TECHNICAL REPORT

(See attached)

Prairie Creek Project

Introduction

This Technical Report on the Prairie Creek Property, NWT, Canada (the Property), has been prepared by AMC Mining Consultants (Canada), Ltd. (AMC) of Vancouver, Canada, in conjunction with Ausenco Engineering Inc. (Ausenco), Vancouver, with contributions by Global Mineral Resource Services Ltd., Allnorth Consultants Limited and F. Wright Consulting Inc., on behalf of Canadian Zinc Corporation (CZN) of Vancouver, Canada in accordance with the requirements of National Instrument 43-101 (NI 43-101) “Standards of Disclosure for Mineral Projects”, of the Canadian Securities Administrators (CSA) for Filing on CSA’s “System for Electronic Document Analysis and Retrieval” (SEDAR).

This report discloses the results of a Feasibility Study (“**2017 FS**”) based on the 2015 Mineral Resources, updated Mineral Reserves, updated metallurgy test work, ongoing optimization and other engineering studies completed since the Prefeasibility Study 2016 (“**2016 PFS**”) AMC Report dated 30 September 2016.

Economic summary

This Feasibility Study indicates a base case Pre-Tax Net Present Value (“**NPV**”) of \$344M using an 8% discount rate, with an Internal Rate of Return (“**IRR**”) of 23.8%, and a post-tax NPV of \$188M with an IRR of 18.4%. Corresponding pre-tax and post-tax payback periods from mill start-up are 4.4 and 4.6 years respectively. The Base Case metal price assumptions used in the model are: Zn US\$1.10/lb., Pb US\$1.00/lb., Ag US\$19.00/oz., with a foreign exchange rate of C\$1.25=US\$1.00.

The pre-tax and post-tax net present values and internal rates of return, at 5% and 8% discount rates, are illustrated in the table below at a Canadian / US dollar exchange rate of C\$1.25=US\$1.00, except where noted. The table also illustrates the sensitivities of the Prairie Creek Project to zinc, lead and silver prices and to the Canadian / US dollar exchange rate.

Table ES.1.1 Economic sensitivities of the Prairie Creek Project

Metal prices		Pre-tax				Post-tax ¹			
Zinc / lead US\$/lb.	Silver US\$/oz	Undiscounted \$M	NPV (5%) \$M	NPV (8%) \$M	IRR %	Undiscounted \$M	NPV (5%) \$M	NPV (8%) \$M	IRR %
0.80	17.00	139	10	(39)	5.5	75	(29)	(68)	3.3
0.90	18.00	452	211	120	14.4	282	109	43	10.6
1.10/1.00	19.00	899	497	344	23.8	562	291	188	18.4
1.20/1.00	19.00	1,033	582	410	26.2	644	344	230	20.4
1.10	20.00	1,077	614	437	27.3	671	364	247	21.3
1.20	21.00	1,390	815	596	32.7	863	489	346	25.7
1.30	22.00	1,703	1,017	755	37.7	1,053	612	444	29.8
1.10/1.00 ²	19.00 ²	1,208	696	501	29.5	752	416	287	23.1
1.20/1.00 ²	19.00 ²	1,355	789	574	31.9	842	473	332	25.0
1.10/1.00 ³	19.00 ³	589	298	188	17.4	371	166	88	13.2

Using the base case metal prices and exchange rate of C\$1.375 = US\$1.00 would increase the pre-tax NPV8% to \$500M and the IRR to 29.5% relative to the base case. Using a zinc price of US\$1.20 per lb., with all other base case inputs and a foreign exchange rate of C\$1.25 = US\$1.00, the pre-tax NPV8% would be \$410M with an IRR of 26.2%. Using a zinc price of US\$1.20 per lb., with all other base case inputs and a foreign exchange rate of C\$1.375 = US\$1.00 would increase the pre-tax NPV8% to \$574M and the IRR to 31.9% relative to the base case. Using the base case metal prices and exchange rate of C\$1.125 = US\$1.00, the pre-tax NPV8% would be \$188M with an IRR of 17.4%, and the post-tax NPV8% would be \$88M with an IRR of 13.2%

During the first 10 years of concentrate production the 2017 FS indicates average annual production of approximately 65,000 tonnes of zinc concentrate and 72,000 tonnes of lead concentrate, containing an average of approximately 95 million pounds of zinc, 105 million pounds of lead and 2.1 million ounces of silver.

The 2017 FS indicates average annual earnings before interest, taxes, depreciation and amortization (“**EBITDA**”) during the first 10 full years of production as \$111M per year, and cumulative EBITDA of \$1,294M over the projected LOM of 15 years, using base case metal prices.

Location, ownership, and history

The Property consists of two surface leases and 12 mining leases totaling 7,487 hectares in area. The Property is situated in the Northwest Territories approximately 500 km west of Yellowknife in the Mackenzie Mountains at an elevation of 850 m above mean sea level. The Property is surrounded by, but is not included in, the Nahanni National Park Reserve (NNPR).

Year-round access to the Property, at this time, is provided by aircraft utilizing a 1,000 m gravel airstrip immediately adjacent to the camp. The Property has also, in the past, been accessible by a winter road that extended 180 km from the Property to the Liard Highway 7; most of this access road route is now planned to be all season and will be constructed to support full-time operation of the mine.

The Prairie Creek Property contains a high-grade, silver-lead-zinc-copper vein, and other lead-zinc deposit types that have been explored since the early 1900s and were developed by Cadillac Explorations Limited (Cadillac) from 1966 to 1983. The Cadillac Mine was targeting silver production and was developed and fully permitted. A processing plant, along with other surface infrastructure, was built in the early 1980s. A sudden decline in metal prices resulted in the closure of the Mine in 1983 prior to commencement of production. San Andreas Resources Corporation exercised its option on the Property in the 1990s and, through a series of agreements, together with a name change to Canadian Zinc Corporation in 1999, established an increasing interest in the Property, culminating with the acquisition of a 100% interest in the Property and mine site in 2004, now referred to as the Prairie Creek Mine.

Geology and mineralization

The Property is located within a westward-thickening wedge of sedimentary carbonate rocks of mid-Proterozoic to mid-Jurassic age that was deposited along the paleo-continental margin of western North America (Mackenzie Platform). The Prairie Creek Embayment paleo-basin is interpreted to have developed as a half-graben controlled by a north-trending fault with down-drop to the west.

In the immediate area of the Property, north-south trending faulting and folding is apparent. The most significant fold structure is the fault-bounded, north-south doubly-plunging Prairie Creek anticlinal structure, which is the host to the Prairie Creek mineralization.

Four styles of base metal mineralization have been identified on the Property: quartz vein, stratabound, stockwork and Mississippi Valley-type. Only the first three styles have been found in potentially economic quantities to date. Base metal mineral showings occur along the entire 16 km north to south length of the anticline, covered by the main group of mining leases.

The most significant style of mineralization is the quartz vein-type, on which the underground workings have been developed, containing the bulk of the currently defined Mineral Resource. The Main Quartz Vein (MQV) has been exposed in detail by underground development and diamond drilling over a strike length of 2.1 km (Main Zone). The MQV trends at an azimuth of approximately 20° and dips between vertical and 40° east, with an average dip of 65°. The MQV consists of massive to disseminated galena and sphalerite with lesser pyrite and tennantite-tetrahedrite in a quartz-carbonate-dolomite sheared matrix. The galena and tennantite-tetrahedrite also carry economically significant silver values. This vein style of mineralization has been located, through surface trenching, throughout the entire 16 km length of the mining leases.

Stockwork (STK) mineralization occurs as a series of narrow, massive sphalerite-galena-tennantite veins striking at about 40° azimuth that occupy tensional or dilatant-type fractures within a structural offset translation zone of

the MQV. This mineralization has developed in sub-vertical tensional openings formed obliquely to, but also related to, the initial primary fault movement along the main vein structure. STK has been exposed in both diamond drilling and underground development.

Stratabound Massive Sulphide (SMS) mineralization occurs intermittently at the base of the trend of the Prairie Creek vein system over a strike length of more than 3 km. SMS mineralization occurs as semi-massive sphalerite-galena-pyrite replacement located close to both the vein system and the axis of the Prairie Creek antiform, but has not yet been intersected by underground development. The MQV structure carries fragments of the SMS indicating the vein mineralization to be younger in age.

Mississippi Valley-type (MVT) lead-zinc mineralization is exposed on the Property within surface showings of rock formations marginal to the basin and consists of cavity-filling type breccias in dolostone with host fragments rimmed with colloform sphalerite-marcasite-galena healed with carbonate. This type of mineralization does not form part of the current resource.

Exploration and data management

CZN, including its former entity as San Andreas Resources Corporation, has been involved with mineral exploration activity across the Prairie Creek Property since 1992. Somewhat limited exploration drilling had occurred and most of the existing underground development had been undertaken prior to CZN's initial involvement. From 1992 to the end of 2015, CZN completed 296 surface and underground exploration diamond drillholes with an aggregate length of 78,587 m. In addition, 1,032 underground channel samples forming 365 composites from the three existing underground levels have been collected and analyzed.

The main exploration and underground development work has been focused on the Main Zone mineralization, where approximately 80% of the total drilling has been carried out.

Mineral Resource estimate

The most recent Mineral Resource estimation was undertaken by AMC and announced in a press release dated 17 September 2015. It followed completion of the successful 2015 underground exploration program at Prairie Creek and resulted in an increase in Measured and Indicated Mineral Resource tonnages of 32%. Upon further review of the Mineral Resource, and since there were no changes to the database within the resource area, the same Mineral Resource Estimate was used as the basis for the 2017 FS.

A single block model was created to encompass the three mineral domains: MQV, STK, and SMS. The summary results of the Mineral Resource estimate for the three zones combined, at a cut-off of 8% Zn Equivalent (ZnEq), are shown below.

Table ES.1.2 September 2015 Mineral Resources Prairie Creek Mine

Mineral zone	Classification	Tonnes (t)	Silver (g/t)	Lead (%)	Zinc (%)
Main quartz vein (MQV)	Measured	1,313,000	211	11.5	13.2
	Indicated	4,227,000	168	11.6	9.2
	Measured & Indicated	5,540,000	178	11.6	10.2
	Inferred	5,269,000	199	8.7	12.9
Stockwork (STK)	Measured	169,000	116	5.3	12.6
	Indicated	1,953,000	61	3.5	6.6
	Measured & Indicated	2,122,000	66	3.6	7.1
	Inferred	1,610,000	70	4.6	6.2
Stratabound (SMS)	Indicated	1,042,000	54	5.2	10.8
	Measured & Indicated	1,042,000	54	5.2	10.8
	Inferred	170,000	60	6.3	11.2
Total	Measured	1,482,000	200	10.8	13.2
	Indicated	7,222,000	123	8.5	8.7
	Measured & Indicated	8,704,000	136	8.9	9.5
	Inferred	7,049,000	166	7.7	11.3

- (1) Mineral Resources are stated as of 10 September 2015.
- (2) Mineral Resources include those Resources converted to Mineral Reserves.
- (3) Stated at a cut-off grade of 8% ZnEq based on prices of US\$1.00/lb for both zinc and lead and US\$20/oz for silver.
- (4) Average processing recovery factors of 78% for zinc, 89% for lead, and 93% for silver.
- (5) Average payables of 85% for zinc, 95% for lead, and 81% for silver.
- (6) $ZnEq = (grade\ of\ Zn\ in\ \%) + [(grade\ of\ lead\ in\ \% * price\ of\ lead\ in\ US\$/lb * 22.046 * recovery\ of\ lead\ in\ \% * payable\ lead\ in\ \%) + (grade\ of\ silver\ in\ g/t * (price\ of\ silver\ in\ US\$/Troy\ oz / 31.10348) * recovery\ of\ silver\ in\ \% * payable\ silver\ in\ \%)] / (price\ of\ zinc\ in\ US\$/lb * 22.046 * recovery\ of\ zinc\ in\ \% * payable\ zinc\ in\ \%)$.
- (7) \$ Exchange rate = 1 C/US.
- (8) Numbers may not compute exactly due to rounding.

The September 2015 Prairie Creek Mine Mineral Resource estimate was completed by Gregory Z. Mosher, P.Geo, Qualified Person, as defined by NI 43-101, of Global Mineral Resource Services Ltd.

Mineral Reserve estimate

The 2017 FS has a Mineral Reserve estimate of 8.1 million tonnes of Proven and Probable Reserves at a combined grade of 16.75% Pb and Zn plus 124 g/t Ag, which represents a 6% increase in Mineral Reserve tonnage compared to the 2016 PFS.

The increase is due to marginally lower Zinc Equivalent cut-off grades, reflecting the final 2016 PFS operating cost estimate, a small increase in projected Zn prices and further optimization of the stoping design. The 2017 Mineral Reserves have slightly lower average metal grades than those estimated in the 2016 PFS, but increased overall metal content. The estimation of Mineral Reserves by AMC is shown in Table ES.1.3.

Table ES.1.3 August 2017 Mineral Reserves Prairie Creek Mine

Mineral zone	Classification	Tonnes (t)	Silver (g/t)	Lead (%)	Zinc (%)	ZnEq (%)
Main quartz vein (MQV)	Proven	1,524,171	161.43	8.90	10.22	26.84
	Probable	4,190,187	144.76	9.96	8.20	25.70
	Total	5,714,358	149.21	9.67	8.74	26.00
Stockwork (STK)	Proven	188,173	108.19	4.84	11.56	21.22
	Probable	1,188,366	63.81	3.54	6.86	13.46
	Total	1,376,539	69.88	3.72	7.50	14.52
Stratabound (SMS)	Proven	-	-	-	-	-
	Probable	980,566	54.90	5.06	9.64	17.97
	Total	980,566	54.90	5.06	9.64	17.97
Total	Proven	1,712,344	155.58	8.45	10.36	26.22
	Probable	6,359,119	115.78	8.00	8.17	22.22
	Total	8,071,463	124.22	8.10	8.64	23.07

The Mineral Reserves are as of 2 August 2017, and based on a design cut-off grade of 11% ZnEq for longhole open stoping ("LHOS"), 11% ZnEq for mechanized drift-and-fill ("DAF"), an incremental stoping cut-off grade of 10% ZnEq, and 6% ZnEq cut-off grade for development ore. Cut-off grades are based on a zinc metal price of US\$1.00/lb., recovery of 75% and payable of 85%; a lead metal price of US\$1.00/lb., recovery of 88% and payable of 95%; and a silver metal price of US\$18/oz, recovery of 92% and payable of 81%. Exchange rate used is C\$1.25=US\$1.00. Average planned dilution, unplanned dilution and mining recovery factors of 13%, 11% and 95%, respectively, for LHOS; and 18%, 6% and 98%, respectively, for DAF are assumed.

The August 2017 Prairie Creek Mineral Reserve estimate was prepared by H. A. Smith, P.Eng., Qualified Person, as defined by NI 43-101, of AMC Mining Consultants (Canada) Ltd. These Mineral Reserves are based upon a Measured and Indicated Resource of 8.7 million tonnes grading 9.5% Zn; 8.9% Pb and 136 g/t Ag, and represent an initial mine life of 15 years.

Prairie Creek also hosts an additional Inferred Mineral Resource of 7.0 million tonnes grading 11.3% Zn, 7.7% Pb, and 166 g/t Ag, which has the potential, through further exploration and development, to be upgraded to Measured or Indicated Mineral Resources and increase the initial 15 year mine life.

Mining

The mine will be an underground operation, based primarily on the MQV and mining an average of 1,600 tonnes per day at steady state, over a 15-year mine life (16 years including development prior to mill start-up). During full production, approximately 584,000 tonnes of ore per year will be mined.

Adits were previously driven on three levels: the 970 mL, the 930 mL, and the 883 mL, totaling approximately 5 km of underground workings. Access for mining will be through an enlarged 883 mL portal and adit, with secondary access through the 930 mL. The 970 mL penetrates the topmost limits of the MQV only and is not part of the current mine plan. As mining on the MQV progresses to depth, ore mined will be supplemented by ore from the STK and SMS deposit zones.

Mining in the MQV and STK zones will be by longhole open stoping (LHOS) with paste backfill. Mechanized drift-and-fill (DAF) will be used for the SMS ore, also with paste fill. The plan and objective is to use 100% of flotation tailings as backfill.

Ground conditions in existing development underground are generally good and the existing workings have stood unsupported for over thirty years with minimal bolting. CZN commissioned a geotechnical program at the end of 2013, including mapping and examination of drill core. This program and subsequent assessment in both PFS and FS studies indicated that the ground is amenable to longhole open stoping, with the results of the assessment being used for rock support design.

The 2017 FS mine plan envisages slashing out of some of the existing development and establishing two spiral ramps to access deeper levels. Major goals in development and production sequencing are to access higher grade sulphide ore as early as practicable, while minimizing development costs as much as possible.

The 2016 PFS targeted both the higher grade oxide above the 883 mL and the higher grade sulphide below this horizon, which in turn had lower recoveries. The new mine plan increases the mining rate to 1,600 tonnes per day, versus 1,350 tonnes per day in the 2016 PFS. The existing 883 mL adit will be enlarged to 5 x 5 m and access to the ore below the 883L will be via the twin ramps. A single ramp will provide access to the ore above 883 mL.

Priority will be given to ramp development to establish dewatering sumps in advance of mining. Ore drifts will be driven on the MQV north and south from the ramp access points to the strike limits of the ore body. Stoping will begin at the ore limits and retreat to the ramp access points. Pre-production development is anticipated for approximately 15 months prior to mill start-up. This work will be performed by a contractor. On completion of the contracted scope of work, CZN will have the option of taking over the work itself or continuing with contract mining.

Managing groundwater will be a key aspect of the operation. At peak levels, it is estimated that the mine will produce up to 200 L/s of water, but with the majority of this water to be collected through advanced dewatering boreholes and pumped to surface, and avoiding any contamination from mine workings. All water discharged from the mine will either be sent to the mill as process water, pumped into the existing impoundment pond that was originally planned for tailings storage and which will now be modified into a two-cell water storage pond, or directly treated in a new water treatment plant.

CZN anticipates that, because of the high concentrate mass pull, even with 100% disposal of tailings underground as paste fill, some shortfall in backfill volume will occur. Any shortfall will be made up with Dense Media Separation (DMS) float material or waste rock. When no stopes are available for backfill, filtered tailings will be stored in an active tailings building or in an adjacent passive stockpile. Development waste and DMS float material will be stored in a newly created waste rock pile north of the plant site away from the Prairie Creek floodplain.

The mine will be ventilated by an exhausting type ventilation system. The primary exhaust fans will be located on 930 mL, one adjacent to the 930 portal and the other at the base of the existing raise to surface. Fresh air will be drawn entirely through the 883 portal where a duplex propane and liquified natural gas (LNG) fired mine air heating system will be installed to heat the air during the winter months. The planned airflow through the mine is 142 m³/s, with fresh air being distributed through the ramps and exhausting to internal return air raises feeding up through to the 930 mL exhaust fans. For level ventilation, fresh air will be delivered along each ore drive by auxiliary fan and duct installations. The exhaust air raises will be fitted with ladderways to serve as the second means of egress through to the 930 mL, where egress will be through the 930 mL portal.

Metallurgy and processing

Metallurgical tests conducted to date on MQV and SMS material have proved positive, as have initial metallurgical tests on STK material. Reasonably good metal recoveries have been achieved with both sulphide and oxide material with a cyanide-free reagent suite. A new metallurgical testing program was completed in 2017, focusing on MQV material, which had a lower oxide component than historical samples, and demonstrated improved recoveries and metallurgical performance based on a simplified process flow sheet, part of which is incorporated into this study.

According to the test results on MQV composited material only, the overall average grade of the blended lead sulphide / oxide concentrate is anticipated to be 65% lead, with an approximate 90% average recovery of lead in the plant feed. The zinc sulphide concentrate is estimated to be 59% zinc, with an approximate 90% recovery of zinc in the plant feed. An average of 86% of the total silver values in the plant feed is estimated to be recovered within the lead and zinc concentrates. Impurities of antimony, arsenic and mercury are expected to report to both concentrates. A processing plant / concentrator was substantially constructed prior to project shutdown in 1982, together with a 1.5 million tonne capacity tailings impoundment, power plant, and water treatment plant. CZN plans to rehabilitate and upgrade the processing plant and site infrastructure. The current crushing facilities have

a 1,750 tpd capacity, with an installed jaw crusher, short-head cone crusher, double-decked screen, and conveyor systems feeding an 1,800 t fine ore bin.

A new dense media separation (DMS) plant, with a nominal feed rate of 1,600 tpd, will be installed downstream of the crushing circuit and is expected to reject an average of approximately 25% of the feed as waste with minimal metal losses. The milling circuit is designed for 1,200 tpd at nominally 80% passing 156 µm. The ROM ore is expected to be softer initially and then harder as the mine develops deeper and an increase in the Bond Work Index is anticipated. As such, a new secondary ball mill (200 kW tire mill) is planned for installation, costed as sustaining capital after 5 years of operation. Precise timing of this additional milling power will need to be optimized based on the work index progression over time and other economic factors.

The ground material will be subjected to three stages of sequential flotation: lead sulphide flotation followed by zinc sulphide flotation and lead oxide flotation. Each flotation circuit will consist of rougher flotation and multiple-stage cleaner flotation to upgrade the rougher concentrates to marketable grades. The existing regrind ball mill will be refurbished and utilized to further grind the lead sulphide rougher flotation concentrate in order to maximize grade of the final lead sulphide concentrate. The rougher tailings from the lead oxide flotation plant will be discharged as final tailings to the tailings thickener (new equipment) before being pumped to the paste plant. The lead sulphide and lead oxide flotation concentrates will be pumped to the lead dewatering system, while the zinc sulphide flotation concentrate will be sent to the zinc dewatering system. Both dewatering systems will consist of conventional thickening and pressure filtration circuits. The dewatered concentrates will be temporarily stored in the on-site storage facility prior to being loaded for transport to off-site smelters.

The process plant will require new equipment including modernization of the electrical system, addition of a thickener, new flotation cells to complement the existing cells, a concentrate storage and loadout facility and an on-stream analyzer and control system. The new DMS circuit will be added to the north side of the mill and a reagent mixing area and concentrate storage and loadout facility will be added to the south side of the mill building. A new lead oxide circuit will be added to the eastern side of the mill building and will also include space to store reagents. A new paste backfill plant is proposed to be built to the south of the mill building along with an active tailings storage facility.

Site infrastructure

In 1982, the mine was fully permitted and construction almost complete, but never achieved production. The existing site infrastructure is substantial and these facilities will be utilized and upgraded as necessary. This includes upgrading the mill building, administration building, workshops, sewage treatment plant, diesel storage tank farm, warehouses and part of the accommodation facilities. New facilities needed for operations will include the DMS plant, a paste backfill plant, tailings stockpile shed, LNG facility, water treatment plant, lead-oxide building, heated warehouse and concentrate load-out facility.

Four new 2.77 MW dual-fuel powered low-speed power generator units will provide power and heat for the site. These power generator units will be located within the existing mill powerhouse after removal of the obsolete units currently in place, to provide the installed power of 11.1 MW with an expected running load of 6.7 MW. The energy source for the power generation will be provided by a combination of Liquefied Natural Gas (LNG) from the newly installed site LNG storage / vaporization facility and diesel fuel from the existing diesel storage tank farm adjacent to the mill. The FS incorporates a turn-key type power-by-the-hour operation proposal received from the Northwest Territories Power Corporation. The new generators will be outfitted with glycol heat recovery systems in order to maximize energy efficiency. The waste heat from the generators will be used to heat the surface facilities.

Tailings from the mill will be placed permanently underground as paste backfill, produced in a new 55 m³/hr paste backfill plant, and augmented by DMS reject material in the event of any volume shortfall. An active stockpile of tailings will be stored in a building with heating capability next to the paste backfill plant to provide feed to the plant. An adjacent outdoor area will accommodate any additional tailings on a temporary basis. The majority of DMS reject and mine development material will be placed in a newly created waste rock pile facility located north of the mill off the Prairie Creek floodplain and accessed by trucks on a reconstructed internal site road. Although the waste rock is classified as non-acid generating due to its high content of carbonate material,

appropriate precautions will be taken to prevent and mitigate any leaching that may occur from surface run-off through the waste rock pile.

A 150-person camp and cookhouse exists on the site, but most of the buildings have deteriorated beyond economical repair. They will be demolished and will be replaced by a modular camp adjacent to the upgraded administration building complex to be used during construction and operations. A portion of the existing accommodation camp will be salvaged and upgraded for re-use during construction.

The site water management plan for the Prairie Creek Mine proposes the reconfiguration of the present tailings impoundment pond into a two-celled water storage pond connected to the mine and mill via piping and to a new water treatment plant. An exfiltration pipe below the bed of Prairie Creek will discharge treated waters and site run-off that collects in the final site pond. Water treatment rates will be based on a load-based water management system incorporating real-time flows measured in Prairie Creek upstream of the site regulated by the existing Water Licence.

Access road and transportation plan

The construction of the process plant and site infrastructure will be initially serviced via a winter road. Site production operations will be supported via an all season road, which has the following benefits but an increased capital cost:

- Decreased working inventory.
- More timely delivery of product and consistent supply of materials.
- Lower logistical risk of transporting concentrate and supplies.
- A smaller trucking fleet throughout the year.
- Facilitates the use of alternative energy sources such as LNG.

The all season road will reduce energy costs and also enable the consideration of more environmentally friendly alternative energy sources. Local gas fields in the area are producing LNG at this time, which provides an opportunity to reduce reliance on diesel fuel for power generation. An all season road would also have environmental and safety benefits, in that, spreading out the trucking schedule over the full year would avoid high or congested traffic in winter months, therefore lowering the risk of accidents or spills. On 12 September 2017, the Mackenzie Valley Review Board concluded the Environmental Assessment (EA) of the proposed All Season Road to the Prairie Creek Mine by recommending approval to the Federal Minister of Crown-Indigenous Relations and Northern Affairs subject to the implementation of measures described in the EA report.

The current transport logistics system envisages shipping mineral concentrate over an all season road from the mine site in 20 tonne bulk containers. This would involve the creation of a bulk handling load-out facility at the mine and transport by B-line trucks, each carrying two containers along the all season road and highway to Fort Nelson. Containers would be offloaded from the trucks at Fort Nelson and loaded onto four-container-capacity rail flat-cars for transport by CN Rail to the port of Vancouver for shipment to smelters overseas. Inbound freight will be trucked as backhaul over the same route. A marshalling area will be developed in Fort Nelson near the rail siding.

Concentrate marketing

The Prairie Creek Project will produce three types of concentrate: zinc sulphide, lead sulphide and lead oxide. CZN plans to combine the two lead concentrates into one concentrate at the mill site.

Canadian Zinc has signed a Memorandum of Understanding (MOU) with each of Korea Zinc and Boliden for the sale of zinc and lead concentrates. The MOUs set out the intentions of CZN and each of Korea Zinc and Boliden to enter into concentrate sales agreements for the concentrates to be produced from the Prairie Creek Mine on the general terms set out in the MOUs, including commercial terms which are confidential.

The sales agreements will account for all of the planned production of zinc concentrate and about half of the planned production of lead concentrate for the first five years of operation at the Prairie Creek Mine. The sales agreements will provide that treatment charges will be set annually at the annual benchmark treatment charges and scales, as agreed between major smelters and major miners.

Payables, penalties, and quotational periods will be negotiated in good faith annually during the fourth quarter of the preceding year, including industry standard penalties based on indicative terms and agreed limits specified in each MOU.

Treatment and refining charges, including deductibles, payable and penalties, vary with smelter location and individual smelter terms and conditions. The Economic Model used in the 2017 FS has been prepared assuming average blended indicative treatment charges of US\$172 per tonne for zinc sulphide concentrates and US\$130 per tonne for lead concentrates, with industry standard penalties, including mercury penalties of US\$1.75 for each 100 ppm above 100 ppm Hg per tonne of concentrate.

Project execution

The mine start-up schedule is significantly influenced by the seasonal weather conditions in the Northwest Territories. Target start-up for commencement of production / milling operations at Prairie Creek Mine is 1 August 2020, with commissioning of the mill for three months prior to this date. The first year of the path to production project schedule mostly comprises detailed on-site and off-site engineering design, initial site / portal preparation, and the completion of permitting and design of the all season road. Later during the first year, procurement of long-lead items would be completed in order to have the required equipment and supplies available to be brought in on the winter road of the second year; thereby to commence main construction, begin mine development, further prepare the site and advance the all season road. The third year would involve continuing mine development, completing site construction, continuing construction of the all season road and commissioning the mill to production. It is projected that a pre-production on-site workforce will peak at approximately 211 people in August of 2019 (Project Year -01).

Mobilization to site will initially be by winter road and air, concurrent with construction of the all season road. The subsequent shipment of concentrates and production supplies will be on the all season road.

Permitting, environmental, and community

The Prairie Creek Mine is located in an environmentally sensitive watershed of the South Nahanni River and proximal to the Nahanni National Park Reserve (NNPR). As a result, particular attention has been paid by the Company and by regulators to potential impacts on water quality that may be caused by Project construction and operations.

CZN currently has a number of permits and licences for both exploration and mine operations issued by the Mackenzie Valley Land and Water Board (MVLWB) under the Mackenzie Valley Resource Management Act. In addition, CZN has a Land Use Permit (LUP) and Water Licence from Parks Canada for the portion of an operations winter road that crosses the NNPR.

The main Licence is the Type "A" Water Licence (MV2008L2-002), which was issued by the MVLWB on 8 July 2013 and permits CZN to conduct mining, milling and processing activities at the Prairie Creek Mine site, use local water, dewater the underground mine and dispose of waste from mining and milling. Other Land Use Permits and Water Licences provide for winter road, mine site and transfer related facilities.

Water Licence MV2001L2-0003 and LUP MV2012C0008 allow CZN to continue with underground exploration prior to operations. LUP MV2012C0002 provides for surface exploration and diamond drilling at sites throughout the Prairie Creek property.

A Land Use Permit and Water Licence for an all season road were applied for in April 2014 to the MVLWB and Parks Canada and were referred to EA with the Mackenzie Valley Review Board. On 12 September 2017 the Mackenzie Valley Review Board recommended to the Federal Minister of Crown-Indigenous Relations and Northern Affairs that the Project proceed to permitting subject to implementation of measures described in the Report of Environmental Assessment.

Prior to the main operating licences being issued in 2013, CZN had been involved in numerous regulatory processes to obtain various Land Use Permits and Water Licences for normal-course exploration and development at the Prairie Creek Mine site.

Innovative water management practices are necessary at the Prairie Creek Mine during operations due to the seasonal nature of the discharge and the receiving environment upstream of a national park. The volume of water for discharge will vary seasonally, being greatest in summer. Flows in Prairie Creek are also variable, being very low in winter and fluctuating in summer. Therefore, storage of water in a large pond on site will be maximized in winter, and treated water discharge will be proportionately tied to creek flows to minimize receiving water concentrations, meet Water Licence limits and protect the ecosystem downstream. A variable load discharge (VLD) approach to water management was developed and accepted during the regulatory process. A Water Licence to operate the mine was issued in 2013 by the MVLWB. The Water Licence will regulate discharge by 'end-of-pipe' effluent quality criteria as well as by VLD to meet receiving water objectives during operations. Real-time flow measurements upstream in Prairie Creek are planned in order to track the allowable load for discharge. A seasonal schedule for treated mine and mill water discharge will apply based on the site water balance; although the actual discharge rates will be based on the daily on-site analysis of treated water sentinel parameters, and on flows in Prairie Creek, which may vary on an hourly basis. Discharge via exfiltration trench below the bed of Prairie Creek will promote mixing and attenuation of parameter concentrations to meet site specific water quality objectives.

In June 2009, the NNPR was expanded to include the entire watershed of the South Nahanni River. However, the Prairie Creek site and a 300-km² surrounding area were excluded from the Park. An amendment to the Canada National Parks Act provided for a right of access through the expanded Park into the Prairie Creek area. Recognizing the need to work closely together, in 2008 CZN and Parks Canada entered into a MOU that formalized the intent of both parties to work collaboratively, within their respective areas of responsibility, authority and jurisdiction, to achieve their respective goals of an expanded NNPR and an operating Prairie Creek Mine. The MOU was renewed in 2015 for another five years.

CZN has completed a detailed socio-economic assessment in support of the Project. The study concluded that the Prairie Creek Mine will be a relatively modest project in a region of the NWT that has limited economic prospects. The majority of the economic and social benefits will be generated through the participation of local labour and businesses in the area, including the communities of Nahanni Butte, Fort Simpson, and Fort Liard.

In 2011, Canadian Zinc signed Impact and Benefits Agreements with each of the Nahanni Butte Dene Band and Liidlii Kue First Nation (Fort Simpson), both in the Dehcho Region. Later that year, CZN negotiated a Socio-Economic Agreement with the Government of the Northwest Territories (GNWT), covering social programs and support, commitments regarding hiring and travel, and participation on an advisory committee to ensure commitments are effective and are carried out.

Employment

Over the course of the construction path to mill production, projected to be initiated in 2018 (Y-02) and to extend into 2020 (Y01), a maximum of approximately 211 people is expected to be employed on site during 2019 (Y-01).

During steady state operations the mine will employ a total of approximately 330 people on-site working in two alternating shifts on a two-week-in / two-week-out basis, including truck operators, with half of the employees being on-site at any one time. An additional 33 personnel, mostly related to trucking, will be employed off-site in the Fort Liard and Fort Nelson areas. Personnel will work a regular rotation on site, with rest periods off site, with transport by charter flights to the existing on-site 1,000 m gravel airstrip. CZN's hiring policy and commitments under its signed Impact and Benefits Agreements are to give preference to qualified local community residents, followed by northern residents. Training programs will be organized to further promote and maximize local aboriginal employment.

Project Metrics

Table ES.1.4 Project metrics – Prairie Creek Mine

Mine and mill parameters		Concentrates			
		Type	10 yr W. Avg. Tonnes	Average grade	Payability
Total ore mined (million tonnes)	8.07	Zinc concentrate	64,800	Zinc: 59%	Zinc: 85%
Mining rate (tonnes / day)	1,600			Silver: 136 g/t ³	Silver: 70%
Milling rate (tonnes / day) post-DMS	1,200	Lead concentrate	71,600	Lead: 62%	Lead: 95%
LOM (years)	15			Silver: 800 g/t	Silver: 95%
Mine and mill statistics					
Metal	10 yr ore grade (weighted average)	Ore grade LOM (weighted average)	Mill recoveries LOM (weighted average)	10 yr average annual contained metal	
Zinc	8.50%	8.70%	83%	95M lbs ⁴	
Lead	9.30%	8.10%	88%	105M lbs ⁴	
Silver	139 g/t	124 g/t	87%	2.1M oz ⁴	
Project assumptions base case					
Zinc price	US\$1.10/lb	Treatment charges	Exchange rate	C\$1.25:US\$1.00	
Lead price	US\$1.00/lb	US\$172/tonne Zn Con	Discount rate	8%	
Silver price	US\$19.00/oz	US\$130/tonne Pb Con			
Operating and capital costs					
Operating costs ²	LOM \$/t ore mined	Capital costs			\$M
Mining	58	Pre-production capital			253
Processing	47	Contingency			26
Site services	19	Total pre-production capital			279
G&A	30	Sustaining capital			117
Total on-site costs	154	Working capital			36
Transportation ¹	69				
Total operating costs ²	223				
¹ Includes truck, rail, handling and ocean shipping		³ Subject to a deduction of 3 oz. per tonne of concentrate			
² Does not include treatment, refining charges, royalty		⁴ Total metal contained in both lead and zinc concentrates			
Economic results (LOM)			Pre-tax	Post-tax	
Cash flow undiscounted (\$M)			899	562	
NPV @ 8% (\$M)			344	188	
NPV @ 5% (\$M)			497	291	
IRR (%)			23.8	18.4	
Payback period (years from first revenue)			4.4	4.6	
Average annual EBITDA (\$M)			81		

Capital cost estimates

The general breakdown of the Pre-Production Capital cost estimate for the Prairie Creek Project is indicated in the following table:

Table ES.1.5 Capital cost estimate – Prairie Creek Mine

Description (costs in \$M)	Project year			Total cost
	-02	-01	01	
Mine development	2.6	13.6	21.5	37.7
Site preparation	4.3	12.5	2.6	19.4
Mill process plant	9.0	18.9	3.2	31.1
Paste tailings plant and process	2.9	16.6	3.4	22.9
Indirects including EPCM	10.9	7.8	5.1	23.8
Other site infrastructure	6.7	7.7	1.5	15.9
All season road	13.0	41.6	13.9	68.5
Owner's costs	6.8	15.3	11.5	33.6
Total (excluding contingency)	56.2	134.0	62.7	252.9
Contingency	5.5	12.3	8.2	26.0
Total pre-production capital	61.7	146.3	70.9	278.9

Pre-Production Capital cost refers to capital costs incurred until the first processing of mined ore, and has been estimated at a total of \$252.9M, excluding contingency, and \$278.9M including a contingency of \$26.0M.

Based on proposals received, several capital items will be supplied on a lease-to-purchase basis, including the accommodation camp, paste plant, flotation cells and thickeners. The lease costs of such items incurred during the pre-production period are included in Pre-Production Capital costs, and lease costs incurred after production start-up are included in Sustaining Capital costs.

Contingency for the process plant and site infrastructure portion was estimated using a Monte Carlo simulation model with an overall contingency of 13.2% based on 80% confidence level. Mine development costs are largely based on contractor quotes for the detailed scope of work, but with an overall 13.0% contingency allowance. The all season road estimation used an overall contingency of 8.0% and owner's costs were assigned a contingency factor of 10.0%. The overall Project contingency is 10.3%.

Sustaining capital over the life of the mine has been estimated at \$117M and relates largely to ongoing mine development as the mine is expanded to deeper levels, ongoing maintenance of the all season road, and includes leasing costs of capital items in the amount of \$11M.

Working capital of \$36 million is estimated to be required over the first six months subsequent to the start of commercial production.

Operating cost estimates

The breakdown of the Operating Cost Estimate for the Prairie Creek Mine, on a Canadian dollar per tonne mined basis, is shown in the following table.

Table ES.1.6 Operating cost estimate – Prairie Creek Mine

Total operating cost	(\$/t mined)
Mining	58.23
Milling / processing	46.76
General and administrative	30.32
Site services	18.55
Sub-total	153.86
Transportation ¹	68.73
Total	222.59

1. Includes truck / rail / handling / shipping.

Mining operating costs for the first two years of operation are largely based on contractor quotes. Operating cost estimates for mining beyond the contractor period have been developed from first principles and using direct supplier quotes.

The mining contractor quotes for the first two years of operation, based on a detailed scope of work and schedule, provide a high level of confidence in the estimated mining costs. The indicative proposal from the Northwest Territories Power Corporation to supply turnkey type power generation provides further support in the key area of power costs.

The following list summarizes key project assumptions used to develop the operating costs, which are in 2017 constant dollars:

- All electrical power will be produced by generators operating on LNG and provided by Northwest Territory Power Corporation on a flat rate for the life of mine and using an estimated LOM power cost of \$0.25/kWhr for the main power generation.
- A delivered price of diesel of \$0.82/L and LNG of \$15.50/GJ was used to estimate power costs other than for the main generator supply.
- Mill, surface and G&A operating costs are generally deemed to be steady-state per tonne milled LOM, based on recent labour and materials costs.
- Manpower costs for road maintenance and concentrate haul are included in total transport costs.

Economic analysis

The Base Case economic model has been developed using long-term metal price assumptions of US\$1.10/lb zinc, US\$1.00/lb lead, US\$19.00/oz silver and an exchange rate of C\$1.25:US\$1.00. Determination of metal prices for use in the 2017 FS has included consideration of consensus price forecasts published by Consensus Economics Inc. as at September 2017, and a review of market commentary published by various services, including the International Lead and Zinc Study Group, CRU, Metals Bulletin Research, Wood Mackenzie, and other industry sources as discussed in Section 19. Current metal prices, rolling three-year averages, and prices used in recent similar mining project studies were also considered for the Prairie Creek economic evaluation.

A sensitivity analysis was conducted on the Project model to evaluate its robustness against variations in financial parameters, specifically Base Case metal prices +/- 10% and the Base Case foreign exchange rate +/- 10% and +4%. The financial analysis centering on the Base Case, showing average annual EBITDA, NPV (at 8% and 5% discount rates), IRR and payback periods, on a pre-tax and post-tax basis is presented in the following table.

Table ES.1.7 Financial analysis – Prairie Creek Mine

Metal price scenario¹	90%	100%	110%
Average Annual EBITDA (\$M)	59	81	103
Pre-Tax Cash Flow Undiscounted (\$M)	546	899	1,251
Pre-Tax NPV @ 8% discount (\$M)	166	344	523
Pre-Tax NPV @ 5% discount (\$M)	270	497	724
Pre-Tax IRR	16.5%	23.8%	30.2%
Post-Tax Cash Flow Undiscounted (\$M)	345	562	779
Post-Tax NPV @ 8% discount (\$M)	74	188	301
Post-Tax NPV @ 5% discount (\$M)	148	291	433
Post-Tax IRR	12.4%	18.4	23.7%
Post-Tax Payback Period (years from first revenue)	5.7	4.6	4.0
Exchange rate scenario²	C\$1.125:US\$1.00	C\$1.30:US\$1.00	C\$1.375:US\$1.00
Average annual EBITDA (\$M)	62	89	100
Pre-Tax Cash Flow Undiscounted (\$M)	589	1,022	1,208
Pre-Tax NPV @ 8% discount (\$M)	188	407	501
Pre-Tax NPV @ 5% discount (\$M)	298	577	696
Pre-Tax IRR	17.4%	26.2%	29.5%
Post-Tax Cash Flow Undiscounted (\$M)	372	638	752
Post-Tax NPV @ 8% discount (\$M)	88	228	287
Post-Tax NPV @ 5% discount (\$M)	166	341	416
Post-Tax IRR	13.2%	20.3%	23.1%
Post-Tax Payback Period (years from first revenue)	5.5	4.4	4.1

1. Metal prices varied plus / minus 10% and exchange rate unchanged.

2. Exchange rate varied plus / minus 10% and plus 4%, and metal prices unchanged.

A 'stressed case' sensitivity analysis using assumed metal prices of US\$0.80/lb for zinc and lead and US\$17/oz for silver, and an exchange rate of C\$1.40:US\$1.00 indicates a pre-tax NPV8% of \$104M and IRR 14% (post tax NPV8% of \$32M and IRR 10%). Using the average metal prices for the three years ended 30 June 2017 of US\$0.98/lb for zinc, US\$0.88/lb for lead and US\$16.82 for silver, and an exchange rate of C\$1.27:US\$1.00 indicates a pre-tax NPV8% of \$161M and IRR 16% (post-tax NPV8% \$71M and IRR 12%).

Recommendations

As a result of the feasibility study assessment, AMC recommends the following:

- Early completion of engineering and mine development programs to facilitate achievement of scheduled access development, initial dewatering and first ore.
- Completion of permitting of the all season access road.
- Study of opportunities for enhanced mine operation through use of automation and advanced technology.
- Further underground paste backfill strength and flow property studies.
- Additional study of paste binder requirements and backfill methodology.
- Further hydrology study to enhance understanding of water ingress to the mine and optimize dewatering strategy and water treatment.
- Selection of appropriately qualified and experienced mining contractor for the pre-production phase and the first phase of production operations.

- Completion of a detailed trade-off study further examining the economic merits of recovering lead oxide and oxide recovery at low grades.
- Further detailed mine design and schedule to optimize grades, and balance ore and tailings stockpile requirements.
- Detailed design of key underground infrastructure including magazines, dewatering and sump set-ups, service bays, main fan and heating set-ups, electrical infrastructure.
- Finalization of arrangements for active and passive tailings stockpiles.
- Ordering of key long-lead items for underground operation including main fans and heaters.
- Ausenco recommends the following in the execution phase of the project:
- Further investigation of the use of LNG (liquefied natural gas) for heating of buildings and underground mine.
- Further investigation of the use of excess heat from generators to supplement underground heating.
- Investigation of the use of used construction equipment and mobile equipment for operations.
- Optimization of the paste plant design, to include best use of recent test results.
- Complete detailed engineering and IFC drawings to support the procurement and construction of the process plant and site infrastructure.
- Completion of early works site activities including removal of existing generators from the power house, repair of the mill roof, initial work on the water storage pond and waste rock pile, site clearance of derelict buildings, equipment and scrap material.
- Selection of appropriately qualified and experienced contractor(s) to construct the surface works.
- Selection and engagement of appropriately qualified and experienced contractor(s) to carry out the construction of the process plant and site infrastructure.

Total associated preliminary cost estimate for the above recommendations from AMC and Ausenco is \$18.2M, of which the majority is included in the FS Capital Cost estimate.

Conclusions

The Prairie Creek Property contains a high-grade, silver-lead-zinc-copper vein along with other lead-zinc deposits and deposit types. The 2017 FS indicates a Mineral Reserve of 8.1 Mt and an LOM from mill start-up of 15 years at a steady-state production rate of 584,000 tpa.

Mill start-up is projected for August 2020, with a pre-production period during which detailed engineering, mill and camp refurbishment, underground development from existing workings, and construction of key surface infrastructure items, including a paste plant and all season road, will take place.

The 2017 FS indicates a base case Pre-Tax Net Present Value (“NPV”) of \$344M using an 8% discount rate, with an Internal Rate of Return (“IRR”) of 23.8% and a post-tax NPV of \$188M with a post-tax IRR of 18.4%. The Base Case metal price assumptions used in the model are: Zn US\$1.10/lb., Pb US\$1.00/lb., Ag US\$19.00/oz., with a foreign exchange rate of C\$1.25=US\$1.00.

The development of the Prairie Creek Mine is projected to offer significant economic advantages on a wider scale. Canadian Zinc has indicated that there is broad support among aboriginal organizations and communities in the Dehcho region for the direct benefit and economic stimulus that the mine would bring to this region of the Northwest Territories. Its envisaged operation presents a significant opportunity for potential enhancement of the social and economic well-being of the surrounding communities. During construction there will be approximately 211 jobs, and during steady state operations over the life of the mine there will be approximately 330 direct full-time jobs. In addition, the Project offers other potential indirect business and employment opportunities, related to transport, supply of the mine site and environmental monitoring and management.

The Prairie Creek Mine is shown to be a viable project, based on the Mineral Reserves, mine plan, and production and economic parameters determined within the 2017 FS. AMC recommends that Canadian Zinc advance the Project to the next stage, which will include: detailed design and planning of the required services, construction of the all season road, refurbishment of the mill, ordering the long-lead equipment for power generation, portal refurbishment, access widening, and development of ramp declines and underground infrastructure in preparation for ore production and processing.

The information relating to the Prairie Creek Property in the preceding sections has been extracted from the 2017 Technical Report dated September 28, 2017 (filed on SEDAR and EDGAR).

**SCHEDULE “B”
AUDIT COMMITTEE CHARTER
OF NORZINC LTD. (THE “COMPANY”)**

Charter of the Audit Committee of the Board of Directors”

I. MANDATE

The Audit Committee (the “**Committee**”) is appointed by the Board of Directors (the “**Board**”) of NorZinc Ltd. (the “**Corporation**”) to assist the Board in fulfilling its oversight responsibilities relating to financial accounting and reporting process and internal controls for the Corporation. The Committee’s mandate and responsibilities are to:

- recommend to the Board the external auditors to be nominated and the compensation of such auditor;
- oversee and monitor the work and performance of the Corporation’s external auditors, including meeting with the external auditors and reviewing and recommending all renewals or replacements of the external auditors and their remuneration;
- pre-approve all non-audit services to be provided to the Corporation by the external auditors;
- review the financial statements and management’s discussion and analysis (MD&A) and annual and interim financial results press releases of the Corporation;
- oversees the integrity of internal controls and financial reporting procedures of the Corporation and ensure implementation of such controls and procedures;
- provide oversight to any related party transactions entered into by the Corporation.

II. AUTHORITY OF THE AUDIT COMMITTEE

The Committee shall have the authority to:

- engage independent counsel and other advisors as it determines necessary to carry out its duties;
- set and pay the compensation for advisors employed by the Audit Committee; and
- communicate directly with the external auditors.

III. COMPOSITION AND MEETINGS

- The Committee and its membership shall meet all applicable legal, regulatory and listing requirements, including those of all applicable securities regulatory authorities.
- The Committee shall be composed of three directors as shall be designated by the Board from time to time. The members of the Committee shall appoint from among themselves a member who shall serve as Chair. A minimum of two members of the Committee present either in person or by telephone shall constitute a quorum.

The Committee members will be elected annually at the first meeting of the Board following the annual general meeting of shareholders.

- Each member of the Committee shall be “independent” and shall be “financially literate” (as each such term is defined in Multilateral Instrument 52-110)
- The Committee shall meet at least quarterly, as circumstances dictate or as may be required by applicable legal or listing requirements.
- Any member of the Committee may participate in the meeting of the Committee by means of conference telephone or other communication equipment, and the member participating in a meeting pursuant to this paragraph shall be deemed, for purposes hereof, to be present in person at the meeting.

IV. RESPONSIBILITIES

- The Committee shall review the annual audited financial statements to satisfy itself that they are presented in accordance with applicable International Financial Reporting Standards and report thereon to the Board and recommend to the Board whether or not same should be approved, prior to their being

filed with the appropriate regulatory authorities. The Committee shall also review the interim financial statements.

- The Committee shall review any internal control reports prepared by management and the evaluation of such report by the external auditors, together with management's response.
- The Committee shall be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, management's discussion and analysis and annual and interim earnings press releases before the Corporation publicly discloses this information.
- The Committee shall review management's discussion and analysis relating to annual and interim financial statements and any other public disclosure documents, including interim earnings press releases, before the Corporation publicly discloses this information.
- The Committee shall meet no less frequently than annually with the external auditors to review accounting practices, internal controls and such other matters as the Committee deems appropriate.
- The Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
- The Committee shall provide oversight to any related party transactions entered into by the Corporation.
- In the event that the Corporation wishes to retain the services of the Corporation's external auditors for tax compliance or tax advice or any non-audit services the Chief Financial Officer of the Corporation shall consult with the Audit Committee, who shall have the authority to approve or disapprove such non-audit services. The Audit Committee shall maintain a record of non-audit services approved by the Audit Committee for each fiscal year and provide a report to the Board on an annual basis.
- The Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former auditors of the Corporation.
- The Committee shall perform any other activities consistent with this Charter and governing law, as the Committee or the Board deems necessary or appropriate.

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