



ZEPHYR MINERALS LTD.

MANAGEMENT'S DISCUSSION & ANALYSIS FOR THE PERIOD ENDED SEPTEMBER 30, 2021

This Management Discussion and Analysis (MD&A) of Zephyr Minerals Ltd. ("Zephyr" or the "Company"), is dated November 26, 2021 and provides an analysis of the financial operating results for the period ended September 30, 2021. This MD&A should be read in conjunction with the audited consolidated financial statements and accompanying notes for years ended December 31, 2020 and December 31, 2019 which have been prepared in accordance with International Financial Reporting Standards ("IFRS") for financial statements. All amounts are in Canadian dollars unless otherwise specified. The financial statements and additional information, including news releases and technical reports referenced herein, are available on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com under the Company's name.

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

Forward-Looking Information

Certain statements in this MD&A are forward-looking statements or information (collectively "forward-looking statements"). The Company (as defined herein) 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", "is expected to", "anticipates", "estimates", "intends", "plans", "projection", "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. Refer to the section titled "Other Risks and Uncertainties" for a summary of material risk factors as of the date of this document.

Company Overview

Zephyr Minerals Ltd. was incorporated under the Canada Business Corporations Act (the "CBCA") on May 26, 2010. The head office of the Company is located at 1301 – 1959 Upper Water Street, Halifax, Nova Scotia. On March 23, 2011, the Company received a final receipt for a prospectus dated March 18, 2011 and became a reporting issuer in the Provinces of British Columbia, Alberta, Manitoba, Ontario and Nova Scotia.

Zephyr is a gold exploration and development company active in the USA through its 100% owned subsidiary, Zephyr Gold USA Ltd. ("Zephyr USA") and in Zimbabwe through its wholly owned subsidiary, Sutter Mining (Private) Ltd. ("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 ("NI 43-

101”) compliant inferred gold resource and exploration potential over a 3.8 km strike length. Zephyr has applied for mineral concessions in Zimbabwe which await Ministerial approval.

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. The Company announced on July 5, 2021 that on June 30, 2021 it has filed this application for a mining permit with the Colorado Division of Reclamation and Mine Safety (“DRMS”). Success in gaining the mining permit will enable Zephyr to drive a ramp and establish drill stations underground to further develop the inferred gold resource comprising the Dawson gold deposit. 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 mine construction can begin.

In addition to mining concessions under application by Zephyr in Zimbabwe, the Company is actively pursuing additional gold opportunities in that country.

Financing

As at September 30, 2021, the Company has cash of \$885,383 and working capital of \$956,672. There were no financing activities undertaken to date in 2021.

On February 21, 2020, the Company completed a private placement through the issuance of 10,000,000 units at a price of \$0.21 per unit raising a total of \$2,100,000. Each unit consisted of one common share and one-half common share purchase warrant. Each whole warrant entitled the holder to acquire one common share at an exercise price of \$0.35 per common share at any time on or before August 21, 2021. Under the terms of the warrants, the expiration of the warrants could be accelerated if the volume-weighted trading average for the Company’s shares on the TSXV is greater than or equal to \$0.70 for any 20 consecutive trading days. The Company paid cash finder’s fees of \$115,740 and issued 551,145 finder’s fee warrants to finders acting on behalf of the Company in connection with the placement. The finder’s fee warrants were subject to the same terms as the unit warrants.

On August 12, 2020, the Company accelerated the expiry date of the February 2020 common share purchase warrants in accordance with the terms of the warrants, 4,031,008 of the warrants were exercised and all unexercised warrants remaining at 5:00 p.m. Halifax Time on September 11, 2020 were cancelled.

Zimbabwe

Early in 2021 the Company launched a wholly owned subsidiary, 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 quarter an application for an Exclusive Prospecting Order (“EPO”) over areas prospective for gold mineralization has been lodged with the Zimbabwe Ministry of Mines and Mining Development (“MMMD”) and awaits processing by that agency. This application is in addition to the application lodged in the second quarter of 2021. Both applications remain outstanding as at the date of this report, awaiting Ministerial approval. The two EPO applications combined cover approximately 120,000 Ha. In addition, the Company staked additional ground that is awaiting registration with the MMMD.

Dawson-Green Mountain Property

Dawson Section – Q3/Current Activity

The Company’s focus in the quarter was on support activities pertaining to the application for a mining permit for the Dawson gold deposit which was submitted to DRMS on June 30, 2021 and accepted as complete on July 15, 2021 for the commencement of the technical review by that organization. As part of this review process, DRMS staff inspected the site for the proposed gold mine on September 15, 2021 and subsequent to quarter end, on October 14, 2021 sent Zephyr a Preliminary Adequacy Review (“PAR”) letter containing 102 questions and comments

arising out of the review process. Zephyr has until December 13, 2021 to respond to all questions raised by DRMS in this document. In the event this timeframe proves too short for Zephyr, the Company can seek an extension of time to respond. The thorough review of the application by DRMS is prompted by that organization's effort to ensure it will be in a position to address any and all questions that may be raised by the MLRB at the hearing. Subsequent to a successful MLRB hearing, a CUP will be sought from Fremont County which is also necessary before mine construction can begin.

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.

Dawson Section – Background

Dawson is comprised of 51 contiguous unpatented lode mining claims, and 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 report on Dawson entitled: "Resource Estimate Technical Report for the Dawson Property Fremont County, Colorado, USA" with an effective date of July 19, 2013. See news release July 23, 2013. The Dawson zone resource estimate was utilized in the completion of a Preliminary Economic Assessment in 2017. See news release February 7, 2017 for further information.

El Plomo Section – Q3/Current Activity

A detailed geological (structural) mapping program with the goal of locating structural folds, followed up with a ground magnetic survey predicated upon favourable mapping results was planned for the second quarter of 2021 at El Plomo. Structural folds in mineralized zones can be the location of considerably thickened mineralization as at the Broken Hill Type ("BHT") deposits in Australia. However, due to the Covid-19 pandemic it has not been possible to engage the services of an experienced structural geological consultant to undertake this work during the quarter. Efforts continue to contract the services of a suitably experienced consulting geologist to undertake the mapping program, and once engaged, is expected to take 7 to 10 days to complete. However, given the lateness of the field season, it is likely this will be postponed to Q2-2022.

El Plomo Section - Background

The El Plomo section is located in the central area of the Property and is contiguous with the Dawson section in the east and the Green Mountain section in the west. It comprises a mining lease with the State of Colorado for a 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 BHT deposits suggests potential remains for discovery of this type of deposit.

Green Mountain – Q3/Current Activity

A geological mapping program was planned for the most prospective area around the historic Green Mountain Mine with the objective of identifying drill targets. However, due to the Covid-19 pandemic it has not been possible to engage the services of a geological consultant to undertake this program. Efforts are continuing to obtain the services of a consultant geologist, and once engaged, it is expected the program will take from 8 to 10 days to complete. This program would be undertaken in conjunction with the El Plomo fieldwork and as such will likely be postponed to Q2-2022

Green Mountain Section - Background

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 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 and nine months ended September 30, 2021 and 2020 are as follows:

	2021		2020	
	3 Months	9 Months	3 Months	9 Months
Exploration Expenditures	\$	\$	\$	\$
Assays and Metallurgy	-	8,796	27,000	27,000
Claims Fees	-	-	-	-
Consulting and Salaries	13,036	45,360	28,626	61,781
Drilling	-	-	830,346	830,346
Field Camp and Supplies	13,295	29,336	50,124	71,501
Permitting	16,505	161,916	8,373	34,298
Other Exploration & Geology	3,128	9,011	20,520	22,195
Total Exploration Expenditures	\$ 45,964	\$ 254,418	\$ 964,989	\$ 1,047,121
Cumulative E&E Since Inception	\$ 5,307,439	\$ 5,307,439	\$ 4,993,194	\$ 4,993,194

Outlook

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 success in this regard.

The Company believes that the El Plomo section continues to hold promise for the discovery of a BHT silver-lead-zinc deposit despite drill hole EP-20-01 failing to meet expectations. Drilling was terminated after completion of one drill hole with future drilling dependent upon new information warranting a re-evaluation of this decision. A detailed geological (structural) mapping program planned for the quarter was not undertaken due to personnel issues stemming from the Covid-19 pandemic. The objective is to identify structural folds which coupled with ground geophysics could lead to new drill targets. Drilling new targets will be dependent on strong technical results and subject to funding. It is anticipated the field program will be undertaken in the Q2-2022 field season.

A planned mapping and sampling program at Green Mountain in the quarter was not executed due to the unavailability of an experienced geological consultant which is due to issues related to the Covid-19 pandemic. The program will focus on the western end of the Green Mountain Section with the objective of identifying potential discrete zones favourable to hosting gold mineralization in the footwall of the sulphide zone, similar to that found in the Dawson section (Dawson style gold mineralization). A secondary focus will be the copper-silver-zinc mineralization in the massive sulphide zone. Special attention will be given to the area in the immediate vicinity of the historic Green Mountain copper mine. Timing of the fieldwork will be tied to that of the El Plomo program, and the extent and timing of a possible follow-up drill program will be subject to results and funding.

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 Ministry of Mines and await processing and approval. Subject to MMD approval and granting of these two EPO's, Zephyr will control a gold prospective land position of approximately 120,000 Ha. The Company is currently assessing additional opportunities which have the potential to further enhance Zephyr's footprint in Zimbabwe. 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.

Qualified Persons

Ms. Diana Sollner, MASc, MBA, PEng, CDID., of GEM Services and independent of the Company, and a Qualified Person under National Instrument 43-101, has reviewed and is responsible for the scientific and technical information concerning tailings characterization.

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 remainder of the scientific and technical information in this Management Discussion and Analysis for the period ended September 30, 2021.

Selected Financial Information

Zephyr's consolidated net loss for the nine months ended September 30, 2021 was \$506,195 (\$0.008 per share) compared to a net loss of \$627,715 (\$0.010 per share) for the year ended December 31, 2020 and a net loss of \$612,844 (\$0.012 per share) for the year ended December 31, 2019.

The following table contains selected financial information for the nine month period ended September 30, 2021 and the years ended December 31, 2020 and December 31, 2019.

	9 months ended September 30, 2021	Year ended December 31, 2020	Year ended December 31, 2019
Revenue	\$ -	\$ -	\$ -
Net loss	506,195	627,715	612,844
Total assets	7,246,492	7,450,909	4,657,792
Working capital	956,672	1,489,307	142,929
Shareholder equity	7,142,062	7,354,452	4,551,171
Loss per share	0.008	0.010	0.012

Results of Operations – Three Month Period Ended September 30, 2021

The expenses incurred during the three month periods ended September 30, 2021 and 2020 are detailed in the following table:

	3 months ended September 30, 2021	3 months ended September 30, 2020
Exploration expenses	\$ 6,961	\$ -
Filing fees	904	2,310
Foreign exchange loss	(12,443)	24,782
Investor relations	9,642	43,099
Professional fees	7,413	6,295
General and administrative	5,692	2,147
Rent	2,144	2,940
Travel	28,724	157
Transfer agent	7,747	8,686
Salaries and consulting fees	47,379	32,876
Share based payments	27,341	-
Net loss for the period	131,504	123,292

The loss for the three month period ended September 30, 2021 was \$131,504 compared to a loss of \$123,292 in the same period for 2020.

Exploration expenses increased from nil in 2020 to \$6,961 in 2021 as the Company initiated efforts in searching for prospective gold opportunities in Zimbabwe during the year.

Foreign Exchange expense varies as the Company carries out its exploration activities predominantly in the United States and therefore holds varying amounts of US currency. Fluctuations in the US/CAD exchange rate created a positive effect of \$12,443 in the quarter compared to a loss of \$24,782 in the comparative prior quarter as the Canadian dollar strengthened.

Investor relations expenses for the three months ended September 30, 2021 were \$9,642 compared to \$43,099 in 2020. The larger amount in 2020 coincides with the extra activities designed to raise awareness for a drill program on the Dawson-Green Mountain property.

General and administrative and travel expenses were \$5,692 and \$28,724 in for the three months ended September 30, 2021 compared to \$2,147 and \$157 respectively for the same period in 2020. The increase in both is attributed to the Company's efforts in seeking gold opportunities in Zimbabwe. Travel expenses in 2020 were impacted by the Covid-19 pandemic.

Salaries and consulting fees also increased from \$32,876 for the three month period ended September 30, 2020 to \$47,379 for the same period in 2021 as a result of new consulting activity in Zimbabwe and increased remuneration to executive officers.

Results of Operations – Nine Month Period Ended September 30, 2021

The expenses incurred during the nine month periods ended September 30, 2021 and 2020 are detailed in the following table:

	9 months ended September 30, 2021	9 months ended September 30, 2020
Exploration expenses	\$ 15,388	\$ -
Filing fees	13,074	17,887
Foreign exchange loss	(6,992)	504
Investor relations	28,186	152,441
Professional fees	24,584	28,118
General and administrative	9,947	5,210
Rent	6,371	8,846
Travel	30,405	8,379
Transfer agent	15,359	15,784
Salaries and consulting fees	124,418	99,032
Share based payments	245,455	203,330
Net loss for the period	506,195	539,531

The loss for the nine month period ended September 30, 2021 was \$506,195 compared to a loss of \$539,531 in the same period for 2020.

Exploration expenses increased from nil in 2020 to \$15,388 in 2021 as the Company initiated efforts searching for prospective gold opportunities in Zimbabwe.

Foreign Exchange expense varies as the Company carries out its exploration activities predominantly in the United States and therefore holds varying amounts of US currency. Fluctuations in the US/CAD exchange rate created a gain of \$6,992 in 2021 compared to a loss of \$504 in the comparative prior period.

Investor relations expenses for the nine month period were \$28,186 in 2021 compared to \$152,441 in 2020. The larger amount in 2020 is a result of the extra initiatives in raising investor awareness of its drill program at El Plomo on the Dawson-Green Mountain property.

General and administrative and travel expenses were \$9,947 and \$30,405 in 2021 compared to \$5,210 and \$8,379 respectively in 2020. The increase in both is attributed the Company's efforts in seeking gold opportunities in Zimbabwe. Travel expenses in 2020 were impacted by the Covid-19 pandemic.

Salaries and consulting fees also increased from \$99,032 in 2020 to \$124,418 in 2021 as a result of new consulting activity in Zimbabwe and increased remuneration to executive officers.

The Company's working capital position at September 30, 2021 was \$956,672 compared to working capital of \$1,636,381 at September 30, 2020. In 2020, the Company closed private placements for aggregate gross proceeds of \$2,100,000. During 2020 the company raised an additional \$1,258,282 through the exercise of options and warrants and an additional \$48,350 in 2021 through the exercise of options. This has been offset by continued investment in the Dawson-Green Mountain project 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, 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
December 31, 2019	-	88,057	(0.002)	4,657,792	4,551,171

The increase in loss in Q1 2021 and Q2 2020 are largely due to share based payments expenses of \$190,773, and \$183,750 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, 2020 and are based on IFRS effective December 31, 2020.

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 26, 2021.

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 September 30, 2021, the Company has cash of \$885,383, working capital of \$956,672, shareholders' equity of \$7,142,062 and an accumulated deficit of \$5,132,209. The Company's financial statements as at September 30, 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 2021 obligation was paid and recorded in the 2020 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. These financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. These adjustments may be material.

Cash Requirements

As at September 30, 2021 the Company has cash of \$885,383, working capital of \$956,672 and shareholders' equity of \$7,142,062.

The Company's principal requirements for cash in 2021 will relate to expenditures, noted in more detail below, that are required to advance the Property, plus administrative expenditures and settling accounts payable. The Company expects to spend approximately \$50,000 before the end of 2021 to evaluate mineral opportunities in Zimbabwe, and carry out related activities associated with the application for a mining permit (see news release 5 July 2021).

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 2021 obligation in fiscal 2020. To date Zephyr USA has made advance royalty payments totalling US\$500,000 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

	November 26, 2021	September 30, 2021	September 30, 2020
Common Shares Outstanding	67,086,985	67,086,985	66,603,485
Fully Diluted Common Shares Outstanding	72,186,985	72,186,985	71,203,485

As at September 30, 2021, the Company had a total of 67,086,985 Common Shares outstanding.

As of September 30, 2021, there were a total of 5,100,000 incentive stock options outstanding exercisable for 5,100,000 Common Shares.

As of November 26, 2021, there were a total of 5,100,000 incentive stock options outstanding exercisable for 5,100,000 Common Shares.

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

Financial Instruments

The Company has designated its cash and cash equivalents as fair value through income or loss; accounts receivable are classified as loans and receivables; and accounts payable and accrued liabilities as other financial liabilities. In the nine month period ended September 30, 2021 the Company recognized a foreign exchange gain on cash holdings in the amount of \$6,992.

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, 2021, the Company had a cash balance of \$885,383 to settle current liabilities of \$66,453. 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

Although the Company's principal exploration asset is based in the United States of America, the low annual maintenance costs have led the Company to conclude that it does not believe it is exposed to any significant foreign currency risk at the present time.

3. Other price risk

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

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

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

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

Related Party Transactions

Rent expense of \$1,500 (2020 – nil) during the period was paid to a director of the Company. Transactions were in the normal course of operations and were measured at the exchange amounts, which are the amounts agreed to by the related parties. Included in accounts payable and accrued liabilities is \$34,461 (2020 - \$821) due to parties related to officers and directors.

The remuneration of directors and other members of key management personnel during the periods ended June 30, 2021 and 2020 were as follows:

	2021	2020
Salaries and consulting fees	\$ 126,011	\$ 110,333
Share-based payments	267,166	183,750
	\$ 393,177	\$ 294,083

(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.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 Gold Project, there is no guarantee that title to any such properties will not be challenged or impaired. Third parties may have valid claims underlying portions of our interests, including prior unregistered liens, agreements, transfers or claims, including aboriginal land claims, and title may be affected by, among other things, undetected defects. In addition, we may be unable to operate on such properties as permitted or to enforce our rights with respect to such properties. Rights to surface access and use held by others may impact the ability of Zephyr to develop the mine in an optimal manner.

Permits and Licenses

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

Infrastructure

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

Opposition to Mining

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

Foreign Operations

The Company is actively seeking gold opportunities in Zimbabwe, and the Dawson-Green Mountain Property is located in Colorado, USA. While we believe that both Zimbabwe and the USA are favourable for mining companies to operate, there can be no assurance that changes in the laws of either country or changes in the regulatory environment for mining companies or for non-domiciled companies in either country will not be made that would adversely affect 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 potential future assets in Zimbabwe.

Litigation

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

Competition

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

Reliance on Key Individuals

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

Conflicts of Interest

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

Influence of Significant Shareholders

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

No Dividend Record

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

Limited Market for Securities

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

Trading Price and Volatility of the Common Shares

The market price of the common shares experiences fluctuations which may not necessarily be related to the financial condition, operating performance, underlying asset values or prospects of the Company. It may be anticipated that any market for the common shares will be subject to market trends generally, and the value of the

common shares on the TSX-V or such other stock exchange as the common shares may be listed from time to time, may be negatively affected by such volatility.

Commodity Prices

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

Global Financial Volatility

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

COVID-19

The outbreak of the novel strain of coronavirus, specifically identified as "COVID 19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID 19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods. The anticipated timeline of work programs may be delayed.

Climate Change

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

Other Information

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