



Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2020

(Unaudited, expressed in thousands of Canadian dollars, unless otherwise stated)

NorZinc Ltd.
Condensed Interim Consolidated Statements of Financial Position
(Unaudited, expressed in thousands of Canadian dollars, unless otherwise stated)

	As at June 30, 2020	As at December 31, 2019
ASSETS		
Current		
Cash and cash equivalents (Note 3)	\$ 2,309	\$ 2,452
Short-term investments (Note 4)	36	32
Other receivables and prepaid expenses	312	369
Total Current Assets	2,657	2,853
Restricted cash	2,216	2,075
Property, plant and equipment	745	750
Right-of-use assets (Note 5)	86	109
Exploration and evaluation assets	5,506	5,398
Total Assets	\$ 11,210	\$ 11,185
LIABILITIES		
Current		
Accounts payable	\$ 143	\$ 916
Accrued and other liabilities	914	1,077
Current portion of lease obligation (Note 5)	86	82
Loan payable (Note 6)	4,069	-
Total Current Liabilities	5,212	2,075
Lease obligation (Note 5)	17	49
Decommissioning provision	1,993	1,868
Total Liabilities	7,222	3,992
SHAREHOLDERS' EQUITY		
Share capital (Note 7)	136,747	135,385
Reserves (Note 8)	16,807	17,056
Deficit	(149,566)	(145,248)
Total Shareholders' Equity	3,988	7,193
Total Liabilities and Shareholders' Equity	\$ 11,210	\$ 11,185

Nature of Operations and Going Concern (Note 1)
Commitments (Note 10)
Subsequent event (Note 11)

Approved by the Board of Directors:

"Robert J. MacDonald"
Director

"Shelley Brown"
Director

NorZinc Ltd.**Condensed Interim Consolidated Statements of Comprehensive Loss**

(Unaudited, expressed in thousands of Canadian dollars, except for share and per share information)

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Income				
Investment income	\$ -	\$ 31	\$ 9	\$ 67
Expenses				
Depreciation	18	17	37	43
Exploration and evaluation (Note 9)	540	1,994	2,137	3,458
Listing and regulatory	14	10	50	50
Management and directors	301	660	1,077	999
Office and general	152	183	364	372
Professional	54	196	111	340
Shareholder and investor communications	60	62	151	157
Share-based compensation (Note 8)	203	151	406	477
	1,342	3,273	4,333	5,896
Other income (expenses)				
Finance costs	(51)	(13)	(62)	(27)
Gain on foreign currency translation	68	-	68	-
Loss on change in decommissioning provision	(23)	-	-	-
	(6)	(13)	6	(27)
Net loss and comprehensive loss for the period	\$ (1,348)	\$ (3,255)	\$ (4,318)	\$ (5,856)
Net loss per share - basic and diluted	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.02)
Weighted average number of shares outstanding				
Basic and diluted	389,943,350	370,898,330	384,662,843	370,751,659

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

NorZinc Ltd.
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited, expressed in thousands of Canadian dollars, unless otherwise stated)

	Six months ended June 30,	
	2020	2019
Operating Activities		
Net loss for the period	\$ (4,318)	\$ (5,856)
Adjustments for items not involving cash:		
Depreciation expense	57	58
Foreign currency translation	(68)	-
Finance costs	62	27
Share-based compensation (Note 8)	406	477
Tax remittance on exercise of RSUs and DSUs (Note 8)	(147)	-
Change in non-cash working capital items:		
Other receivables and prepaid expenses	57	42
Accounts payable and accrued liabilities	(936)	301
	(4,887)	(4,951)
Financing Activities		
Loan proceeds (Note 6)	4,126	-
Loan interest (Note 6)	(30)	-
Capital stock issues, net of share issue costs (Note 7)	855	-
Payment of lease obligations (Note 5)	(46)	(44)
	4,905	(44)
Investing Activities		
Additions to property, plant and equipment	(16)	-
Payment of reclamation security deposits	(141)	-
Short-term investments	(4)	-
	(161)	-
Net change in cash and cash equivalents	\$ (143)	\$ (4,995)
Cash and cash equivalents, beginning of period	\$ 2,452	\$ 9,253
Net change in cash and cash equivalents	(143)	(4,995)
Cash and cash equivalents, end of period	\$ 2,309	\$ 4,258

NorZinc Ltd.**Condensed Interim Consolidated Statements of Changes in Shareholders' Equity**

(Unaudited, expressed in thousands of Canadian dollars, except for share information)

	Share Capital		Reserves	Deficit	Total
	Number	Amount			
Balance, December 31, 2018	369,663,942	\$ 134,536	\$ 17,295	\$ (137,285)	\$ 14,546
Redemption of deferred share units (Note 7)	334,388	57	(57)	-	-
Redemption of restricted share units (Note 7)	900,000	282	(282)	-	-
Share-based compensation (Note 8)	-	-	477	-	477
Net loss for the period	-	-	-	(5,856)	(5,856)
Adjustment upon adoption of IFRS 16	-	-	-	(27)	(27)
Balance, June 30, 2019	370,898,330	134,875	17,433	(143,168)	9,140
Redemption of deferred share units (Note 7)	444,223	53	(66)	-	(13)
Redemption of restricted share units (Note 7)	1,200,000	457	(528)	-	(71)
Share-based compensation (Note 8)	-	-	217	-	217
Net loss for the period	-	-	-	(2,080)	(2,080)
Balance, December 31, 2019	372,542,553	135,385	17,056	(145,248)	7,193
Issue of shares (Note 7)	13,396,728	871	-	-	871
Share issuance costs (Note 7)	-	(15)	-	-	(15)
Redemption of deferred share units (Note 7)	869,320	145	(199)	-	(54)
Redemption of restricted share units (Note 7)	3,242,320	361	(456)	-	(95)
Share-based compensation (Note 8)	-	-	406	-	406
Net loss for the period	-	-	-	(4,318)	(4,318)
Balance, June 30, 2020	390,050,921	\$ 136,747	\$ 16,807	\$ (149,566)	\$ 3,988

NorZinc Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the period ended June 30, 2020

(Unaudited, tabular amounts expressed in thousands of Canadian dollars, except for shares, price per share and per share amounts)

1. Nature of Operations and Going Concern

NorZinc Ltd. (the "Company" or "NorZinc") is incorporated under the laws of the Province of British Columbia, Canada, and its principal business activity is the exploration and development of natural resource properties. The address of the Company's registered office is 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 ("TSX") under the symbol "NZC" and on the OTCQB under the symbol "NORZF".

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

These unaudited condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes that the Company will realize its assets and discharge its liabilities in the normal course of business. There are however material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern which are discussed below.

The Company has a history of losses with no operating revenue other than interest income and has negative working capital of \$2.6 million as at June 30, 2020. In June 2020, the Company received C\$4.2 million (US\$3 million) through an unsecured loan with RCF VI CAD LLC ("RCF")(Note 6). The ability of the Company to carry out its planned business objectives and meet its short-term working capital needs including its loan payment obligations to RCF 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. The funds from the unsecured loan will be used to finance the Company through the completion of a thorough planning process to define and establish the scope of all elements required to ready the project for the next stage.

During March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from novel coronavirus (COVID-19). The Company continues to operate our business at this time. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on our business operations cannot be reasonably estimated at this time and we anticipate this could have an adverse impact on our business, results of operations, financial position and cash flows in 2020.

If the Company is unable to obtain adequate additional financing, the Company will be required to curtail operations, exploration and development activities. The Company is currently evaluating various opportunities and seeking additional sources of financing. These conditions indicate the existence of material uncertainties which may cast significant doubt about the Company's ability to continue as a going concern. These unaudited condensed interim consolidated financial statements do not give effect to any adjustments, which could be material, and which would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different than those reflected in the unaudited condensed interim consolidated financial statements.

NorZinc Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the period ended June 30, 2020

(Unaudited, tabular amounts expressed in thousands of Canadian dollars, except for shares, price per share and per share amounts)

2. Significant Accounting Policies

(a) Statement of Compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and were approved and authorized for issue by the Board of Directors on August 12, 2020. These unaudited condensed interim consolidated financial statements do not include all of the information required for full annual consolidated financial statements and should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended December 31, 2019 prepared in accordance with IFRS.

(b) Basis of Preparation and Consolidation

These unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss which are stated at their fair value. These unaudited condensed interim consolidated financial statements are presented in Canadian dollars and have been prepared on the basis of IFRS standards that are effective on June 30, 2020. The accounting policies adopted by the Company have been applied consistently to all periods presented. These unaudited condensed interim consolidated financial statements are presented in the Company's, and its subsidiaries, functional currency of Canadian dollars.

These unaudited condensed interim consolidated financial statements include the accounts of NorZinc Ltd. and its wholly-owned subsidiaries Canadian Zinc Corporation and NorZinc-Newfoundland Ltd., collectively the Group. Subsidiaries are consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full upon consolidation.

(c) Significant Accounting Judgments, Estimates and Assumptions

The preparation of condensed interim 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 at the reporting date and the reported amounts of income and expenses during the reporting year. Actual results may differ from these estimates.

3. Cash and Cash Equivalents

The Company's cash and cash equivalents at June 30, 2020 consisted of cash of \$2,309,000 and cash equivalents of \$nil (December 31, 2019 - cash of \$626,000 and cash equivalents of \$1,826,000).

4. Short-term Investments

Short-term investments, which consist primarily of investments in Banker's Acceptances and Guaranteed Investment Certificates, are investments with maturities of more than three months and less than one year from the date of purchase. At June 30, 2020, short-term investments had a carrying value of \$36,000, earning income at a rate of 0.25% (December 31, 2019 - \$32,000, earning income at a rate of 1.25%). The carrying values of short-term investments approximate their fair values due to the relatively short period to maturity.

NorZinc Ltd.**Notes to the Condensed Interim Consolidated Financial Statements**

For the period ended June 30, 2020

(Unaudited, tabular amounts expressed in thousands of Canadian dollars, except for shares, price per share and per share amounts)

5. Leases

For the three and six months ended June 30, 2020, the Company recognized a non-cash depreciation expense in the amount of \$18,000 and \$36,000 respectively (June 30, 2019 - \$17,000 and \$35,000). In addition, for the three and six months ended June 30, 2020, the Company recognized a non-cash interest expense in the amount of \$2,000 and \$5,000 respectively (June 30, 2019, \$3,000 and \$7,000).

(a) Right-of-Use Assets

Cost	
January 1, 2019	\$ 283
Additions	-
December 31, 2019	\$ 283
Additions	15
Disposals	(2)
June 30, 2020	\$ 296
Accumulated Depreciation	
January 1, 2019	\$ 103
Depreciation	71
December 31, 2019	\$ 174
Depreciation	36
June 30, 2020	\$ 210
Net Book Value	
December 31, 2019	\$ 109
June 30, 2020	86

(b) Lease Obligations

Undiscounted cash flows associated with the Company's lease obligations as at June 30, 2020 are as follows:

Within one year	\$ 90
Between one and five years	18
Beyond five years	-
Total undiscounted lease obligations	\$ 108

The lease obligation amounts presented on the Condensed Interim Consolidated Statements of Financial Position represent discounted lease obligations.

NorZinc Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the period ended June 30, 2020

(Unaudited, tabular amounts expressed in thousands of Canadian dollars, except for shares, price per share and per share amounts)

6. Loan payable

On April 21, 2020, the Company signed an agreement under which RCF provided a C\$4.2M (US\$3M) unsecured bridge loan (the "Bridge Loan"), carrying an interest rate of 8% per annum. The loan is payable upon the earlier of (i) October 24, 2020, the date that is six months from the closing date of the Bridge Loan and (ii) upon the completion of a rights offering ("RO"). RCF has agreed to purchase at least sufficient value of RO shares to cover the Bridge Loan principal and interest, at the RO price per share. On April 24, 2020, the Company received the first US\$1.5 million tranche of the US\$3.0 million unsecured loan. On June 30, 2020, the Company received the second US\$1.5 million tranche of the unsecured loan.

Net loan proceeds were C\$4,126,000 consisting of gross proceeds of \$4,157,000 offset by transaction costs of \$31,000. From the loan date to June 30, 2020, the Company accrued interest of \$30,000. A gain of \$68,000 was recorded to revalue the US dollar loan to Canadian dollars as at June 30, 2020.

7. Share Capital

Issued and outstanding: 390,050,921 common shares (December 31, 2019 – 372,542,553).

Authorized: Unlimited common shares with no par value (2019 – unlimited).

(a) During the period ended June 30, 2020

- i. In January 2020, the Company issued 869,320 common shares to retired directors in exchange for vested DSUs and issued 2,991,320 common shares to senior management upon settlement of vested RSUs. (see Note 8 (b)).
- ii. On March 9, 2020, the Company completed a non-brokered private placement of 8,000,000 common shares at \$0.065 per share, for gross proceeds of \$520,000. In addition, RCF CAD VI exercised their pro-rata right to purchase up to 5,396,728 additional shares pursuant to Investor Agreement, for gross proceeds of \$350,787. The total gross proceeds of \$870,787, will be used for working capital purposes.
- iii. In May 2020, the Company issued 251,000 shares to senior management in exchange for vested RSUs (see Note 8(b)).

(b) During the year ended December 31, 2019

- i. In 2019, the Company issued 2,100,000 shares to senior management in exchange for vested RSUs (see Note 8 (b)).
- ii. 778,611 common shares were issued upon the conversion of Deferred Share Units following the retirement of directors.

NorZinc Ltd.**Notes to the Condensed Interim Consolidated Financial Statements**

For the period ended June 30, 2020

(Unaudited, tabular amounts expressed in thousands of Canadian dollars, except for shares, price per share and per share amounts)

8. Reserves**(a) Stock Options**

In 2019, the Company issued 5,650,000 incentive stock options to senior management, employees and consultants. The incentive stock options vest in equal eighths over a two year period, carry an exercise price of \$0.10 per common share and have a per-option fair value at the date of granting of \$0.04. The fair value of the options was determined under the Black-Scholes option pricing model using a risk-free interest rate of 1.43% to 1.77%, an expected life of options of 2.6 to 3.5 years, an expected volatility of 68% to 86%, no expected dividends and a forfeiture rate of zero to 1%.

On January 31, 2020, 1,250,000 stock options expired unexercised.

In February 2020, the Company issued 5,312,014 incentive stock options to senior management, employees and consultants. The incentive stock options vest in equal eighths over a two year period, carry an exercise price of \$0.08 per common share and have a per-option fair value at the date of granting of \$0.04. The fair value of the options was determined under the Black-Scholes option pricing model using a risk-free interest rate of 1.77%, an expected life of options of 2.6 to 3.5 years, an expected volatility of 71% to 73%, no expected dividends and a forfeiture rate of 1%.

At June 30, 2020, there were 16,601,891 incentive stock options issued and outstanding. Each stock option is exercisable for one ordinary share of the Company. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

	June 30, 2020		December 31, 2019	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	12,800,000	\$ 0.20	9,460,000	\$ 0.35
Expired	(1,250,000)	0.30	-	-
Forfeited	(260,123)	0.09	(2,310,000)	0.23
Granted	5,312,014	0.08	5,650,000	0.10
Outstanding, end of period	16,601,891	\$ 0.15	12,800,000	\$ 0.20

For the three and six months ended June 30, 2020, the Company recorded share-based compensation expense for stock options granted to directors, officers and employees of \$202,500 and \$406,000 respectively compared to \$75,000 and \$186,000 in the respective comparable periods in 2019.

As at June 30, 2020, the Company had outstanding and exercisable stock options, with a weighted average remaining contractual life of 3.4 years, to purchase an aggregate 16,601,891 common shares as follows:

Expiry Date	Options Outstanding		Options Exercisable	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
August 10, 2021	2,900,000	\$ 0.35	2,900,000	\$ 0.35
May 16, 2023	2,500,000	0.20	2,500,000	0.20
December 5, 2023	1,500,000	0.10	1,125,000	0.10
January 31, 2024	4,000,000	0.10	3,000,000	0.10
April 5, 2024	500,000	0.10	312,500	0.10
February 14, 2025	5,201,891	0.08	1,300,473	0.08
	16,601,891	\$ 0.15	11,137,973	\$ 0.19

NorZinc Ltd.**Notes to the Condensed Interim Consolidated Financial Statements**

For the period ended June 30, 2020

(Unaudited, tabular amounts expressed in thousands of Canadian dollars, except for shares, price per share and per share amounts)

8. Reserves (continued)***(b) Restricted Share Units (“RSUs”) and Deferred Share Units (“DSUs”)***

The Deferred Share Unit Plan and the Restricted Share Unit Plan provide for the issuance of shares to eligible employees, directors and consultants, subject to certain vesting and deferral provisions, to a maximum number, equal to 2% and 3% respectively, of the issued and outstanding common shares of the Company.

During the six months ended June 30, 2020, the Company issued 4,650,516 RSUs (June 30, 2019 – 3,189,000) to senior management and redeemed 4,489,000 vested RSUs (June 30, 2019 – 900,000). During the six months ended June 30, 2020, the Company issued 1,826,786 DSUs to directors (June 30, 2019 – 719,184) and redeemed 1,532,483 DSUs (June 30, 2019 – 334,388).

At June 30, 2020, there were 4,077,986 DSUs and 4,650,516 RSUs outstanding (December 31, 2019 – 3,783,683 DSUs and 4,489,000 RSUs).

	Number of DSUs	Weighted average grant date fair value	Number of RSUs	Weighted average grant date fair value
Outstanding, December 31, 2018	3,036,647	0.13	4,200,000	0.23
Granted	1,661,722	0.10	3,189,000	0.08
Redeemed	(914,686)	0.12	(2,900,000)	0.27
Outstanding, December 31, 2019	3,783,683	0.11	4,489,000	0.10
Granted	1,826,786	0.05	4,650,516	0.08
Redeemed	(1,532,483)	0.13	(4,489,000)	0.10
Outstanding, June 30, 2020	4,077,986	\$ 0.09	4,650,516	\$ 0.09

The RSUs granted in the current period were subject to: a vesting date of 1 year; a pay-out date of 1 year; an expiry date of 5 years; and were assigned a fair value based on the share price at time of issuance. Upon issuance, the DSUs are fully vested and are assigned a fair value based on the share price at time of issuance. Subject to the terms and conditions of the DSU Plan, DSUs are settled upon retirement.

For the three and six months ended June 30, 2020, the Company recognized share-based compensation expense for RSUs granted of \$94,000 and \$153,000 respectively versus \$8,000 and \$223,000 in the respective comparable periods. For the three and six months ended June 30, 2020, the Company recognized share-based compensation expense for DSUs granted of \$46,500 and \$93,000 respectively versus \$68,000 and \$68,000 in the respective comparable periods.

NorZinc Ltd.**Notes to the Condensed Interim Consolidated Financial Statements**

For the period ended June 30, 2020

(Unaudited, tabular amounts expressed in thousands of Canadian dollars, except for shares, price per share and per share amounts)

8. Reserves (continued)**(c) Summary**

A summary of the changes to the reserves is summarized below as follows:

	Share Options and Units	Unexercised Share Options, Units and Warrants	Normal Course Issuer Bid	Total
Balance, December 31, 2018	\$ 2,178	\$ 14,513	\$ 604	\$ 17,295
DSUs redeemed	(810)	-	-	(810)
RSUs redeemed	(123)	-	-	(123)
Share-based compensation	694	-	-	694
Stock options expired	(271)	271	-	-
Balance, December 31, 2019	\$ 1,668	\$ 14,784	\$ 604	\$ 17,056
DSUs redeemed	(199)	-	-	(199)
RSUs redeemed	(456)	-	-	(456)
Share-based compensation	406	-	-	406
Stock options expired	(180)	180	-	-
Balance, June 30, 2020	\$ 1,239	\$ 14,964	\$ 604	\$ 16,807

NorZinc Ltd.**Notes to the Condensed Interim Consolidated Financial Statements**

For the period ended June 30, 2020

(Unaudited, tabular amounts expressed in thousands of Canadian dollars, except for shares, price per share and per share amounts)

9. Exploration and Evaluation Expenditures

Prairie Creek Mine	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Camp operation and project development	\$ 80	\$ 818	\$ 173	\$ 914
Mine planning	305	259	778	481
Permitting and environmental	167	909	1,176	2,006
	552	1,986	2,127	3,401
Depreciation – mining plant and equipment	10	4	20	15
Total exploration and evaluation expenditures	\$ 562	\$ 1,990	\$ 2,147	\$ 3,416
Exploration and evaluation expenditures (inception to date), beginning of period	\$ 102,617	\$ 91,311	\$ 101,032	\$ 89,885
Total exploration and evaluation expenditures	562	1,990	2,147	3,416
Exploration and evaluation expenditures (inception to date), end of period	\$ 103,179	\$ 93,301	\$ 103,179	\$ 93,301

Newfoundland Properties	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Geology	\$ -	\$ 13	\$ 12	\$ 51
Diamond Drilling	\$ (22)	\$ (9)	\$ (22)	\$ (9)
Total exploration and evaluation expenditures	\$ (22)	\$ 4	\$ (10)	\$ 42
Exploration and evaluation expenditures (inception to date), beginning of period	\$ 7,572	\$ 7,444	\$ 7,560	\$ 7,406
Total exploration and evaluation expenditures	\$ (22)	4	\$ (10)	42
Exploration and evaluation expenditures (inception to date), end of period	\$ 7,550	\$ 7,448	\$ 7,550	\$ 7,448

For the three and six months ended June 30, 2020, employee wages and benefits of \$186,000 and \$460,000 were included in exploration and evaluation expenditures versus \$285,000 and \$352,000 for the respective comparable periods. The \$22,000 credit for Diamond Drilling relates to funds received from the Federal Government relating to Junior Exploration Assistance.

10. Commitments

The Company has a commitment to the Chief Executive Officer (“CEO”) relating to a short-term incentive award for 2019 performance of \$166,050. The CEO has agreed to defer the payment of this cash bonus until such time as the Company receives an additional \$3 million of non-flow through equity financing.

11. Subsequent Event

Subsequent to quarter end, the Company entered into negotiations for the potential sale of its Newfoundland property. The Company and its financial advisor are in the process of assessing the potential sales price and proposed terms of an agreement. The Company has determined that if a sale agreement can be reached, the carrying amount of the Newfoundland property may be impaired, however the Company is not currently able to estimate any potential impairment. Based on the preliminary information it is reasonably possible that the amount of any potential impairment could be material.