

# NorZinc Ltd. Provides Results for First Quarter 2021

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VANCOUVER, May 13, 2021 - [NorZinc Ltd.](#) (TSX: NZC) (OTCQB: NORZF) (the "Company" or "NorZinc") reports its interim financial results and development activities for the first quarter ended March 31, 2021. ("Q1 2021"). (All amounts are in Canadian dollars unless otherwise stated. M = million)

## Q1 2021 Results & Recent Highlights

- Financial and Corporate
  - Cash and short-term investments at March 31, 2021 were equal to \$2.7M (vs. \$5.3M as of December 31, 2020).
  - Loss for three months ended March 31, 2021 was \$1.7M (vs. \$3.0M as of March 31, 2020).
  - The Company is in advanced discussions for the next stage of financing development of the Prairie Creek Mine, including a potential silver stream.
  - The Company commenced planning for an exploration program at its Newfoundland properties.
- Prairie Creek
  - The Company commenced preparation for the surface drill program as part of the overall strategy to enhance the reserves. The drill program is anticipated to start in May 2021.
  - The NorZinc Covid-19 Exposure Control Plan and Vaccination Policy was reviewed and updated in line with GNWT public health.
  - The Company has progressed the process to obtain amended operating permits for increased design throughput.
- Subsequent Events
  - On May 3, 2021, Rohan Hazelton was appointed President, CEO & Director of NorZinc.
  - On May 3, 2021 the Company announced its major shareholder, RCF VI CAD LLC agreed to purchase \$1M of common shares through a private placement; the financing is expected to close by May 31, 2021.
  - The Company opened the Prairie Creek Project site on May 4, 2021 with the aim of completing the surface drilling program which began in late 2020, performing annual water treatment activities, and undertaking other key site and road activities necessary to advance the project.

## CORPORATE OVERVIEW

The Company's activities are primarily focused on the completion of permit modifications for an expanded project design and ultimately financing and 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 in 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 focused 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.

## COVID-19

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.

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 sentiment. 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 have occurred in the region but a vaccination program is well underway in the NWT. The Company continues to work with the Government of the NWT to meet public health measures and to provide vaccinations to workers at Prairie Creek. With 2021 site operations having commenced at Prairie Creek, the Company's COVID-19 Plan has been fully reviewed and updated based on prior learnings, vaccination protocols, and new requirements. As an additional measure to protect workers and the 2021 work plan, COVID-19 testing will be conducted on inbound and outbound workers using a PCR test machine located at the Prairie Creek site. The policies and procedures are continually being reviewed by the Government of the NWT, and may be updated. Further changes may create uncertainty in the requirements for the 2021 site activities.

#### Review of Financial Results

For the three months ended March 31, 2021, the Company reported a net loss and comprehensive loss of \$1.7M compared to a net loss and comprehensive loss of \$3.0M for the three months ended March 31, 2020.

As of March 31, 2021, the Company had positive working capital balance of \$1.7M which included cash and cash equivalents of \$2.7M and short-term investments of \$23,000. As of December 31, 2020, the Company had cash and cash equivalents of \$5.3M, short-term investments of \$23,000 and a positive working capital balance of \$3.5M.

#### 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 (i) a possible significant increase in production throughput, and (ii) a potential significant increase in reserves at the Mine. The internal analysis included the possible effect of various increases in underground mining rate and the potential upgrading of the existing Main Quartz Vein ("MQV") inferred resources. Current MQV inferred resources at the Mine total 5.3 million tonnes at 12.9% Zinc, 8.7% Lead and 199 g/t Silver.

As discussed above, the Company's 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.

The Company continues to consider multiple development financing opportunities for the activities in 2021 and into 2022. This funding was originally to be focused 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 12-month period is to complete work

necessary to target a 50% increase in throughput, and a drill program with the objective of increasing contained metal in reserves. 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 12 months will be as follows:

- Obtain significant financing to advance project development.
- Continued silver-focused surface exploration targeting high grade silver zones.
- Assess the need for an updated feasibility study based on the increased throughput and new reserves.
- Construction of the Phase 1 of the ASR.
- Finalizing agreements with respective Indigenous communities through continued discussion.

These stated objectives will result in the Mine having positive impacts on the communities from increased employment (both direct and indirect) and business participation. The additional planned work is not expected to result in any significant increases in environmental effects at the mine site and ASR.

#### 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 long-term development and financings goals, the Company's objectives for increases in mine throughput and reserves, the economic and environmental effects of achieving such increases, and the timing for completing an updated feasibility study and the pioneer winter road. 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 2021. The analyses that lead to the objectives for increased mine throughput and reserves 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.

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.](#)

#### Contact

Rohan Hazelton, President & CEO or Ambika Srinivas both on (604) 688-2001 or Toll free:1-866-688-2001;  
E-mail: [IR@norzinc.com](mailto:IR@norzinc.com); Website: [www.norzinc.com](http://www.norzinc.com)

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