ZONTE METALS INC.

MANAGEMENT DISCUSSION & ANALYSIS

FOR THE THREE and NINE MONTHS ENDED

OCTOBER 31, 2016

Zonte Metals Inc.
Management Discussion & Analysis
For the three and nine months ended October 31, 2016

BACKGROUND

The Management Discussion and Analysis ("MD&A") of Zonte Metals Inc. ("Zonte" or the "Company") provides an analysis of the results for the three and nine months ended October 31, 2016. The MD&A should be read in conjunction with the unaudited condensed interim financial statements of the Company for the three and nine months ended October 31, 2016 and the audited financial statements of the Company for the year ended January 31, 2016

. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are in Canadian dollars unless otherwise specified. Additional information regarding the Company is available on SEDAR at **www.sedar.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") 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.

By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes may not occur or may be delayed. The risks, uncertainties and other factors, many of which are beyond the control of the Company, that could influence actual results include, but are not limited to: limited operating history; exploration, development and operating risks; regulatory risks; substantial capital requirements and liquidity; financing risks and dilution to shareholders; competition; reliance on management and dependence on key personnel; fluctuating mineral and commodity prices and marketability of minerals; title to properties; local residential concerns; no mineral reserves or mineral resources; environmental risks; governmental regulations and processing licenses and permits; management inexperience in developing mines; conflicts of interest of management; uninsurable risks; exposure to potential litigation; no history of paying dividends and no intention of paying dividends in the near future; and other factors beyond the control of the Company.

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. New factors emerge from time to time, 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. See "Risk Factors" below.

1.1 Date of Report

This report is prepared as of December 21, 2016.

1.2 OVERALL PERFORMANCE and COMPANY OVERVIEW

Zonte is a junior mineral exploration company primarily focused on gold. The Company's common shares are listed and trade on the TSX Venture Exchange (the "TSX-V" or the "Exchange") under the symbol "ZON".

The Company has no producing operations and accordingly no operating income or cash-flow. The Company is dependent on accessing capital markets in order to raise the funds necessary to continue exploration on its existing properties, acquire new properties, and meet its ongoing working capital requirements. As of the date of this report, no mineral reserves or resources have been delineated on any properties in which the Company has an interest and, accordingly, the Company remains at a relatively early stage.

During the nine months ended October 31, 2016 (“YTD-17”), the Company incurred a net loss and comprehensive loss of $242,504, an increase of $18,426, approximately 8%, over the net loss and comprehensive loss of $224,078 incurred for the nine months ended October 31, 2015 (“YTD-16”). In light of the challenging financial markets for the junior resource sector and the Company’s limited financial resources, the Company implemented a series of cost management strategies in mid-Fiscal 2013 that continued throughout YTD-17 and are expected to continue going forward. The current cost management strategies are based on maintaining minimal staffing and expenditure levels and deferring executive salaries.

During the three months ended October 31, 2016 (“Q3-17”), the Company incurred a net loss and comprehensive loss of $82,403 an increase of $8,429, approximately 11%, above the net loss and comprehensive loss of $73,974 incurred for the three months ended October 31, 2015 (“Q3-16”). While the Company’s cost management strategies remained in place during Q3-17, increases in transfer agent, listing and filing fees, as well as property evaluation and pre-acquisition costs and stock based compensation, were primarily responsible for the increased loss during the period.

During F-2014, Zonte identified and, in collaboration with strategic partners (together the “Applicants”), made applications for three exploration licenses in Colombia, covering areas believed to be highly prospective (the “Applications”). The areas were confirmed as open ground on the Government of Colombia’s website and the Applications have been confirmed as the first received following commencement of the application process. The Applications, made to the Agencia Nacional de Mineria (ANM), were followed up with the required supporting documentation but as of this date have not been issued to the Applicants. One of the applications covers areas, confirmed by the Company to be open, located between titles covering the Gramalote Deposit which is understood to be held through a joint venture between AngloGold Ashanti (NYSE:AU) and B2Gold (TSX:BTO, NYSE:BTG. The Applicants have now completed various steps required to proceed to “Special Court” in order to challenge the Secretaria de Minas, who has not titled the exploration application submitted by the Applicants in July 2013. Legal counsel for the Applicants is of the opinion the Colombia Mining Code has not been followed in this circumstance and the Applicants intend to pursue appropriate remedies. On April 28, 2016 legal counsel completed a “conciliatory meeting” with the Secretaria de Minas which is understood to be the final step in the process proceeding Special Court. As anticipated, the Secretaria de Minas maintained its position in not issuing the title and legal counsel is completing final documentation for submission to the Special Court. While the Applicants remain committed to pursuing their rights under the application, the timing and outcome of the Special Court process remains unknown as of this date. Upon receipt of the titles by the Applicants and subject to board and regulatory approvals, Zonte can acquire each of the mineral concessions from the Applicants for a specified number of Zonte common shares.

The Company’s objective remains the identification and acquisition of projects that add value while minimizing dilution and maintaining an attractive equity structure that will benefit shareholders as the Company moves forward. The Company has carried out minimal exploration or acquisition activity while it awaits the outcome of its Applications and plans minimal activity within Colombia until the outcome is resolved. The Company continues to review projects outside of Colombia and, on November 17, 2016, announced that it had signed a binding Letter Agreement to option and acquire 100% of the McConnells Jest project, in the Tintina Gold Belt in the Yukon Territory, which is composed of 172 claims totaling approximately 3371 hectares. The agreement was entered between Zonte and Bill Koe-Carson and grants Zonte the option to purchase a 100% interest in the project by making payments of $150,000 over two years and 1.5 Million common shares over three years. The claims are subject to a 3% NSR, 2/3rds of which can be purchased for $2,000,000. The acquisition is subject to a finder’s fee and acceptance by the TSX Venture Exchange. The Company is considering various alternatives to advance the project and earn its interest in the property including discussions with potential joint venture partners as well as potential equity financing opportunities.

During December 2015 and January 2016, the Company closed a private placement financing (the “Private Placement 2016”) and issued 1,503,647 units (the “Units”) at a price of $0.085 per Unit for total gross proceeds of $127,810. Each Unit was comprised of one common share and one common share purchase warrant (the “2016 Warrants”), with each 2016 Purchase Warrant entitling the holder thereof to acquire one common share of the

Company at a price of $0.16 at any time prior to December 30, 2017. In connection with the Private Placement 2016, the Company issued 40,240 Broker Warrants (the "2016 Broker Warrants") and paid cash finders' fees aggregating $3,420. Each 2016 Broker Warrant entitles the holder to purchase one common share of the Corporation at an exercise price of $0.16 per share at any time prior to June 30, 2017.

During YTD-17 and Fiscal 2016, there was no exploration work carried out on the Company's Wings Point Project, which has been the Company's primary exploration focus to date. The Wings Point Project is located on the island portion of Newfoundland and Labrador, about 30 kilometres ("km") north of Gander. In July 2014, the Company acquired a 100% interest in the Wings Point North property subject to certain royalties by issuing the vendors 1,000,000 common shares of the Company (see *Section 1.11 – Exploration Properties*). The Wings Point Project was initially acquired pursuant to the Wings Point North option agreement in December 2010 and lies within a mineral belt that Zonte is targeting for sediment hosted bulk tonnage potential notwithstanding historic results from programs targeting narrow high-grade gold structures; however, Zonte's programs have been targeted at the sediment hosted bulk tonnage potential. The Company's exploration programs to date have been comprised primarily of ground exploration and geophysics. The Company has identified multiple targets for follow-up and drilling on the Wings Point Project and during F-2015 applied and received initial drill permits to drill test the anomalies in the subsurface but, as of the date of this report, has decided to defer the drill program until the capital markets for the junior resource sector improve. During the years ended January 31, 2015 and 2016, the Company reduced the size of the Wings Point Project by terminating the Wings Point South option and dropping claims peripheral to the primary area of interest.

1.3 SELECTED ANNUAL INFORMATION

The following table outlines selected financial information for the years ended January 31, 2016, 2015 and 2014. The financial information is extracted from the Company's audited financial statements which have been prepared in accordance with IFRS.

All amounts are expressed in thousands of Canadian dollars, except per share amounts:

		Year ended January 31, 2016		Year ended January 31, 2015		Year ended January 31, 2014
Revenue	$	-	$	-	$	-
Net loss and comprehensive loss	$	509	$	554	$	394
Basic and diluted loss per share	$	0.02	$	0.02	$	0.02
Working capital	$	17	$	77	$	(23)
Total assets	$	504	$	588	$	675
Non-current financial liabilities	$	585	$	433	$	221

The Company has no producing operations and expects to record losses until such time as an economic resource is identified, developed and exploited on one or more of the Company's properties or the properties are otherwise disposed of at a profit. The Company's future operations will depend on its ability to access additional equity financing and future losses and asset values will be significantly impacted by any impairment write-downs or abandonment of any resource properties.

1.4 RESULTS OF OPERATIONS

NINE MONTHS ENDED OCTOBER 31, 2016

During YTD-17, the Company incurred a net loss and comprehensive loss of $242,504 an increase of $18,426, approximately 8%, over the net loss and comprehensive loss of $224,078 incurred for YTD-16. The Company has no producing operations and its only revenue was interest income of $182 and $516 earned in YTD-17 and YTD-16, respectively. The Company's Operating expenses totaled $242,560 in YTD-17, an increase of $18,040, approximately 8%, over YTD-16 expenses of $224,520.

The material break-down of Operating expenses for YTD-17 and YTD-16 are presented in the following table:

		For the nine months ended	
		31-Oct 2016	**31-Oct 2015**
		$	$
Operating expenses:			
Management and consulting fees	**$**	**186,086**	184,421
Office & general		**979**	1,373
Transfer agent, listing & filing fees		**18,021**	14,439
Insurance		**6,734**	6,706
Travel and entertainment		**669**	-
Communications		**2,452**	2,475
Investor relations & shareholder communications		**5,768**	1,462
Accounting & audit		**7,700**	7,500
Depreciation		**885**	3,312
Property evaluation & pre-acquisition costs		**7,505**	2,832
Stock based compensation		**5,761**	-
		242,560	224,520

The most significant operating cost expenditures and variances over the prior year's period are as follows:

- Management and consulting fees of $186,086 represented an increase of $1,665, approximately 1%, over YTD-16 as the Company continued to operate with minimum staffing levels;
- Transfer agent, listing and filing fees increased by $3,582, to $18,021, a 25% increase over YTD-16 as the Company's limited activity continues to result in minimal Transfer agent, listing and filing fees;
- Insurance expenditures of $6,734 represented an increase of $348, a nominal increase over insurance expenditures of $6,706 in YTD-16;
- Investor relations and shareholder communications expenditures of $5,768 increased by $4,306, a 295% increase over YTD-16 as during the first quarter of Fiscal 2017, the Company increased discretionary investor relations expenditures related to disclosure of developments on the Applications during the first half of the current fiscal year;
- Accounting and audit expenditures of $7,700 represented a nominal $200 increase over accounting and audit expenditures of $7,500 during YTD-16;

- Property evaluation and pre-acquisition costs increased to $7,505, an increase of 165% over YTD-16, as the Company increased activities related to potential property acquisitions and license applications outside of Columbia while it waits for the approval of three mineral applications, made in collaboration with strategic partners.; and
- Stock options granted in December 2015 resulted in Stock-based compensation expense of $5,761during YTD-17 as compared to $nil during YTD-16. Approximately 99% of the value of stock options granted in December 2015 has now been fully expensed in line with the option vesting period and, accordingly, stock-based compensation expense will continue to decrease until such time as additional options are granted.

THREE MONTHS ENDED OCTOBER 31, 2016

During Q3-17, the Company incurred a net loss and comprehensive loss of $82,403 an increase of $8,429, approximately 11%, over the net loss and comprehensive loss of $73,974 incurred for Q3-16. The Company has no producing operations and its only revenue was interest income of $25 and $151 earned in Q3-17 and Q3-16, respectively. The Company's Operating expenses totaled $82,377 in Q3-17, an increase of $8,269, an 11% increase, over Q3-16 expenses of $74,108, primarily attributable to increases in transfer agent, listing and filing fees; property evaluation and pre-acquisition costs; and stock based compensation expenses. The material break-down of Operating expenses for Q3-17 and Q3-16 are presented in the following table:

	31-Oct 2016	31-Oct 2015
	$	$
Operating expenses:		
Management and consulting fees	**61,750**	61,750
Office & general	**520**	588
Transfer agent, listing & filing fees	**7,308**	4,758
Insurance	**2,246**	2,594
Travel & entertainment	**-**	-
Communications	**1,455**	696
Investor relations & shareholder communications	**567**	-
Accounting & audit	**2,700**	2,500
Depreciation	**52**	1,104
Property evaluation & pre-acquisition costs	**4,756**	118
Stock based compensation	**1,023**	-
	82,377	74,108

The most significant operating cost expenditures and variances over the prior year's period are as follows:

- Management and consulting fees of $61,750 were unchanged over Q3-16 as the Company continued to operate with minimum staffing levels;
- Transfer agent, listing and filing fees of $7,308 represented an increase of $2,550, a 54% increase, over Q3-16 primarily related to a late filing fee in connection with the Company's December 2015 and January 2016 financing;
- Insurance expenditures of $2,246 represented a decrease of $348, approximately 13%, over insurance expenditures of $2,594 in YTD-16;

- Investor relations and shareholder communications expenditures of $567 represented an increase of $567 as the Company continues to maintain minimal levels of discretionary investor relations activities while the junior resource sector continues to face challenging financial markets;
- Accounting and audit expenditures of $2,700 represented a small increase of $200over Q3-16;
- Property evaluation and pre-acquisition costs of $4,756 increased by $4,638 over Q3-16 as the Company increased its activities related to potential property acquisitions outside of Columbia as it waits for the approval of the Applications; and
- Stock options granted in December 2015 resulted in Stock-based compensation expense of $1,023 during Q3-17 as compared to $nil during Q3-16. Approximately 99% of the value of stock options granted in December 2015 has now been fully expensed in line with the option vesting period and, accordingly, stock-based compensation expense will continue to decrease until such time as additional options are granted.

1.5 SUMMARY OF QUARTERLY RESULTS

A summary of quarterly results for the most recent eight quarters is included in the table below. The financial information is extracted from or derived from the Company's unaudited interim financial statements and conform with IFRS. All amounts are expressed in thousands of Canadian dollars, except per share amounts:

	Fiscal 2017			Fiscal 2016				Fiscal 2015
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
	Oct-16	Jul-16	Apr-16	Jan-16	Oct-16	Jul-15	Apr-15	Jan-15
Revenue	-	-	-	-	-	-	-	-
Net loss	$ 82	$ 81	$ 80	$ 285	$ 74	$ 73	$ 77	$ 262
Net loss per share								
- basic and diluted	$ 0.01	$ -	$ -	$ 0.01	$ 0.01	$ -	$ -	$ 0.01
Total assets	$ 468	$ 468	$ 481	$ 504	$ 510	$ 513	$ 545	$ 588

As previously noted, the Company has no producing operations and expects to record losses until such time as an economic resource is identified, developed and exploited on one or more of the Company's properties or the properties are otherwise disposed of at a profit. The Company's future operations will depend on its ability to access additional equity financing and future quarterly results will be significantly impacted by any impairment write-downs or abandonment of any resource properties as well as the value of stock-based compensation related to the vesting of options in any particular period.

1.6 LIQUIDITY AND CASH FLOWS

The Company plans to maintain operating expenditures at minimal levels until such time as a property acquisition is completed and the Company is able to raise additional financing. The Company's operating plan is expected to be adjusted if and when an acquisition and financing are completed.

Liquidity

At October 31, 2016, the Company had cash and cash equivalents of $48,381 (January 31, 2016 - $89,828) including $41,000 in cashable guaranteed investment certificates (January 31, 2016 - $11,611) and cash on hand with banks of $7,381 (January 31, 2016 - $78,217). The Company's working capital deficiency as at October 31, 2016 was $43,235 (January 31, 2016 – positive working capital of $16,828).

As a mineral exploration company, the Company has no present sources of revenue. During the period, the Company paid its administrative costs, the costs of acquiring exploration properties, and other normal course expenditures, out of the proceeds of the issuance of common shares in previous periods. For the foreseeable future, the Company will remain dependent on the issuance of additional shares to raise funds to continue the exploration on and evaluation of its properties and to fund ongoing operating costs.

Management anticipates that the Company will require additional funds to meet the Company's obligations and budgeted expenditures over the foreseeable future. The anticipated funding shortfall may be met in a number of ways including, but not limited to, the sale of equity or debt securities, further expenditure reductions, renegotiation of the amount and timing of exploration property payments and/or the introduction of joint venture partners. There is, however, no assurance that these sources of funding or initiatives will be available to the Company, or that they will be available on terms which are acceptable to the Company. The ability to raise additional funds through the sale of shares will depend on the state of the gold and other commodity markets and on the state of equity markets in general, as well as the exploration results achieved on the Company's properties.

Operating Activities

The Company's cash used in operating activities was $40,791 and $77,883 for YTD-17 and YTD-16, respectively. Operating activities reflected the Company's reduced staffing levels, deferral of executive salaries and efforts to minimize expenditures as explained in the Results of Operations and Transactions with Related Parties sections herein. The reduction in cash used in operating activities is primarily attributable to increased deferral of executive salaries.

The Company's cash used in operating activities was $7,824 and $7,097 for Q3-17 and Q3-16, respectively. The operating activities in both Q3-17 and Q3-16 reflect the Company's reduced staffing levels, deferral of related party salaries and efforts to minimize expenditures as explained in the Results of Operations and Transactions with Related Parties sections herein. The reduction in cash used in operating activities is primarily attributable to increased deferral of executive salaries.

Financing Activities

The Company's cash used by financing activities for YTD-17 was $384 as compared to cash used by financing activities of $793 during YTD-16. The difference is primarily attributable to the Company's finance lease which expired in the first quarter of fiscal 2017.

The Company's cash used by financing activities for Q3-17 was $51 as compared to cash used by financing activities of $262 during Q3-16. The difference is primarily attributable to the Company's finance lease which expired in the first quarter of fiscal 2017.

Investing Activities

The Company's cash used by investing activities was $272 during YTD-17 compared to cash provided by financing activities of $516 in YTD-16. The YTD-17 investing activities consisted of expenditures on property and equipment of $454 offset by interest income of $182 while the YTD-16 investing activities were limited to receipt of interest income with no expenditures incurred on property and equipment or exploration and evaluation assets.

The Company's cash provided by investing activities of $25 during Q3-17 was comparable to $151 provided by financing activities in Q3-16. The Q3-17 and Q3-16 investing activities were limited to receipt of interest income with no expenditures incurred on property and equipment or exploration and evaluation assets.

1.7 CAPITAL RESOURCES AND GOING CONCERN

The Company is in the exploration stage and is subject to the risks and challenges similar to other companies in a comparable stage of exploration. The Company's continuing operations and the underlying value and recoverability of the amounts invested in exploration and evaluation assets are dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its exploration property interests, and on future profitable production or proceeds from the disposition of the exploration property interests. To date, the Company has not earned any revenue.

During YTD-17 and Q3-17, the Company incurred losses of $242,504 and $82,403, respectively (YTD-16 - $224,078; Q3-16 - $73,974) and as at October 31, 2016 had an accumulated deficit of $3,219,055 (January 31, 2016 - $2,976,551). The Company has no income or cash flows from operations and at October 31, 2016 had a working capital deficiency of $43,235 (January 31, 2016 – positive working capital of $16,828). The ability of the Company to fulfill its commitments, meet its planned business objectives and continue as a going concern is dependent upon the ability of the Company to raise additional financing and upon successful results from its mineral property acquisitions and exploration activities. There is no assurance that these initiatives will be successful.

1.8 OFF BALANCE SHEET ARRANGEMENTS

The Company is not a party to any off balance sheet arrangements or transactions.

1.9 TRANSACTIONS WITH RELATED PARTIES

During December 2015 and January 2016, the Company closed a private placement and issued 1,503,647 Units for total gross proceeds of $127,810. A Director of the Company purchased 60,000 of the Units issued pursuant to this financing for gross proceeds of $5,100. Close family members of a Director, as defined under IFRS, purchased 98,500 Units pursuant to this financing for gross proceeds of $ 8,373.

Each of the President and Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") have contractually agreed to the long-term deferral of a portion of their salary or fees and have also voluntarily agreed to the short-term deferral of a further portion of their salary or fees. The long-term deferral component extends to a date to be mutually agreed between the CEO, the CFO and the Board of Directors and may be settled through a combination of cash and shares.

Included in amounts due to related parties at April 30, 2016 is $604,228 (January 31, 2016 - $481,978) payable to the CEO, including $552,228 (January 31, 2016 - $429,978) related to a long-term deferral agreement and included in long-term liabilities and $52,000 (January 31, 2016 - $52,000) related to a voluntary short-term deferral and included in current liabilities.

Included in amounts due to related parties at January 31, 2016 is $213,250 (January 31, 2016 - $159,250) payable to the CFO, including $209,250 (January 31, 2016 - $155,250) related to a long-term deferral agreement and included in long-term liabilities and $4,000 (January 31, 2015 - $4,000) related to a voluntary short-term deferral and included in current liabilities

1.10 PROPOSED TRANSACTIONS

The Company continues to evaluate various mineral properties with a view to acquiring a strategic property in an established mining "friendly" jurisdiction.

The Company's objective remains the identification and acquisition of projects that add value while minimizing dilution and maintaining an attractive equity structure that will benefit shareholders as the Company moves forward. Accordingly, the Company has carried out minimal exploration or acquisition activity while it awaits the outcome of its Applications and plans minimal activity within Colombia until the outcome is resolved. There is no assurance that the Company will acquire a strategic property or receive the licenses it has applied for in Colombia, The Company expects it will require additional financing to complete an acquisition and to advance any project it acquires.

On November 17, 2016, the Company announced that it had signed a binding Letter Agreement to option and acquire 100% of the McConnells Jest project, in the Tintina Gold Belt in the Yukon Territory, which is composed of 172 claims totaling approximately 3371 hectares. The agreement was entered between Zonte and Bill Koe-Carson and grants Zonte the option to purchase a 100% interest in the project by making payments of $150,000 over two years and 1.5 Million common shares over three years. The claims are subject to a 3% NSR, 2/3rds of which can be purchased for $2,000,000. The acquisition is subject to a finder's fee and acceptance by the TSX Venture Exchange. The Company is considering various alternatives to advance the project and earn its interest in the property including discussions with potential joint venture partners as well as potential equity financing opportunities.

1.11 EXPLORATION PROPERTIES

Wings Point

Ownership

The Wings Point Project (the "Project") consists of one mineral exploration license covering 30 claims and an area of approximately 750 hectares located in the Province of Newfoundland and Labrador in Canada. The Company's interests in the Project are summarized as follows:

Name	Claims	Hectares	Ownership interest
Wings Point North	30	750	Direct

The Company acquired a 100% interest in the Wings Point North claims pursuant to an option agreement entered in December 2010 and amended on October 8, 2013 and June 27, 2014 (the "Wings Point North Option"). The Wings Point North claims are covered by Newfoundland Exploration License 016270M which consists of 30 Mineral Exploration claims covering 750 hectares. Pursuant to the primary deal terms of the Wings Point North Option, the Company acquired a 100% interest in Wings Point North by:

- Making aggregate cash payments of $100,000;
- Issuing an aggregate of 1,600,000 common shares of the Company, of which 1,000,000 were issued on July 8, 2014 to complete the acquisition of the property under the terms of the June 27, 2014 property option amendment; and
- Granting a 3% Net Smelter Royalty ("NSR") on production from the Wings Point North Option, two-thirds of which can be bought back by the Company for two million dollars.

The Company has also staked and maintained an additional 96 claims covering 2,400 hectares, in surrounding and contiguous areas to Wings Point North (the "Zonte WPN Licenses") which are subject to the terms of the Wings Point North Option agreement. The Company reduced the size of the Zonte WPN Licenses from 326 claims to 96 claims during the year ended January 31, 2015 and abandoned the remaining 96 claims during the year ended January 31, 2016 resulting in a pro-rata write-off of the carrying cost of the Zonte WPN Licenses of $70,322.

Pursuant to the Wings Point North Option agreement, if the Company is able to identify one million ounces of gold, in the Measured and Indicated categories of a NI 43-101report, within the Wings Point North and Zonte WPN Licenses, an additional 300,000 shares will be issued and $6,638 finders' fees will be paid and if the Company is able to identify two million ounces of gold, in the Measured and Indicated categories of a NI 43101 report, within the Wings Point North and the Zonte WPN Licenses, an additional 400,000 shares will be issued and $8,850 finders' fees will be paid.

Exploration Property Expenditures

During YTD-17 and the year ended January 31, 2016, the Company did not incur any expenditures on its Wings Point project.

1.12 FUTURE ACCOUNTING CHANGES

The Company does not expect to early adopt the following revised standards and amendments. Accordingly, the Company expects to adopt these standards as set forth

i) IFRS 9, Financial Instruments

IFRS 9, "Financial instruments" introduces new requirements for the classification and measurement of financial assets. IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be measured at amortized cost or fair value in subsequent accounting periods following initial recognition. Specifically, financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods.

Requirements for classification and measurement of financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, Financial Instruments – Recognition and Measurement, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income (loss).

IFRS 9 was amended in November 2013 to: (i) include guidance on hedge accounting; (ii) allow entities to early adopt the requirement to recognize changes in fair value attributable to changes in an entity's own credit risk, from financial liabilities designated under the fair value option, in other comprehensive loss, without having to adopt the remainder of IFRS 9; and (iii) remove the previous mandatory effective date for adoption of January 1, 2015, although the standard is available for early adoption.

The final version of IFRS 9 was issued in July 2014 and includes: (i) a third measurement category for financial assets – fair value through other comprehensive income; (ii) a single, forward-looking expected loss impairment model; and (iii) a mandatory effective date for IFRS 9 of annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is currently evaluating the impact of the new standard on its financial statements.

ii) IFRS 16, Leases

IFRS 16, "Leases" ("IFRS 16") a new standard on lease accounting, was issued on January 13, 2016 and replaces the current guidance in IAS 17. The new standard results in substantially all lessee leases being recorded on the statement of financial position. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted. The Company is currently evaluating the impact of this new standard on the Company's financial statement measurements and disclosures. The Company does not anticipate early adoption of this standard.

1.13 FINANCIAL INSTRUMENTS AND RISK FACTORS

Market risk

(i) Foreign exchange risk

The Company is not exposed to any material foreign exchange risk at this time.

(ii) Interest rate risk

The Company's accounts payable and accrued liabilities are non-interest bearing and have contractual maturities of 30 days or less. As at October 31, 2016, the Company's interest bearing assets are cash equivalents. The Company's cash equivalents are cashable Guaranteed Investment Certificates ("GICs") that earn interest at prevailing short-term interest rates and are reinvested as they mature. During YTD-17, the Company earned interest income of $182 (YTD-16 – $516). A plus or minus 1% change in interest rate would not have a material impact on the Company's statement of loss and comprehensive loss.

(iii) Price risk

The Company is not exposed to any direct price risk other than that associated with commodities and how fluctuations impact companies in the mineral exploration and mining industries as the Company has no significant revenues.

Credit risk

Credit risk is the risk that a customer or third party to a financial instrument fails to meet its commercial obligations.

The carrying amount of financial assets represents the maximum credit exposure. The Company manages credit risk by holding the majority of its cash and cash equivalents with AA rated banks in Canada, where management believes the risk of loss to be low.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due.

The Company manages liquidity risk by maintaining sufficient cash and cash equivalent balances to meet liabilities when due. As at October 31, 2016, the Company had cash and cash equivalents of $48,381 (January 31, 2016 - $89,828) available to settle current liabilities of $105,427 (January 31, 2016 - $81,716).

Fair value

The recorded value of the Company's financial assets and liabilities approximate their fair values due to their demand nature and their short term to maturity.

1.14 SHARE CAPITAL

a) Common Shares

The Company has authorized an unlimited number of common shares without par value.

At October 31 and December 21, 2016, the Company had issued and outstanding 26,624,426 common shares with a recorded value of $2,236,543.

b) Warrants

At October 31 and December 21, 2016, the Company had issued and outstanding a total of 1,503,647 warrants with an expiry date of December 30, 2017 and an exercise price of $0.16 and 40,240 broker warrants with an expiry date of June 30, 2017 and an exercise price of $0.16.

c) Stock Options

At October 31, 2016 and December 21, 2016, the Company had 2,410,000 stock options outstanding, exercisable into common shares of the Company at an average exercise price of $0.08 per share, expiring between January 2018 and December 202.

1.15 RISKS & UNCERTAINITIES

The following are certain factors relating to the business of the Company and are not the only risks and uncertainties facing the Company. Additional risk and uncertainties not currently known to the Company, or that the Company deems immaterial, may also impair the operations of the Company. If any such risks actually occur, the financial condition, liquidity and results of operations of the Company could be materially adversely affected and the ability of the Company to implement its growth plans could be adversely affected.

The following is a description of certain risks and uncertainties that may affect the business of the Company.

Limited Operating History

The Company is a relatively new company with limited operating history and no history of business or mining operations, revenue generation or production history. The Company was incorporated in July 2009 and has yet to generate a profit from its activities. The Company will be subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that it will not achieve its growth objective. The Company anticipates that it may take several years to achieve positive cash flow from operations.

Exploration and Development Risks

The exploration for and development of minerals involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which are explored are ultimately developed into producing mines. There can be no guarantee that the estimates of quantities and qualities of minerals disclosed will be economically recoverable. With all mining operations there is uncertainty and, therefore, risk associated with operating parameters and costs resulting from the scaling up of extraction methods tested in pilot conditions. Mineral exploration is speculative in nature and there can be no assurance that any minerals discovered will result in an increase in the Company's resource base.

Substantial Capital Requirements and Liquidity

Substantial additional funds for the establishment of the Company's current and planned exploration and development programs will be required. No assurances can be given that the Company will be able to raise the additional funding that may be required for such activities, should such funding not be fully generated from operations. Mineral prices, environmental rehabilitation or restitution, revenues, taxes, transportation costs, capital expenditures, operating expenses and geological results are all factors which will have an impact on the amount of additional capital that may be required. To meet such funding requirements, the Company may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing, if available, may also involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its exploration and development programs.

Fluctuating Mineral Prices

The economics of mineral exploration is affected by many factors beyond the Company's control, including changing production costs, the supply and demand for minerals, the rate of inflation, the inventory of mineral producing Companies, the international economic and political environment, changes in international investment patterns, global or regional consumption patterns, costs of substitutes, currency availability and exchange rates, interest rates, speculative activities in connection with minerals, and increased production due to improved mining and production methods. The metals industry in general is intensely competitive and there is no assurance that, even if commercial quantities and qualities of metals are discovered, a market will exist for the profitable sale of such metals.

Commercial viability of precious and base metals and other mineral deposits may be affected by other factors that are beyond the Company's control including particular attributes of the deposit such as its size, quantity and quality, the cost of mining and processing, proximity to infrastructure and the availability of transportation and sources of energy, financing, government legislation and regulations including those relating to prices, taxes, royalties, land tenure, land use, import and export restrictions, exchange controls, restrictions on production, as well as environmental protection. It is impossible to assess with certainty the impact of various factors which may affect commercial viability so that any adverse combination of such factors may result in the Company not receiving an adequate return on invested capital.

.Regulatory Requirements

The current or future operations of the Company require permits from various governmental authorities, and such operations are and will be governed by laws and regulations governing exploration, development, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, site safety and other matters. Companies engaged in the exploration and development of mineral properties generally experience increased costs and delays in development and other schedules as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that all permits which the Company may require for the facilities and conduct of exploration and development operations will be obtainable on reasonable terms or that such laws and regulation would not have an adverse effect on any exploration and development project which the Company might undertake.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions.

Parties engaged in exploration and development operations may be required to compensate those suffering loss or damage by reason of the exploration and development activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations. Amendments to current laws, regulation and permits governing operations and activities of mineral companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or exploration and development costs or require abandonment or delays in the development of new properties.

Financing Risks and Dilution to Shareholders

The Company has limited financial resources and no revenues. If the Company's exploration program on its exploration properties is successful, additional funds will be required for the purposes of further exploration and development. There can be no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be available on favourable terms or at all. It is likely such additional capital will be raised through the issuance of additional equity, which will result in dilution to the Company's shareholders.

Title to Properties

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. The Company cannot give an assurance that title to its exploration properties will not be challenged or impugned. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify. A successful claim that the Company does not have title to its exploration properties could cause the Company to lose any rights to explore, develop and mine any minerals on that property, without compensation for its prior expenditures relating to such property.

Requirement for Permits and Licenses

A substantial number of permits and licenses will be required to conduct an exploration and development program, such licenses and permits may be difficult to obtain and may be subject to changes in regulations and in various operational circumstances. It is uncertain whether the Company will be able to obtain all such licenses and permits.

Competition

There is competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company competes with other mining companies, many of which have greater financial, technical and other resources than the Company, for, among other things, the acquisition of minerals claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel.

Reliance on Management and Dependence on Key Personnel

The success of the Company will be largely dependent upon on the performance of its directors and officers and the ability to attract and retain key personnel. The loss of the services of these persons may have a material adverse effect on the Company's business and prospects. The Company will compete with numerous other companies for the recruitment and retention of qualified employees and contractors. There is no assurance that the Company can maintain the service of its directors and officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Company and its prospects.

No Mineral Reserves or Mineral Resources

There have been no mineral reserve or mineral resource estimates prepared in respect of the Property to which the Company holds title. Mineral reserves are, in the large part, estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. Reserve estimates for properties that have not yet commenced production may require revision based on actual production experience. Market price fluctuations of metals, as well as increased production costs or reduced recovery rates, may render mineral reserves containing relatively lower grades of mineralization uneconomic and may ultimately result in a restatement of reserves. Moreover, short-term operating factors relating to the mineral reserves, such as the need for orderly development of the ore bodies and the processing of new or different mineral grades, may cause a mining operation to be unprofitable in any particular accounting period.

Environmental Risks

The Company's exploration and appraisal programs will, in general, be subject to approval by regulatory bodies. Additionally, all phases of the mining business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and federal, provincial and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with mining operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs.

Governmental Regulations and Processing Licenses and Permits

The activities of the Company are subject to Canadian and provincial approvals, various laws governing prospecting, development, land resumptions, production taxes, labour standards and occupational health, mine safety, toxic substances and other matters. 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 limit or curtail production or development. 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. Further, the mining licenses and permits issued in respect of its projects may be subject to conditions which, if not satisfied, may lead to the revocation of such licenses. In the event of revocation, the value of the Company's investments in such projects may decline.

Local Resident Concerns

Apart from ordinary environmental issues, work on, or the development and mining of the Property could be subject to resistance from local residents that could either prevent or delay exploration and development of the Property.

Conflicts of Interest

Certain of the directors and officers of the Company are engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including mineral resource companies) and, as a result of these and other activities, such directors and officers of the Company may become subject to conflicts of interest.

Uninsurable Risks

Exploration, development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could have an adverse impact on the Company's results of operations and financial condition and could cause a decline in the value of the Company's shares. The Company does not intend to maintain insurance against environmental risks.

Litigation

The Company and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit.

1.16 OTHER INFORMATION

Additional information regarding the Company is available on SEDAR at **www.sedar.com** and on the Company's website at **www.zontemetals.com.**