



Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 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 September 30, 2020	As at December 31, 2019
ASSETS		
Current		
Cash and cash equivalents (Note 3)	\$ 3,631	\$ 2,452
Short-term investments (Note 4)	24	32
Deferred share issuance costs	44	-
Other receivables and prepaid expenses	308	369
Total Current Assets	4,007	2,853
Restricted cash	2,422	2,075
Property, plant and equipment	735	750
Right-of-use assets	69	109
Exploration and evaluation assets (Note 5)	1,400	5,398
Total Assets	\$ 8,633	\$ 11,185
LIABILITIES		
Current		
Accounts payable	\$ 268	\$ 916
Accrued and other liabilities	1,041	1,077
Current portion of lease obligation	73	82
Loan payable (Note 6)	6,980	-
Total Current Liabilities	8,362	2,075
Lease obligation	9	49
Decommissioning provision	1,992	1,868
Total Liabilities	10,363	3,992
SHAREHOLDERS' EQUITY		
Share capital (Note 7)	136,747	135,385
Reserves (Note 8)	16,985	17,056
Deficit	(155,462)	(145,248)
Total Shareholders' Equity	(1,730)	7,193
Total Liabilities and Shareholders' Equity	\$ 8,633	\$ 11,185

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

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 September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Income				
Investment income	\$ 1	\$ 19	\$ 10	\$ 86
Expenses				
Depreciation	17	19	54	62
Exploration and evaluation (Note 9)	1,045	4,413	3,182	7,871
Listing and regulatory	10	16	60	66
Management and directors	280	303	1,357	1,302
Office and general	137	140	501	512
Professional	59	33	170	373
Shareholder and investor communications	59	85	210	242
Share-based compensation (Note 8)	178	122	584	599
	1,785	5,131	6,118	11,027
Other income (expenses)				
Impairment of exploration and evaluation assets (Note 5)	(4,097)	-	(4,097)	-
Finance costs	(102)	(13)	(164)	(40)
Gain on foreign currency translation	87	-	155	-
Loss on change in decommissioning provision	-	-	-	-
	(4,112)	(13)	(4,106)	(40)
Net loss and comprehensive loss for the period	\$ (5,896)	\$ (5,125)	\$ (10,214)	\$ (10,981)
Net loss per share - basic and diluted	\$ (0.02)	\$ (0.01)	\$ (0.03)	\$ (0.03)
Weighted average number of shares outstanding				
Basic and diluted	390,050,917	371,101,902	386,471,976	370,869,690

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)

	Nine months ended September 30,	
	2020	2019
Operating Activities		
Net loss for the period	\$ (10,214)	\$ (10,981)
Adjustments for items not involving cash:		
Depreciation expense	84	91
Impairment of exploration and evaluation assets (Note 5)	4,097	-
Foreign currency translation	(155)	-
Finance costs	164	40
Share-based compensation (Note 8)	584	599
Tax remittance on exercise of RSUs and DSUs (Note 8)	(147)	-
Change in non-cash working capital items:		
Other receivables and prepaid expenses	61	(166)
Accounts payable and accrued liabilities	(684)	2,317
	(6,210)	(8,100)
Financing Activities		
Loan proceeds (Note 6)	7,111	2,446
Loan interest (Note 6)	(110)	-
Capital stock issues, net of share issue costs (Note 7)	855	-
Payment of lease obligations	(68)	(67)
Deferred share issuance costs	(44)	-
	7,744	2,379
Investing Activities		
Additions to property, plant and equipment	(16)	(105)
Payment of reclamation security deposits	(347)	-
Short-term investments	8	23
	(355)	(82)
Net change in cash and cash equivalents	\$ 1,179	\$ (5,803)
Cash and cash equivalents, beginning of period	\$ 2,452	\$ 9,253
Net change in cash and cash equivalents	1,179	(5,803)
Cash and cash equivalents, end of period	\$ 3,631	\$ 3,450

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)	574,499	80	(80)	-	-
Redemption of restricted share units (Note 7)	900,000	282	(282)	-	-
Share-based compensation (Note 8)	-	-	599	-	599
Net loss for the period	-	-	-	(10,981)	(10,981)
Adjustment upon adoption of IFRS 16	-	-	-	(27)	(27)
Balance, September 30, 2019	371,138,441	134,898	17,532	(148,293)	4,137
Redemption of deferred share units (Note 7)	204,112	30	(43)	-	(13)
Redemption of restricted share units (Note 7)	1,200,000	457	(528)	-	(71)
Share-based compensation (Note 8)	-	-	95	-	95
Net loss for the period	-	-	-	3,045	3,045
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)	-	-	584	-	584
Net loss for the period	-	-	-	(10,259)	(10,259)
Balance, September 30, 2020	390,050,921	\$ 136,747	\$ 16,985	\$ (155,507)	\$ (1,775)

NorZinc Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the period ended September 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 "NZN" 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 \$4.4M as at September 30, 2020. During the year, the Company has received a total of C\$7.2M from RCF through an unsecured loan (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. In September, the Company received supporting commitment from RCF to backstop C\$7.1M of the Company's planned Rights Offering of \$10M ("the Rights Offering"). RCF will pay for its shares in the Rights Offering by first settling all obligations outstanding in the unsecured loan with the remaining amount outstanding being settled in cash. See Note 6 for further details. However, additional financing will be required to continue the development of the Prairie Creek Project, put the Prairie Creek Mine into production and meet its short-term working capital needs. 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 and 2021.

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 September 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 November 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 September 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.

(d) Impairment of Non-Financial Assets

The Company assesses at each reporting date the carrying amounts of non-financial assets to determine whether there is an indication of impairment. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of an asset or cash-generating unit is the greater of fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. For the purpose of impairment testing, assets are grouped at lowest levels that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statement of comprehensive income or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment charge is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A previously recognized impairment loss is reversed only if there has been a significant change in or reversal of the circumstances or events that gave rise to the previously recognize impairment loss.

NorZinc Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the period ended September 30, 2020

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

3. Cash and Cash Equivalents

The Company's cash and cash equivalents at September 30, 2020 consisted of cash of \$3,631,000 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 September 30, 2020, short-term investments had a carrying value of \$24,000, earning income at a rate of 0.75% (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.

5. Exploration and evaluation assets

Newfoundland Properties, December 31, 2019	\$ 5,398
Impairment	(4,098)
Newfoundland Properties, September 30, 2020	\$ 1,300
Prairie Creek Mine – change in estimates for Decommissioning Provision	100
Total Exploration and evaluation assets, September 30, 2020	\$ 1,400

During the quarter the Company was authorized by the Board to formalize a potential sale for the Newfoundland Properties with an unrelated third party and through this process the Company determined that the potential sales price was lower than the Newfoundland Properties' carrying value and represented an impairment trigger. The Company obtained a fair value estimate of this property from their financial advisor and recorded an impairment of \$4.1M against the value of its mineral properties as at September 30, 2020 to best estimate its fair value less cost to sell. Negotiations for the potential sale are ongoing and have not yet reached any formal agreements at this time.

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 was payable upon the earlier of (i) October 24, 2020, the date that was six months from the closing date of the Bridge Loan and (ii) upon the completion of a rights offering ("RO"). RCF 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\$1.5M tranche of the US\$3.0M unsecured loan. On June 30, 2020, the Company received the second US\$1.5M tranche of the unsecured loan.

On September 28, 2020, the parties entered into an amendment to the agreement to: (1) increase the amount of the Bridge Loan by C\$3.0M (US\$2.25M) (the "Increased Amount") to bring the aggregate total Bridge Loan to C\$7.2M (US\$5.25M); (2) extend the maturity date of the Bridge Loan to the earlier of (i) December 15, 2020 and (ii) the date on which the Company completes the RO; (3) set the target size of the RO at C\$10M; and (4) set the backstop amount at C\$7.1M. The Increased Amount of C\$3.0M (US\$2.25M) was received on September 30, 2020.

Net loan proceeds were C\$7.1M consisting of gross proceeds of \$7.2M offset by transaction costs of \$0.47M. From April 24, 2020 to September 30, 2020, the Company accrued interest of \$0.11M. A gain of \$0.16M was recorded to revalue the US dollar loan to Canadian dollars as at September 30, 2020.

NorZinc Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the period ended September 30, 2020

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

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 nine month period ended September 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 September 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 September 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.

	September 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 nine months ended September 30, 2020, the Company recorded share-based compensation expense for stock options granted to directors, officers and employees of \$43,000 and \$202,000 respectively compared to \$61,000 and \$247,000 in the respective comparable periods in 2019.

As at September 30, 2020, the Company had outstanding and exercisable stock options, with a weighted average remaining contractual life of 3.1 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	1,312,500	0.10
January 31, 2024	4,000,000	0.10	3,500,000	0.10
April 5, 2024	500,000	0.10	375,000	0.10
February 14, 2025	5,201,891	0.08	1,950,709	0.08
	16,601,891	\$ 0.15	12,538,209	\$ 0.17

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

For the period ended September 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 nine months ended September 30, 2020, the Company issued 2,291,786 DSUs to directors (September 30, 2019 – 1,208,655) and redeemed 1,532,483 DSUs (September 30, 2019 – 574,499). During the nine months ended September 30, 2020, the Company issued 4,650,516 RSUs (September 30, 2019 – 3,189,000) to senior management and redeemed 4,489,000 vested RSUs (September 30, 2019 – 900,000).

At September 30, 2020, there were 4,542,986 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	2,291,786	0.06	4,650,516	0.08
Redeemed	(1,532,483)	0.13	(4,489,000)	0.10
Outstanding, September 30, 2020	4,542,986	\$ 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 nine months ended September 30, 2020, the Company recognized share-based compensation expense for DSUs granted of \$46,500 and \$139,500 respectively versus \$47,000 and \$115,000 in the respective comparable periods. For the three and nine months ended September 30, 2020, the Company recognized share-based compensation expense for RSUs granted of \$89,000 and \$242,000 respectively versus \$14,000 and \$237,000 in the respective comparable periods.

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

For the period ended September 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	584	-	-	584
Stock options expired	(180)	180	-	-
Balance, September 30, 2020	\$ 1,417	\$ 14,964	\$ 604	\$ 16,985

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

For the period ended September 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 September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Camp operation and project development	\$ 403	\$ 1,700	\$ 576	\$ 2,614
Mine planning	225	525	1,003	1,006
Permitting and environmental	407	2,112	1,583	4,118
	1,035	4,337	3,162	7,738
Depreciation – mining plant and equipment	10	14	30	29
Total exploration and evaluation expenditures	\$ 1,045	\$ 4,351	\$ 3,192	\$ 7,767
Exploration and evaluation expenditures (inception to date), beginning of period	\$ 103,179	\$ 93,301	\$ 101,032	\$ 89,885
Total exploration and evaluation expenditures	1,045	4,351	3,192	7,767
Exploration and evaluation expenditures (inception to date), end of period	\$ 104,224	\$ 97,652	\$ 104,224	\$ 97,652

Newfoundland Properties	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Geology	\$ -	\$ 62	\$ 12	\$ 113
Diamond Drilling	\$ -	\$ -	\$ (22)	\$ (9)
Total exploration and evaluation expenditures	\$ -	\$ 62	\$ (10)	\$ 104
Exploration and evaluation expenditures (inception to date), beginning of period	\$ 7,550	\$ 7,448	\$ 7,560	\$ 7,406
Total exploration and evaluation expenditures	\$ -	62	\$ (10)	104
Exploration and evaluation expenditures (inception to date), end of period	\$ 7,550	\$ 7,510	\$ 7,550	\$ 7,510

For the three and nine months ended September 30, 2020, employee wages and benefits of \$354,000 and \$814,000 were included in exploration and evaluation expenditures versus \$809,000 and \$1,161,000 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 \$3M of non-flow through equity financing.