

NorZinc Ltd. Provides Results for Second Quarter 2020

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VANCOUVER, Aug. 17, 2020 - [NorZinc Ltd.](#) (TSX: NZC) (OTCQB: NORZF) (the "Company" or "NorZinc") reports its interim financial results and development activities for the second quarter ended June 30, 2020. ("Q2 2020"). (All amounts are in Canadian dollars unless otherwise stated. M = million).

Q2 2020 Results & Recent Highlights

- Financial and Corporate
 - Received second tranche of C\$4.1M (US\$3M) unsecured loan from the Company's largest shareholder RCF VI CAD LLC (Jun)
 - Cash and short-term investments at June 30, 2020 - \$2.3M (Jun)
 - Loss for Q2 2020 - \$1.3M
- 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 (Stage 1) detailing the workplan to achieve the possible additional throughput and reserves (Apr-Jun)
 - Continued discussions with regulators advancing project permitting, including new exploration and throughput plans (Apr-Jun)
 - Implemented commitment tracking software in support of all permitting activities and Indigenous community relations (Jun)
 - Continued process to renew Mine Operations permits (Jun)

Summary

The Company's activities are primarily focused on the development of the Company's Prairie Creek zinc-lead-silver mine in Canada's Northwest Territories. In its news release of April 22, 2020 the company announced a two stage process focussed, over 18-24 months, on plans for a possible significant:

- Increase in production throughput; and
- Increase in reserves

at the Prairie Creek Mine (the "Mine"), formerly the Cadillac Silver Mine developed by the Hunt Brothers in the 1980s. The changing price of Silver has also meant an increased focus on Silver production (See Outlook and Factors Affecting Performance below).

Stage 1 of the plan, which consists of a thorough planning process to define and establish the scope of all elements required to ready the project for Stage 2, was commenced in April 2020. Stage 1 is nearing completion and the Company plans to make further announcements regarding the program and the financing plans for Stage 2, including the possible rights offering discussed in April, in the coming weeks. In order to optimize the permitting timeline the company has already initiated discussions with the regulators and local communities on Stage 2 exploration activities and throughput plans.

Stage 2 includes an exploration drilling program, site infrastructure redesign, mine design and economics, engineering, permitting and project execution plans. Stage 2 is intended to support all the work necessary to satisfy project financing, silver stream financing and equity financing at the increased throughput and with increased reserves. See COVID-19 below with regard to timing of Stage 2.

On the throughput front, the Company has continued its internal expansion design plans and has

commenced discussions with the regulators and local communities on a potential 50% increase in throughput from the 2017 Feasibility Study¹.

COVID-19

The Company's plan for an early commencement of the Stage 2 exploration program in 2020 is unlikely to proceed on the planned schedule, due to ongoing concerns with COVID-19, both with regard to safety and market concerns. Recognizing there have 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.

While there are no guarantees, the company still expects to finish its exploration program within the 24-month window previously announced, but not on the schedule that would have been possible without COVID-19.

As the pandemic persists, NorZinc will continue to follow the highest health and safety standards and update stakeholders on a regular basis.

Review of Financial Results

For the three months ended June 30, 2020 the Company reported a net loss and comprehensive loss of \$1.3M compared to a net loss and comprehensive loss of \$3.3M for the three months ended June 30, 2019.

At June 30, 2020, the Company had cash and cash equivalents and short-term investments totaling \$2.3M and a negative working capital balance of \$2.6M. In April, the Company received the first \$2.1M (US\$1.5M) tranche of the US\$3.0M unsecured loan. In June, the Company received the second \$2.0M (US\$1.5M) tranche of the unsecured loan. At December 31, 2019, the Company had cash and cash equivalents of \$2.5M, short-term investments of \$32,000 and a positive working capital balance of \$0.8M.

¹ Refer to "Prairie Creek Property Feasibility Study NI 43-101 Technical Report" filed Oct 31, 2017 on www.sedar.com

Outlook and Factors Affecting Performance

NorZinc's focus for 2020 and 2021 is on its goal of achieving a significant increase in production throughput and increase in reserves through the completion of the Stage 1 and Stage 2 plans announced in April. During the quarter, the Company actively worked towards a timely completion of Stage 1 activities. This has included discussions and engagement with prospective consultants and vendors in getting the appropriate supplemental expertise to define and establish all elements required for Stage 2.

The Company continues to work with the respective Regulators in ensuring compliance with all licenses and permits. As previously mentioned, while there are no guarantees, NorZinc is optimistic that under the assumption of obtaining additional funding, Stages 1 and 2 can be achieved in the coming 18-24 months.

The changing dynamics of the Silver market is expected to have a significant effect on the Mine. The Mine was originally the Cadillac Silver Mine developed by the Hunt Brothers in the 1980s. The current reserves and resources contain significant quantities and grades of Silver. The current reserve consists of 8.1 million tonnes at 8.6% Zinc, 8.1% Lead and 124 grams per tonne (g/t) Silver¹, and the inferred resources that are the focus of the Stage 2 exploration plan consist of 5.3 million tonnes of Main Quartz Vein material at 12.9% Zinc, 8.7% Lead and 199 g/t Silver¹. At current prices with existing reserves the silver net revenue represents over 26% of total net revenue from the Mine¹ even with the high revenue from the very high grades of Zinc and Lead. Annual Silver production in the first 9 years averages 2 million ounces per year at the 2017 Feasibility Study throughput. If the Company achieves its goals of increasing throughput and

reserves, the potential for silver production is expected to increase correspondingly.

The Company is continually assessing various options for financing the development of Prairie Creek, these include alternative project financing, silver streaming, discussions with strategic investors, governmental supported funding, leases and other financing mechanisms.

Qualified Person

Unless otherwise indicated, all scientific and technical information relating to the Company's mineral projects contained in this news release has been reviewed and approved by Kerry Cupit, P. Geo., who by reason of education, membership in professional associations (as defined in NI 43-101) and past relevant work experience, fulfills the requirements of a qualified person as defined in NI 43-101. Mr. Cupit is a Project Geologist employed by the Company, with a B.Sc. in Earth Sciences (Geology).

About NorZinc

NorZinc is a TSX-listed mine development Company trading under the symbol "NZC". NorZinc is developing its key project, the 100%-owned high-grade zinc-lead-silver Prairie Creek Mine, located in the Northwest Territories. NorZinc also owns projects in Newfoundland that host several zinc-lead-copper-gold-silver deposits.

Cautionary Statement – Forward-Looking Information

This press release contains forward-looking information, including, among other things, statements regarding the Company's objectives for increases in mine throughput and reserves, and the timing for completing Stage 1 and Stage 2 of the plan. These statements reflect the Company's objectives generated for planning purposes only and are disclosed in order to explain the direction the Company intends to take in 2020 and 2021. The analyses that led to these objectives are internal studies only and the conclusions and recommendations of such studies have not and will not be publicly disseminated. There is no assurance that production rates will ultimately increase from the rates contemplated in the Company's current feasibility study or that the production on the property will be achieved at all. There is also no assurance that further exploration on the property will result in increased reserves and the reader should not read these objectives as reflecting an economic analysis of the project based on inferred resources. Resources that are not reserves do not have demonstrated economic viability. Inferred resources are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as reserves. There is no certainty that resources will ever be converted into reserves.

Statements relating to equity or streaming financings also constitute forward-looking information. In making the forward-looking statements in this release, the Company has applied certain factors and assumptions that the Company believes are reasonable, including that the mine enhancement objectives will achieve the expected results, that additional exploration on the property will result in increases in reserves, that financing will be available to achieve these goals on acceptable terms, that regulatory approvals for the plan will be received. These statements also based on management's expectations regarding the size and quality of resources, future trends for the Company, progress in development of properties, future production and sales volumes, capital costs, mine production costs, demand and market outlook for metals, future metal prices and treatment and refining charges, the outcome of legal proceedings, the timing of exploration, development and mining activities, capital market conditions, and the financial results of the Company. However, the forward-looking statements in this release are subject to numerous risks, uncertainties and other factors that may cause future results to differ materially from those expressed or implied in such forward-looking statements. Material risk factors that could cause actual results to differ materially from the forward-looking statements include risks that the assumptions and factors on which the forward-looking information is based differ from expectations, risks related to the COVID-19 global health crisis, the Company's history of losses, lack of revenue generation, and dependence on substantial financing to develop the Prairie Creek Mine, as well as all of the risk factors described in the Company's most recent Annual Information Form and Management's Discussion & Analysis filed with Canadian provincial securities regulatory authorities. The Company disclaims any intention or obligation to update or revise any forward-looking information, except as required by applicable law.

SOURCE [NorZinc Ltd.](#)

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