Management's Discussion and Analysis

For the year ended December 31, 2018

As of March 15, 2019

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2018 RESULTS & RECENT HIGHLIGHTS

- Financial and Corporate
  - Announces new investment from RCF (May)
  - AGM supports new investment and new corporate plan (June)
  - New CEO confirmed (June)
  - $20M financing closes, NorZinc is debt free (July)
  - New technical and environment advisory committees formed (July)
  - Completes corporate reorganisation as NorZinc Ltd (Sept)
  - Completes restructuring of Newfoundland assets (Dec)
  - Cash at December 31, 2018 - $9.3 million (Dec)
  - Loss for Q4 2018 - $3.7 million (Dec)

- Permitting and Environmental – Prairie Creek
  - Site program clean-up undertaken (July-Sept)
  - Positive recommendation adopted by responsible ministers on ASR (Oct)
  - Completed third party environmental and permitting review (Oct)
  - Post-EA information package filed (Feb 2019)
  - All Season Road (ASR) advances to Permit drafting stage (March 2019)

- Project and Indigenous Groups – Prairie Creek
  - Multiple risk analyses undertaken (Mar-June)
  - Summer program included site infrastructure assessment (Aug-Oct)
  - Advanced environmental management agreement and ASR indigenous agreements (Dec)
  - Traditional Lands Use Agreement for ASR signed (Jan 2019)

PRELIMINARY NOTES AND INTRODUCTION

General

This Management's Discussion and Analysis ("**MD&A**"), dated March 15, 2019, relates to the results of operations and financial condition of NorZinc Ltd., (formerly Canadian Zinc Corporation), and its subsidiaries ("**NorZinc**" or the "**Company**" or "**NZC**") and is intended to be read in conjunction with the accompanying audited consolidated financial statements and notes thereto of the Company for the years ended December 31, 2018 and 2017 (the "**Annual Financial Statements**") and other corporate filings, including the Company's annual information form (on Form 20-F) for the year ended December 31, 2018 (the "**AIF**") all of which are available under the Company's profile on SEDAR at www.sedar.com.

Please see the section, "Cautionary Note Regarding Forward-Looking Statements" for a discussion of the risks, uncertainties and assumptions used to develop the Company's forward-looking information.

The Annual Financial Statements include the accounts of NorZinc and its wholly owned subsidiaries and have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board. The Company reports its financial information in Canadian dollars and all monetary amounts set forth herein are expressed in Canadian dollars unless specifically stated otherwise.

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 Business Corporations Act (British Columbia). 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 Arrangement was completed to facilitate future project financing of the Prairie Creek Project. The Arrangement leaves all the Prairie Creek property, assets, agreements and permits in place in the wholly-owned subsidiary. The common shares of NorZinc commenced trading on the Toronto Stock Exchange ("**TSX**") in September 2018, under the symbol "NZC" and on the OTCQB under the symbol "NORZF" and the former shares of Canadian Zinc were delisted from trading.

As a result of the Arrangement, the Company is considered to have continued CZN's mineral properties exploration and development business and has recorded the assets and liabilities of the CZN operations at book value. The Annual Financial Statements reflect the operations of CZN until September 6, 2018 and that of the Company thereafter. Reference in this MD&A to "the Company" refers to "CZN" prior to September 6, 2018 and in this MD&A, the terms "the Company" or "NorZinc" or "NZC" refer to NorZinc Ltd. and all its subsidiaries together, unless the context otherwise clearly requires.

Technical Information

All scientific and technical information in this MD&A has been reviewed and approved by Alan Taylor, P.Geo., Vice President of Exploration and Chief Operating Officer of the Company, a qualified person for the purposes of National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("**NI 43-101**").

For additional information regarding the Company's Prairie Creek Project, please see the technical report entitled "*Technical Report – Prairie Creek Property Feasibility Study NI 43-101 Technical Report*" dated effective September 28, 2017 (the "**Prairie Creek Technical Report**"), by H.A. Smith, L.P. Staples, S. Elfen, G.Z. Mosher, F. Wright and D. Williams on the Company's profile at www.sedar.com.

For additional information regarding the Company's LeMarchant deposit, including the key assumptions, parameters and methods used to estimate the updated mineral resource estimate, please see the technical report entitled "*NI 43-101 Technical Report and Updated Mineral Resource Estimate on the LeMarchant Deposit South Tally Pond Property, Central Newfoundland, Canada*" prepared by Michael Cullen, Matthew Harrington and Michael J. Vander, dated effective September 20, 2018.

Mineral resources that are not mineral reserves do not have demonstrated economic viability. Inferred mineral resources are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves and there is no certainty that all or any part of an inferred mineral resource will ever be upgraded to a measured or indicated mineral resource or to a mineral reserve.

Background

The principal business activity of the Company and its wholly-owned subsidiaries Canadian Zinc Corporation and NorZinc-Newfoundland Ltd., is the exploration and development of natural resource properties. The Company's key project is the wholly-owned Prairie Creek Project. The Company also owns an extensive mineral land package in central Newfoundland.

The Company's registered and records office is located at Suite 1710, 650 West Georgia Street, PO Box 11644, Vancouver, British Columbia, Canada, V6B 4N9. The Company currently exists under the Business Corporations Act (British Columbia) and its common shares are listed on the Toronto Stock Exchange under the symbol "NZC" and on the OTCQB under the symbol "NORZF".

The Company is considered to be in the exploration and development stage given that its exploration properties are not yet in production and, to date, have not earned any significant revenues. The recoverability of amounts shown for exploration and evaluation assets on the Company's balance sheet is dependent on the existence of economically recoverable mineral reserves, obtaining and/or maintaining the necessary permits to operate a mine, obtaining the financing to complete development and construction and future profitable mine production.

OVERVIEW AND OVERALL PERFORMANCE

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 (the "**Prairie Creek Property**", "**Prairie Creek Project**" or "**Prairie Creek Mine**"). The Prairie Creek Property is subject to a 1.2% 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. 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.

Using the base case metal prices and an exchange rate of CA$1.35=US$1.00 would increase the pre-tax $NPV_{8\%}$ to $500 million and the IRR to 29.5%. Using a zinc price of US$1.20 per lb., with all other base case inputs and a foreign exchange rate of CA$1.25=US$1.00 increases the pre-tax $NPV_{8\%}$ to $410 million and the IRR to 26.2%. Using a zinc price of US$1.20 per lb., with all other base case inputs and a foreign exchange rate of CA$1.375=US$1.00 increases the pre-tax $NPV_{8\%}$ to $574 million and the IRR to 31.9%.

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 All Season Road

<u>Regulatory Approval</u>

On September 12, 2017, the Mackenzie Valley Environmental Impact Review Board (the "**Review Board**") recommended approval of the proposed All Season Road for the Prairie Creek Mine. The Review Board issued its *Report of Environmental Assessment and Reasons for Decision* for the Prairie Creek All Season Road Project for the Prairie Creek Mine (the "**EA Report**") and submitted the EA Report to the Federal Minister of Crown-Indigenous Relations and Northern Affairs. The Review Board recommended that approval of the All Season Road be granted subject to implementation of the measures described in the EA Report, which it considers are necessary to prevent significant adverse impacts on the environment and local people.

On October 9, 2018, the Minister of Crown-Indigenous Relations, on behalf of the Responsible Ministers, issued a decision adopting the Review Board's recommendation that the All Season Road for the Prairie Creek Mine be approved, subject to the same conditions as the EA Report. The full texts of the correspondence related to this process may be viewed on the public registry website of the Review Board.

The Environmental Assessment ("**EA**") of the ASR was completed in 2018. With the Company's submission of the requested Post-EA Information Package in February 2019, subsequently deemed complete in March 2019, the ASR permit has now entered the final permitting stage jointly with the Mackenzie Valley Land and Water Board ("**Water Board**") and Parks Canada (jointly "**MVLWB & Parks**"), with a permit expected, based on the schedule provided by the regulators, to be received in the third quarter of 2019. The permit is expected to incorporate the recommended mitigation measures included in the EA Report.

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.

<u>Indigenous Agreements</u>

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 Łíídlįį Kų́ę́ 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 NDDB, LKFN and the Company in the development, project design, ongoing review and monitoring, as well as modification of follow-up programs to mitigate potential effects on the environment and to provide transparency and oversight to local communities.

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

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 planned to commence from a winter road in early 2020 and continue into 2022, in parallel with continuous and ongoing site construction and project development.

2018 Operations

The Prairie Creek Project site was re-opened at the beginning of June 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.

The Company is now considering refurbishing some of those items in the 2019 site season prior to main construction activities planned for 2020. An upgrade of the communication infrastructure was also completed along with the repair of mobile equipment.

Other 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:

(i) 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.

(ii) 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).

(iii) 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.

The Company also plans to make the following applications:

(i) Amendment to exploration Water Licence MV2001L2-0003, which will expire on September 9, 2019 to extend the term.

(ii) Replacement of underground exploration Land Use Permit MV2012C0008 which will expire on May 10, 2019 and which is not extendable as it has already been extended by two years.

(iii) Replacement of Land Use Permit MV2008D0014, which will expire in June 2020, and which is not extendable as it has already been extended by two years.

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 VI CAD LLC ("**RCF VI CAD**"), a subsidiary of RCF VI, pursuant to which RCF VI CAD 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 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 VI CAD.

On July 10, 2018, the Company closed the $20 million financing and issued 100 million units to RCF VI CAD 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.

In conjunction with the closing of the financing, the existing Investor Agreement with RCF VI was amended and restated to include RCF VI CAD and to provide for the right of RCF VI CAD 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 VI CAD. As a result of the financing, RCF VI CAD holds approximately 41% of the issued shares of the Company on a non-diluted basis.

The Company is working with HCF International Advisers as financial advisers to facilitate the raising of project debt financing of up to 70% of the capital expenditures required for the Prairie Creek Mine. A temporary slowdown was placed on discussions in June 2018 due to the extended time of approving the ASR, but discussions have recommenced. The market for project lending is currently reasonably strong, however, as described in the Risks 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 reported an updated Mineral Resource Estimate for the 100% owned Lemarchant zinc-lead-copper-gold-silver VMS deposit. The Lemarchant deposit is located 20 km from Teck's past-producing Duck Pond copper-zinc mine.

A summary of the new 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 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: 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

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 $19/oz Ag.*
3. *Metal recoveries used were 91.46% Zn, 82.42% Pb, 79.50% Cu, 84.23% Au and 68.22% Ag and are based on the 2017 Central Milling Facility Assessment prepared by Thibault & Associates Ltd.*
4. *ZnEq% = Zn% + ((Pb% * 22.046 * 0.8242*1.00) + (Cu% * 22.046 * 0.795 * 3.21) + (Ag g/t/31.10348 * 0.6822 * 19) + (Au g/t/31.10348 * 0.8423 * 1351))/(1.10 * 22.046 *0.9146)*
5. *$BaSO_4$ % (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 updated Mineral Resource Estimate was prepared for the Company by Mercator Geological Services Limited of Dartmouth, Nova Scotia. The updated Mineral Resource estimate for Lemarchant 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 updated 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 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.

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 a wholly-owned subsidiary, Canadian Zinc Corporation, which in turn has a wholly-owned subsidiary, Paragon Minerals Corporation (“**Paragon**”), which is organized under the laws of Canada and a wholly-owned subsidiary Messina Minerals Inc. (“**Messina**”), which is organized under the laws of British Columbia. In January 2019, the Company amalgamated Paragon and Messina into one entity, renamed the entity NorZinc-Newfoundland Ltd., and transferred ownership from CZN to NorZinc.

MARKETING

The Company has 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 to expire on December 31, 2018 and has been extended to June 30, 2019. The Company is continuing discussions with Boliden on the further extension and possible addition of lead concentrate to the Boliden MOU.

OUTLOOK AND FACTORS AFFECTING PERFORMANCE

NorZinc’s focus for 2019 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 MD&A and the Company’s most recent AIF.

At December 31, 2018, the Company had cash and cash equivalents and short-term investments totaling $9.3 million and a working capital balance of $8.3 million. The long-term price outlook for zinc and lead remains positive. Supported by the robust 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, various care-and-maintenance programs were completed over the summer of 2018. Further de-risking programs will continue in 2019 and include detailed engineering and design of the mine facilities, assessment of, and proposals for, rehabilitation of certain site facilities in anticipation of construction, including site cranes, accommodation, the mill roof and some electrical facilities. The Company will be considering refurbishment of some of those items in the 2019 summer season, prior to main construction activities planned for 2020.

On the permitting and environmental side, the Company received a positive recommendation of the EA Report by the Responsible Ministers in October 2018 and has now moved from the EA process to the permitting phase for the issue of the land use permits for the ASR by the MVLWB & Parks. The regulatory phase is expected, based on the schedule provided by the regulators, to be completed in the third quarter of 2019.

The Company concluded an important TLUA agreement with NDDB and is negotiating the RBA agreement with LKFN, all the while continuing engagement with both Indigenous groups on the implementation of various mitigation measures recommended by the Review Board in the EA Report of the 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, due to the extended time of approving the ASR, but discussions have recommenced with a target for financing in the latter part of 2019. 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.

SELECTED ANNUAL FINANCIAL INFORMATION

The following financial data is derived from the Annual Financial Statements and should be read in conjunction with the Annual Financial Statements.

	Year ended December 31,		
	2018	**2017**	**2016**
Statement of Comprehensive Loss			
Comprehensive loss	$ (11,619)	$ (11,074)	$ (5,077)
Basic and diluted loss per share	(0.04)	(0.04)	(0.02)
Statement of Financial Position			
Cash, cash equivalents and short-term investments	9,285	13,010	9,845
Total assets	17,846	21,565	18,497
Total liabilities	3,300	15,898	2,598
Shareholders' equity	14,546	5,667	15,899

(prepared in accordance with IFRS; thousands of Canadian dollars except per share amounts)

The Company is at the exploration and evaluation stage and does not generate revenue or cash flows from operations. There have been no distributions or cash dividends declared or paid. The losses in all years represent exploration and evaluation expenditures incurred on the Company's mineral properties.

FOURTH QUARTER

During the fourth quarter of 2018, the Company incurred a loss of $3,703,000 (Q4 2017 - $2,818,000) mainly due to continued exploration and evaluation expenditures. Exploration and evaluation expenses incurred in the fourth quarter of 2018 amounted to $2,255,000 (Q4 2017 - $2,494,000) as the Company continued work on permitting of the Prairie Creek ASR.

SUMMARY OF QUARTERLY RESULTS

The following financial information is derived from the Company's financial statements prepared in accordance with IFRS and presented in Canadian dollars.

(Unaudited) Quarter ended	Investment Income	Net Loss	Net Loss per Common Share – basic and diluted
December 31, 2018	$ 61	$ (3,703)	$ (0.01)
September 30, 2018	46	(3,450)	(0.01)
June 30, 2018	37	(2,635)	(0.01)
March 31, 2018	29	(1,831)	(0.01)
December 31, 2017	10	(2,818)	(0.01)
September 30, 2017	16	(2,456)	(0.01)
June 30, 2017	19	(3,238)	(0.01)
March 31, 2017	23	(2,562)	(0.01)

(prepared in accordance with IFRS; thousands of Canadian dollars except per share amounts)

The Company completed an equity financing in the third quarter of 2018 and entered into a loan agreement in the fourth quarter of 2017 which increased cash, cash equivalents and short-term investments and provided the Company with increased investment income. Investment income decreased in all other periods as the Company funded its operating activities. In addition, the rate of return for such investments has remained low for all eight quarters.

The net losses reported in all quarters were significantly affected by the Company’s exploration and evaluation costs which, in accordance with the Company’s accounting policy, are expensed as incurred. The first two quarters of 2017 were also affected by higher amounts of share-based compensation.

REVIEW OF FINANCIAL RESULTS

This review of the results of operations should be read in conjunction with the Annual Financial Statements and other public disclosure documents of the Company.

The Year Ended December 31, 2018 Compared to the Year Ended December 31, 2017

For the year ended December 31, 2018, the Company reported a net loss and comprehensive loss of $11,619,000 compared to a net loss and comprehensive loss of $11,074,000 for the year ended December 31, 2017.

Included in the loss for the year ended December 31, 2018, were exploration and evaluation expenditures of $5,893,000 compared to $8,723,000 for the previous year and share-based compensation charges of $677,000 in the current year versus $842,000 in the comparable year. The Company also recorded a loss on currency translation of $556,000 and accrued interest of $679,000 in the year ended December 31, 2018 compared to a gain on currency translation of $148,000 and accrued interest of $28,000 in the year ended December 31, 2017. The Company also recorded a tax deduction recovery in the amount of $267,000 in the year ended December 31, 2017 with no comparable amount in the current year. The tax deduction recovery was in respect of flow-through shares previously issued.

Exploration and Evaluation Costs

For the year ended December 31, 2018, the Company expensed $5,835,000 on its exploration and evaluation programs at Prairie Creek compared to $5,542,000 for the year ended December 31, 2017. The Company was engaged in mine planning and feasibility studies in the comparative year as well as permitting for the All Season Road in both years.

For the year ended December 31, 2018, the Company also expensed $58,000 on its exploration and evaluation properties in central Newfoundland compared to $3,181,000 in the comparative year. The Company concluded a multi-phase exploration program in 2017 and spent 2018 compiling a technical report released in the latter part of the year.

Revenue and Investment Income

The Company does not generate any cash flows from operations. To date, the Company has not earned any significant revenues other than interest and related investment income. Investment income for the year ended December 31, 2018 was $173,000 versus $68,000 for the comparative year. The increase is attributable to the overall increase in amounts available for investment during the current year versus the comparative year.

Administrative Expenses

The Company recorded administrative expenses (excluding share-based compensation and depreciation) of $3,940,000 for the year ended December 31, 2018 versus $1,914,000 for the comparative year. The increase is predominantly due to increased management costs and professional fees in the current periods. Increased management costs include salary increases and a retirement allowance for the former CEO and increased professional fees include corporate reorganization costs and executive recruitment fees.

Share-Based Compensation

The non-cash expense, share-based compensation, was estimated to be $677,000 for the year ended December 31, 2018 versus $842,000 for the comparative year. The decrease is due to the decreased amount of stock options issued throughout both years.

Other Income (Expenses)

The Company recorded a loss on foreign currency translation and accrued loan interest in the amounts of $556,000 and $679,000 respectively, for the year ended December 31, 2018 compared to a gain on foreign currency translation and accrued loan interest in the amount of $148,000 and $28,000 respectively, for the year ended December 31, 2017. The foreign currency translation loss was recorded to revalue the US dollar loan to Canadian dollars upon repayment and as at the end of December 31, 2017. The accrued loan interest was in respect of the Project Bridge Loan with RCF VI as outlined in Note 9 of the Company's Annual Financial Statements.

The Year Ended December 31, 2017 Compared to the Year Ended December 31, 2016

For the year ended December 31, 2017, the Company reported a net loss and comprehensive loss of $11,074,000 compared to a net loss and comprehensive loss of $5,077,000 for the year ended December 31, 2016.

Included in the loss for year ended December 31, 2017, were exploration and evaluation expenditures of $8,723,000 compared to $2,428,000 for the previous year and share-based compensation charges of $842,000 in the current year versus $1,104,000 in the comparable year. The Company also recorded a gain on currency translation and a tax deduction recovery in the amount of $148,000 and $267,000 respectively with no comparable amounts in the year ended December 31, 2016.

Exploration and Evaluation Costs

For the year ended December 31, 2017, the Company expensed $5,542,000 on its exploration and evaluation programs at Prairie Creek compared to $1,857,000 for the year ended December 31, 2016. The Company was engaged in mine planning and feasibility studies as well as the environmental assessment of permits for the All Season Road in both years.

For the year ended December 31, 2017, the Company also expensed $3,181,000 on its exploration and evaluation properties in central Newfoundland compared to $571,000 for the comparative year. The Company began a multi-phase exploration program in the last quarter of 2016 which concluded at the end of 2017.

Revenue and Investment Income

The Company does not generate any cash flows from operations. To date the Company has not earned any significant revenues other than interest and related investment income. Investment income for the year ended December 31, 2017 was $68,000 versus $60,000 for the comparative year. The increase is attributable to the overall increase in amounts available for investment during the current year versus the comparative year.

Administrative Expenses

The Company recorded administrative expenses (excluding share-based compensation and depreciation) of $1,914,000 for the year ended December 31, 2017 versus to $1,621,000 for the comparative year. The slight increase is predominantly due to increased salary costs in the current year.

Share-Based Compensation

The non-cash expense, share-based compensation, was estimated to be $842,000 for the year ended December 31, 2017 versus $1,104,000 for the comparative year. The decrease is due to not issuing RSUs in 2017 (2016 - 1,900,000) to senior officers; the issuance of DSUs (in the amount of 662,440 in 2017 and 376,034 in 2016) to independent directors; and not issuing of stock options in 2017 (2016 - 5,200,000) to directors, officers and employees.

Other Income (Expenses)

The Company reported a gain on foreign currency translation and a tax deduction recovery in the amount of $148,000 and $267,000 respectively, for the year ended December 31, 2017 with no comparable gain or recovery in the comparative year. The foreign currency translation gain was recorded to revalue the US dollar loan to Canadian dollars as at December 31, 2017. The tax deduction recovery was in respect of flow-through shares previously issued.

LIQUIDITY, FINANCIAL CONDITION AND CAPITAL RESOURCES

At December 31, 2018, the Company had a positive working capital balance of $8,327,000 which included cash and cash equivalents of $9,253,000 and short-term investments of $32,000. The Company is debt free, having repaid the Project Bridge Loan, including accrued interest, in full on July 10, 2018.

At December 31, 2017, the Company had cash and cash equivalents of $12,979,000, short-term investments of $31,000 and a positive working capital balance of $11,791,000. The Project Bridge Loan was classified as a long-term liability at December 31, 2017.

Accounts payable and accrued and other liabilities at December 31, 2018 were $1,396,000 compared to $1,647,000 as at December 31, 2017.

Cash inflows from financing activities totaled $6,168,000 for the year ended December 31, 2018 compared to $12,538,000 for 2017, due to the Company’s financing activities in the third quarter of 2018 and the fourth quarter of 2017. During the third quarter of 2018, the Company closed a $20 million equity financing with RCF VI CAD and issued capital stock for a net inflow of $19,839,000 which was offset by the loan repayment of $13,107,000, loan interest of $546,000 and the cancellation of shares in the amount of $18,000.

The Company has no operating revenue other than interest income, with a history of reported losses, largely attributable to exploration and development expenses. The ability of the Company to carry out its planned business objectives is dependent on its ability to raise adequate financing from lenders, shareholders and other investors.

In particular, 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.

Accordingly, 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. If the Company is unable to obtain adequate additional financing, the Company will be required to curtail operations, exploration and development activities. These conditions indicate the existence of material uncertainties which cast significant doubt about the Company's ability to continue as a going concern. This is discussed in more detail in the "Risk Factors" section in this MD&A.

The following table reflects the Company's aggregate contractual commitments as of December 31, 2018:

(thousands of Canadian dollars)		Payment due by period			
Contractual Obligations	**Total**	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
Operating lease obligation (1)	$ 454	$ 153	$ 301	$ -	$ -
Decommissioning provision (2)	2,838	-	-	-	2,838
Annual fees and taxes (3)	750	75	150	225	300
Total Contractual Obligations	$ 4,042	$ 228	$ 451	$ 225	$ 3,138

(1) Represents obligations under operating leases for office space and equipment.
(2) The decommissioning liability obligation represents undiscounted costs which are anticipated to be predominantly incurred at the end of the life of the Prairie Creek Mine, which is estimated to be 2037. The liability is supported by a letter of credit deposited with the Government of the Northwest Territories secured by a pledge of restricted cash.
(3) Includes the annual fees related to the Company's mining leases, surface leases and mineral claims which total approximately $45,000 per annum and property taxes of approximately $30,000 per annum.

During 2017, Canada Revenue Agency ("**CRA**") performed an audit of the tax filings of the Company for fiscal years, including 2013, 2014 and 2015, and denied certain expenditures which the CRA determined did not qualify for flow-through treatment related to the flow-through subscription agreements dated August 20, 2013 and issued reassessments disallowing $1,138,896 of flow-through exploration expenditures, representing approximately 28% percent of the $4,005,200 expenditures renounced to subscribers. The Company strongly disagrees with the determination and reassessments and has filed objections disputing the reassessments and is awaiting CRA's reply. In the flow-through subscription agreements dated August 20, 2013, the Company agreed that in the event CRA reduces the amount renounced it will indemnify and hold harmless the subscriber and pay the amount of any tax payable as a consequence of such reduction. The Company has not recognized the potential indemnity claim as a liability as it does not consider it probable that there will be an amount payable relating to this matter. The full amount of the potential indemnity is estimated at approximately $700,000.

OUTSTANDING SHARE DATA

As at the date of this MD&A, the Company has 370,898,330 common shares issued and outstanding. In addition, there are outstanding stock options and outstanding share units that upon exercise would cause the issuance of a further 14,610,000 and 9,925,647 common shares respectively.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements as at the date of this MD&A.

TRANSACTIONS BETWEEN RELATED PARTIES

On December 22, 2017, the Company entered into a Project Bridge Loan with RCF VI pursuant to which RCF VI provided an interim non-convertible project loan in the amount of US$10 million bearing an interest rate of 8%, payable quarterly. The Project Bridge Loan was repaid in full on July 10, 2018.

On July 10, 2018, the Company closed a $20 million financing and issued 100 million Units to RCF VI CAD at a price of $0.20 per Unit. Each Unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant entitled RCF VI CAD to purchase one common share at an exercise price of $0.25 per share until December 31, 2018 and expired unexercised. As a result of the financing, RCF VI CAD holds approximately 41% of the issued shares of the Company on a non-diluted basis.

During the year ended December 31, 2018, the Company incurred due diligence costs with RCF VI CAD in the amount of $172,000 with no comparable amount in the year ended December 31, 2017.

During the year ended December 31, 2018, the Company incurred rent expense in the amount of $24,000 (2017 - $24,000 and 2016 - $24,000) with Buchans Minerals Corporation, a corporation in which the Chairman of the Company, John F. Kearney, serves as a director and with which the Company has an office sharing arrangement. These transactions were within the normal course of business and have been recorded at amounts agreed to by the transacting parties.

During the year ended December 31, 2018, the Company incurred short-term employee remuneration and benefits to officers and directors in the amount of $1,569,000 (2017 - $868,000 and 2016 - $650,000) and recognized share-based compensation for officers and directors in the amount of $668,000 (2017 - $775,000 and 2016 - $986,000).

There was no amount owing to related parties or included in accounts payable and accrued and other liabilities at December 31, 2018 nor was there an amount recorded at the end of the previous year.

SIGNIFICANT ACCOUNTING POLICIES

IFRS Standards Adopted

As of January 1, 2018, the Company adopted the new and amended IFRS pronouncements in accordance with transitional provisions outlined in the respective standards. The adoption of these standards did not have a material impact on the consolidated results, financial position or accounting policies of the Company. Significant standards adopted include the following:

IFRS 9, Financial Instruments ("IFRS 9")

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities and supersedes the guidance relating to the classification and measurement of financial instruments in IAS 39, *Financial Instruments: Recognition and Measurement ("IAS 39")*.

IFRS 9 requires financial assets to be classified into three measurement categories on initial recognition: those measured at fair value through profit and loss, those measured at fair value through other comprehensive income and those measured at amortized cost. Investments in equity instruments are required to be measured by default at fair value through profit or loss. For financial liabilities, IFRS 9 retains most of the IAS 39 requirements.

The Company has classified cash and cash equivalents; short-term investments; and restricted cash as fair value through profit and loss. Other receivables; accounts payable; accrued and other liabilities; and loan payable have been classified as being measured at amortized cost. The Company does not have any financial instruments measured at fair value through other comprehensive income.

IFRS 15, Revenue from Contracts with Customers ("IFRS 15")

The new revenue standard introduces a single principles-based, five-step model for the recognition of revenue when the control of goods is transferred to, or a service is performed for, the customer. IFRS 15 also requires enhanced disclosures about revenue to help users better understand the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

IFRS Standards Issued But Not Yet Effective

There are a number of new standards, amendments to standards and interpretations, which are not yet effective for the year ended December 31, 2018, and have not been applied in preparing the Company's consolidated financial statements. The Company considers the following standard to be the most significant and is not a complete list of new pronouncements that may impact the Company's Annual Financial Statements.

IFRS 16, Leases ("IFRS 16")

On January 13, 2016, the International Accounting Standards Board published a new standard, IFRS 16, *Leases*, eliminating the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Under the new standard, a lease becomes an on-balance sheet liability that attracts interest, together with a new right-of-use asset. There are optional exemptions for short-term leases and leases of low value items. In addition, lessees will recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant. IFRS 16 replaces existing leases guidance including IAS 17, *Leases*, IFRIC 4, *Determining whether an Arrangement contains a Lease*, SIC-15, *Operating Leases—Incentives* and SIC-27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The required adoption date for IFRS 16 is January 1, 2019. IFRS 16 may be applied retrospectively to each prior period presented (full retrospective approach), or with the cumulative effect of adoption recognized at initial application (modified retrospective approach). The Company has elected to apply the modified retrospective approach upon adoption at January 1, 2019, measuring the right-of-use asset at its carrying amount had the standard been applied at commencement of the lease. The Company intends to use the optional exemption for short-term leases and leases for which the underlying asset is of low value and to use the cumulative catch-up approach upon transition.

In addition, the nature of expenses related to those leases will now change as IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. The classification between cash flow from operating activities and cash flow from financing activities will also change as a result of implementing IFRS 16.

Based on lease data as at December 31, 2018, a new right-of-use asset, recognizing the Company's office facility leases, will be recognized at approximately $207,000 (increase in assets); the corresponding lease liability will be recorded at approximately $180,000 (increase in liabilities); and the difference of $27,000 (decrease in equity) will be recognized as an adjustment to retained earnings with all adjustments effective as at January 1, 2019. The full quantification of the new standard will be disclosed in the Company's condensed consolidated interim financial statements for the first quarter of 2019.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Management uses its best estimates for these purposes, based on assumptions that it believes reflect the most probable set of economic conditions and planned courses of action. Actual results may differ from these estimates. The critical accounting estimates used in determining the Company's financial results and position are listed below.

Going Concern

The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for the development of the Prairie Creek Mine and exploration of the Newfoundland properties and for working capital requirements. In concluding the Company is a going concern, management considers funds on hand at year end, planned expenditures for at least 12 months from the balance sheet date and strategic objectives in its assessment. Due to the nature of its business, management increases or decreases administrative and exploration expenditures based on available working capital. Judgments must also be made with regard to events or conditions which might give rise to significant uncertainty.

Valuation of Exploration and Evaluation Assets

Significant judgment is required when determining whether facts and circumstances suggest that the carrying amount of exploration and evaluation assets may exceed its recoverable amount. Significant judgment must be exercised in determining when a project of the Company moves from the exploration and evaluation phase and into the development phase. The existence and extent of proven or probable mineral reserves; retention of regulatory permits and licences; the availability of development financing; current and future metal prices; and market sentiment are all factors considered by the Company. Accordingly, the Company having not secured development financing has deemed all projects to be in the exploration and evaluation phase.

Decommissioning Provision

Decommissioning provisions are recognized in the period in which they arise and are stated at the best estimate of the present value of estimated future costs. These estimates require significant judgment about the nature, cost and timing of the work to be completed, and may change with future changes to costs, environmental laws, regulations and remediation practices and the expected timing of remediation work.

Share-based compensation

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value of share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating the fair value of share-based payment transactions are disclosed in the Company's Annual Financial Statements.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities, including derivative instruments, are initially recognized at fair value on the balance sheet at the time the Company becomes a party to the relevant contractual provisions. Measurement in subsequent periods depends on the financial instrument's classification.

The Company classifies financial instruments at initial recognition in one of the following three categories: fair value through profit and loss ("**FVTPL**"), fair value through other comprehensive income ("**FVTOCI**") or at amortized cost.

Financial assets and liabilities classified as FVTPL are initially measured at fair value with unrealized gains and losses recognized through earnings. Transaction costs are expensed in the consolidated statement of income (loss). The Company has classified its cash and cash equivalents, short-term investments and restricted cash as FVTPL.

Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, the investments are measured at fair value, with gains and losses arising from changes from initial recognition recognized in other comprehensive income. The Company does not have financial instruments measured at FVTOCI.

Financial assets and liabilities at amortized cost are initially recognized at fair value net of transaction costs, and subsequently carried at amortized cost adjusted by any impairment. The Company has classified other receivables, accounts payable, accrued and other liabilities and loan payable as being measured at amortized cost.

The following table reflects the Company's categories of financial instruments, all classified under fair value hierarchy Level 1 (as outlined in IFRS 9), as at the specified date:

		(Unaudited, thousands of Canadian dollars)	
		December 31, 2018	December 31, 2017
Cash and cash equivalents	FVTPL	$ 9,253	$ 12,979
Short-term investments	FVTPL	32	31
Other receivables	Amortized cost	221	379
Restricted cash	FVTPL	2,075	2,075
Accounts payable	Amortized cost	(635)	(1,258)
Accrued and other liabilities	Amortized cost	(761)	(389)
Loan payable	Amortized cost	-	(12,417)

In respect of financial assets, the Company's policy is to invest cash at floating rates of interest and cash reserves are to be maintained in cash equivalents in order to maintain liquidity. Fluctuations in interest rates impact the value of cash equivalents. Included in the net loss for the year ended December 31, 2018, is investment income on the Company's cash and cash equivalents and short-term investments. As at December 31, 2018, with other variables unchanged, a 1% increase or decrease in the prime interest rate would have resulted in a decrease or increase, respectively, to net loss of approximately $60,000. The Company does not have any debt obligations which expose it to interest rate risk.

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company does not currently generate any revenues from sales to customers nor does it hold derivative type instruments that would require a counterparty to fulfil a contractual obligation resulting in credit risk. The Company seeks to hold its cash and cash equivalents, short-term investments and restricted cash with reputable financial institutions.

The Company considers the following financial assets to be exposed to credit risk: cash and cash equivalents, short-term investments, and restricted cash. The carrying value of these financial assets at December 31, 2018 is $11,360,000 (December 31, 2017 - $15,085,000). At December 31, 2018, the Company's cash and cash equivalents, short-term investments and restricted cash were invested with two Canadian financial institutions.

Liquidity risk encompasses the risk that the Company cannot meet its financial obligations as they fall due. The Company ensures that there is sufficient capital in order to meet short-term business requirements. The Company's policy is to invest cash at floating rates of interest, while cash reserves are maintained in cash equivalents in order to maintain liquidity after taking into account the Company's holdings of cash equivalents, money market investments, and receivables. As at December 31, 2018, the Company had positive working capital of $8,327,000 (December 31, 2017 - $11,791,000).

The ability of the Company to carry out its planned business objectives 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. 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. This is discussed in more detail in the "Risk Factors" section in this MD&A.

INTERNAL CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company's disclosure controls and procedures are designed to provide reasonable assurance that material items requiring disclosure by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislations are recorded, processed, summarized and reported within the time periods specified in the securities legislation and include controls and procedures designed to ensure that information required to be disclosed by the Company in its annual filing, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the Company's management, including its Chief Executive Officer ("**CEO**") and Chief Financial Officer ("**CFO**"), as appropriate to allow timely decisions regarding required disclosure.

As required under National Instrument 52-109 *Certificate of Disclosure in Issuer's Annual and Interim Filings* ("**NI 52-109**") and applicable securities legislation in the United States, the CEO and the CFO of the Company have evaluated the design and effectiveness of the Company's disclosure controls and procedures as of December 31, 2018 and have concluded that such disclosure controls and procedures were operating effectively at that date.

It should be noted that, while the Company's CEO and CFO believe that the Company's disclosure controls and procedures provide a reasonable level of assurance and that they are effective, they do not expect that the disclosure controls and procedures can prevent all errors or mistakes. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Internal Control over Financial Reporting

Management is responsible for designing, establishing and maintaining a system of internal controls over financial reporting to provide reasonable assurance that the financial information prepared by the Company for external purposes is reliable and has been recorded, processed and reported in an accurate and timely manner in accordance with IFRS.

As required under NI 52-109 and based on current securities legislation in Canada and the United States, the CEO and the CFO of the Company have evaluated the design and effectiveness of the Company's internal controls and procedures over financial reporting as of December 31, 2018 and have concluded that such internal controls and procedures were operating effectively at that date.

On June 27, 2018, John F. 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.

RISK FACTORS

In conducting its business, NorZinc faces a number of risks and uncertainties, many of which are beyond its ability to control or predict. Because of these risks and uncertainties, actual results may differ materially from those expressed or implied by forward-looking statements, and investors are cautioned not to place undue reliance on such statements, which speak only as of the date hereof. Investors are urged to review the discussion of risk factors associated with the Company's business as set out in the Company's most recent Annual Information Form (on Form 20-F) as well as in the Company's Annual Financial Statements (under the headings "Nature of Operations and Going Concern" and "Significant Accounting Policies" and elsewhere within that document) and its other disclosure documents, all as filed on the SEDAR website at www.sedar.com.

Additional risks and uncertainties not currently known to the Company or that the Company currently deems to be immaterial may also impair the Company, and the Company's failure to successfully address any such risks and uncertainties could have a material adverse effect on its business, financial condition and/or results of operations, and the future trading price of its common shares may decline and investors may lose all or part of their investment. The risk factors outlined in this section and elsewhere in this MD&A should be carefully considered by investors when evaluating an investment in the Company.

Financing and 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 continue as a going concern and to carry out its planned business objectives, including the successful development of the Company's Prairie Creek Property will depend upon the Company's ability to obtain financing through private placement financing, public financing, the joint venturing of projects, bank financing or other means. There is no assurance that the Company will continue to be able to obtain additional financial resources or that such additional financing will be available to the Company on a timely basis or on acceptable terms. There are no assurances that the Company will be successful in obtaining the required financing and/or achieve positive cash flows or profitability. These conditions indicate the existence of material uncertainties which cast significant doubt about the Company's ability to continue as a going concern.

History of Losses and No Assurance of Profitable Operations

The Company has a history of losses and no assurance of profitable operations.

The Company has incurred cumulative losses since inception of $137,285,000 through December 31, 2018, which includes $89,885,000 of exploration and development expenditures on the Prairie Creek Property and $7,406,000 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.

Permitting

The Company's operations are subject to permitting, environmental and other regulatory requirements which 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.

Environmental and Other Regulatory Requirements

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. United Nations proposals for a global treaty on mercury, 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. 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. In 2009 *"An Act to Amend the Canada National Parks Act to enlarge Nahanni National Park Reserve of Canada"* was enacted, which also 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. Additional discussion on the impact of reclamation costs is included in this MD&A in the section “Critical Accounting Estimates and Judgments”.

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.

Political and Legislative

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 impact 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 impact 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 is developing a new *Mineral Resources Act* and is considering making 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, if implemented, will increase the cost of power supply to the Company's projects. The Government of the Northwest Territories has committed to meet the federal benchmark for carbon pricing by 2019 and plan to introduce a territorial carbon tax effective July 1, 2019 based on $20 per tonne 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 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.

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 Federal Government first attempted to negotiate land claim settlements in the Northwest Territories, with the Dene/Metis in the late 1980s without success. Subsequently, settlement agreements were reached first with the Gwich'in and Sahtu Dene/Metis people and later with the Tlicho in 2005.

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.

The parties also agreed to enter into negotiations for the purpose of concluding an Interim Resource Development Agreement with the objective of fostering resource development in the Dehcho Territory and to accrue benefits from Canada to the Dehcho First Nations. An Interim Resource Development Agreement was signed on April 17, 2003 under which Canada agreed to provide to the Dehcho First Nations a percentage of Federal resource royalties collected from the Dehcho area of the Mackenzie Valley.

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 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 Tłįchǫ 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.

As part of devolution, the Government of the Northwest Territories also entered into the Northwest Territories *Intergovernmental Resource Revenue Sharing Agreement* with the Inuvialuit Regional Corporation, Northwest Territory Métis Nation, Sahtu Secretariat Incorporated, Gwich'in Tribal Council, and Tłįchǫ Government. The Resource Revenue Sharing agreement sets out terms and conditions for the sharing of resource revenues from public lands in the Northwest Territories among the Government of the Northwest Territories and Aboriginal government signatories to the Devolution Agreement. The Government of the Northwest Territories has committed to share up to 25% of its resource revenues with these Aboriginal governments.

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.

Impact and Benefit Agreements with Aboriginal Groups

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.

Metal Prices and Marketability of Concentrates

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. United Nations proposals for a global treaty on mercury, 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 expires on June 30, 2019 and discussions have commenced with Boliden on the extension or revision to this MOU. 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. 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.

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.

Exploration and Evaluation

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.

Uncertainty in the Estimation of Mineral Reserves and Mineral Resources

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.

Insurance and Uninsured Risks

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.

Title Matters

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.

Executives and 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, its Vice President of Exploration and Chief Operating 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

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.

Competition

The resource industry is very competitive.

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.

Information Technology Systems Disruption

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.

Climate Change

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.

Share Price Volatility

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

As of the date of this MD&A, there were 370,898,330 common shares outstanding and the Company had 14,610,000 share purchase options and 9,925,647 share units outstanding. The exercise or payout of all the existing share purchase options, warrants and share units would result in a percentage ownership dilution to the existing shareholders.

Potential Future Equity Financings

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.

ADDITIONAL INFORMATION AND CAUTIONARY STATEMENTS

Additional information relating to the Company is contained in the Company's AIF in respect of the financial year ended December 31, 2018, available under the Company's profile on SEDAR at www.sedar.com and on the Company's website at www.norzinc.com. Information is also available through the EDGAR system accessible through the United States Securities and Exchange Commission's website www.sec.gov.

Cautionary Note Regarding Forward-Looking Statements

*This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation and "forward-looking statements" with the meaning of the United States Private Securities Litigation Reform Act of 1995 (collectively, "**forward-looking statements**"), such as estimates and statements that describe the Company's future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur. Forward-looking statements in this MD&A include, but are not limited to, statements with respect to the Company's planned or proposed Prairie Creek Project operations including; future mine grades and recoveries; the estimation of mineral reserves and mineral resources; the realization of mineral reserve and mineral resource estimates; cost estimates for further construction and development of the Prairie Creek Project capital and operating cost estimates and long-term environmental reclamation obligations; exploration plans at the Prairie Creek Project and other exploration properties and the expected results thereof; the timing and process for obtaining operating permits; projected earnings before interest, taxes, depreciation and amortization on the Prairie Creek Mine; the timing of and amount of potential revenue; requirements for additional capital; and the outlook for future prices of zinc, lead and silver; the impact to the Company of future accounting standards; and the risks and uncertainties around the Company's business.*

Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects", "anticipates", "plans", "estimates", "intends", "strategy", "goals", "objectives" or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be "forward-looking statements". Such forward-looking statements are made pursuant to the safe harbour provisions of the United States Private Securities Litigation Reform Act of 1995.

Forward-looking statements by their very nature, involve inherent risks and uncertainties which could cause actual results or events to differ materially from those reflected in the forward-looking statements, including risks relating to, among other things: mineral reserves, mineral resources (including with respect to the size, grade and recoverability of mineral resources), results of exploration, reclamation and other post-closure costs, capital and construction costs, mine production costs, the timing of exploration, development and mining activities, and the Company's financial condition and prospects not being consistent with the Company's expectations, changes in general economic conditions and conditions in the financial markets; changes in demand and prices for the minerals the Company is exploring for or expects to produce; inability to obtain and/or maintain permits or approvals; litigation; legislative, environmental and other judicial, regulatory, political and competitive developments in areas in which the Company operates; technological and operational difficulties (including failure of plant, equipment or processes to operate in accordance with specifications or expectations) encountered in connection with the Company's activities; unavailability of materials and equipment, and the sources of such items; labour relations matters, industrial disturbances or other job action; inherent uncertainty of production and cost estimates and the potential for unexpected costs and expenses; changing interest and foreign exchange rates; unanticipated events related to health, safety and environmental matters, political risk, social unrest, and changes in general economic conditions or conditions in the financial markets.

These forward-looking statements are also based on certain assumptions which the Company believes are reasonable, including that market fundamentals will result in sustained zinc, lead, silver and other commodity demand and prices, and such prices will be materially consistent with those anticipated; the proposed development of the Company's mineral projects will be viable operationally and economically and proceed as planned; the actual nature, size and grade of the Company's mineral resources and reserves are materially consistent with such estimates; any additional financing required by the Company will be available on reasonable terms and when required; that general business and economic conditions will not change in a materially adverse manner; that all necessary governmental approvals for the planned exploration on the Prairie Creek Project will be obtained on acceptable terms and in a timely fashion; and the Company will not experience any material accident, labour dispute or failure of plant or equipment.

The material assumptions used to develop EBITDA projections for the Prairie Creek Mine are contained in the Prairie Creek Technical Report.

The above list is not exhaustive of the factors that may affect any of the Company's forward-looking statements. These and other factors should be considered carefully, and readers should not place undue reliance on the Company's forward-looking statements. Further information regarding these and other factors which may cause results to differ materially from those projected in forward-looking statements are included in the filings by the Company with securities regulatory authorities, including under "Risk Factors" in the Company's AIF and in this MD&A under "Liquidity, Financial Condition and Capital Resources" and "Review of Financial Results". The Company does not undertake to update any forward-looking statements that may be made from time to time by the Company or on its behalf, except in accordance with applicable securities laws. Readers should be aware that historical results are not necessarily indicative of future performance; actual results will vary from estimates and variances may be significant. For the reasons set forth above, the reader should not place undue reliance on forward-looking statements.

Cautionary Note Regarding Non-GAAP Financial Measures

*The EBITDA projections for the Prairie Creek Property summarized herein and contained in the Prairie Creek Technical Report (the "**Company's Non-GAAP Financial Measures**") are not measures recognized under Canadian generally accepted accounting principles ("**GAAP**") and do not have any standardized meanings prescribed by GAAP. The Company's Non-GAAP Financial Measures are presented* *herein because management of the Company believes that such measures represent a reasonable approximation of projected operating income and are relevant for evaluating projected returns on the Prairie Creek Property. The Company's Non-GAAP Financial Measures may differ from similar computations as reported by other similar organizations and, accordingly, may not be comparable to similar non-GAAP financial measures as reported by such organizations. There is no measure contained in the Company's financial statements that provides a direct comparison to the Company's Non-GAAP Financial Measures, as cash flows from operating activities would be the most directly comparable measure, but the Company does not currently have any operations and does not present operating income in its financial statements. The Company's Non-GAAP Financial Measures should not be construed as alternatives to net income, cash flows related to operating activities, or other financial measures determined in accordance with GAAP, as an indicator of the Company's projected performance.*

Cautionary Note to U.S. Investors Concerning Estimates of Measured, Indicated or Inferred Resources

*The United States Securities and Exchange Commission (the "**SEC**") only permits U.S. mining companies, in their filings with the SEC who comply with SEC Industry Guide 7, to disclose only those mineral deposits that a company can economically and legally extract or produce. The Company uses certain terms in this MD&A, such as, "mineral resource," "measured mineral resource," "indicated mineral resource," and "inferred mineral resource" which are not defined terms under SEC Industry Guide 7 and are historically not permitted to be used in reports and registration statements filed with the SEC. U.S. investors are cautioned not to assume that all or any part of measured or indicated mineral resources will ever be converted into mineral reserves. "Inferred mineral resources" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. U.S. investors are cautioned not to assume that all or any part of an inferred mineral resource exists or is economically or legally mineable. U.S. investors are urged to consider closely the disclosure in the Company's Form 20-F which may be obtained from NorZinc, or from the SEC's website at* www.sec.gov.