Management's Discussion and Analysis

Year Ended – December 31, 2020

(Expressed in Canadian dollars, unless otherwise noted)

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This Management's Discussion and Analysis ("**MD&A**"), dated March 30, 2021, 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 audited consolidated financial statements and notes thereto of the Company for the years ended December 31, 2020 and 2019 (together the "**Annual Financial Statements**") and other corporate filings, including the Company's annual information form for the year ended December 31, 2020 (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 Financial Statements 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.

CORPORATE OVERVIEW

The Company's activities are primarily focussed on the completion of permitting for an expanded project design and ultimate development of the Prairie Creek silver-zinc-lead 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 ("**WL**") and Land Use Permit ("**LUP**") 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 Q4 2020 the Company received renewed operating WL and LUP permits for the Mine from the MVLB and NWT ministerial approval Feb 2021. The Company is applying for amended operating permits for the new expanded project design discussed below.

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 focussed on throughput enhancement and possible reserve enhancement due to the large potential for increased reserves at Prairie Creek. Also through the latter part of 2019 and into 2020, NorZinc analyzed 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 ("**NWT**") and announced in Feb 2020 a new plan on optimizing economics, including a mine enhancement program ("**MEP**"). During 2020 the Company completed a detailed internal analysis of the various aspects of the MEP as discussed below.

New Objectives for Prairie Creek Mine - 2021 and Beyond ("New Objectives")

The Company announced in April 2020 the results of a more detailed review of the optimization and MEP. The resulting new objectives for the Mine would focus, over the subsequent 18-24 months, on (a) a possible significant increase in production throughput, and (b) a potential significant increase in reserves at the Mine. The internal analyses had 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].

As discussed below the Company site activities in 2020 in furtherance of the MEP were affected by the Covid-19 pandemic. Nevertheless, the Company's target development schedule for the Prairie Creek Mine has remained unchanged from the May 2020 schedule. Subject to financing and Covid-19 effects the current MEP has NorZinc commencing with construction of Phase 1 of the all-season road ("**ASR**") in Q1 2022, limited construction activities at the mine site during 2022, followed by the main construction and development activities planned for 2023 and 2024, and culminating in commencement of operations in Q4 2024.

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

The Company continues to consider multiple development financing opportunities for the activities in 2021 and into 2022. This funding was originally to be focussed on design enhancements for the increase in production throughput and exploration leading to a potential increase in reserves, but is now also targeted to potentially fund Phase 1 of the ASR.

From the 2020 MEP work NorZinc's primary objective over the coming 18-month period is to complete work necessary to target a 50% increase in throughput and an underground drill program with the objective of increasing contained metal in reserves by up to 50%. In order to obtain the data to potentially increase the reserves, an extensive underground drill program is planned and will commence once the appropriate funding is secured. The development focus of NorZinc over the next 18 months will be as follows:

- Execution of an underground drill program targeting increased reserves.
- Continued silver focussed surface exploration targeting high grade silver zones.
- Completion of an updated feasibility study based on the new reserves and the increased throughput.
- Construction of the Phase 1of the ASR.
- Continued discussions with the ultimate goal of finalizing agreements with respective Indigenous communities.

These stated objectives will result in the Mine spending more in the communities which will have positive impacts on the communities from increased direct (and indirect) employment and business participation. All of this additional planned work is not expected to result in any significant increases in environmental effects or the footprint at the mine site and ASR.

While there are no guarantees, the Company still targets finishing its exploration program within 18-months but Covid-19 protocols could delay that. As the pandemic persists, NorZinc will continue to follow the highest health and safety standards and update stakeholders on a regular basis. 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.

COVID-19 Effect on Schedule

In August 2020 the Company announced that its plan for an early commencement of the Stage 2 exploration program in 2020 was unlikely to proceed on the planned schedule, due to ongoing concerns with Covid-19, both with regard to safety and market concerns. Recognizing there had been no active Covid-19 cases in the NWT since April 2020, and zero incidence of cases in the local communities, the Company worked with both the Government of the NWT and the local communities on special measures to ensure they were satisfied with the strict protocols for the safety of staff and the local communities.

The agreement and implementation of those measures with all parties delayed the safe opening of the site by over 2 months, with only limited staff getting to site by mid-July. Since July 2020, cases of Covid-19 had occurred in the region but a vaccination program is well underway in the NWT due to Canada's priority on vaccinating remote indigenous communities. The Company will continue to work with the Government of the NWT to meet public health measures related to vaccination protocols and COVID-19 requirements for non-NWT workers. These are continually being reviewed by the Government of the NWT and may be updated creating uncertainty in the requirements for the 2021 site activities.

HIGHLIGHTS – FISCAL YEAR 2020

Financial and Corporate

- Closed $0.9 million ("**M**") private placement. (Mar)
- Closed $9.5M rights offering. (Dec)
- Closed $1.6M flow-through private placement for 2021 surface exploration program. (Dec)
- Cash and short-term investments at December 31, 2020 - $5.3M (2019 - $2.5M).
- Loss for year ended December 31, 2020 - $13.2M (2019 - $7.9M) which includes a $4.1M (2019 - $nil) impairment of the Newfoundland Properties.

Prairie Creek

- Recognizing the potential to improve project economics to mitigate lower commodity prices and anticipated increasing costs, NorZinc announced a mine enhancement study to optimize mining design and potential throughput opportunities. (Feb)
- Completed initial internal review of direction and goals for the Prairie Creek Mine, and announced preparation of a 2020/2021 workplan focussing on a possible significant increase in production throughput and reserves. (Apr)
- Completed NorZinc Covid-19 Exposure Control Plan working with GNWT regulators and local communities prior to site opening. (Mar-July)
- Launched silver-focussed surface drill program at Prairie Creek. (Oct)
- Mine-site opened July 2020 to commence water treatment operations. (Jul-Nov)
- Completed weather shortened surface drill program with multiple high-grade silver and zinc intercepts within and adjacent to the existing inferred resource. (Dec)
- Obtained renewed permits from MVLB for the mine (Dec)
- Commenced the process of obtaining amended operating permits for increased design throughput and reserve additions assumed at the end of the underground drill program.

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)	Zinc (%)	Lead (%)	ZnEq (%)
	Proven	1.7	155.6	10.36	8.45	26.2
TOTAL	Probable	6.4	115.8	8.17	8.00	22.2
	Total	**8.1**	**124.2**	**8.64**	**8.10**	**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 ("**tpd**"). Prairie Creek also hosts an additional Inferred Mineral Resource of 7.0 million tonnes grading 11.3% Zinc, 7.7% Lead, and 166g/t Silver, which has the potential, through further exploration and development, to be upgraded to the Reserve category.

Built originally as the Cadillac Silver 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 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 and financial success of the Company.

ASR Access to the Mine

In 2014 the Company made application to the MVLB and Parks Canada for permits to construct, maintain and operate an all season road from the Mine to the Liard Highway. The final Environmental Assessment of the ASR was completed in 2018. With the Company's submission of the requested Post-EA Information Package in February 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 WLs and LUPs 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 MEP.

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. On December 8, 2020 the company received notice from ECCC that the investigation had been concluded with the issuance of a written warning and corrective steps to be taken in the future. In February 2021 the Company provided the 2021 water treatment plans as requested by ECCC.

Indigenous Agreements

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 later renamed as Environmental Cooperation Agreement ("**ECA**"). The ECA 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 continued 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 above agreements, both completed and near completion, provide assurance the Mine has strong local Indigenous support.

Timing of Development

In accordance with the MEP, NorZinc continues to plan, subject to Covid-19 restrictions and financing, 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 final grading of the road. Prior to each phase of the 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 Covid-19, the permitting and financing timelines, 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 21, 2020, the Company entered into a credit agreement (the "Credit Agreement") with RCF, pursuant to which, among other things: (1) RCF agreed to provide a US$3 million (C$4.2 million) unsecured bridge loan (the "**Bridge Loan**") to the Company; (2) the Company agreed to complete a rights offering ("RO"); and (3) RCF agreed to backstop the RO through the purchase of RO shares of at least sufficient value to cover the Bridge Loan principal and interest.

On September 28, 2020 the Company and RCF entered into an amendment to the Credit Agreement ("**Loan Amendment"**) to: (1) increase the amount of the Bridge Loan by US$2.25 million (the "Increased Amount") to bring the aggregate total Bridge Loan to US$5.25 million (C$7.2 million); (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$10 million; and (4) set the backstop amount at C$7.1 million. The funds were received on September 30, 2020.

On November 20, 2020 the Company announced it had closed its previously announced RO raising total aggregate gross proceeds of approximately $9.5M and representing 94.5% of the total rights offered. Upon closing, the Company issued a total of 146,028,424 of the Company under the RO at a price of $0.065 per Common Share. RCF exercised its basic subscription privilege under the Standby Purchase agreement to purchase a total of 110,302,267 Common shares bringing their total ownership in the company to 47.8%. RCF's participation in the RO are further testimony to the significant ongoing support for the development of the Mine, and for the anticipated significant value creation of the new plans for the Mine's development.

It was the Company's target to complete the main development project financing by the end of 2021. This is now targeted for mid-2022, with funding of the construction of the initial Phase 1 ASR (an early winter road) prior to the overall project financing, planned to be from non-bank sources as discussed below. As previously announced, the main development project funding is expected to be sourced largely from the debt and silver streaming markets.

NorZinc continues to work with Scotia Capital to explore financing opportunities for the Prairie Creek Mine with an emphasis on the substantial potential of a silver stream. The initial stream process in early 2020 helped management focus on key areas for potential investors which the Company believes have been addressed in the MEP. The primary objective of the streaming process was to focus on long term financing, but in view of the current bullish silver market, the Company may also consider this as a source of intermediate financing as well.

Management continues to explore additional financing alternatives including flow-through financing, convertible notes, bridge loans and private placements as alternatives to a potential silver stream financing.

NEWFOUNDLAND PROJECTS

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 ("Newfoundland Properties"). 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%.

During the year 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 $4.1 million against the value of its mineral properties as at December 31, 2020 to best estimate its fair value less cost to sell. Management continues to explore options relating to maximizing value for the Newfoundland Properties.

While the Company's primary focus remains on the Prairie Creek Mine site in the Northwest Territories, the Newfoundland Properties will continue to be maintained in good standing for the foreseeable future. This will necessitate minor cash and labour commitments in order to keep these claims and leases current, while the Company continues evaluating the best path forward for the properties.

ANNUAL FINANCIAL INFORMATION

In thousands '000	Year ended December 31, 2020	2019	2018
Income			
Investment income	$ 10	$ 95	$ 173
Expenses			
Depreciation	73	81	7
Exploration and evaluation	4,668	11,300	5,893
General and administration (1)	3,644	3,650	3,940
Share-based compensation	708	694	677
	9,093	15,725	10,517
Other income (expenses)			
Gain on sale of NSR	-	7,744	-
Impairment of exploration and evaluation assets	(4,097)	-	-
Finance costs	(280)	(325)	(719)
Gain on foreign currency translation	138	-	(556)
Loss on change in decommissioning provision	(34)	302	-
	(4,274)	7,694	(1,275)
Net loss and comprehensive loss for the year	**$ (13,357)**	**$ (7,936)**	**$ (11,619)**

(1) General and administration consists of listing and regulatory, management and directors, office and general, professional, and shareholder and investor communications expenses.

In thousands '000	As at December 31, 2020	2019	2018
Non-current financial liabilities	2,115	1,917	1,904
Total assets	10,300	11,185	17,846
Dividends declares	-	-	-

Net loss

The Company incurred a net loss of $13.4M in the year end December 31, 2020. The net loss was higher than 2019 ($7.9M) and 2018 ($11.6M) due largely to the $4.1M impairment expense recorded for the Newfoundland exploration asset. Despite the highest expenses in 2019, its net loss was the lowest due to the $7.7M gain on sale of a 1% Royalty ("NSR") to RCF.

Investment income

Investment income was the lowest in the current fiscal period in 2020. This balance fluctuates depending on the average cash balance on hand during the fiscal year.

Depreciation expense

Depreciation expense decreased when compared with 2019 as some of the assets have been fully depreciated. When comparing with 2018, the increase was due to increase in rights of use assets.

Exploration and evaluation expense

Exploration and evaluation expense was the lowest in 2020 due to reduction in all areas (site activities, mine planning, permitting, etc.) related to the Prairie Creek Mine.

General and administration expenses

General and administration expense remain largely consistent throughout 2018 to 2020.

Share-based compensation varies year to year dependent on the vesting period of RSUs, DSUs and stock options.

Other expenses

Finance costs varies from year to year dependent on the Company's debt level. The loan principal repaid was $7.1M, $8.0M and $13.1M for years ended 2020, 2019, 2018, respectively. As a result, the finance cost was the highest in 2018 and lowest in 2020.

Gain in foreign exchange varies from year to year and was dependent on the strength of Canadian Dollar vs. US Dollar as the loans were denominated in USD.

Loss in change in decommissioning provision (non-cash) varies year to year and it was dependent on the discount rate used for the specific fiscal year.

Non-current financial liabilities and assets

Non-current financial liabilities increased from 2018 to 2020 due to increase in decommissioning obligation as the balance was gradually accreting to the face value.

Total assets have decreased from 2018 to 2020 due to depreciation and impairment of assets and the use of cash for exploration and general corporate expenditure. The assets significantly decreased in 2020 due to impairment of exploration and evaluation assets of $4.1M.

Consolidated quarterly loss – 8 quarters historic trend

(tabled amounts are expressed in thousands of CAD dollars)	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	*Q1 2019*
Investment income	$ 1	$ 1	$ -	$ 8	$ 9	$ 19	$ 31	*$ 36*
Depreciation	(19)	(17)	(18)	(19)	(19)	(19)	(17)	*(26)*
Exploration and evaluation	(1,486)	(1,045)	(540)	(1,597)	(3,429)	(4,413)	(1,994)	*(1,464)*
General and administration [(1)]	(1,347)	(545)	(581)	(1,171)	(1,155)	(577)	(1,111)	*(807)*
Share-based compensation	(124)	(178)	(203)	(203)	(95)	(122)	(151)	*(326)*
Gain on sale of NSR	-	-	-	-	7,744	-	-	-
Impairment of exploration and evaluation assets	-	(4,097)	-	-	-	-	-	-
Finance costs	(116)	(102)	(51)	(11)	(352)	(13)	(13)	*(14)*
Gain on foreign currency translation	(17)	87	68	-	302	-	-	-
Loss on change in decommissioning provision	(34)	-	(23)	23	-	-	-	-
Net (loss) income	(3,143)	(5,896)	(1,348)	(2,970)	3,045	(5,125)	(3,255)	*(2,601)*
(Loss) earnings per share	(0.01)	(0.02)	(0.01)	(0.01)	0.01	(0.01)	(0.01)	*(0.01)*
Total liabilities	4,545	10,363	7,222	3,607	3,992	8,473	3,960	*2,959*
Total assets	**$ 10,300**	**$ 8,633**	**$ 11,210**	**$ 8,763**	**$ 11,185**	**$ 12,610**	**$ 13,100**	***$ 15,203***

(1) General and administration consists of listing and regulatory, management and directors, office and general, professional, and shareholder and investor communications expenses.

Three months ended December 31, 2020 vs. all historic quarters in 2020 and 2019

The net loss for the quarter was $3.1M which is largely consistent with the prior quarters given the project is in the development stage. Notable exceptions were Q3 2020 where the loss was significantly larger due to the $4.1M impairment of the Newfoundland Properties and Q4 2019 which had a net income of $3.0M due to the sale a 1.0% NSR to RCF resulting in a gain of $7.7M.

Exploration and evaluation expenditures were $1.4M for the quarter. This amount differs significantly from the following quarters for the following reasons:

- Q2 2020 ($0.5M) and Q3 2020 ($1.0M) – expenditures were reduced during these quarters as part of a capital management strategy where expenditures were being minimized.
- Q4 2019 ($3.4M) and Q3 2019 ($4.4M) – These two quarters were significantly higher due to the push for final major permit approvals for the ASR which were received in Q4 2019.

General and administration expenditures were $1.3M for the quarter. The primary driver of the fluctuation between other quarters is the result of expenditures related to management and directors as a result of general corporate level personnel changes and the associated costs.

Change in total liabilities and assets

Total liabilities have increased and decreased throughout 2019 and 2020 dependent on the timing of loan payable withdrawal and settlement. In Q3 2020, the liabilities balance was at its highest due to a quarter end loan payable balance of $7.0M. This was settled through share issuances in Q4 2020, resulting in a lower total liabilities balance.

Total assets have decreased from 2019 to 2020 due to depreciating assets and the use of cash for exploration and general corporate expenditure. The assets significantly decreased in Q3 2020 due to impairment of exploration and evaluation assets of $4.1M. This amount increased in Q4 2020 due to closing a rights offering in November 2020 (net $2.4M) and flow-through share financing in December 2020 ($1.6M).

LIQUIDITY AND CAPITAL RESOURCES

	Year ended December 31,					
(tabled amounts are expressed in thousands of CAD dollars)		**2020**		**2019**		**2018**
Cash outflows from operating activities	$	(8,173)	$	(14,452)	$	(9,894)
Cash inflows from financing activities		11,358		(173)		6,168
Cash outflows from investing activities		(351)		7,824		-
Net cash flows		(2,834)		(6,801)		(3,726)
Cash and cash equivalents balance	$	5,286	$	2,452	$	9,253
Net cash flows		2,834		(6,801)		(3,726)
Cash and cash equivalents balance	$	5,286	$	2,452	$	9,253

As at December 31, 2020, the Company had a working capital balance of $3.2M (2019 – $0.8M, 2018 - $8.3M) which included cash and cash equivalents of $5.3M (2019 - $2.5M, 2018 - $9.3M). The working capital balance has decreased from 2018 to 2020 due to exploration and corporate expenditure. It improved in 2020 when compared to 2019 due to increased cash from equity financing and settling of loans through share issuance.

For year ended December 31, 2020, the cash outflow from operating was $8.2M, compared to $14.4M in 2019 and $9.9M in 2018. The decrease was due to a decrease in exploration and evaluation expenditures. The Company lowered its overall expenditure level until it was recapitalized in late 2020.

For year ended December 31, 2020, the cashflow from financing activities was $11.4M, compared to outflow of $0.2M in 2019 and cashflow of $6.2M. During the year, the Company raised $7.1M of debt (which was settled through share issuance) and $4.5M in equity financing. These financing did not occur in fiscal 2019 or 2018.

For the year ended December 31, 2020, the cash outflow from investing activities was $0.4M compared to an inflow of $7.8M in 2019. There was an $8.0M sale of royalty in 2019 which did not occur in 2020 and 2018.

During the year ended December 31, 2020, the Company received a $7.1M (US$5.3M) bridge loan from RCF CAD VI. On November 19, 2020, the Company settled the bridge loan and associated interest of $7.2M with RFC CAD VI through the issuance of 110,302,267 common shares through a rights offering at a deemed price of $0.065. For that rights offering the Company issued a total of 146,028,424 common shares for gross proceeds of $9.5M.

On December 23, 2020, the Company completed a flow-through share financing of 19,750,000 common shares at $0.08 per share for total gross proceeds of $1.6M.

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 Feasibility Study (“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 $253M, plus a contingency of $26M for a total of $279M. Working capital required upon commencement of production is estimated to be $36M.

The Company has a history of losses with no operating revenue other than interest income and has positive working capital of $3.2M as at December 31, 2020 (2019 - $0.8M). During the year ended December 31, 2020, the Company received $7.1M of loans and $4.5M of equity financing. The ability of the Company to carry out its planned business objectives and meet its short-term working capital needs is dependent on its ability to raise adequate financing from lenders, shareholders and other investors. Additional financing will be required to continue the development of the Prairie Creek Project and to put the Prairie Creek Mine into production. There is no assurance that such financing will be available on a timely basis or on acceptable terms. If the Company is unable to obtain adequate additional financing, the Company will be required to curtail operations, exploration and development activities. The Company is currently evaluating various opportunities and seeking additional sources of financing. These conditions indicate the existence of material uncertainties which cast significant doubt about the Company’s ability to continue as a going concern. These audited 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 audited consolidated financial statements.

The following table reflects the Company's aggregate contractual commitments as of December 31, 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)	$ 63	$ 54	$ 9	$ -	*$ -*
Decommissioning provision (2)	2,564	-	-	-	*2,564*
Annual fees and taxes (3)	750	75	150	225	*300*
Total Contractual Obligations	**$ 3,377**	**$ 129**	**$ 159**	**$ 225**	***$ 2,864***

(1) Represents obligations under operating leases for office space.

(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.

SHAREHOLDERS' EQUITY

Date	Common Shares	Options	RSU	DSU	Share purchase warrants (iv)
As at Dec 31, 2020	**555,829,341**	**16,501,891**	**4,529,438**	**5,207,271**	**1,125,000**
RSU vesting (i)	3,574,463	-	(4,529,438)	-	-
RSU grant (ii)	-	-	4,818,856	-	-
Stock option grant (iii)	-	8,089,777	-	-	-
As at date of report	**559,403,804**	**24,591,668**	**4,818,856**	**5,207,271**	**1,125,000**

i) Subsequent to December 31, 2020, 4,529,438 RSUs were vested. The Company issued 3,574,463 common shares related to the vested RSUs. The difference in amount between the RSUs vested and common shares issued was used to remit tax withholdings for the RSU holders.

ii) Subsequent to December 31, 2020, the Company granted 4,818,856 RSUs to employees and officers of the Company. The RSU will fully vest in a year from the date of grant.

iii) On January 25, 2021, the Company granted 8,089,777 stock options to employees and officers of the Company. The stock option has an exercise price of $0.075 and expire on January 25, 2026. 1/8th of the stock options will be vested at grant and 1/8th every 3 months thereafter April 1, 2021.

iv) The share purchase warrants outstanding has an exercise price of $0.08 and expires on December 23, 2022.

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The following table discloses the number of options and vested options outstanding as at date of the report:

Number of options	Vested	Exercise price $	Expiry Date
2,800,000	2,800,000	$ 0.35	August 10, 2021
2,500,000	2,500,000	0.20	May 16, 2023
1,500,000	1,312,500	0.10	December 5, 2023
4,000,000	3,500,000	0.10	January 31, 2024
500,000	375,000	0.10	April 5, 2024
5,201,891	1,950,709	0.08	February 14, 2025
8,839,198	1,104,899	0.075	January 25, 2026
25,341,089	13,543,108	$ 0.12	

REGULATORY DISCLOSURES

Off-Balance Sheet Arrangements

As at the date of this report, the Company did not have any off-balance sheet arrangements.

Proposed Transactions

The Company does not have any proposed transactions as at December 31, 2020 other than as disclosed elsewhere in this Management Discussion and Analysis.

Related Party Transactions

During the year ended December 31, 2020, the Company incurred professional fees of $0.2M (2019 - $0.1M) with RCF VI CAD. The Company also incurred interest costs of $0.2M (2019 - $0.1M) from loan payable with RCF VI CAD.

During the year ended December 31, 2020, the Company incurred short-term employee remuneration and benefits to officers and directors in the amount of $1.4M (2019 - $1.7M) and recognized share-based compensation for officers and directors in the amount of $0.2M (2019 - $0.2M).

At December 31, 2020, $0.2M (2019 - $0.1M) was owed to RCF VI CAD and included in accounts payable and accrued and other liabilities. There was no amount owing at the end of the previous year.

Q4 2020 MD&A (expressed in CAD Dollars) – year ended www.norzinc.com

Financial Instruments

(a) Categories of financial instruments

		December 31, 2020	December 31, 2019
Cash and cash equivalents	Amortized cost	$ 5,286	$ 2,452
Short-term investments	Amortized cost	23	31
Other receivables	Amortized cost	289	271
Restricted cash	Amortized cost	2,422	2,075
Accounts payable	Amortized cost	(796)	(916)
Accrued and other liabilities	Amortized cost	$ (1,284)	$ (1,077)

All financial instruments classified as amortized cost are classified under the Level 1 fair value hierarchy. The carrying value of the Company's financial assets and liabilities reasonably approximate their fair values.

(b) Interest rate risk

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 net loss for the year ended December 31, 2020, is investment income on the Company's cash and cash equivalents and short-term investments. As at December 31, 2020, with other variables unchanged, a 1% increase or decrease in the Prime rate would have resulted in a decrease or increase, respectively, to net loss of $nil. The Company does not have any debt obligations which expose it to interest rate risk.

(c) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company does not currently generate any revenues from sales to customers nor does it hold derivative type instruments that would require a counterparty to fulfil a contractual obligation resulting in credit risk. The Company seeks to hold its cash and cash equivalents, short-term investments and restricted cash with reputable financial institutions. The Company considers the following financial assets to be exposed to credit risk: cash and cash equivalents, short-term investments, and restricted cash. The carrying value of these financial assets at December 31, 2020 is $7.8M (2019 - $4.6M). At December 31, 2020, the Company's cash and cash equivalents, short-term investments and restricted cash were invested with two Canadian financial institutions.

(d) Liquidity risk

Liquidity risk encompasses the risk that the Company cannot meet its financial obligations as they fall due. The Company ensures that there is sufficient capital in order to meet short-term business requirements. The Company's policy is to invest cash at floating rates of interest, while cash reserves are maintained in cash equivalents in order to maintain liquidity after taking into account the Company's holdings of cash equivalents, money market investments, and receivables. As at December 31, 2020, the Company had positive working capital of $3.2M (2019 - $0.8M).

Significant Accounting Policies

Please refer to the audited annual financial statements for the year ended December 31, 2020 which was filed on SEDAR.

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, 2019 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. Please refer to the audited annual financial statements for the year ended December 31, 2020 which was filed on SEDAR.

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 year ended December 31, 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 and based on current securities legislation in Canada, the CEO and the CFO of the Company have evaluated the design and effectiveness of the Company's internal controls and procedures over financial reporting as of December 31, 2020 and have concluded that such internal controls and procedures were operating effectively at that date.

Risk and uncertainties

This MD&A contains forward-looking statements. Readers are cautioned as to the risks and uncertainties related to the forward-looking statements and are directed to those risks and uncertainties discussed in the Annual Information Form ("AIF") dated March 30, 2021, of which was filed on SEDAR. Also, please refer to the "Cautionary Statement on Forward-Looking Information" at the end of the MD&A.

Other technical information

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*. 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, 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.

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, 2020, available under the Company's profile on SEDAR at www.sedar.com and on the Company's website at www.norzinc.com.

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.