Management's Discussion and Analysis

For the three and six months ended June 30, 2020

As of August 17, 2020

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PRELIMINARY NOTES

This Management's Discussion and Analysis ("**MD&A**"), dated August 17, 2020, relates to the results of operations and financial condition of NorZinc Ltd., and its subsidiaries ("**NorZinc**" or the "**Company**" or "**NZC**") and is intended to be read in conjunction with the accompanying unaudited condensed interim consolidated financial statements and notes thereto of the Company for the three and six-months ended June 30, 2020 and the audited consolidated financial statements and notes thereto of the Company for the year ended December 31, 2019 (the "**Annual Financial Statements**") and other corporate filings, including the Company's annual information form for the year ended December 31, 2019 (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 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.

All scientific and technical information in this MD&A has been reviewed and approved by Kerry Cupit, P.Geo., 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 Mine, please see the technical report entitled "*Technical Report – Prairie Creek Property Feasibility Study NI 43-101 Technical Report*" dated effective September 28, 2017 (the "**2017 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. 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.

Management's Discussion and Analysis

For the three and six months ended June 30, 2020

Q2 2020 RESULTS & RECENT HIGHLIGHTS

- Financial and Corporate
  - Received second tranche of C$4.1 million (US$3 million) unsecured loan from the Company's largest shareholder RCF VI CAD LLC (Jun)
  - Cash and short-term investments at June 30, 2020 - $2.3 million (Jun) (December 31, 2019 - $2.5 million)
  - Loss for Q2 2020 - $1.3 million (Q2 2019 - $3.3 million)
- Prairie Creek
  - Continued focus for 2020 and 2021 on activities related to possible significant (Apr – Jun):
    - Increase in throughput; and
    - Increase in reserves
  - The Company is strongly focussing on Prairie Creek's silver production profile (Jun)
  - Concentrated efforts detailing the workplan to achieve the possible additional throughput and reserves (Apr-Jun)
  - Continued discussions with regulators advancing project permitting (Apr – Jun)
  - Implemented commitment tracking software to help manage Indigenous community relations (Jun)
  - Continued process to renew Mine Operations permits (Jun)

INTRODUCTION

Corporate 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 a 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

Summary

The Company's activities are primarily focussed on the completion of permitting and ultimate development of the Prairie Creek zinc-lead-silver mine in the Canada's Northwest Territories (the "**Prairie Creek Property**", the "**Prairie Creek Mine**" or the "**Mine**")."). In Q4 2019, the Company received the final Water License and Land Use Permit from the Mackenzie Valley Land & Water Board ("**MVLB**") and Parks Canada ("**Parks**") for construction of All Season Road ("**ASR**") access to the Prairie Creek project.

In June 2019, the Company announced it had commenced a proof of concept study with its technical advisers on the possibility of operational enhancement. This study continued throughout the remainder of 2019 with a focus on throughput enhancement, due to the large potential for increased reserves at Prairie Creek as outlined in June 2019. Also through the latter part of 2019 and into 2020, NorZinc has been analyzing the likely effect on capital costs and operating costs caused by new requirements and design changes resulting, directly or indirectly, from the permitting process, plus overall cost increases experienced in the Northwest Territories.

Following preliminary work commenced in June 2019, in Q1 2020 NorZinc further re-evaluated the design basis of the Mine. The Company has recently completed an internal review, of its direction and goals for the Mine resulting in new objectives for the project. As a result of that review, the Company will be focusing its 2020 and 2021 plans for the Mine on a possible significant increase in production throughput, and potential significant increase in reserves.

During the first quarter of 2020, the Company undertook a series of internal analyses of the effect of potential increases to annual mine production and increases in total reserves. The analysis included the possible effect of various increases in underground mining rate and the potential upgrading of the existing Main Quartz Vein (MQV) inferred resources. Current MQV inferred resources at the Mine total 5.3 million tonnes at 12.9% Zinc, 8.7% Lead and 199 g/t Silver[1].

New Objectives for Prairie Creek Mine - 2020 and Beyond ("New Objectives")

From the internal analyses and assumed operating and capital costs it was concluded that the Company should focus on an objective of a significantly increasing Mine throughput and ore reserves. The current reserves at the Mine are 8.1 million tonnes at 8.6% Zinc, 8.1% Lead and 124 g/t Silver[1].

Beginning in April 2020, NorZinc commenced Stage 1, a thorough planning process to define and establish the scope of all elements required to ready the project for Stage 2. In Stage 2 the actual exploration drilling program, site infrastructure redesign, mine design and economics, engineering, permitting and project execution plans will be completed. At the end of Stage 2 the Company plans to have completed all the work necessary to satisfy project financing, silver stream financing and equity financing at the increased throughput and with increased reserves.

While there are no guarantees, NorZinc is optimistic that under the assumption of obtaining additional funding, Stages 1 and 2 can be achieved over the coming 18-24 months. In addition to continuing discussions with the local community leaders, NorZinc will be working with all regulatory parties to ensure all environmental requirements continue to be met.

The primary focus for 2020 and 2021 will thus be on the technical and permitting work necessary to complete Stage 1 and Stage 2. The exploration activities planned for Stage 2 are expected to extend into mid-2021 with final analysis completed in the second half of 2021. As a result the construction commencement of Phase 1 of the ASR would occur in Q1 2022. Limited construction activities at the mine would occur during 2022, followed by the main construction and development activities during 2023 and 2024. This would culminate in completion of the ASR and site development, with commencement of operations in Q4 2024.

[1] Refer to the 2017 Prairie Creek Technical Report.

The Company continues to consider multiple development financing opportunities and currently anticipates financing the activities throughout 2020 and into the second half of 2021 from non-bank sources. These will be focused on design enhancements for the increase in production throughput and exploration, leading to a potential increase in reserves. The main development funding beyond 2021 is expected to be sourced largely from the debt and silver streaming markets.

Prairie Creek Project

Ownership, Reserves and Existing Infrastructure

The Mine is subject to net smelter returns royalties totaling 2.2%. The Mine contains a Proven and Probable Reserve of 8.1 million tonnes grading 8.6% Zinc, 8.1% Lead and 124 g/t Silver, which ranks Prairie Creek amongst the highest-grade undeveloped base metal deposits in the world.

Mineral Reserves	Classification	Tonnes (millions)	Silver (g/t)	Lead (%)	Zinc (%)	ZnEq (%)
TOTAL	Proven	1.7	155.6	8.45	10.36	26.2
	Probable	6.4	115.8	8.00	8.17	22.2
	Total	**8.1**	**124.2**	**8.10**	**8.64**	**23.1**

The Mineral Reserves are as of August 02, 2017, and based on a design cut-off grade of 11% ZnEq for longhole open stoping ("LHOS"), 11% ZnEq for mechanized drift-and-fill, an incremental stoping cut-off grade of 10% ZnEq, and 6% ZnEq cut-off grade for development ore. Cut-off grades are based on a zinc metal price of $1.00/lb, recovery of 75% and payable of 85%; a lead metal price of $1.00/lb, recovery of 88% and payable of 95%; and a silver metal price of $18/oz, recovery of 92% and payable of 81%. Exchange rate used is C$1.25= US$1.00. Average planned dilution, unplanned dilution and mining recovery factors of 13%, 11% and 95%, respectively, for LHOS; and 18%, 6% and 98%, respectively, for drift-and-fill are assumed. The August 2017 Prairie Creek Mineral Reserve estimate was prepared by H. A. Smith, P. Eng., Qualified Person ("QP"), as defined by NI 43-101 of AMC Mining Consultants (Canada) Ltd.

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% Zinc, 7.7% Lead, and 4.8 opt Silver, 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.

Built originally as the silver-driven Cadillac Mine in the early 1980s, Prairie Creek has extensive infrastructure in place including five kilometres of underground workings, a 1,000 ton per day mill, 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 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 Mine. As the 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 2017 Prairie Creek Technical Report which contemplates a mine life of 15 years resulting in $3 billion in net revenue and $1.3 billion in earnings before interest, taxes, depreciation and amortization ("**EBITDA**") over the life of the mine and pre-tax Net Present Value ("**NPV**") of $344 million, using an 8% discount rate, with an Internal Rate of Return ("**IRR**") of 24% (post-tax NPV of $188 million and an IRR of 18%) and using base case metal price forecasts of US$1.10 per pound for zinc, US$1.00 per pound for lead and US$19 per ounce for silver with a foreign exchange rate of CA$1.25=US$1.00 and treatment charges of US$172/tonne for zinc concentrate and US$130/tonne for lead concentrates.

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

ASR access to the Mine

<u>Regulatory Approval</u>

On September 12, 2017, the Mackenzie Valley Environmental Impact Review Board (the "**Review Board**") recommended approval of the proposed ASR for the Mine. The Review Board issued its *Report of Environmental Assessment and Reasons for Decision* for the Prairie Creek ASR 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 ASR 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 ASR for the Prairie Creek Mine be approved, subject to the same conditions as the EA Report.

The Environmental Assessment ("**EA**") of the ASR was completed in 2018. With the Company's submission of the requested Post-EA Information Package in February 2019, subsequently deemed complete in March 2019, the ASR entered the final permitting stage jointly with the MVLB and Parks.

The MVLB and the Parks draft ASR permits were made available to government agencies and other reviewers for review and comments in August 2019. The draft permits confirmed reclamation security deposits will be due in two phases, Phase 1 being the construction and operation of a winter road to transport equipment and materials to the Prairie Creek site and phase 2 being the construction of the ASR.

In November 2019, the MVLB and Parks issued their respective Water Licenses and Land Use Permits for the ASR access to the Mine. In December 2019, NorZinc submitted all the required Management Plans to facilitate Phase 1 road construction in Q1 2020 and the regulators released the Management Plans for comment prior to December 31, 2019.

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

On July 21, 2020, Environment and Climate Change Canada ("**ECCC**") indicated that it would be undertaking an investigation relating to the treatment of effluent at the Prairie Creek Mine in 2019 and 2020. The Company is in communication with ECCC regarding their investigation.

<u>Indigenous Agreements</u>

Naha Dehé Dene Band ("NDDB") of Nahanni Butte is the nearest community to the Mine, located approximately 90 kilometres southeast of the mine site. The mine site and route of the ASR are within NDDB's Traditional Territory. Łíídlįį Kų́ę́ First Nation ("**LKFN**") of Fort Simpson are the largest community within the Dehcho Region, located about 185 kilometres east of the mine site. In addition, the transportation route from the Mine also runs through the traditional territory of the Acho Dene Koe First Nation ("**ADK**").

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 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 Mine. 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 in the process of finalizing the 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 to provide for Indigenous participation in environmental management, and to ensure that the mitigative measures and environmental protection commitments in the EA Report are appropriately implemented.

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

Also, in 2011 the Company negotiated a Socio-Economic Agreement with the Government of the Northwest Territories ("**GNWT**"), covering social programs and support, commitments regarding hiring and travel, and participation on an advisory committee to ensure commitments are effective and are carried out. In 2019 under that agreement the NorZinc Regional Committee ("**NRC**") was formed to plan, collaborate, and deliver business and employment objectives associated with the Mine and major projects in the Dehcho Region, and to promote a culture of high standards towards worker well-being, safety and environmental awareness. The communities served by the committee includes Fort Simpson, Fort Liard, Trout Lake, Nahanni Butte, Wrigley, and Jean Marie.

These aforementioned agreements, both completed and near completion, provide assurance the Mine has strong local Indigenous support.

Timing

In accordance with the New Objectives, NorZinc continues to plan to construct the ASR over parts of three calendar years, initially in Phase 1 (2022) as a winter road and in Phase 2 (2023-2024) installing bridges, culverts and surfacing the road. Prior to each phase of construction activity, the Company plans to complete further field investigations and site plans and award construction contracts. During Phase 1 the Company plans to undertake geotechnical work on the ASR route to determine final ASR design and Phase 2 bidding parameters. Dependent on the permitting and financing timeline, construction of the ASR is planned to commence from a winter road in late 2022 and continue into 2024, in parallel with continuous and ongoing site construction and project development.

Financing Initiatives

On April 22, 2020, the Company signed an agreement under which RCF will provide a US$3M unsecured bridge loan (the "Bridge Loan"), carrying an interest rate of 8% per annum. The loan has been fully drawn down and 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 .RCF holds approximately 40% of the issued and outstanding shares of the Company and 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. The US$3M funding is planned to finance all the costs of running the Company and completing the Stage 1 program (described in "Outlook and Factors Affecting Performance" section), subject to the restrictions and possible delays that may be experienced as a result of the COVID-19 pandemic. On April 24, 2020, the Company received the first US$1.5 million tranche of the Bridge Loan. On June 30, 2020, the Company received the second US$1.5 million tranche of the Bridge Loan.

Newfoundland Properties

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. Since acquiring the Newfoundland assets, the Company has completed 47,000 metres of drilling on its properties and increased indicated resources by almost 40%.

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.

OUTLOOK AND FACTORS AFFECTING PERFORMANCE

NorZinc's focus for 2020 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 metal 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 June 30, 2020, the Company had cash and cash equivalents and short-term investments totaling $2.3 million and a negative working capital balance of $2.6 million. In April, the Company received the first $2.1 million (US$1.5million) tranche of the US$3.0 million unsecured loan. In June, the Company received the second 2.0 million (US$1.5 million) tranche of the unsecured loan.

The Company has recently completed an internal review of its direction and goals for the Mine resulting in new objectives for the project. As a result of that review, the Company will be focusing its 2020 and 2021 plans for the Mine on a possible significant:

- Increase in production throughput; and
- Increase in reserves

During January and February, the Company undertook a series of internal analyses of the effect of potential increases to annual mine production and increases in total reserves. The analysis included the possible effect of various increases in underground mining rate and the potential upgrading of the existing Main Quartz Vein (MQV) inferred resources. From the internal analyses and assumed operating and capital costs it was concluded that the Company should focus on an objective of a significant increase in mine throughput and an increase in overall ore. The overall price outlook for zinc and lead remains positive.

Under the updated objectives, the Mine will be spending more in the communities and thus would have positive economic impacts on the local communities from increased direct (and indirect) employment and business participation. In addition, based on the work to date, the two new focuses – increased throughput and increased reserves – are not expected to result in any significant increases in environmental effects or the footprint of the site operations.

In addition to continuing discussions with the local community leaders, NorZinc will be working with all regulatory parties to ensure all environmental requirements continue to be met. 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. These opportunities and the risks are described in more detail elsewhere in this MD&A.

COVID-19

During these unprecedented times, management's primary focus is on the health and safety of its people and the communities in which it operates. NorZinc's Vancouver head office was closed in March with all staff working remotely. The Fort Simpson office has maintained some activities in support of the communities but strictly within the NWT guidelines for remote communities.

Since the COVID-19 global health crisis occurred prior to planned summer operations, NorZinc had limited NWT-based staff. However, restrictions on travel to NWT have prevented the regular visits to the local communities although the Company has maintained communications by other means. Should the travel restrictions in the NWT continue for some time, as seems likely, access to the mine site will be significantly impacted. As the pandemic persists, NorZinc will continue to follow the highest health and safety standards and update stakeholders on a regular basis.

Following all NWT guidelines, the site reopened on July 10, 2020 with two staff members initially, and increased to four individuals as of August 17, 2020.

SUMMARY OF QUARTERLY RESULTS

The following financial information for the Company's eight most recently completed quarters 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) Gain**	**Net (Loss) Gain per Common Share – basic and diluted**
June 30, 2020	$ -	$ (1,348)	$ (0.01)
March 31, 2020	8	(2,970)	(0.01)
December 31, 2019	95	3,045	0.01
September 30, 2019	19	(5,125)	(0.01)
June 30, 2019	31	(3,255)	(0.01)
March 31, 2019	36	(2,601)	(0.01)
December 31, 2018	61	(3,703)	(0.01)
September 30, 2018	46	(3,450)	(0.01)
June 30, 2018	37	(2,635)	(0.01)

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

On April 21, 2020, the Company signed an agreement under which RCF provided a US$3M unsecured bridge loan (the "Bridge Loan"), carrying an interest rate of 8% per annum. In April, the Company received the first US$1.5 million tranche of the US$3.0 million unsecured loan. In June, the Company received the second US$1.5 million tranche of the unsecured loan. In Q1 2020, the Company completed a non-brokered private placement for gross proceeds of $870,787. During the fourth quarter of 2019, the Company sold a 1% Royalty to RCF for $8.0 million resulting in an increased cash and short-term investment balance. It also resulted in a gain on sale of NSR of $7,744,000. NorZinc completed a $20 million equity financing in the third quarter of 2018 which increased cash, cash equivalents and short-term investments and provided the Company with increased investment income. Investment income decreased in all other periods leading up to the fourth quarter of 2019 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.

REVIEW OF FINANCIAL RESULTS

This review of the results of operations should be read in conjunction with the unaudited condensed interim consolidated financial statements of the Company for Q2 2020, and other public disclosures of the Company.

For the three and six months ended June 30, 2020, the Company reported a net loss and comprehensive loss of $1,348,000 and $4,318,000 respectively, compared to a net loss and comprehensive loss of $3,255,000 and $5,856,000 respectively for the three and six months ended June 30, 2019.

Included in the loss for the three and six months ended June 30, 2020, were exploration and evaluation expenditures of $540,000 and $2,137,000 respectively, compared to $1,994,000 and $3,458,000 for the respective comparable periods. In addition, the Company recorded share-based compensation charges of $203,000 and $406,000 respectively, compared to $151,000 and $477,000 for the respective comparable periods.

Exploration and Evaluation Costs
For the three and six months ended June 30, 2020, the Company expensed $540,000 and $2,137,000 respectively on its exploration and evaluation programs at the Prairie Creek Project compared to $1,994,000 and $3,458,000 respectively for the three and six months ended June 30, 2019. The Company incurred significant costs in the comparative periods related to permitting and Indigenous engagement for the ASR.

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 three and six months ended June 30, 2020 was $1,000 and $9,000 respectively versus $31,000 and $67,000 for the respective comparative periods. The decrease is attributable to the overall decrease in amounts available for investment during the current period versus the comparative period.

Administrative Expenses
The Company recorded administrative expenses (excluding share-based compensation and depreciation) of $581,000 and $1,753,000 respectively for the three and six months ended June 30, 2020 versus amounts of $1,111,000 and $1,918,000 for the respective comparative periods. The decrease is due to advisory fees and consulting fees for recruitment that were incurred in the comparative period but were not incurred in the current period.

Share-Based Compensation
The non-cash expense, share-based compensation, was estimated to be $203,000 and $406,000 respectively for the three and six months ended June 30, 2020 versus $151,000 and $477,000 for the respective comparative periods. The increase is due to an increased amount of stock options being issued in the current periods versus the comparative periods

Other Expenses
The Company recorded a gain on foreign currency translation of $68,000 and $68,000 respectively for the three and six months ended June 30, 2020 with no comparable amounts in the previous periods. The Company also recorded finance costs of $51,000 and $62,000 respectively for the three and six months ended June 30, 2020 with versus $13,000 and $27,000 for the respective comparable periods. The increase is related to the Bridge Loan with RCF.

LIQUIDITY, FINANCIAL CONDITION AND CAPITAL RESOURCES

At June 30, 2020, the Company had a negative working capital balance of $2.5 million which included cash and cash equivalents of $2,309,000 and short-term investments of $36,000. At December 31, 2019, the Company had cash and cash equivalents of $2.5 million, short-term investments of $32,000 and a positive working capital balance of $0.8 million.

Accounts payable and accrued and other liabilities at June 30, 2020 were $1.1 million compared to $2.0 million as at December 31, 2019. Loan payable at June 30, 2020 was $4.1 million (US$3.0 million) compared to nil at December 31, 2019.

In March 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 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 were $870,787. In September 2019, the Company agreed to sell a 1.0% Royalty for $8.0 million to RCF. The Royalty sale, requiring disinterested shareholder approval, was approved on November 18, 2019. Concurrently, in September 2019, RCF agreed to loan the Company US$6.0 million (CA$7.9 million) which was repaid with the proceeds from the Royalty. The Company drew the loan down in three amounts of $2.6 million each during the months of September, October, and November, 2019.

In April 2020, the Company entered into a US$3.0 million unsecured bridge loan with RCF. The first US$1.5 million tranche was drawn down in April and the second US$1.5 million tranche was drawn down in June. The loan bears interest at 8% per annum and is to be repaid at the earlier of (i) six months from the closing of the bridge loan and (ii) upon the completion of a rights offering.

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 $253.0 million, plus a contingency of $26.0 million for a total of $279.0 million. Working capital required upon commencement of production is estimated to be $36.0 million.

The ability of the Company to carry out its planned business objectives and meet its short-term working capital needs is dependent on its ability to raise adequate financing from lenders, shareholders and other investors. Additional financing will be required to continue the development of the Prairie Creek Project and to put the Prairie Creek Mine into production, and repay the Company's short-term loan obligation. 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. These conditions indicate the existence of material uncertainties which may cast significant doubt about the Company's ability to continue as a going concern.

The following table reflects the Company's aggregate contractual commitments as of June 30, 2020:

(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)	$ 108	$ 90	$ 18	$ -	$ -
Decommissioning provision (2)	2,838	-	-	-	2,838
Annual fees and taxes (3)	750	75	150	225	300
Loan payable (4)	4,069	4,069	-	-	-
Total Contractual Obligations	$ 7,765	$ 4,234	$ 168	$ 225	$ 3,138

(1) Represents undiscounted cash flows related to lease obligations for office space and equipment. The lease obligation amounts presented on the Condensed Interim Consolidated Statements of Financial Position represent discounted lease obligations.
(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.
(4) Unsecured bridge loan with RCF US$3.0 million

OUTSTANDING SHARE DATA

As at the date of this MD&A, the Company has 390,050,921 common shares issued and outstanding. In addition, there are outstanding stock options and outstanding share units that upon exercise result in the issuance of a further 16,601,891 and 8,728,502 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

During the three and six months ended June 30, 2020, the Company incurred consulting costs with RCF in the amounts of $9,000 and $14,000 respectively with no amounts in the respective comparative periods. The Company also incurred interest costs on the Bridge Loan with RCF of $30,000 and $30,000 respectively with no amounts in the respective comparative periods.

During the three and six months ended June 30, 2020, the Company incurred short-term employee remuneration and benefits to officers and directors in the amounts of $301,000 and $1,077,000 versus $660,000 and $999,000 for the respective comparative periods and recognized share-based compensation for officers and directors in the amounts of $160,000 and $315,000 versus $151,000 and $454,000 for the respective comparative periods.

At June 30, 2020, $4,069,075 was owed to RCF relating to the Bridge Loan.

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.

SIGNIFICANT ACCOUNTING POLICIES

IFRS Standards Adopted

As of January 1, 2020, the Company adopted the new and amended IFRS pronouncements in accordance with transitional provision outlined in the respective standards. The adoption of these standards did not have a material impact on the consolidated results and financial position of the Company.

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, 2020, and have not been applied in preparing the Company's consolidated financial statements. The Company does not consider adoption of these new standards will have a material impact on the consolidated results, financial position or accounting policies of the Company.

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 judgments and 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 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, and accrued and other liabilities 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)	
		June 30, 2020	**December 31, 2019**
Cash and cash equivalents	FVTPL	$ 2,309	$ 2,452
Short-term investments	FVTPL	36	32
Other receivables	Amortized cost	46	271
Restricted cash	FVTPL	2,216	2,075
Accounts payable	Amortized cost	(143)	(916)
Accrued and other liabilities	Amortized cost	(914)	(1,077)
Loan payable	FVTPL	(4,069)	-

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 Q2 2020, is investment income on the Company's cash and cash equivalents and short-term investments. As at June 30, 2020, 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 $5,000. 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 June 30, 2020 is $4.6 million (December 31, 2019 - $4.6 million). At June 30, 2020, the Company's cash and cash equivalents, short-term investments and restricted cash were invested with one Canadian financial institution.

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 June 30, 2020, the Company had negative working capital of $2.5 million (December 31, 2019 - $0.8 million).

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, management advises that there have been no changes in the Company's disclosure controls and procedures that occurred during the most recent interim period, being the three month period ended June 30, 2020, that have materially affected, or are reasonably likely to materially affect, the Company's disclosure controls and procedures.

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 National Instrument 52-109, management advises that there have been no changes in the Company's internal controls over financial reporting that occurred during the most recent interim period, being the three month period ended June 30, 2020, that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

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 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 should be carefully considered by investors when evaluating an investment in the Company.

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, 2019, 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 Mine 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 Mine capital and operating cost estimates and long-term environmental reclamation obligations; exploration plans at the Prairie Creek Mine 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.*

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 Mine 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.*