ZEPHYR MINERALS LTD.

MANAGEMENT'S DISCUSSION & ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2021

Background

This Management Discussion and Analysis ("MD&A") of Zephyr Minerals Ltd. ("Zephyr" or the "Company"), is dated April 22, 2022 and provides an analysis of the Company's financial operating results for the year ended December 31, 2021. This MD&A should be read in conjunction with the audited consolidated financial statements and accompanying notes for years 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 consolidated 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-Green Mountain property; 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 through its wholly owned subsidiary, Zephyr Gold USA Ltd. ("Zephyr USA") and in Zimbabwe through its wholly owned subsidiary, Sutter Mining (Private) Limited ("Sutter"). The Company holds a 100% interest in mineral claims in Colorado, USA, collectively referred to as the Dawson-Green Mountain 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 Zimbabwe, the Company has staked and registered two Special Blocks with potential for gold and base metals. In addition, two applications for Exclusive Prospecting Orders ("EPO") over prospective areas for gold mineralization have been lodged with the Zimbabwe Ministry of Mines and Mining Development ("MMMD") and are currently being processed by that agency. Both applications remain outstanding as at the date of this MD&A, awaiting Ministerial approval.

Financing

As at December 31, 2021, the Company has cash of $712,863 and working capital of $752,907. There were no financing activities undertaken in 2021, however in March 2021, 483,500 stock options were exercised for gross proceeds to the Company of $48,350.

Zimbabwe

Early 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 recent changes to that country's mineral claims tenure legislation combined with the presence of geological environments prospective for gold. During the year two applications for EPO's over areas prospective for gold mineralization have been lodged with the MMMD and are currently being processed by that agency. Both applications remain outstanding as at the date of this MD&A, awaiting Ministerial approval. The two EPO applications combined cover approximately 120,000 hectares.

Sutter has staked two Special Blocks totaling 201 hectares with potential for gold and base metals in the northeastern part of the Umkondo Basin of Zimbabwe. 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. The two staked Special Blocks cover 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-Green Mountain Property

<u>Dawson Section – Current Activity</u>

The Company's focus on its Dawson gold property over the past 12 months was restricted to 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 and Mine Safety ("DRMS"). On October 14, 2021, Zephyr received a response from DRMS outlining a list of inadequacies 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 mid to late 2023. See News Release of March 28, 2022 for additional information. The Company is currently working closely with DRMS with respect to positioning the additional new water monitoring wells at locations satisfactory to DRMS and also the protocols of the proposed water sampling/data collection program. The Company has been granted an extension until May 31, 2022 for the resolution of these matters at which point the mining permit application will be withdrawn by Zephyr 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 be mid-late 2023.

Upon Zephyr being advised by DRMS that it has completed its technical review of the application and that it meets their 'adequacy' requirements, 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.

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 – Current Activity

No exploration was conducted in the El Plomo and Green Mountain areas during 2021. The Company is currently re-evaluating its plans for field programs at El Plomo and Green Mountain in light of its current focus on satisfying additional DRMS requirements pertaining to the mining permit application for the Dawson deposit as described above in 'Dawson Section – Current Activity'.

Any future drilling at the Green Mountain and El Plomo sections 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 and Green Mountain Sections- 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 259 hectare (640 acre) parcel of land ("State Lease"), 27 unpatented mining claims (approximately 537 acres) and two patented lode mining claims (approximately 20 acres). 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 hangingwall 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.

The Green Mountain section forms the western extremity of the Dawson-Green Mountain property and comprises 62 unpatented lode mining claims and one patented lode mining claim totaling approximately 1281 acres located immediately west of, and contiguous with the El Plomo section.

Green Mountain occupies a 4.8 km mineralized trend which is interpreted to be the western, faulted offset extension of the mineralized trend on the Dawson section, exhibiting similar geochemistry and rock types. As such, the Green Mountain section is considered to be prospective for Dawson type gold mineralization. Discovered in ca. 1882, Green Mountain was mined for copper on a small scale from shallow shafts with a maximum depth 76.2 m (250 ft) on a massive sulphide horizon in the mineralized trend. Historical records indicate a small tonnage (1,187 t) of high grade material (12.6% copper, 3.8 g/t (0.11 oz/ton) gold and 47.6 g/t (1.39 oz/ton) silver), was shipped direct to a smelter early in the last century. Modern exploration programs targeting base metals were carried out by Phelps Dodge between 1979 and 1984 and by Inco Ltd. between 1992 and 1994. Phelps Dodge core drilled 13 holes totaling 2,172.6 m (7,128 ft) with the best hole GM-2B, drilled below the old workings intersecting 1.4 m (4.5 ft) grading 18% copper, 4.3% zinc and 181.6 g/t (5.3 oz/ton) silver at a drill hole depth of 123.5 m (405 ft) and remains open at depth*. Zephyr's studies suggest this sulphide horizon is analogous to that in the hangingwall rocks or southern contact of the mineralized trend at the Dawson section. Research of historical data in Company files suggests the zone below, or footwall to the massive sulphides has not been tested for gold. The footwall zone in the mineralized trend is host to the gold mineralization at the Dawson section.

Seventeen grab samples collected on a reconnaissance traverse on the patented claim yielded encouraging results with five exceeding 1 g/t gold, including one sample of garnetiferous biotite gneiss which assayed 13.6 g/t gold. This rock-type is one of the principal gold hosts at the Dawson Gold section and further points to the gold prospectivity of the Green Mountain section. Grab samples are selected samples and are not representative of the mineralization hosted on the property. See news release of July 25, 2018.
** Exploration Report, Green Mountain Mine; J.M. Shallow, 1994*

Mineral Property Expenditures

Expenditures on the Dawson-Green Mountain project for the three months and years ended December 31, 2021 and 2020 are as follows:

	2021		2020	
Exploration Expenditures	**3 Months**	**12 Months**	**3 Months**	**12 Months**
Advanced Royalty Payment	$ 31,625	$ 31,625	$ 31,840	$ 31,840
Assays and Metallurgy	-	8,796	(12,106)	14,894
Field Camp and Supplies	13,039	27,641	15,164	86,664
Consulting and Salaries	12,533	57,892	15,658	77,438
Drilling	-	-	-	830,346
Other Exploration & Geology	620	9,631	5,372	27,566
Permitting	62,612	224,528	3,900	38,198
Total Exploration Expenditures	$ 120,429	$ 360,113	$ 59,827	$ 1,106,946
Cumulative E&E Since Inception	$ 5,413,134	$ 5,413,134	$ 5,053,021	$ 5,053,021

Outlook

Zimbabwe

Zephyr will continue to ramp up its efforts to build up a gold property portfolio in Zimbabwe. Two applications for EPO's have been lodged with the MMMD and are being processed by that agency. Subject to MMMD approval and granting of these two EPO's, Zephyr will control an exclusive right to prospect for gold, base metals and lithium on a prospective land position of approximately 120,000 hectares.

Zephyr senior management continues field investigations for gold projects throughout Zimbabwe. Management has concentrated on projects with proven gold potential as demonstrated through active, shallow, small scale mining operations or previous exploration work, and based on property size, the ability to host a target potential of at least one million ounces of gold.

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-Green Mountain 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 both the Dawson and Green Mountain sections will be reviewed in the context of recommencing surface drilling.

Planned field programs at Green Mountain and El Plomo will be postponed while the Company focuses on matters pertaining to the mine permit application; principally the required additional water wells.

Qualified Person

Mr. Terence F. Coughlan, P.Geo, 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 year ended December 31, 2021.

Selected Financial Information

The following selected financial data are derived from the Company's audited consolidated financial statements for the years ended December 31, 2021, 2020 and 2019 respectively:

	2021	**2020**	**2019**
Revenue	$ -	$ -	$ -
Net loss	625,417	627,715	612,844
Net loss per share – basic and diluted	0.010	0.010	0.012
Total assets	7,181,478	7,450,909	4,657,792
Working capital	752,907	1,489,307	142,929
Total non-current financial liabilities	37,950	53,005	53,786

The Company's loss in 2021 was very similar to the losses in 2020 and 2019.

Results of Operations – Year ended December 31, 2021

The expenses incurred during the years ended December 31, 2021 and 2020 are detailed in the following table:

Year Ended December 31	2021	2020
Filing fees	$ 13,490	$ 20,238
Foreign exchange loss	(5,961)	14,476
Investor relations	37,441	161,690
Professional fees	31,270	35,505
General and administrative	33,476	16,312
Rent	8,458	10,810
Travel	33,113	8,670
Transfer agent	16,948	17,852
Salaries and consulting fees	169,061	138,832
Exploration	15,325	-
Share based payments	272,796	203,330
Net loss for the year	**625,417**	**627,715**

The loss for the year ended December 31, 2021 was $625,417 compared to a loss of $627,715 in the same period for 2020.

The Company's activities in 2021 differed from those in 2020 and prior years. In 2021, the Company's efforts on its flagship Dawson property were focused only on activities necessary to complete and file a mining permit application with the Colorado Department of Mine and Safety. As a result, the Company generated fewer press release, resulting in a decrease in filing fees from $20,238 in 2020 to $13,490 in 2021. This, along with the impact of the Covid-19 pandemic, also significantly impacted investor relations activities, resulting in a decrease from $161,690 in 2020 to $37,441 in 2021.

In 2021, the Company ramped up its efforts seeking out additional gold opportunities, resulting in the Company focusing its financial and human resources on the potential in Zimbabwe. Management's field investigations resulted in an increase in travel expenses from $8,670 in 2020 to $33,113 in 2021 and exploration expenses of $15,325 in 2021 compared to nil in 2020. In 2020, all exploration costs were attributed and capitalized to the Dawson project.

The Company engaged consultants in Zimbabwe and increased the compensation package for certain executive officers which contributed to an increase in salaries and consulting fees from $138,832 in 2020 to $169,061. Share based payments rose from $203,330 in 2020 to $272,796 due to the Company's decision to increase the grant of stock options as part of its board of directors and management remuneration package. General and administrative expenses also increased to $33,476 in 2021 from $16,312 in the prior year due to increased insurance costs and the establishment of a Zimbabwe base of operations.

Although the Zimbabwean dollar is the official currency in Zimbabwe, the US dollar is the predominate currency. Zephyr's foreign exchange expense varies as the Company carries out its activities in the United States and Zimbabwe and therefore holds varying amounts of US currency. Fluctuations in the US/CAD exchange rate created a gain of $5,961 in 2021 compared to a loss of $14,476 in 2020.

The Company's working capital position at December 31, 2021 was $752,907 compared to $1,489,307 on December 31, 2020. In 2020, the Company closed private placements for aggregate gross proceeds of $2,100,000 while the exercise of stock options and warrants raised $1,258,282. In 2021, stock options were exercised for gross proceeds of $48,350. This has been offset by an increase in the investment in the Dawson-Green Mountain project of $425,940, the acquisition of mineral claims of in Zimbabwe of $6,190 and the net loss of $625,417 incurred for the period.

Summary of Quarterly Results

A summary of quarterly results is included in the table below. The financial information is extracted from or derived from the Company's consolidated financial statements.

Quarter Ended	Revenue	Net Loss	Loss Per Share – Basic and Diluted	Total Assets	Shareholder Equity
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
September 30, 2020	-	123,292	(0.002)	7,567,803	7,442,636
June 30, 2020	-	332,468	(0.005)	7,000,601	6,901,125
March 31, 2020	-	83,771	(0.001)	6,717,013	6,583,064

The increase in loss in Q1 2021 and Q2 2020 are due to share based payments expenses of $190,773 and $183,750 respectively. The Q2 2020 loss was additionally impacted by a foreign exchange loss of $40,617.

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 audited consolidated financial statements are presented in note 3 of the financial statements 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 April 22, 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 financial statements.

Going Concern

As at December 31, 2021, the Company has cash of $712,863, working capital of $752,907, shareholders' equity of $7,050,182 and an accumulated deficit of $5,251,430. The Company's financial statements as at December 31, 2021 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 has concluded that the Company has sufficient funds to meet its minimum corporate, administrative and property obligations for the next 12 months. Currently, the Company is required to make minimum annual payments of approximately US$53,550 to keep the Property in good standing. The Company's 2022 obligation was paid and recorded in the 2021 fiscal year. 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. The 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 December 31, 2021, the Company has cash of $712,863, working capital of $752,907 and shareholders' equity of $7,050,182.

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-Green Mountain Property, plus administrative expenditures and settling accounts payable. The Company expects to spend approximately $250,000 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-Green Mountain 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 Zephyr USA has made advance royalty payments totalling US$525,000 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-Green Mountain 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 640 acre leased parcel of land.

Outstanding Share Data

	April 22, 2022	**December 31, 2021**	**December 31, 2020**
Common Shares Outstanding	67,086,985	67,086,985	66,603,485
Fully Diluted Common Shares Outstanding	72,736,985	72,186,985	70,553,485

As at December 31, 2021 and April 22, 2022, the Company had a total of 67,086,985 Common Shares outstanding.

As of December 31, 2021, there were a total of 5,100,000 incentive stock options outstanding exercisable for 5,100,000 Common Shares.

As of April 22, 2022, there were a total of 5,650,000 incentive stock options outstanding exercisable for 5,650,000 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 2021, the Company recognized a foreign exchange gain on cash holdings in the amount of $5,961.

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. There is no guarantee that the Company will be able to arrange future financing or that the terms of any such financing will be advantageous. As at December 31, 2021, the Company had a cash balance of $712,863 to settle current liabilities of $93,346. 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, in the current year, 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

Transactions with related parties 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 $15,816 (2020 - $12,316) due to parties related to officers and directors.

The remuneration of directors and other members of key management personnel during the periods ended December 31, 2021 and 2020 were as follows:

Year Ended December 31		2021		2020
Salaries and consulting fees	$	191,580	$	140,200
Share-based payments[1]		272,796		183,750
	$	**464,376**	$	**323,950**

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

Off-Balance Sheet Arrangements

During the year the Company did not enter into any off-balance sheet arrangements, transactions or commitments as defined by National Instrument 51-102 - Continuous Disclosure Obligations.

Critical Accounting Estimates

Significant accounting policies used by the Company are disclosed in Note 3 of the consolidated financial statements for the year ended December 31, 2021. The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of accrued liabilities, the variables used in the determination of the fair value of stock options granted and warrants issued, and the determination of the valuation allowance for future tax assets. While management believes the estimates are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

New Accounting Policies Adopted

IFRS 16, Leases was issued in January 2016 and replaces the previous guidance on leases. This standard provides a single recognition and measurement model to be applied to leases, with required recognition of assets and liabilities for most leases. This standard was adopted by the Company in the prior year on January 1, 2019. The adoption of this standard had no impact on the Company as presently the Company has no leases subject to the new standard.

Subsequent Events

On January 13, 2022, the Company granted stock options to purchase 1,250,000 common shares at a price of $0.16 for a period of five years.

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-Green Mountain 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 the Dawson-Green Mountain property, 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-Green Mountain 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.
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 when prospecting and acquiring new mineral properties, 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 Company; (ii) deprive shareholders of an opportunity to receive a premium for their common shares as part of a sale of the Company; 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.

COVID-19

On March 11, 2020, the World Heath Organization declared a pandemic following the emergence and rapid spread of a novel strain of coronavirus ("COVID-19"). The Company's business could be adversely affected by the effects of the continued spread of COVID-19. Since early March 2020, significant measures have been implemented in Canada, USA, and the rest of the world by governmental authorities in response to COVID-19. The Company cannot accurately predict the impact COVID-19 will have on the ability of third parties to meet their obligations with the Company, including due to uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In particular, the continued spread of the COVID-19 globally could materially and adversely impact the Company's business including without limitation, employee health, limitations on travel, the availability of industry experts and personnel, restrictions on planned drill and exploration programs, and other factors that depend on future developments beyond the Company's control. In addition, COVID-19 has resulted in a widespread health crisis that has adversely affected the economies and financial markets of many countries, including Canada, USA and Zimbabwe, resulting in an economic downturn that may negatively impact the Company's financial position, financial performance, cash flows and its ability to raise capital.

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