



ZEPHYR MINERALS LTD.

MANAGEMENT'S DISCUSSION & ANALYSIS **FOR THE PERIOD ENDED SEPTEMBER 30, 2022**

Background

This Management Discussion and Analysis ("MD&A") of Zephyr Minerals Ltd. ("Zephyr" or the "Company"), is dated November 28, 2022 and provides an analysis of the financial operating results for the period ended September 30, 2022. This MD&A should be read in conjunction with the audited consolidated financial statements and accompanying notes for years ended December 31, 2021 and December 31, 2020 which have been prepared in accordance with International Financial Reporting Standards ("IFRS") for financial statements. All amounts are in Canadian dollars unless otherwise specified. The financial statements and additional information, including news releases and technical reports referenced herein, are available on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com under the Company's name.

The common shares of Zephyr are traded on the TSX Venture Exchange ("TSXV") under the symbol **ZFR** and on the OTC under the symbol **ZPHYF**. Additional information can be found on the Company's website at www.zephyrminerals.com.

Forward-Looking Information

Certain statements in this MD&A are forward-looking statements or information (collectively "forward-looking statements"). The Company is hereby providing cautionary statements identifying important factors that could cause the actual results to differ materially from those projected in the forward-looking statements. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "may", "will", "should", "could", "is expected to", "anticipates", "estimates", "intends", "plans", "projection", "projects", "predicts", "targets", "potential", "continue", "could", "vision", "goals", "objective" and "outlook"), including statements concerning the Company's application for a mining permit and future work programs on the Company's mineral properties, are not historical facts, may be forward-looking, and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

Forward-looking statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to: the ability of the Company to obtain necessary financing; anticipated costs; the exploration potential of its Dawson-El Plomo property (formerly referred to as Dawson-Green Mountain); management's view that the Dawson-El Plomo property has benign environmental characteristics; management's view that the Archean greenstone belts in Zimbabwe as being underexplored and having the potential to host gold deposits similar in style and size to those in the Canadian Archean greenstone belts in Ontario and Quebec; the successful applications for two Exclusive Prospecting Orders in Zimbabwe; management's view that Zimbabwe is recognized as an important supplier of lithium; the ability of the Company successfully acquiring properties prospective for lithium; the results of a preliminary economic assessment and compliance with state permitting requirements. Further, any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. Risk factors emerge from time to time, that could cause actual results to differ materially from those contained in forward-looking statements, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the business of the Company or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. Such factors include, but are not limited to, those discussed in the "Other Risks and Uncertainties" section of this MD&A below and in the Company's continuous disclosure materials filed from time to time on SEDAR and general conditions in the economy and capital markets.

Company Overview

Zephyr is a gold exploration and development company with activities in the USA and Zimbabwe. Through its wholly owned subsidiary, Zephyr Gold USA Ltd. (“Zephyr USA”), the Company holds a 100% interest in mineral claims in Colorado, collectively referred to as the Dawson–El Plomo property (the “Property”). The Dawson section (“Dawson”), located at the eastern end of the Property comprises an advanced gold project hosting a National Instrument 43-101 Standards of Disclosure for Mineral Projects (“NI 43-101”) compliant inferred gold resource with exploration potential over a 3.8 km strike length.

In 2021 the Company launched a wholly owned subsidiary, Sutter Mining (Private) Limited (“Sutter”), in Zimbabwe, which is scouting out prospective gold properties in that country. This move by Zephyr into Zimbabwe was prompted by a recent amendment to the country’s Indigenization and Economic Empowerment Act allowing 100% foreign ownership in mining properties, combined with the presence of geological environments prospective for gold and lithium.

Financing

As at September 30, 2022, the Company has cash of \$162,881 and working capital of \$180,163. There were no financing activities undertaken to date in 2022. In March 2021, 483,500 stock options were exercised for gross proceeds to the Company of \$48,350.

Zimbabwe

During the quarter the Company’s focus has been on evaluating mineral properties for potential acquisition and joint venture. A number of high potential mineral properties have been identified which are in various stages of negotiation. News releases will be issued if and when these are successfully negotiated.

Concurrently, the Company is waiting for two Exclusive Prospecting Orders (“EPO’s” or “EPO”) to be granted. The first application, Mt. Darwin West, was submitted in June of 2021. The EPO applications’ processing is in its final stage which involves the submission of the EPO’s by the Attorney General’s office to the Minister Of Mines who then presents them to the President of Zimbabwe for signature. The two EPO applications combined cover approximately 124,000 hectares.

In the previous quarter, the Company entered into an option agreement to acquire a 75% interest in the 40 hectare Chikonga Gold Mine Property (“Chikonga Mine”) from Hilltouch Investments (Pvt.) Ltd. (“Hilltouch”), a privately owned arms length Zimbabwe company. Under the terms of the option agreement, the Company can acquire 75% of the Chikonga Mine by paying US\$80,000 over four years and spending US\$1.175 million on exploration over five years. After earning 75%, further expenditures by Sutter on exploration and/or mine development will be paid back to Sutter prior to Hilltouch participating in mine profits. Hilltouch is permitted to continue small scale mining from areas currently being mined until Zephyr makes a decision to build a mine. See Company news release of May 9, 2022 for additional details. The agreement is subject to satisfactory due diligence which is ongoing at the date of these condensed consolidated financial statements. It is anticipated the due diligence will be concluded early in Q1- 2023.

In 2021 Sutter staked the Nyanga North project, which consists of two Special Blocks totaling 201 hectares. Nyanga North is located in the northeastern part of the Umkondo Basin of Zimbabwe and hosts potential for gold and base metals. A “Special Block” is a mining claim up to 150 hectares in size and entitles the holder to explore for, and mine any minerals that may be discovered and deemed economic. In the event only gold is discovered, regulations require the Special Blocks to be converted into gold claims. This is a straightforward process that requires subdividing the Special Blocks into 10 hectare surveyed gold claims. The Special Blocks are renewable annually by paying annual fees as gazetted by the government. Nyanga North covers an area of a postulated shear zone which is interpreted to be the eastern extension of the gossanous zone recently mined for gold by local artisanal miners as evidenced by numerous small pits.

Dawson–El Plomo Property

In the previous quarter following a review of relevant technical data, the Company elected to abandon low priority areas of the Property, thereby reducing its total number of unpatented claims from 140 to 78, and the acreage of the state lease has been reduced from 640 acres to 240 acres. The high priority areas which are being retained represent the core holdings at the Dawson and El Plomo sections of the property portfolio. As such, the property will henceforth be referred to as the Dawson–El Plomo Property.

Dawson Section – Recent Activity

The Company’s focus on its Dawson gold property continues to be focused on activities to generate the necessary data to support the completion of a mining permit application for submission to the State of Colorado. On June 30, 2021, the Company filed an application for a mining permit with the Colorado Division of Reclamation, Mine and Safety (“DRMS”). On October 14, 2021, Zephyr received a response from DRMS outlining a list of issues pertaining to the application for which it required more information and clarifications. Zephyr provided DRMS with responses to these issues on February 9, 2022 to which DRMS further responded on March 23, 2022 outlining issues to be further addressed and clarified. The principal issues pertain to water monitoring wells and related sampling methodology, mine pool water, reagent storage, Grape Creek potential impacts, environmental protection facilities and technical matters pertaining to certain design details. Zephyr is required to drill five groundwater monitoring wells over and above those previously drilled as well as one compliance well. DRMS requires that the additional wells have five quarters of monitoring and sampling data before they can consider approving the mining permit application. This is expected to delay a further review of the application until at least late 2023. See News Release of March 28, 2022 for additional information. In the previous quarter the Company withdrew the mining permit application to allow for the required time to drill and monitor the wells for the required five quarters. Once this program is completed, the mining permit application will be resubmitted, the timing of which is currently expected to be late 2023 or early 2024 subject to funding to drill the required holes.

Upon Zephyr satisfying all of DRMS’ technical requirements in the application, the Company, supported by DRMS, will then seek approval for the mining permit from the Mined Land Reclamation Board (“MLRB”). Following approval by the MLRB, a Conditional Use Permit (“CUP”) will be sought from Fremont County which is also necessary before any potential mine construction can begin.

The Dawson-El Plomo acquisition costs of \$77,558 during the year relate primarily to the increase in the rehabilitation provision.

Dawson Section – Background

Dawson is comprised of 51 contiguous unpatented lode mining claims, eight patented lode mining claims and two patented placer claims covering approximately 505 hectares (1,249 acres). Dawson encompasses five contiguous gold mineralized areas over a strike length of 3.8 km which are, from east to west: Sentinel, Dawson, Copper King, Windy Gulch and the Windy Point zones. The inferred gold resources identified to date at Dawson are confined to the Dawson and Windy Gulch zones with the remaining three zones representing gold prospective areas on the geologically favourable trend. Surface rights total 301 acres and are sufficient for the current mine development plans. The 50% of the eight patented lode mining claims not held by Zephyr is leased by Zephyr through a “Mining Lease and Agreement”, and the 50% interest in the placer claim not held by Zephyr is leased through a property lease agreement, which effectively gives Zephyr 100% control of these claims. Twenty-one of the 51 unpatented claims and the eight patented lode mining claims are subject to a sliding scale Net Smelter Return (“NSR”) whereby Zephyr agrees to pay up to a 3% NSR as contemplated in the Mining Lease and Agreement.

The NI 43-101 compliant resource estimate was completed on the Dawson and Windy Gulch zones at the Dawson section in 2013. The resource estimates were disclosed in the technical reports on Dawson entitled “Resource Estimate Technical Report for the Dawson Property Fremont County, Colorado, USA” with an effective date of July 19, 2013 and “Updated National Instrument 43-101 Technical Report for the Dawson Property, Colorado, USA” with an effective date of August 26, 2015. The Dawson zone resource estimate was utilized in the completion of a Preliminary Economic Assessment in 2017 entitled “National Instrument 43-101 Technical Report for the Dawson Property, Colorado, USA” with an effective date of March 21, 2017.

The potential for increasing resources at the Dawson section is considered very good with identified drill targets below the current inferred gold resource at the Dawson zone, at the Sentinel zone to the east and the Windy Gulch and Windy Point zones to the west. If the Company is successful in obtaining the mining permit for Dawson, the next step, subject to funding, is the construction of a ramp to access the Dawson gold deposit and to establish underground drill stations from which to conduct infill drilling on the current inferred gold resource and to test deeper targets for additional gold mineralization.

Green Mountain and El Plomo Sections – Recent Activity

Re-evaluation of the Green Mountain portion of the Company's holdings in the context of potential mine permitting in this area of the project has led to the conclusion that go forward gold exploration efforts are best restricted to the core, eastern Dawson section which is host to the inferred gold resource and the focus of potential future development. Mine permitting delays at the Dawson section which is a relatively environmentally benign mining proposition, points to an increasingly challenging permitting situation at Green Mountain which contains high sulphide polymetallic mineralization. This type of mineralization is typically acid generating and would be more problematic to permit for treatment at the proposed Dawson mill facility. As a result, subsequent to the quarter end the Company entered into a sale agreement in the amount of \$40,440 (US\$30,000) with a third party with respect to the 10 acre patented claim in that area. The carrying value of the related claims and exploration has been revalued from \$121,708 to the anticipated sale agreed price of \$40,440. The \$81,268 reduction in carrying value has been reflected as an impairment on exploration and evaluation assets in the third quarter.

The Company continues to re-evaluate its plans for potential field programs at El Plomo and this would also include testing the market for possible joint venture partners. Any future drilling at the El Plomo section would, subject to funding, be done in conjunction with a restart of drilling on the Dawson section which would be subsequent to the granting of the mining permit.

El Plomo Section- Background

The El Plomo section is located in the central area of the Property and is contiguous with the Dawson section in the east and the Green Mountain section in the west. It comprises a mining lease with the State of Colorado for a 97 hectare (240 acre) parcel of land ("State Lease"), 14 unpatented mining claims (approximately 280 acres) and two patented lode mining claims (approximately 20 acres each). The two patented claims are subject to a 3% NSR of which 2% may be purchased by the Company at its sole option at any time for \$2,000,000.

In 2020, a core hole (EP-20-01), was drilled to test a magnetic anomaly generated from an airborne geophysical survey completed in 2019. This hole was not successful in intercepting significant sulphide mineralization. It was anticipated the hole would intersect a potentially wider and higher grade mineralized zone than the 30.5 m (100 ft) updip intercept in historic drill hole GC-9. In drill hole EP-20-01 this zone had narrowed to 2.9 m (9.5 ft). In addition, the hole revealed the hanging wall rocks at this target location to host magnetite which is interpreted to be responsible for the magnetic anomaly. See news releases August 28, 2020 and November 16, 2020 for details. Although this finding adds a level of complexity to exploration in the El Plomo area, the numerous features characteristic of Broken Hill Type deposits suggests potential remains for discovery of this type of deposit.

Mineral Property Expenditures

Expenditures on the Dawson-El Plomo project for the three and nine months ended September 30, 2022 and 2021 are as follows:

	2022		2021	
	3 Months	9 Months	3 Months	9 Months
Exploration Expenditures	\$	\$	\$	\$
Assays and Metallurgy	-	-	-	8,796
Consulting and Salaries	2,549	8,003	16,914	32,323
Field Camp and Supplies	5,877	24,107	10,088	16,041
Permitting	135	135	87,052	145,411
Other Exploration & Geology	-	-	3,383	5,883
Total Exploration Expenditures	\$ 8,562	\$ 78,983	\$ 117,438	\$ 208,454
Cumulative E&E Since Inception	\$ 5,465,655	\$ 5,465,655	\$ 5,261,474	\$ 5,261,474

Outlook

Zimbabwe

Zephyr will continue to ramp up its efforts to build up a gold and lithium property portfolio in Zimbabwe. Two applications for EPO's that were lodged with the Ministry of Mines and Mining Development (MMMD) have been processed by that agency following an interview held on June 28, 2022 with the Mining Affairs Board. Both applications remain outstanding as at the date of this report, and are awaiting approval by the President of Zimbabwe. The two EPO applications combined cover approximately 124,000 hectares (approximately 1,240 sq km). When granted, Zephyr will control an exclusive right to prospect for gold, base metals and lithium on a prospective land position. The Company is cautiously optimistic the EPO applications awaiting the President's signature, will be signed in the coming months.

The Chikonga Mine property due diligence process remains underway while efforts continue by the owner to resolve certain issues necessary to finalize the transaction. The property owner anticipates an additional two to three months will be required for this effort.

Zephyr senior management continues to conduct ongoing evaluations of gold projects for potential acquisition and/or joint venture throughout Zimbabwe. Management is concentrating on projects with obvious gold potential as demonstrated through active, shallow, small scale mining operations or previous exploration work and favourable geology. In addition, the property should be of sufficient areal extent to host a target potential of at least one million ounces of gold. Properties believed to show promise continue to be field investigated on an ongoing basis to determine whether these merit proposals for acquisition/joint venture. Negotiations are underway on several areas of interest, and while there are no guarantees the negotiations will be successful, the Company remains optimistic with respect to building a high potential property portfolio in the upcoming quarters.

The Company is also actively reviewing lithium opportunities generated through in house research and property submittals by third parties.

Management views the Archean greenstone belts in Zimbabwe as being underexplored and having the potential to host gold deposits similar in style and size to those in the Canadian Archean greenstone belts in Ontario and Quebec.

Dawson-El Plomo Property

Management continues to hold the view that the Dawson section has the potential for an economic, near-term, low capex, low opex, high grade underground gold mine. Subject to receiving a mining permit and funding, the Company intends to construct a ramp to access the Dawson gold deposit and conduct underground infill drilling to raise the confidence level of the inferred gold resource and deep drilling with the objective of growing resources.

While there is no certainty Zephyr will receive a mining permit to develop the Dawson gold deposit, based on the benign environmental characteristics of the project the Company remains optimistic of ultimate success in this regard. As such, the Company plans to continue in its efforts to gain this mining permit. Once in hand, and subject to funding, an underground program is planned to further develop the deposit. In addition, targets with potential to add gold resources at the Windy Gulch and Windy Point areas of the Dawson section will be reviewed in the context of recommencing surface drilling once a mining permit has been granted.

Planned field programs at El Plomo will be postponed while the Company focuses on matters pertaining to the Dawson mine permit application; principally the required additional water monitoring wells. Drilling of the water monitoring wells remains subject to funding, and are expected to be drilled in 2023.

Qualified Person

Mr. Arimon Ngilazi, P.Geol, an independent consultant to the Company, and a qualified person as defined by National Instrument 43-101, has reviewed and approved the scientific and technical information in this Management Discussion and Analysis for the period ended September 30, 2022.

Selected Financial Information

Zephyr's consolidated net loss for the period ended September 30, 2022 was \$639,732 (\$0.003 per share) compared to a net loss of \$697,694 (\$0.010 per share) for the year ended December 31, 2021 and a net loss of \$627,715 (\$0.010 per share) for the year ended December 31, 2020.

The following table contains selected financial data are derived from the Company's unaudited consolidated financial statements for the three-month period ended September 30, 2022 and the years ended December 31, 2021 and December 31, 2020.

	9 months ended September 30, 2022	Year ended December 31, 2021	Year ended December 31, 2020
Revenue	\$ -	\$ -	\$ -
Net loss	639,732	625,417	627,715
Net loss per share – basic and diluted	0.003	0.010	0.010
Total assets	6,704,423	7,181,478	7,450,909
Working capital	180,163	752,907	1,489,307
Total non-current financial liabilities	101,432	37,950	53,005

Results of Operations – Three Month Period Ended September 30, 2022

The expenses incurred during the three-month periods ended September 30, 2022 and 2021 are detailed in the following table:

	3 months ended		3 months ended	
	September 30, 2022		September 30, 2021	
Exploration and evaluation assets impairment	\$	81,268	\$	-
Exploration expenses		3,217		6,961
Filing fees		150		904
Foreign exchange loss		(8,641)		(12,443)
Investor relations		9,708		9,642
Professional fees		18,582		7,413
General and administrative		1,861		5,692
Rent		2,325		2,144
Travel		13,172		28,724
Transfer agent		2,824		7,747
Wages and benefits		25,484		33,519
Consulting fees		35,504		13,860
Share based payments		9,097		27,341
Net loss for the period		194,551		131,504

The loss for the period ended September 30, 2022 was \$194,551 compared to a loss of \$131,504 in the same period for 2021.

Re-evaluation of the Green Mountain portion of the Company's holdings in the context of potential mine permitting in this area of the project has led to the conclusion that go forward gold exploration efforts are best restricted to the core, eastern Dawson section which is host to the inferred gold resource and the focus of potential future development. As such, the Company has recognized an impairment of \$81,268 on the Green Mountain section of the property.

Foreign exchange expense varies as the Company carries out its exploration activities in Zimbabwe and the United States and therefore holds varying amounts of US currency. Fluctuations in the US/CAD exchange rate created a positive effect of \$8,641 in the quarter compared to \$12,433 in the comparative quarter last year.

Reduced travel to Zimbabwe in the quarter compared to the same quarter in 2021 resulted in a travel expense decrease from \$28,724 to \$13,172.

Professional fees increased to \$18,582 in the quarter compared to \$7,413 in same period in 2021. This is largely due to an increase in fees associated with property agreements and due diligence in Zimbabwe.

In addition, the Company incurred additional consulting fees in Zimbabwe resulting in salaries and consulting fees of \$35,504 in the quarter compared with \$13,860 in same period in 2021.

Results of Operations – Nine Month Period Ended September 30, 2022

The expenses incurred during the nine month periods ended September 30, 2022 and 2021 are detailed in the following table:

	9 months ended September 30, 2022	9 months ended September 30, 2021
Exploration and evaluation assets impairment	\$ 81,268	\$ -
Exploration expenses	24,383	15,388
Filing fees	15,866	13,074
Foreign exchange loss	(6,839)	(6,992)
Investor relations	44,668	28,186
Professional fees	59,868	24,584
General and administrative	15,184	9,947
Rent	7,159	6,371
Travel	67,437	30,405
Transfer agent	10,712	15,359
Wages and benefits	87,260	85,538
Consulting fees	88,105	38,880
Share based payments	144,661	245,455
Net loss for the period	639,732	506,195

The loss for the nine period ended September 30, 2022 was \$639,732 compared to a loss of \$506,195 for the same period for 2021.

Re-evaluation of the Green Mountain portion of the Company's holdings in the context of potential mine permitting in this area of the project has led to the conclusion that go forward gold exploration efforts are best restricted to the core, eastern Dawson section which is host to the inferred gold resource and the focus of potential future development. As such, the Company has recognized an impairment of \$81,268 on the Green Mountain section of the property.

Travel expenses and exploration expenses in the nine-month period were \$67,437 and \$24,383 respectively, compared to \$30,405 and \$15,388, in the same period in 2021 as the Company focuses its financial and human resources in seeking out new gold and lithium opportunities in Zimbabwe through field investigations.

Professional fees increased to \$59,868 in 2022 compared to \$24,584 in same period in 2021. This is largely due to an increase in fees associated with property agreements and due diligence in Zimbabwe.

In addition, the Company incurred additional consulting fees in Zimbabwe resulting in salaries and consulting fees of \$88,105 in the nine-month period compared with \$38,880 in same period in 2021.

Investor relations expenses increased to \$44,668 in the period compared to \$28,186 in the same period in 2021. The increase is largely due to activities undertaken to raise awareness of the Company's efforts in Zimbabwe.

The Company's working capital position at September 30, 2022 was \$180,163 compared to working capital of \$956,672 at June 30, 2021. In 2020, the Company closed private placements for aggregate gross proceeds of \$2,100,000. During 2020 the company raised an additional \$1,258,282 through the exercise of options and warrants. This decrease is due to continued investment in the Dawson-El Plomo property, the acquisition of the Nyanga North project in Zimbabwe, and the net loss incurred.

Summary of Quarterly Results

The following table contains selected financial information for the Company for the past eight quarterly periods.

Quarter Ended	Revenue	Net Loss	Loss Per Share	Total Assets	Shareholder Equity
September 30, 2022	-	194,551	(0.003)	6,704,423	6555,111
June 30, 2022	-	147,487	(0.002)	6,831,258	6,740,564
March 31, 2022	-	297,694	(0.004)	6,993,677	6,878,955
December 31, 2021	-	119,222	(0.002)	7,181,478	7,050,182
September 30, 2021	-	131,504	(0.002)	7,246,492	7,142,062
June 30, 2021	-	110,165	(0.002)	7,376,436	7,246,224
March 31, 2021	-	264,526	(0.004)	7,423,431	7,280,699
December 31, 2020	-	88,184	(0.001)	7,450,909	7,354,453

The increase in loss in Q1 2022 and Q1 2021 are due to share-based payments expenses of \$126,467 and \$190,773 respectively. The increase in loss in Q3 2022 is due to a property impairment charge of \$81,268.

Statement of Compliance

The consolidated financial statements, to which this MD&A relates, have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”).

The significant accounting policies applied in the unaudited condensed consolidated financial statements are presented in note 3 of the audited financial statements for the year ended December 31, 2021 and are based on IFRS effective December 31, 2021.

Approval of the Financial Statements

The consolidated financial statements were approved and authorized for issue by the Audit Committee and Board of Directors of the Company on November 28, 2022.

Basis of Presentation

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Judgments made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the current and following fiscal years are discussed in Note 3(i) to the audited financial statements for the year ended December 31, 2021 which are filed at www.sedar.com.

Going Concern

As at September 30, 2022, the Company has cash of \$162,881, working capital of \$180,163, shareholders' equity of \$6,555,111 and an accumulated deficit of \$5,891,162. The Company's financial statements as at September 30, 2022 have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business.

Management of the Company concluded that at September 30, 2022, the Company did not have sufficient funds to meet its corporate, administrative and property obligations for the next 12 months. In order to alleviate the situation, the Company intends to raise additional capital (see subsequent events note). The Company is required to make minimum annual payments of approximately US\$42,140 to keep the Property in good standing. 2022 Property obligations have been paid and recorded in 2021 and 2022. The Company is also required to pay annual inspection fees of approximately US\$6,030 each December to keep Nyanga in good standing. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. In order to develop the Property, the Company will need to raise additional capital. If the Company is unable to raise additional capital in the future, the Company may need to curtail operations, liquidate assets, seek additional capital on less favourable terms and/or pursue other remedial measures. These financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. These adjustments may be material.

Cash Requirements

As at September 30, 2022, the Company has cash of \$162,881, working capital of \$180,163 and shareholders' equity of \$6,555,111.

The Company's principal requirements for cash in 2022 will relate to expenditures, noted in more detail below, that are required to advance the Dawson-El Plomo property, plus administrative expenditures and settling accounts payable. The Company expects to spend approximately \$30,000 before the end of 2022 to conduct further exploration and development activities including addressing outstanding matters with respect to its application for a gold mining permit for the Dawson-El Plomo property (see news release 28 March 2022), and seeking out additional gold opportunities in Zimbabwe.

Contractual and Other Obligations

Zephyr USA is currently required to make annual advance royalty payments in terms of its Mining Lease and Agreement in the amount of US\$25,000 per year. These advance royalties can be applied in the future to reduce the actual production royalty expense incurred. The Company paid and recorded the 2022 obligation in fiscal 2021. To date, advance royalty payments total US\$529,000 which can be so applied. Zephyr USA is also obliged to make a payment of US\$90,000 in the event of embarking on an underground program. Zephyr USA is also required to make annual payments of US\$165 for each of the unpatented claims that form part of Dawson-El Plomo in order to keep them in good standing and pays approximately US\$3,500 in property taxes for its patented mining claims. Zephyr USA is also required to make annual payments of US\$3 per acre to the State of Colorado for a 240 acre leased parcel of land. The Company is required to pay annual inspection fees of approximately US\$6,030 each December to keep Nyanga North in good standing.

Outstanding Share Data

	November 28, 2022	September 30, 2022	September 30, 2021
Common Shares Outstanding	67,086,985	67,086,985	67,086,985
Fully Diluted Common Shares Outstanding	72,586,985	72,586,985	72,186,985

As at September 30, 2022 and November 28, 2022 the Company had a total of 67,086,985 Common Shares outstanding.

As at September 30, 2022 and November 28, 2022 there were a total of 5,500,000 incentive stock options outstanding exercisable for 5,500,000 Common Shares.

See “Financing” in this MD&A for information on issuances of Common Shares by the Company.

Financial Instruments

The Company has designated its cash and cash equivalents as fair value through income or loss; accounts receivable are classified as loans and receivables; and accounts payable and accrued liabilities as other financial liabilities. In the three month period ended September 30, 2022 the Company recognized a foreign exchange gain on cash holdings in the amount of \$8,641.

Management of capital risk

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company. The Company considers capital to be cash and cash equivalents. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. Additional funds will be required to finance the Company's Exploration and Evaluation Assets. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

Fair value

The book value of cash and cash equivalents and accounts payable and accrued liabilities all approximate their fair values at the balance sheet dates, due to the relative short-term maturity of the instruments.

Credit risk

The Company is exposed to credit risk with respect to its cash and accounts receivable. The credit risk associated with cash is minimal as cash has been placed with a major Canadian financial institution with strong investment-grade ratings by a primary ratings agency. The Company is not exposed to significant credit risk with respect to accounts receivable, as the entire amount due is from a government agency.

Liquidity risk

The Company's approach to managing liquidity risk is to arrange equity financings in a timely manner so as to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2022, the Company had a cash balance of \$162,881 to settle current liabilities of \$47,880. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. Other than as discussed herein, the Company is not aware of any trends, demands, commitments, events or uncertainties that may result in the Company's liquidity or capital resources either materially increasing or decreasing at present or in the foreseeable future.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

1. Interest rate risk

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.

2. Foreign currency rate risk

The Company's principal exploration asset is based in the United States of America. In addition, the Company incurred some nominal cost on its operations in Zimbabwe. Transactions in both countries are predominantly in US\$.

However, as the foreign currency expenditures to date have been minimal, the Company has concluded that it is not exposed to any significant foreign currency risk at the present time.

3. Other price risk

Other price risk is the risk that the fair or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to other price risk.

Financial instruments disclosure requires a statement of the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of fair value are:

- Level 1 Unadjusted quoted prices in active markets for identical assets and liabilities
- Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, and;
- Level 3 Inputs that are not based on observable market data

The Company has valued all of its financial instruments at Level 2.

Related Party Transactions

Rent expense of \$2,100 (2021 - \$1,500) during the period was paid to a director of the Company.

Transactions were in the normal course of operations and were measured at the exchange amounts, which are the amounts agreed to by the related parties.

Included in accounts payable and accrued liabilities is \$15,017 (2021 - \$34,461) due to parties related to officers and directors.

The remuneration of directors and other members of key management personnel during the periods ended June 30, 2022 and 2021 were as follows:

	2022	2021
	\$	\$
Salaries and consulting fees	151,425	126,011
Share-based payments	121,936	267,166
	\$ 273,361	\$ 393,177

(i) Share-based payments are the fair value of options granted to key personnel and directors.

Off Balance Sheet Arrangements

During the period the Company did not enter into any off balance sheet transactions or commitments as defined by National Instrument 51-102.

Subsequent Events

On November 28, 2022, the Company announced it had entered into a sale agreement in the amount of \$40,440 (US\$30,000) with a third party with respect to the 10 acre patented claim at the Green Mountain section of the Property. Re-evaluation of the Green Mountain portion of the Company's holdings in the context of potential mine permitting in this area of the project has led to the conclusion that go forward gold exploration efforts are best restricted to the core, eastern Dawson section which is host to the inferred gold resource and the focus of potential future development.

On November 28, 2022, the Company announced it intends to issue, by way of a non-brokered private placement financing, up to 4,000,000 units at a price of \$0.08 per unit for gross proceeds of up to \$320,000 (the "Financing"). Each Unit consists of one common share and one whole common share purchase warrant (a "Warrant") of the

Company (the “Units”). Each Warrant will be exercisable to purchase one common share of the Company for \$0.12 for a period of twelve months from the closing date. The expiry date of the Warrants may be accelerated by Zephyr at any time if the volume weighted average trading price of the common shares is greater than or equal to \$0.24 for any 20 consecutive trading days. If this occurs, the Company may accelerate the expiry date of the warrants by issuing a press release announcing the reduced Warrant term whereupon the Warrants will expire on the 30th calendar day after the date of such press release.

Other Risks and Uncertainties

Zephyr is in the business of exploring for minerals. This sector is by its nature, cyclical, competitive and risky. Many of these risks are beyond the Company’s control. An investment in our securities should be considered highly speculative and involves a high degree of financial risk due to the nature of our activities and the current status of our operations. A prospective investor should carefully consider the risks summarized below and all other information contained in this MD&A and other documentation filed in the Company’s name on SEDAR (www.sedar.com), before making an investment decision relating to our securities. The risks below do not necessarily comprise all of those faced by the Company.

Mineral Exploration, Development and Operating Risks

The business of mineral exploration and development is highly speculative in nature, generally involves a high degree of risk and is frequently non-productive. The Dawson-El Plomo property is in the exploration and development stage, and there is no assurance that exploration efforts will be successful or that expenditures to be made by the Company will result in discoveries of commercial quantities of minerals or profitable commercial mining operations. Resource acquisition, exploration, development, and operation involves significant financial and other risks over an extended period of time, which even a combination of careful evaluation, experience, and knowledge may not eliminate. Significant expenses are required to locate and establish economically viable mineral deposits, to acquire equipment, and to fund construction, exploration and related operations, and few mining properties that are explored are ultimately developed into producing mines. Success in establishing an economically viable project is the result of a number of factors, including the quantity and quality of minerals discovered, proximity to infrastructure, metal and mineral prices, which are highly cyclical, costs and efficiencies of the recovery methods that can be employed, the quality of management, available technical expertise, taxes, royalties, environmental matters, government regulation (including land tenure, land use and import/export regulations) and other factors. Even in the event that mineralization is discovered on a given property, it may take several years in the initial phases of drilling until production is possible, during which time the economic feasibility of production may change as a result of such factors. The effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on its invested capital, and no assurance can be given that any exploration program of the Company will result in the establishment or expansion of resources or reserves. The Company’s operations are subject to all the hazards and risks normally encountered in the exploration and development of mineral resource properties, including hazards relating to the discharge of pollutants or hazardous chemicals, unusual or unexpected adverse geological or geotechnical formations, unusual or unexpected adverse operating conditions, seismic activity, fire, explosions and natural phenomena and 'acts of God' such as inclement weather conditions, floods, earthquakes or other conditions, any of which could result in damage to, or destruction of, mineral properties, personal injury or death, damage to property, environmental damage, unexpected delays, monetary payments and possible legal liability, which could have a material adverse impact upon the Company. In addition, any future mining operations will be subject to the risks inherent in mining, including adverse fluctuations in fuel prices, commodity prices, exchange rates and metal prices, increases in the costs of constructing and operating mining and processing facilities, availability of energy and water supplies, access and transportation costs, delays and repair costs resulting from equipment failure, changes in the regulatory environment, and industrial accidents and labour actions or unrest. The occurrence of any of these risks could materially and adversely affect the development of a project or the operations of a facility, which could have a material adverse impact upon the Company.

Titles to Property

The acquisition of title to mineral properties is a detailed and time-consuming process. Title to, and the area of, mineral concessions may be disputed. Although we believe that we have taken reasonable measures to ensure proper title to our interests in our properties, including Nyanga North and the Dawson Gold Project, there is no guarantee that title

to any such properties will not be challenged or impaired. Third parties may have valid claims underlying portions of our interests, including prior unregistered liens, agreements, transfers or claims, including aboriginal land claims, and title may be affected by, among other things, undetected defects. In addition, we may be unable to operate on such properties as permitted or to enforce our rights with respect to such properties. Rights to surface access and use held by others may impact the ability of Zephyr to develop the mine in an optimal manner.

Permits and Licenses

The Company is required to obtain and renew licenses and permits from various government authorities for existing operations and any ultimate development, construction and commencement of mining operations. Obtaining or renewing the necessary governmental permits is a complex and time-consuming process. The duration and success of the Company's efforts to obtain and renew permits are contingent upon many variables not within its control. There can be no assurance that the Company will be able to maintain existing licenses and permits or obtain all necessary licenses and permits, that may be required to carry out exploration, development, and mining operations at its projects. Further, the cost to obtain or renew permits may exceed what the Company believes it can recover from a given property once in production. Any unexpected delays or costs associated with the permitting process could delay the development or impede the operation of a mine, which could adversely impact the Company's operations and profitability.

Infrastructure

Mineral resource development and exploration activities depend on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important requirements, which affect capital and operating costs. Unusual or infrequent weather, phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could have a material adverse impact on the Company and its operations.

Opposition to Mining

In recent years, governmental and non-governmental agencies, individuals, communities and courts have become more vocal and active with respect to their opposition of certain mining and business activities. This opposition may take on forms such as road blockades, applications for injunctions seeking work stoppages, refusals to grant access to lands or to sell lands on commercially viable terms, lawsuits for damages, issuances of unfavourable laws and regulations, and rulings contrary to an entity's interest. These actions can occur in response to current activities or in respect of mines that are decades old. Any opposition to the Company's business activities may cause a disruption to such activities and may result in increased costs and could have a material adverse effect on Zephyr's business and financial condition.

Foreign Operations

The Dawson-El Plomo property, is located in Colorado, USA. While we believe that the USA represents a favourable environment for mining companies to operate, there can be no assurance that changes in the laws of the USA or changes in the regulatory environment for mining companies or for non-domiciled companies in the USA will not be made that would adversely affect the Company.

With respect to its Zimbabwean efforts, although the Company believes that its activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could negatively affect the Company. Amendments to current laws and regulations governing operations and activities of exploration and mining, or more stringent implementation thereof, could have a material adverse impact on the business, operations and financial performance of the Company.

Enforceability of Judgments

It may be difficult or impossible to enforce judgments obtained in Canadian courts predicated upon the civil liability provisions of the securities laws of the various Canadian provinces against the Company's assets located in the USA and Zimbabwe.

Litigation

Defense and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. At any time, the Company is subject to the threat of litigation and may be involved in disputes with other parties in the future which may result in litigation or other proceedings. The results of litigation or any other proceedings cannot be predicted with certainty. If the Company is unable to resolve these disputes favourably, it could have a material adverse effect on the Company and its financial position, operations or development.

Competition

The Company will compete with many exploration companies that may have substantially greater financial and technical resources than the Company, as well as, for the recruitment and retention of qualified personnel.

Reliance on Key Individuals

The Company's success depends to a certain degree upon certain key members of the management. It is expected that these individuals will be a significant factor in its growth and success. The loss of the service of members of the management and certain key employees could have a material adverse effect on the Company.

Conflicts of Interest

Certain directors and officers of the Company are or may become associated with other mineral resource exploration companies which may give rise to conflicts of interest. In accordance with applicable Canadian corporate law, directors who have a material interest in any person who is a party to a material contract or a proposed material contract with the Company are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors and the officers are required to act honestly and in good faith with a view to the best interests of the Company. Certain of the directors and officers of the Company have either other full-time employment or other business or time restrictions placed on them and, accordingly, the Company will not be the only business enterprise of these directors and officers.

Influence of Significant Shareholders

The Company has one significant shareholder of which the Company is aware, which controls approximately 15.6% of the outstanding Common Shares (the "Significant Shareholder"). The Significant Shareholder could have significant influence in determining the outcome of any corporate transaction or other matter submitted to shareholders for approval, including mergers, consolidations and the sale of all or substantially all of our assets and other significant corporate actions. The concentration of ownership of the Common Shares by the Significant Shareholder may: (i) delay or deter a change of control of the Corporation; (ii) deprive shareholders of an opportunity to receive a premium for their common shares as part of a sale of the Corporation; and (iii) affect the market price and liquidity of our Common Shares. Additionally, the Significant Shareholder will have significant influence in determining the members of the Board. Without the consent of the Significant Shareholder, we could be prevented from entering into transactions that are otherwise beneficial to us. The interests of the Significant Shareholder may differ from or be adverse to the interests of our other shareholders. The effect of the Significant Shareholder's rights and influence may impact the price that investors are willing to pay for our securities. If the Significant Shareholder sells a substantial number of our Common Shares in the public market, the market price of our Common Shares could fall. The perception among the public that these sales will occur could also contribute to a decline in the market price of the Common Shares.

No Dividend Record

As of the date hereof, Zephyr does not have a dividend policy and has never declared or paid any dividends to shareholders.

Limited Market for Securities

The common shares are currently listed on the TSX-V, however there can be no assurance that an active and liquid market for the common shares will be maintained and an investor may find it difficult to resell securities of the Company.

Trading Price and Volatility of the Common Shares

The market price of the common shares experiences fluctuations which may not necessarily be related to the financial condition, operating performance, underlying asset values or prospects of the Company. It may be anticipated that any market for the common shares will be subject to market trends generally, and the value of the common shares on the TSX-V or such other stock exchange as the common shares may be listed from time to time, may be negatively affected by such volatility.

Commodity Prices

Factors beyond the control of the Company may affect the marketability and price of minerals discovered, if any. Commodity and metal prices have fluctuated widely in recent years and months and are affected by numerous factors beyond the control of the Company, including international, economic and political trends, market intervention by state actors, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, speculative activities and increased production due to new extraction developments and improved extraction and production methods. The effect of these factors cannot be accurately predicted. Periods of depressed metal prices may negatively affect the ability of the Company to obtain required financing, and have a material adverse effect on the Company.

Global Financial Volatility

Global financial conditions are volatile from time to time. Global economic volatility may impact domestic markets and the ability of the Company to obtain equity or debt financing to continue its operations and, if obtained, on terms favourable to the Company. Market volatility and turmoil could adversely impact the Company's operations and the value and the trading price of the Company's common shares.

Climate Change

The Company is exposed to risks from climate change including a possible increase in severity of extreme weather events, such as tornados, droughts, floods, and fires. Climate change may also result in longer-term shifts in precipitation and temperature and increased variability in weather. Climate change-related risks may also be associated with the transition to a lower-carbon global economy, which may be reflected in changes to fiscal and environmental policies, legal actions, technology changes, market responses, and reputational considerations. The effect of these environmental and economic, and legal shifts on the Company are difficult to quantify at the present time.

Other Information

The financial statements and additional information regarding the Company are available on SEDAR at www.sedar.com.