



ZEPHYR MINERALS LTD.

MANAGEMENT'S DISCUSSION & ANALYSIS **FOR THE PERIOD ENDED SEPTEMBER 30, 2023**

Background

This Management Discussion and Analysis ("MD&A") of Zephyr Minerals Ltd. ("Zephyr" or the "Company"), is dated November 28, 2023 and provides an analysis of the financial operating results for the period ended September 30, 2023. This MD&A should be read in conjunction with the audited consolidated financial statements and accompanying notes for years ended December 31, 2022 and December 31, 2021 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.sedarplus.ca 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 property; management's view that the Dawson 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, referred to as the Dawson Property (“Dawson” or the “Property”). Dawson 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 mineral 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, lithium and base metals.

Financing

On July 31, 2023, the Company completed a first tranche of a private placement through the issuance of 3,210,000 units at a price of \$0.09 per unit raising \$288,900 and on August 15, 2023 completed a second tranche through the issuance of 494,000 units for gross proceeds of \$44,460 and on September 11, 2023, completed a third and final tranche through the issuance of 296,000 units for gross proceeds of \$26,640. Each unit consists of one common share and one whole common share purchase warrant of the Company. Each warrant entitles the holder to acquire one common share of the Company at an exercise price of \$0.13 per share for a period of twelve months from the closing dates. The expiry dates 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 \$0.26 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. Through both tranches, the Company paid cash finder’s fees of \$17,073 and issued 189,700 finder’s fee warrants to finders acting on behalf of the Company in connection with the placement. Each finder’s fee warrant is exercisable into one common share of the Company at \$0.13 per share for twelve months from the closing dates. The finder’s warrants are subject to the same acceleration clause as the unit warrants.

On December 5, 2022 the Company completed a private placement through the issuance of 4,000,000 units at a price of \$0.08 per unit raising a total of \$320,000. Each unit consists of one common share and one whole common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at an exercise price of \$0.12 per common share at any time on or before December 5, 2023. The Company paid cash finder’s fees of \$13,160 and issued 164,500 finder’s fee warrants to finders acting on behalf of the Company in connection with the placement. Each finder’s fee warrant is exercisable into one common share of the Company at \$0.12 per share until expiry on December 5, 2023. The expiration of the warrants may be accelerated if the volume-weighted trading average for the Company’s shares on the TSXV 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. The finder’s warrants are subject to the same acceleration clause as the unit warrants.

Zimbabwe

The Company’s focus continues to be on evaluating mineral properties for potential acquisition and joint venture. Several high potential mineral properties have been identified which are in various stages of negotiation. There is no certainty that these negotiations will ultimately be successfully concluded.

Exclusive Prospecting Orders

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 two EPO applications combined cover approximately 124,000 hectares (1,240 km²). Both applications have been forwarded from the Attorney General’s offices to the offices of the Mining Affairs Board (“MAB”). The next step in the process is for the Permanent Secretary who heads up the MAB to approve the applications and present them to the Minister of Mines for signature by the President. Timing of the applications being granted is unknown at this juncture.

MC-2 Property

On April 20, 2023, the Company announced it has entered into an option agreement to acquire up to a 75% interest in the MC-2 Property (“MC-2 Property” or “MC-2”). The MC-2 Property comprises five mining claims totaling

approximately 50 hectares and are strategically located within approximately two kilometers of the Company's optioned MC Property ("MC Property" or "MC"). MC and MC-2 are on trend, sharing many of the same geological characteristics and exploration potential for large scale, shear zone hosted gold deposits. The proximity of the two claim groups with each other is a synergistic feature from a development perspective in the event of a discovery. Zephyr can acquire 75% of MC-2 by incurring US\$665,000 in exploration expenditures and making cash payments to the optionors totaling US\$65,000 over five years. The optionors are permitted to continue small scale mining within prescribed parameters from areas currently being mined until Sutter makes a decision to transfer the claims into a new operating company, owned as to Zephyr 75% and the optionors 25%. The option agreement remains subject to due diligence which is anticipated to be concluded in Q4 2023.

A trenching and geological mapping program is being conducted on both MC and MC-2, and subject to satisfactory results and completion of geological mapping, drill testing of indicated targets is planned. This program is expected to be completed in late November 2023.

MAP Gold Mine

On February 7, 2023, the Company entered into an option agreement to acquire up to an 80% interest in the approximately 65 hectare MAP Gold Mine property ("MAP Gold Mine") in Mashonaland Central, Zimbabwe from an arm's length citizen of Zimbabwe and his privately owned corporation.

MAP Gold Mine is a small scale combined open cast and shallow underground operation with gold being recovered from three open pits (eluvial gold) and four adits driven on a shear zone. Pit 1 is approximately 60m by 70m and Pit 2 which is similar in size is located approximately 300m south-south-east of Pit 1. A new pit, Pit 3 has recently been started 85m southwest of Pit 1 (between Pits 1 & 2), and was reported by the optionor to contain eluvium grading 3 to 4 g/t gold. A grab sample taken by Zephyr from Pit 3 returned an assay of 4.4 g/t gold. To date almost all mining has been in the eluvium with one shallow dipping (35 to 45 degrees) northeast trending shear zone having been discovered at Pit 2. The gold mineralized shear zone is being mined by the optionor via shallow adits dug at four locations in highly weathered sheared greenstone along approximately 15m of strike length. Grab sampling by Zephyr of the shear zone stock piles from the four adits returned assays ranging between 1.6 g/t gold and 13.8 g/t gold. Unfortunately, the exposure in the adits is insufficient to discern the total width of the shear zone. Pits 1, 2 and 3 are located across a width of 300m perpendicular to the strike of the gold mineralization in the shear zone in Pit 2. These new discoveries warrant a proposed exploration program including drill testing for a potential large tonnage deposit comprising possible multiple gold mineralized shear zones.

MAP Gold Mine lies within Archean aged greenstones and was mapped on a 1:100,000 scale by the Geological Survey of Zimbabwe between 1985 and 1988. The local area was mapped as metarhyolite with a northeast trending dolerite dike that transects the property. One and a half kilometers (1.5 km) west of the property is a major regional fault which trends north-northeast. Waste rock in dump material around Pit 1 is predominantly talc schist and at Pit 2 it is predominantly highly weathered Greenstones.

MAP Gold Mine is a new gold discovery found in 2020 when farm workers working their fields noticed quartz fragments in the soil (eluvium) which they then panned and found to be gold bearing. Since that time the size of the deposit being worked has continued to expand with eluvial pits now found over an area of approximately 70m by 300m. Exploration potential remains open in all directions. The area of the workings is approximately 3.5% of the largely eluvium covered claims which total approximately 65 hectares.

Under the terms of the agreement, Zephyr can acquire 75% of MAP Gold Mine by paying US\$165,000 over two years as well as certain monetary payments based on the quantity of gold discovered. In addition, in the event a mine is built, Zephyr will pay the optionor US\$250,000 upon declaration of commercial production. At Zephyr's discretion, it has the right to buy 20% of the optionor's 25% interest, hereby increasing Zephyr's interest in the property to 80%. The optionor is permitted to continue small scale mining within prescribed parameters from areas currently being mined until Zephyr makes a decision to transfer the claims into a new operating company, owned as to Zephyr 75% (with option to go to 80%) and the optionor 25% (potentially decreased to 20%). Certain conditions need to be met before exploration can begin including acquiring four additional claims which are included in the agreement. These conditions remain outstanding and timing of completion is uncertain at this time.

MC Property

On January 12, 2023, the Company entered into an option agreement to acquire up to 75% interest in the 80 hectare MC Property in Mashonaland Central, Zimbabwe from an arm's length citizen of Zimbabwe.

The MC Property is currently being mined for gold on a small scale from several shafts and adits, along a sheared greenstone (low grade metamorphosed volcanics) primarily composed of metabasalt. Grab samples collected by Zephyr from the main gold mineralized shear zone in the shafts and adits, as well as outcrops, returned assays ranging from trace to 11.5 g/t gold. The highest gold assay, 40.1 g/t, was obtained from a sample comprising crushed metabasalt and quartz collected from an unprocessed ore stockpile. The small-scale miner is processing the gold mineralization by gravity separation onsite. A sample taken from the tailings, being the waste material after gravity separation, assayed 4.4 g/t gold. The high gravity recovery may indicate the gold is in native form. The main shear trends northeast/southwest and has a strike length of at least 375 meters as demonstrated by the current mine workings. Thickness of the shear zone is not known due to poor rock exposure. Of particular interest are assay results from two metabasalt wall rock samples both barren of quartz; one sheared and one unsheared that assayed 10.3 g/t gold and 4.4 g/t gold respectively.

The MC Property lies within Archean aged greenstones and was mapped on a 1:100,000 scale by the Rhodesia Geological Survey between 1968 and 1972. The local area was mapped as metabasalt with minor interbedded schist. A major north-south trending regional fault obliquely crosses the eastern boundary of the MC property. The favourable rock types, structure and attractive gold grades in both the shear zone and adjacent wallrocks point to exploration potential for a large scale, shear hosted gold deposit. To the best of Management's knowledge, the MC property has never been drill tested.

Under the terms of the option agreement, Zephyr can acquire 75% of the MC Property by paying US\$75,000 over four years. In addition, in the event a mine is built, the Company will pay the optionor US\$250,000 upon a declaration by the Company of commercial production. The optionor is permitted to continue small-scale mining within prescribed parameters from areas currently being mined until Sutter makes a decision to transfer the claims into a new operating company (Newco), owned as to Zephyr 75% and the optionor 25%.

Chikonga Mine

On May 9, 2022, the Company entered into an option agreement to acquire 75% of the 40 hectare Chikonga gold mine property ("Chikonga Mine") in Manicaland Zimbabwe from Hilltouch Investments (Pvt.) Ltd. ("Hilltouch") a privately owned arm's length Zimbabwe company.

Chikonga Mine lies within the Archean aged Mutare Greenstone Belt; a prolific gold producing area which hosts the Penalonga and Redwing gold mines on trend to the east. It is predominantly composed of greenstones (metamorphosed mafic to ultramafic volcanic rocks), with minor banded iron formation and tremolite schist. Chikonga Mine is currently being mined on a small scale from several shear zones. Current mine production is approximately four tonnes per day. Milling is by means of a three stamp mill and gold recovery by cyanidation. Tailings average approximately 0.5 g/t gold.

Under the terms of the option agreement, Zephyr 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 Zephyr on exploration and/or mine development will be paid back to Zephyr 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 with Hilltouch is subject to satisfactory due diligence which is ongoing while efforts by Hilltouch continue to resolve certain issues centered on delivery of clear title necessary to finalize the transaction. Given the time that has passed since the option was signed it is now considered a low probability of this agreement being finalized. However contact will be maintained with Hilltouch in the event the title issue is resolved.

Nyanga North

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. The Nyanga North 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.

In October 2023, the Company completed a ground based Magnetic and Induced Polarization (“IP”) geophysical program. Due to the extremely rugged terrain only three lines of IP were run with a total length of approximately 2.6 kilometers. Results suggest that there are three shear zones on the property including the main shear zone with the local artisanal miners working this zone for gold to the west of the property boundary. The resistivity suggests that there are less sulphides in the zone than originally postulated from the area of the artisanal working. The next phase of work would entail trenching across the zone of interest to identify gold bearing zones.

Dawson

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. As such, 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 the resubmission was expected to be late 2023 or early 2024 provided funding was obtained for the required drill program. Due to financial constraints the required drill program was not completed and as such, the resubmission of the mining permit application is now postponed to early 2025. Meeting this new target date is subject to funding for drilling the required drill 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.

Dawson – Background

Dawson is comprised of 57 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. 4 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.

El Plomo

The Company elected not to renew a mining lease agreement with the State of Colorado for a 240 acre parcel of land and the Company elected not to renew the unpatented claims which formed the El Plomo project. High exploration costs due to the remoteness of the area, environmental restrictions and funding difficulties downgraded this project to a low priority. As such the Company decided to abandon this project and redirect available capital to its efforts in Zimbabwe. As a result, the carrying value of the related claims and exploration has been reduced by \$1,417,890. The company has retained the two patented lode mining claims at El Plomo, which are subject to a 3% NSR of which 2% may be purchased by the Company at its sole option at anytime 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.

Mineral Property Expenditures

Exploration and evaluation (“E&E”) expenditures for the period ended September 30, 2023.

	Dawson	Nyanga North	MC Gold	MAP Gold
Assays	-	2,370	-	-
Camp costs / field operations	38,137	-	-	592
Claim fees	-	2,685	348	-
Property payments	-	-	6,711	13,450
E&E Expenditures for the period	38,137	5,055	7,059	14,042
Total E&E Expenditures since inception	4,987,183	28,837	7,059	14,042

Outlook

Zimbabwe

General

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.

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.

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

EPO's

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 ("MAB"). The applications have successfully proceeded through the next step which was approval by the Attorney Generals ("AG") office and are now with the MAB. The Permanent Secretary, who heads up the MAB, will review the applications, subsequent to which, he will deliver to the Minister of Mines for presentation and recommendation for signature by the President of Zimbabwe. While the Company remains optimistic the EPO's will be granted, timing is unknown at this stage. The two EPO applications combined cover approximately 124,000 hectares (approximately 1,240 km²). When granted, Zephyr will control an exclusive right to prospect for gold, base metals and lithium on a prospective land position.

Chikonga Mine

The Chikonga Mine property due diligence process remains underway while efforts continue by the owner to resolve certain issues centered on delivery of clear title necessary to finalize the transaction. The property owner had anticipated an additional two to three months would be required for this effort, however it is now evident that there is a low probability of this agreement being finalized given the passage of time since the option was signed without resolution of the title issue.

Nyanga North

The Company completed a ground IP geophysical survey over the approximately 1.5 km long shear zone on the Special Blocks in Q3-2023. The objective of the geophysical survey is to identify priority targets for trenching and core drilling in a phase two exploration program. The shear zone is interpreted to be the eastern extension of an area extensively mined by small scale gold miners (News release December 21, 2021). After reviewing the geophysical data, a location has been identified for trenching. Future drilling will be dependant on the trenching results.

MC Property

The Company did not conduct an IP survey over the main shear zone currently being mined by small scale miners and adjacent areas believed to host possible additional shear zones as it was determined the sulphide content may be too low to provide meaningful results. A program of trenching, sampling and geological mapping is presently underway and expected to be concluded in late November. Based on favourable results of this program a next stage of exploration would include drilling of identified targets. The MC Property exhibits similarities to the Red Lake gold district in Canada, with a nearby large scale thrust fault and tholeiitic basalt host rocks.

MAP Gold Mine

An exploration program is still in the planning stages pending completion of due diligence under the terms of the option agreement. Upon finalization, an initial program comprising geophysical surveys and trenching is contemplated. Subject to funding, a start date for this program is currently estimated to be in the first half of 2024.

MC-2 Property

The Company is presently in the final stage of completing a trenching, sampling and geological mapping, and subject to favourable results, conduct a follow up drill testing of indicated targets.

USA

Dawson

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. In order to undertake this program, the Company is required to first obtain the mining permit amongst other regulatory approvals.

The deficiencies to the original application for the mining permit remain outstanding at this juncture. The principal deficiency is the requirement to drill an additional 6 water monitoring wells and data collection from these over a 15 month period. Funding for this work is presently not in hand, however efforts continue to address this issue.

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.

Qualified Person

Mr. Samuel Chimombe, P.Geo., an independent consultant to the Company and a Qualified Person as the term is defined under 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, 2023.

Selected Financial Information

Zephyr's consolidated net loss for the nine month period ended September 30, 2023 was \$1,899,522 (\$0.026 per share) compared to a net loss of \$770,821 (\$0.011 per share) for the year ended December 31, 2022 and a net loss of \$625,417 (\$0.009 per share) for the year ended December 31, 2021.

The following table contains selected financial data are derived from the Company's unaudited consolidated financial statements for the nine month period ended September 30, 2023 and the years ended December 31, 2022 and December 31, 2021.

	9 months ended September 30, 2023	Year ended December 31, 2022	Year ended December 31, 2021
Revenue	\$ -	\$ -	\$ -
Net loss	1,899,522	770,821	625,417
Net loss per share	0.026	0.011	0.009
Total assets	5,436,705	6,913,961	7,181,478
Working capital	257,209	371,119	752,907
Total non-current financial liabilities	99,562	99,392	37,950

Results of Operations – Three Month Period Ended September 30, 2023

The expenses incurred during the periods ended September 30, 2023 and 2022 are detailed in the following table:

	3 months ended September 30, 2023	3 months ended September 30, 2022
Exploration and evaluation assets	\$ 1,417,890	\$ 81,268
Exploration expenses	-	3,217
Filing fees	1,425	150
Foreign exchange loss	(173)	(8,641)
Shareholder relations	9,000	9,708
Professional fees	7,409	18,582
General and administrative	736	1,861
Rent	2,370	2,325
Travel	1,299	13,172
Transfer agent	4,746	2,824
Wages and consulting fees	43,396	60,988
Share based payments	-	9,097
Net loss for the period	1,491,098	194,551

The loss for the three month period ended September 30, 2023 was \$1,491,098 compared to a loss of \$194,551 in the same period for 2022.

The Company elected not to renew a mining lease agreement with the State of Colorado for a 240 acre parcel of land and the Company elected not to renew the unpatented claims which formed the El Plomo project. High exploration costs due to the remoteness of the area, environmental restrictions and funding difficulties downgraded this project to a low priority. As such the Company decided to abandon this project and redirect available capital to its efforts in Zimbabwe. As a result, the carrying value of the related claims and exploration has been reduced by \$1,417,890. The company has retained the two patented lode mining claims at El Plomo, which are subject to a 3% NSR of which 2% may be purchased by the Company at its sole option at anytime for \$2,000,000.

Although the Zimbabwean dollar is the official currency in Zimbabwe, the US dollar is the predominate currency. Foreign exchange expense varies as the Company carries out it's exploration activities in Zimbabwe and the United States and therefore holds varying amounts of US currency. Fluctuations in the US/CAD exchange rate resulted in a gain of \$173 in the quarter compared to a gain of \$8,641 in the previous year.

The company did not evaluate any new properties for potential acquisition or joint venture in the quarter, resulting in exploration expenses of nil compared to \$3,217 in 2022. Reduced travel to Zimbabwe resulted in travel expenses of \$1,299 in the quarter compared to \$13,172 in 2022. Professional fees also decreased from \$18,582 in 2022 to \$7,409 in the three months ended September 30, 2023. The higher fees in 2022 is largely due to an increase in fees associated with property agreements and due diligence in Zimbabwe.

Filing fees and transfer agent expenses were \$1,425 and \$4,746 respectively in the quarter, compared to \$150 and \$2,824 respectively in the same period in 2022. The increase in 2023 is largely due to an equity financing completed in the quarter.

Wages and consulting fees decreased from \$60,988 in the third quarter of 2022 to \$43,396 in 2023. The decrease is largely due to management's reduction in consulting fees.

Results of Operations – Nine Month Period Ended September 30, 2023

The expenses incurred during the nine month periods ended September 30, 2023 and 2022 are detailed in the following table:

	9 months ended September 30, 2023	9 months ended September 30, 2022
Exploration and evaluation assets impairment	\$ 1,417,890	\$ 81,268
Exploration expenses	2,373	24,383
Filing fees	17,120	15,866
Foreign exchange loss	2,273	(6,839)
Shareholder communications	31,571	44,668
Professional fees	40,962	59,868
General and administrative	11,591	15,184
Rent	7,308	7,159
Travel	46,121	67,437
Transfer agent	13,788	10,712
Salaries and consulting fees	215,027	175,365
Share based payments	93,498	144,661
Net loss for the period	1,899,522	639,732

The loss for the nine month period ended September 30, 2023 was \$1,899,522 compared to a loss of \$639,732 for the same period in 2022.

The Company has recognized an impairment of \$1,417,890 on the El Plomo property. See Results of Operations for the three month period ended September 30, 2023 for further details.

Shareholder communications decreased from \$44,668 in the nine month period in 2022 to \$31,571 in the same period in 2023. The decrease is a result of the Company not attending certain investor conferences which had been attended in 2022.

Travel and exploration expenses in the nine month period were \$46,121 and \$2,373 respectively, compared to \$67,437 and \$24,383, in the same period in 2022. This is largely a result of fewer field investigation visits in Zimbabwe. Professional fees also decreased from \$59,868 in 2022 to \$40,962 in the nine months ended September 30, 2023. The higher fees in 2022 is largely due to an increase in fees associated with property agreements and due diligence in Zimbabwe.

Filing fees and transfer agent expenses were \$17,120 and \$13,788 respectively in the nine month period, compared to \$15,866 and \$10,712 respectively in the same period in 2022. The increase in 2023 is largely due to an equity financing completed in the quarter and a general increase in fees by the transfer agent in 2023.

Salaries and consulting fees increased from \$175,365 in the nine month period in 2022 to \$215,027 in 2023. This is largely attributed to the Company engaging a new consultant in Canada in December 2022 to assist with its efforts, as well as consultants in Zimbabwe. The increase has been offset by management's reduced consulting fees in the quarter.

Share based payments in the nine month period of 2023 were \$93,498. This compares to \$144,661 in the same period of 2022. This is a result of the company issuing fewer stock options to directors and consultants. In addition, using a Black-Scholes option pricing model, each option in 2023 had a lower fair value at date of grant.

The Company's working capital position at September 30, 2023 was \$ 257,209 compared to working capital of \$180,163 at September 30, 2022. In December 2022 the Company closed a private placement for gross proceeds of \$320,000 and in the third quarter of 2023, closed a private placement in three tranches for gross proceeds of \$360,000. The change in working capital is attributed to the capital raises and the continued investment in the Dawson Property, the acquisition of mineral claims and claim options 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, 2023	-	1,491,098	(0.020)	5,436,705	5,294,330
June 30, 2023	-	156,874	(0.002)	6,621,036	6,446,913
March 31, 2023	-	251,548	(0.004)	6,741,590	6,603,787
December 31, 2022	-	131,089	(0.002)	6,913,961	6,761,837
September 30, 2022	-	194,551	(0.003)	6,704,423	6,555,111
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

The increase in loss in Q1 2023 and Q1 2022 are due to share based payments expenses of \$93,498 and \$126,467 respectively. The increase in loss in Q3 2023 and Q3 2022 is due to a loss on disposition of exploration and evaluation assets in the amounts of \$1,417,890 and \$81,268 respectively.

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, 2022 and are based on IFRS effective December 31, 2022.

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, 2023.

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(h) to the financial statements.

Going Concern

As at September 30, 2023, the Company has cash of \$275,937, working capital of \$257,209, shareholders' equity of \$5,294,330 and an accumulated deficit of \$7,921,733. The Company's financial statements as at September 30, 2023 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.

The Company incurred a net loss of \$1,899,522 for the nine-month period ended September 30, 2023 (net loss of \$770,821 for the year ended December 31, 2022) and has no operations at this time which will generate revenue. Management estimates current working capital may not be sufficient to fund all of the company's planned expenditures. In order to alleviate the situation, the Company intends to raise additional capital. Currently, the Company is required to make minimum annual payments totaling approximately US\$38,000 to keep the Property in good standing. The 2023 Property obligations have been paid. The Company is also required to pay annual inspection fees of approximately US\$6,030 to keep Nyanga North Special Blocks 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. 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.

Cash Requirements

As at September 30, 2023, the Company has cash of \$275,937, working capital of \$257,937 and shareholders' equity of \$5,294,330.

The Company's principal requirements for cash in 2023 will relate to expenditures, noted in more detail below, that are required to advance the Dawson property, plus administrative expenditures and settling accounts payable. The Company expects to spend approximately \$25,000 before the end of 2023 to conduct further exploration and development activities and seeking out additional gold opportunities in Zimbabwe.

Contractual and Other Obligations

Dawson

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 2023 obligation in fiscal 2022. To date Zephyr USA has made advance royalty payments totalling US\$554,000 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 in order to keep them in good standing and pays approximately US\$3,550 in property taxes for its patented mining claims.

Nyanga North

The Company is required to pay annual inspection fees of approximately US\$6,030 to keep Nyanga North Special Blocks in good standing.

MC Property

Under the terms of the option agreement, Zephyr can acquire 75% of the property by paying US\$75,000 over four years. In addition, in the event a mine is built, the Company will make a payment of US\$250,000 upon a declaration by the Company of commercial production. The optionor is permitted to continue small-scale mining within prescribed parameters from areas currently being mined until Zephyr makes a decision to transfer the claims into a new operating company, owned as to Zephyr 75% and the optionor 25%.

MAP Gold Mine

Under the terms of the option agreement, Zephyr can acquire up to an 80% interest in the approximately 65 hectare property in Mashonaland Central, Zimbabwe from an arm's length citizen of Zimbabwe. Zephyr can acquire 75% of by paying US\$165,000 over two years as well as certain monetary payments based on the quantity of gold discovered. In addition, in the event a mine is built, Zephyr will pay the optionor US\$250,000 upon declaration of commercial production. At Zephyr's discretion, it has the right to buy 20% of the optionor's 25% interest, hereby increasing Zephyr's interest in the property to 80%. The optionor is permitted to continue small scale mining within prescribed parameters from areas currently being mined until Sutter makes a decision to transfer the claims into a new operating company, owned as to Sutter 75% (with option to go to 80%) and the optionor 25% (potentially decreased to 20%). Certain conditions need to be met before exploration can begin including acquiring four additional claims which are included in the agreement.

Chikonga Mine

Under the terms of the option agreement, Zephyr 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 Zephyr on exploration and/or mine development will be paid back to Zephyr prior to the optionor participating in mine profits. The optionor 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 with Hilltouch is subject to satisfactory due diligence which is ongoing at the date of this MD&A.

MC-2 Property

Under the terms of the option agreement, Zephyr can acquire 75% of MC-2 Gold by incurring US\$665,000 in exploration expenditures and making cash payments to the owners totaling US\$65,000 over five years. The owners are permitted to continue small scale mining within the parameters from areas currently being mined until Zephyr makes a decision to transfer the Claims into a new operating company. The agreement remains subject to satisfactory due diligence which is ongoing.

Outstanding Share Data

	November 28, 2023	September 30, 2023	September 30, 2022
Common Shares Outstanding	75,086,985	75,086,985	67,086,985
Fully Diluted Common Shares Outstanding	90,341,185	90,341,185	72,586,985

As at September 30, 2023 the Company had a total of 75,086,985 Common Shares outstanding.

As of September 30, 2023 there were a total of 6,900,000 incentive stock options outstanding exercisable for 6,900,000 Common Shares. In addition, there were a total of 8,000,000 warrants exercisable for 8,000,000 Common Shares and 354,200 finder's fee warrants exercisable for 354,200 Common Shares.

As of November 28, 2023 the Company had a total of 75,086,985 Common Shares outstanding.

As of November 28, 2023, there were a total of 6,900,000 incentive stock options outstanding exercisable for 6,900,000 Common shares. In addition, there were a total of 8,000,000 warrants exercisable for 8,000,000 Common shares and 354,200 finder's fee warrants exercisable for 354,200 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, 2023 the Company recognized a foreign exchange gain on cash holdings in the amount of \$173.

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, 2023, the Company had a cash balance of \$275,937 to settle current liabilities of \$42,813. 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

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 \$15,479 (2022 - \$15,017) due to parties related to officers and directors.

The remuneration of directors and other members of key management personnel during the periods ended September 30, 2023 and 2022 were as follows:

	2023		2022
	\$		\$
Salaries and consulting fees	145,365		151,425
Share-based payments	93,498		121,936
	\$	238,863	\$ 273,361

- (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.

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.sedarplus.ca), 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 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 Dawson and Nyanga North, 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 in the USA and Zimbabwe, 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 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 14.0%, 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.sedarplus.ca.