
ZONTE METALS INC.

MANAGEMENT DISCUSSION & ANALYSIS

FOR THE YEAR ENDED

JANUARY 31, 2024

Zonte Metals Inc. Management Discussion & Analysis

For the year ended January 31, 2024

BACKGROUND

The Management Discussion and Analysis (“MD&A”) of Zonte Metals Inc. (“Zonte” or the “Company”) provides an analysis of the results for the year ended January 31, 2024 (the “Period”). The MD&A should be read in conjunction with the financial statements of the Company for the years ended January 31, 2024 and 2023. 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 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 and 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 and development 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 prices and marketability of minerals; title to properties; local resident concerns; no mineral reserves or mineral resources; environmental risks; governmental regulations and processing licenses and permits; conflicts of interest of management; uninsurable risks; exposure to potential litigation; dividends; 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 May 28, 2024.

1.2 OVERALL PERFORMANCE and COMPANY OVERVIEW

Zonte is a junior mineral exploration company primarily focused on gold and copper. 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 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.

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During December 2022 and January 2023, the Company completed a non-brokered private placement consisting of 3,093,000 common share units at a price of \$0.10 each and 6,180,000 flow through units at a price of \$0.125 each (the “Fiscal 2023 Offering”) for total proceeds of \$1,081,800. Each Unit consisted of one common share and one share purchase warrant, expiring December 20, 2025, entitling the holder to acquire one additional common share at a price of \$0.18 (the Fiscal 2023 Warrants”). In connection with the Fiscal 2023 Offering, the Company issued 384,000 Finders’ Warrants (the “Fiscal 2023 Finders’ Warrants”) and paid cash finders’ fees aggregating \$47,400. Each Finders’ Warrant is exercisable until December 20, 2027 and entitles the holder to purchase one common share of the Company at an exercise price of \$0.20 per share.

During April 2023, the Company completed a non-brokered private placement consisting of 1,022,000 common share units at a price of \$0.10 each (the “April 2023 Offering”) for total proceeds of \$102,200. Each Unit consisted of one common share and one share purchase warrant, expiring April 5, 2026, entitling the holder to acquire one additional common share at a price of \$0.18 (the April 2023 Warrants”). In connection with the April 2023 Offering, the Company issued 61,320 Finders’ Warrants (the “April 2023 Finders’ Warrants”) and paid cash finders’ fees aggregating \$6,132. Each April 2023 Finders’ Warrant is exercisable until April 5, 2028 and entitles the holder to purchase one common share of the Company at an exercise price of \$0.20 per share.

During December 2023, the Company completed a non-brokered private placement financing and issued 250,000 common share units at a price of \$0.65 and 2,395,000 flow-through units at a price of \$0.08 (together, the “December 2023 Offering”) for total proceeds of \$207,850. Each unit was comprised of one common share and one common share purchase warrant (the “December 2023 Warrants”) entitling the holder to acquire one common share of the Company at a price of \$0.14 at any time prior to December 27, 2025. In connection with the December 2023 Private Placement, the Company issued 159,250 Finders’ Warrants (the “December 2023 Finders’ Warrants”) and paid cash finders’ fees aggregating \$12,740. Each December 2023 Finder Warrant entitles the holder to purchase one common share of the Company at an exercise price of \$0.20 per share at any time prior to June 27, 2025.

Subsequent to the Period, the Company completed a non-brokered private placement financing and issued 1,705,000 common share units at a price of \$0.08 and 2,982,220 flow-through units at a price of \$0.09 (together, the “May 2024 Offering”) for total proceeds of \$404,800. Each unit was comprised of one common share and one common share purchase warrant. The warrants accompanying the common share units entitle the holder to acquire one common share of the Company at a price of \$0.11 (the “May 2024 CS Warrants”) and the warrants accompanying the flow-through units entitle the holder to acquire one common share of the Company at a price of \$0.15 (the May 2024 FT Warrants), with both the May 2024 CS Warrants and May 2024 FT Warrants expiring, May 3, 2026. In connection with the May 2024 Private Placement, the Company issued 330,578 Finders’ Warrants (the “May 2024 Finders’ Warrants”) and paid cash finders’ fees aggregating \$28,672. Each May 2024 Finder Warrant entitles the holder to purchase one common share of the Company at an exercise price of \$0.18 per share at any time prior to November 3, 2025.

The proceeds from the Fiscal 2023 Offering, the April 2023 Offering, the December 2023 Offering and the May 2024 Offering will be used for working capital and funding of exploration expenditures on the Company’s exploration properties.

During the year ended January 31, 2024 (“F-2024”), the Company incurred a loss and comprehensive loss of \$63,866, a decrease of \$747,866, approximately 92%, below the loss and comprehensive loss of \$811,732 incurred for the year ended January 31, 2023 (“F-2023”) with the decrease primarily attributable to a write-down of the Company’s Wings Point Project during F-2023 as well as an increase in Flow-through premium recovery and decreases in Management and consulting fees and Stock based compensation during F-2024.

During the three months ended January 31, 2024 (“Q4-24”), the Company earned income and comprehensive income and comprehensive loss of \$4,634, an increase of \$509,330 over the loss and comprehensive loss of \$504,696 incurred for the three months ended January 31, 2023 (“Q4-23”) with the increase primarily attributable to a write-down of the Company’s Wings Point Project during Q4-23 as well as an increase in Flow-through premium

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recovery and decreases in Management and consulting fees and legal and audit costs during Q4-24, offset by a decreased gain on revaluation and accretion expense on long-term related party balances.

As a result of challenging financial markets in the junior resource sector over the past several years, and the Company's limited financial resources, the Company has implemented a series of cost management strategies focused on minimizing cash operating costs and continues to manage its cash operating expenditures diligently.

The Company has acquired a 100% interest in the Cross Hills Iron Oxide Copper Gold Project (the "Cross Hills Project"), on the island portion of Newfoundland and Labrador. The property is comprised of 515 claims covering 12,875 hectares including 90 claims optioned from the property vendor and an additional 425 claims map staked by the Company. The Company acquired its interest pursuant to an option agreement entered in November 2017 (the "Cross Hills Agreement") by making payments of \$55,000 and issuing 1.5 million common shares with the final \$25,000 payment and 500,000 shares paid in February 2021. The claims are subject to a 3% NSR, 2/3rds of which can be purchased for \$2,000,000.

Zonte holds a 100% interest in the McConnell's Jest Project (the "MJ Project"). The MJ Project is located in the Tintina Gold Belt in the Yukon Territory and is comprised of 172 claims totaling approximately 3,371 hectares. Zonte acquired its 100% interest in the project by issuing a total of 1,583,333 common shares of the Company and making payments of \$125,000 between January 2017 and June 2019. The Company completed an initial exploration program on the MJ Project during Fiscal 2018 that included mapping, sampling and approximately 1,000 metres ("m") of drilling.

Zonte holds a 100% interest in the Wings Point Project ("Wings Point") located on the island portion of Newfoundland and Labrador, about 30 kilometres ("km") north of Gander and at the northern end of the central Newfoundland gold belt. The Company has reduced the size of its Wing Point Project to 73 claims and during Fiscal 2023, granted an option to Southern Sky Resources Corp. ("Southern") to acquire a 100% interest in the remaining claims. The agreement provides that, subject to Southern receiving the necessary regulatory approvals and commencement of trading on a Canadian Stock Exchange prior to June 30, 2024 (based on amendments dated May 16 and September 9, 2023 and February 14, 2024), Southern can earn a 100% interest in the claims by paying Zonte \$100,000 and issuing 750,000 Southern shares to Zonte over a two-year period. Zonte will retain a 2% NSR on one of the claim blocks. Southern has completed a NI-43-101 technical report on the project and will seek to list on a Canadian stock exchange. As a result of the agreement with Southern, Zonte has written down the value of its Wings Point Project to an estimated net recoverable value of \$150,000.

Since fiscal 2019, the Company's exploration efforts have focused primarily on the Cross Hills Copper Project. The first several years the Company completed magnetic and gravity surveys and drilled anomalies from those surveys. Copper was intersected in drill core through some of the anomalies, however, the level of mineralization was modest. These drill programs did highlight that the copper was also noted peripheral to the geophysical anomalies. Subsequent to these drill programs, the Company completed three years of additional surface exploration to better understand mineralizing system with the aim of defining possible sites where copper has precipitated throughout the target areas. In November/December 2023 the Company completed its first drill program testing the combined programs data. The drill program was successful with all seven drill holes containing visual copper mineralization and three drill holes showing intervals with copper mineralization varying from 0.10% over 34.5m to 0.42% over 11.2m. Mineralization was mainly chalcocite and visually, which is supported by geochemical signatures, the chalcocite content increases with depth. The Company will continue to pursue mineralization at the K6 target while also bringing other targets to drill stage. The Cross Hills Copper Project is 25 km in length and host 12 targets, with most close to drill stage.

In Fiscal 2014, Zonte, in collaboration with strategic partners (together the "Applicants"), made applications for three exploration licenses in Colombia covering areas believed to be highly prospective. The areas were confirmed as open ground on the Government of Colombia's website and the Applicants' applications have been confirmed as the first received following commencement of the application process. The applications, made to the Agencia Nacional de Minería (ANM), were followed up with the required supporting documentation but as of this date have

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not been issued to the Applicants. One of the applications covers areas 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 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. As reported in a press release dated February 21, 2017, The Special Court has accepted the Applicant’s case as presented and the case will now proceed through the court process. 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.

1.3 SELECTED ANNUAL INFORMATION

The following table outlines selected financial information for the years ended January, 2024, 2023 and 2022. 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		
	2024	2023	2022
	\$	\$	\$
Revenue	-	-	-
Net income (loss) and comprehensive income (loss)	(64)	(812)	(485)
Basic and diluted loss per share	-	(0.01)	(0.01)
Working capital (deficiency)	348	882	130
Total assets	5,632	5,482	4,980
Non-current financial liabilities	1,459	1,400	1,214

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 – YEAR ENDED JANUARY 31, 2024

During F-2024, the Company incurred a loss before income tax of \$63,866, a decrease of \$747,866 below the loss before income tax of \$811,732 incurred for F-2023 with the decrease primarily attributable to a write-down of the Company’s Wings Point Project during F-2023 and decreases in Management and consulting fees and Stock based compensation during F-2024. The Company has no producing operations and its only revenue was interest income of \$24,517 and \$2,810 earned in F-2024 and F-2023, respectively. The Company’s Operating expenses totaled \$262,279 in F-2024, a decrease of \$631,754, approximately 71%, below F-2023 Operating expenses of \$894,033. The material break-down of Operating expenses for F-2024 and F-2023 periods is presented in the following table:

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	31-Jan 2024	31-Jan 2023
	\$	\$
Operating expenses:		
Management and consulting fees	138,619	227,432
Office & general	3,749	2,419
Transfer agent, listing & filing fees	31,507	27,913
Insurance	11,967	12,000
Travel & entertainment	2,110	2,790
Communications	3,950	4,392
Investor relations & shareholder communications	6,444	8,918
Legal & audit	32,510	45,126
Depreciation	6,326	8,311
General exploration and due diligence	6,280	4,582
Write-down exploration and evaluation assets	-	465,588
Part XII.6 Tax	18,817	-
Stock based compensation	-	84,562
	262,279	894,033

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

- Management and consulting fees of \$138,619 represented a decrease of \$88,813, 39% below Management and consulting fees of \$227,432 in F-2023 as the Company maintained minimum staff levels and capitalized \$115,000 as exploration expense based on the number of management's days on-site at the Company's projects (F-2023 \$20,000). Payment of a portion of Management and consulting fees continues to be deferred and included in Due to Related Party balances – *see section 1.9*;
- Office and general costs of \$3,749 increased by \$1,330 over expenditures of \$2,419 in F-2023, a 55% increase, as the Company continued to keep discretionary spending to a minimum, including operating out of rent-free premises since October 2013;
- Transfer agent, listing and filing fees of \$31,507 increased by \$3,594, approximately 13% above expenditures of \$27,913 in F-2023 with the difference primarily attributable to costs associated with the issuance of new shares issued as part of the April 2023 and December 2023 Offerings;
- Insurance expenditures of \$11,967 were consistent with expenditures of \$12,000 in F-2023;
- Travel and entertainment expenditures of \$3,950 decreased by \$442, approximately 10% below F-2023 as the Company continued keeping to keep discretionary spending to a minimum;
- Investor relations and shareholder communications expenditures of \$6,444 decreased by \$2,474 a 28% decrease over F-2023 expenditures of \$8,918 as the Company decreased its investment relations activities during the Period;
- Legal and audit expenses of \$32,510 in F-2024 represented a decrease of \$12,616, approximately 28% below F-2023 expenditures of \$45,126 as the Company addressed escalating audit costs through the appointment of Davidson and Company LLP for the F-2024 audit. The Company also reduced legal fees to \$nil during F-2024, a reduction of \$6,355 over F-2023 legal fees of \$6,355 incurred in connection with the Fiscal 2023 Offering;

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- General exploration and due diligence costs increased to \$6,280 an increase of \$1,698 approximately 37%, over F-2023 expenditures of \$4,582 as the Company continues to incur incidental costs supporting the Applicants Special Court proceedings in connection with their Colombia license applications;
- There was no impairment in the valuation of the Company's Exploration and Evaluation Assets during F-2024 while during F-2023, Write-down of exploration and evaluation assets of \$465,588 resulted from the write-down of the Wings Point project to a net recoverable value of \$150,000 based on the option agreement negotiated with Southern;
- Part XII.6 tax of \$18,817 during F-2024 arose in connection with the Flow-through shares issued in the December 2023 Offering while during F-2023 there was no Flow-through shares giving rise to such tax;
- Stock options granted in May 2021 have now been fully expensed resulting in Stock-based compensation expense of \$nil during F-2024 compared to \$84,562 during F-2023. The aforementioned stock options vested over an 18-month period over which the value of the stock options will be expensed.

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 2024				Fiscal 2023			
	Q-4	Q-3	Q-2	Q-1	Q-4	Q-3	Q-2	Q1
	Oct-23	Oct-23	Jul-23	Apr-23	Jan-23	Oct-22	Jul-22	Apr-22
Revenue	-	-	-	-	-	-	-	-
Net income (loss)	5	(4)	(40)	(25)	(506)	(78)	(107)	(122)
Net income (loss) per share								
- basic and diluted	\$ -	\$ -	\$ -	\$ -	\$ (0.01)	\$ -	\$ -	\$ -
Total assets	\$ 5,632	\$ 5,483	\$ 5,481	\$ 5,572	\$ 5,482	\$ 4,928	\$ 4,923	\$ 4,956

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

Liquidity

At January 31, 2024, the Company had cash of \$359,960 (January 31, 2023- \$1,122,172) including cash with banks and on hand of \$29,475 (January 31, 2023 - \$229,646) and \$330,485 in interest bearing deposits (January 31, 2023 - \$892,526). The Company had working capital of \$347,548 at January 31, 2024 a decrease of \$534,622 over the Company's working capital of \$882,170 at January 31, 2023.

The Company has completed a series of recent financings to provide working capital, finance operations and fund exploration expenditures on the Company's exploration properties including:

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- During December 2022 and January 2023, the Company completed the Fiscal 2023 Offering and issued 3,093,000 common share units at a price of \$0.10 each and 6,180,000 flow through units at a price of \$0.125 for total proceeds of \$1,081,800.
- During April 2023, the Company completed the April 2023 Offering and issued 1,022,000 common share units at a price of \$0.10 each for total proceeds of \$102,200.
- During December 2023, the Company completed the December 2023 Offering and issued 250,000 common share units at a price of \$0.065 and 2,395,000 flow-through units at a price of \$0.08 for total proceeds of \$207,850.
- Subsequent to the Period, during May 2024, the Company completed the May 2024 Offering and issued 1,705,000 common share units at a price of \$0.08 and 2,982,220 flow-through units at a price of \$0.09 (together, the “May 2024 Offering”) for total proceeds of \$404,800.

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, asset sales 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 by operating activities was \$236,394 for F-2024 an increase of \$201,722 over cash used by operating activities of \$34,672 during F-2023 primarily as a result of restoring a portion of Management and consulting fees during F-2024 and changes in items of working capital. During both F-2024 and F-2023, the Company maintained minimum staffing levels and continued its efforts to manage expenditures as explained in the Results of Operations herein. Included in cash used in operating activities are deferrals of related party salaries which provided cash of \$77,000 in F-2024 and \$228,200 in F-2023 (payment of the majority of Management and consulting fees was deferred during F-2023 and included in Due to Related Party balances while in F-2024, a reduced portion of Management and consulting fees was deferred— *see section 1.9*); a reduction in Stock-based compensation which provided cash of \$84,562 in F-2023 (F-2024 \$nil); an increase in Flow-through premium recovery which used cash of \$156,229 in F-2024, an increase of \$154,916 over Flow-through premium recovery of \$1,313 in F-2023; Gain on revaluation and accretion expense on long-term related party balances which used cash of \$17,667 in F-2024 and \$78,178 in F-2023; and changes in working capital which used cash of \$57,441 during F-2024, an increase of \$130,141 over changes in working capital which provided cash of \$72,700 during F-2023. The primary changes in working capital using cash during F-2024 over F-2023 were increases in recoverable sales tax amounts related to expenditures in the Period and an increase in the receivable from the Government of Newfoundland and Labrador Mineral Incentive Program – Junior Exploration Assistance Program.

During Q4-24, the Company's cash used by operating activities was \$71,486 an increase of \$57,448 over cash used by operating activities of \$14,038 during Q4-23. Included in cash used in operating activities are deferrals of related party salaries which provided cash of \$5,950 in Q4-24 and \$42,951 in Q4-23 (as noted previously, payment of the majority of Management and consulting fees was deferred during Q4-23 and included in Due to Related Party balances – *see section 1.9*); an increase in Flow-through premium recovery which used cash of \$60,011 in Q4-24, an increase of \$58,698 over Flow-through premium recovery of \$1,313 in Q4-23; Gain on revaluation and accretion expense on long-term related party balances which used cash of \$12,129 in Q4-24 and provided cash of \$67,710 in Q4-23 as well as changes in working capital which used cash of \$6,330 during Q4-24 and provided cash of \$47,369 during Q4-23.

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Financing Activities

During F-2024, the Company issued shares and warrants as part of the April 2023 and December 2023 Offerings for net proceeds of \$291,179, a reduction of \$743,221 over Net Proceeds from the Fiscal 2023 Offering of \$1,034,400 completed during F-2023.

During Q4-24, the Company issued shares and warrants as part of the December 2023 Offering for net proceeds of \$195,111, a reduction of \$839,289 over Net Proceeds from the Fiscal 2023 Offering of \$1,034,400 completed during Q4-23.

Investing Activities

The Company had a net outflow from investing activities of \$816,997 during F-2024, an increase of 1,374% over F-2023 outflows of \$55,415. The Company incurred expenditures on exploration and evaluation projects of \$841,514 in F-2024, an increase of \$783,289, approximately 1,345% above expenditures of \$58,225 in F-2023. Expenditures on Exploration and evaluation in F-2023 related primarily to drilling at the Cross Hills Project while no significant exploration work was undertaken in F-2023. Interest income was \$24,517 and \$2,810 in F-2024 and F-2023 respectively.

During Q4-24, the Company had a net outflow from investing activities of \$395,832, an increase of 2,030% over Q4-23 outflows of \$18,587. The Company incurred expenditures on exploration and evaluation projects of \$399,906 in Q4-24, an increase of \$378,534, approximately 1,771% above expenditures of \$21,372 in Q4-23. Expenditures on Exploration and evaluation in Q4-24 related primarily to drilling at the Cross Hills Project while no significant exploration work was undertaken in Q4-23. Interest income was \$4,074 and \$2,785 in Q4-24 and Q4-23, respectively.

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 F-2024, the Company incurred a loss and comprehensive loss of \$63,866 (F-2023 - \$811,732) and as at January 31, 2024 had an accumulated deficit of \$5,917,594 (January 31, 2023 - \$5,853,728). The Company has no income or cash flows from operations and at January 31, 2023 had working capital of \$347,548 (January 31, 2023 - \$882,170). 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.

The Company holds a 100% interest in the Wings Point, McConnell's Jest and Cross Hills properties with minimal holding costs to maintain its interest – see section 1.12 Exploration Properties.

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

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Each of the President and Chief Executive Officer (“CEO”) and the Chief Financial Officer (“CFO”) have contractually agreed to an interest free long-term deferral of a portion of their salary or fees and have also voluntarily agreed to an interest free short-term deferral of a further portion of their salary or fees. The salary deferral component extends to a date to be mutually agreed upon between the CEO, the CFO and the Board of Directors and may be settled through a combination of cash and shares. The salary deferral components owed are considered to be interest-free loans provided to the Company.

Included in amounts due to related parties at January 31, 2024 is \$1,166,846 (January 31, 2023 - \$1,102,975) payable to the CEO, including \$1,157,975 (2023-\$1,102,975) related to a long-term deferral agreement and included in long-term liabilities and \$8,871 (January 31, 2023 \$nil) related to current amounts due and included in current liabilities.

Included in amounts due to related parties at January 31, 2024 is \$474,820 (January 31, 2023 - \$435,250) payable to the CFO, including \$457,250 (January 31, 2023 - \$435,250) related to a long-term deferral agreement and included in long-term liabilities and \$17,570 (January 31, 2023 - \$nil) related to current amounts due and included in current liabilities.

The amounts subject to the long-term deferral agreement are not expected to be paid within the next 12 months. Accordingly, these amounts have been re-measured to reflect the fair value resulting in a gain on revaluation of amounts due to related parties, net of accretion expense, in the amount of \$17,667 for F-2024 (F-2023 – \$78,178). The difference between the carrying value and the principal value of amounts due to related parties will be accreted as an expense over the expected term of the deferrals using the effective interest rate method with an implied interest rate of 5%.

1.10 RESULTS OF OPERATIONS – FOURTH QUARTER

During Q4-24, the Company earned income and comprehensive income of \$4,634, an increase of \$509,330 over the loss and comprehensive loss of \$504,696 incurred for Q4-23 with the decrease primarily attributable to a write-down of the Company’s Wings Point Project during Q4-23 as well as an increase in Flow-through premium recovery and decreases in Management and consulting fees and Legal and audit costs during Q4-24, offset by a decreased Gain on revaluation and accretion expense on long-term related party balances.. The Company has no producing operations and earned interest revenue of \$4,074 during Q4-24 (Q4-23 - \$2,785). The Company’s Operating expenses totaled \$71,580 in Q4-24, a decrease of \$504,924, approximately 88%, below Q4-23 Operating expenses of \$576,504. The material break-down of Operating expenses for the Q4-24 and Q4-23 periods is presented in the following table:

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	31-Jan 2024	31-Jan 2023
	\$	\$
Operating expenses:		
Management and consulting fees	33,575	60,682
Office & general	776	919
Transfer agent, listing & filing fees	6,032	10,853
Insurance	2,992	3,025
Travel & entertainment	-	1,427
Communications	1,056	1,005
Investor relations & shareholder communications	1,196	830
Legal & audit	5,020	24,486
Depreciation	474	2,078
General exploration and due diligence	1,642	1,131
Write-down exploration and evaluation assets	-	465,588
Part XII.6 Tax	18,817	-
Stock based compensation	-	4,480
	71,580	576,504

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

- Management and consulting fees of \$33,575 represented a decrease of \$27,107, approximately 45%, below Q4-23 as the Company maintained minimum staff levels and capitalized \$29,000 as exploration expense based on the number of management's days on-site at the Company's projects (Q4-23 \$1,500). Payment of a portion of Management and consulting fees was deferred during Q4-24 and included in Due to Related Party balances – *see section 1.9*;
- Office and general costs of \$776 decreased by \$143 over expenditures of \$919 in Q4-23, a 16% decrease, over Q4-23, as the Company continued to keep discretionary spending to a minimum, including operating out of rent-free premises since October 2013;
- Transfer agent, listing and filing fees of \$6,032 in Q4-24 represented a decrease of \$4,821, a 44% decrease over Q4-23 expenditures of \$10,853 with the difference primarily attributable to reduced costs associated with the smaller issuance of new shares as part of the December 2023 Offering over the Fiscal 2023 Offering;
- Insurance expenditures of \$2,992 were consistent with expenditures of \$3,025 in Q4-23;
- Travel and entertainment expenditures of \$nil during Q4-24 decreased by \$1,427, 100% below Q4-23 as the Company continued keeping to keep discretionary spending to a minimum;
- Investor relations and shareholder communications expenditures of \$1,196 increased by \$366, approximately 44% above Q4-23, as the Company had some additional press releases during Q4-24 while continuing to carry out minimal investment relations activities during the Period;
- Legal and audit expenses of \$5,020 in Q4-24 represented a decrease of \$19,466, approximately 79% below Q4-23 expenditures of \$24,486 as the Company addressed escalating audit costs through the appointment of Davidson and Company LLP for the F-2024 audit and reduced legal fees to \$nil during Q4-24 a reduction of \$6,355 over Q4-23 legal fees of \$6,355 incurred in connection with the Fiscal 2023 Offering;

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- General exploration and due diligence costs of \$1,642 in Q4-24, increased by \$511, approximately 45% over Q4-23 expenditures of \$1,131 as the Company continues to incur incidental costs supporting the Applicants Special Court proceedings in connection with their Colombia license applications;
- There was no impairment in the valuation of the Company's Exploration and Evaluation Assets during Q4-24 while during Q4-23, Write-down of exploration and evaluation assets of \$465,588 resulted from the write-down of the Wings Point project to a net recoverable value of \$150,000 based on the option agreement negotiated with Southern;
- Part XII.6 tax of \$18,817 during Q4-24 arose in connection with the Flow-through shares issued in the December 2023 Offering while during Q4-23 there was no Flow-through shares giving rise to such tax;
- Stock options granted in May 2021 have now been fully expensed resulting in Stock-based compensation expense of \$nil during Q4-24 compared to \$4,480 during Q4-23. The aforementioned stock options vested over an 18-month period over which the value of the stock options will be expensed.

1.11 PROPOSED TRANSACTIONS

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

As discussed previously herein, during F-2014, Zonte identified and, in collaboration with the Applicants, made applications for three exploration licenses in Colombia, covering areas believed to be highly prospective. The areas were confirmed as open ground on the Government of Colombia's website and the Applicants' applications were confirmed as the first received following commencement of the application process. The applications, made to the 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 intend to continue pursuit of appropriate legal remedies and 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.

1.12 EXPLORATION PROPERTIES

Cross Hills Project

The Cross Hills Project ("Cross Hills") is located on the island portion of Newfoundland and Labrador, approximately 20 kilometres from the town of Terrenceville and is comprised of 573 claims covering approximately 14,325 hectares, including 90 claims optioned from the property vendor and 483 claims staked by the Company. The Company acquired a 100% interest in the Project pursuant to an option agreement ("the Cross Hill Agreement") by:

- Making aggregate cash payments of \$55,000 over a three-year period of which, the final \$25,000 was paid in February 2021;
- Issuing 1,500,000 common shares of the Company over a three-year period of which, the final 500,000 common shares were issued in February 2021; and
- Granting a 3% NSR on production from the Cross Hills Project, two-thirds of which can be bought back by the Company for \$2,000,000.

Cross Hills hosts an Iron Oxide Copper Gold system (IOCG) covering 25km along a regional structure break called the Cross Hills lineament. Geologically the area is underlain by series of intrusives, volcanics and sediments. Historical exploration programs were limited as Zonte is the first to consolidate the belt and carry out detailed

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exploration programs. Zonte has completed several drill phases, both showing copper in the system and points to a fertile system.

The Cross Hill Copper Project is an Iron Oxide Copper Gold system. Most exploration programs in these systems is to define and drill magnetic and gravity anomalies. For the first two years of exploration the Company completed these types of programs. Over 7000m was drilled and the best single intercept 14.0% Cu, 15.8 g/t Au and 352 g/t Ag over a 0.43m interval within a larger 2.76m interval which averaged 2.89% Cu, 2.65 g/t Au and 73.3 g/t Ag (see press release dated April 23, 2019). Numerous 1m intervals were also intersected. Since late 2020 the Company has completed additional geochemical, geophysical, and geological analysis of the target areas throughout the project. The aim was to better define conditions where copper had a higher probability of accumulating. A recent drill program at the K6 target tested the Company's developed exploration program. The results were successful as numerous drill holes intersected anomalous copper over longer intervals, such as 0.1% Cu over 34.5m with higher grade intervals in the deepest drill hole CH23-05 that returned 0.42% Cu over 11.2m. This latter interval included 0.70m of 1.41% and 0.50m of 2.64% Cu. These intervals and the overall interval through CH23-05 showed possible indications that increases in copper may be present with depth.

The Cross Hills Copper Project hosts 12 targets including the K6 target. With the recent success at K6 the Company now has a defined program to further the other targets to drill stage. Most targets have had significant exploration completed on them to date and to take them to drill stage can be achieved in a short period of time. Others like the large Nine Mile target will need continued exploration including a gravity survey. The Nine Mile target is the largest on the project measuring 2700 by 3800 m. This target sits at an inflection in the Cross Hills Copper Fault system and is structurally complex containing a series of faults that have been reactivated, which often provides favourable conditions for metal accumulation. Copper has been discovered in bedrock and copper in soils in this target are elevated.

The immediate focus of the Company will be on the K6 target where an upcoming drill program will test extensions of the copper mineralization. Results dependent, the company may complete additional exploration on this target. The data coming from the drill program will also be used to help determine the additional steps to bring the nearby K6S-K7 target to drill stage.

McConnell's Jest Project

The McConnell's Jest Project (MJ Project) is located in the Yukon Territory about 65 kilometers northeast of the town of Mayo and is comprised of 172 contiguous quartz claims. In June 2019, the Company amended the terms of the MJ Project option agreement to complete its acquisition of a 100% interest in the property. The Company has granted a 3% NSR to a third party on production from the MJ Project, two-thirds of which can be bought back by the Company for \$2,000,000.

During April 2017, the Company filed the initial National Instrument 43-101 Technical Report for the MJ Project. The Report titled "Geology, Mineralization, Geochemical Survey, and Environmental Survey on the McConnells Jest Intrusion-Related Gold Property", was completed by Andy Randell, P.Geo who is the qualified person as defined by NI 43-101 and is responsible for the preparation of the Report and the technical disclosures therein. The report is available on www.sedar.com.

At the MJ Project in the Yukon Territory, an initial five-hole Phase 1 drill program was completed in July 2017. The results showed a discovery at the Two-Four target where drill hole MJ-04 intersected mineralization in two distinct zones, at the top and bottom of the core including; 20.44 m of 0.72 g/t Au and 20.28m of 0.69 g/t Au, respectively (see October 6, 2017 press release). Mineralization is characterized by parallel quartz veining hosting arsenopyrite +/- pyrite within a granodiorite.

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The Company is presently evaluating opportunities for the MJ project as the Cross Hills Copper remains the Company's primary focus.

The target type at the MJ Project is an Intrusion Related Gold System (IRGS) where mineralization is characterized by vertically parallel gold bearing veins which form a low-grade, high-tonnage target. The project is adjacent to the Dublin Gulch Project of Victoria Gold (VIT-V) where construction of the Eagle Mine is in progress and expected to be in production during the second half of 2019. The Eagle Deposit hosts a mineral reserve of 2.66M ounces of gold at 0.67 g/t Au and is characterized as an IRG System (Victoria Gold's webpage). Zonte's MJ Project is similar in age, geology, structural profile and geochemistry to Victoria Gold's Dublin Gulch project. A well known IRGS is being mined at the Fort Knox deposit in Alaska which is owned by Kinross Gold (K-TSX) and has been in production since 1996. As of December 31, 2014, it still contained a Proven and Probable Mineral Reserve of 2.398M ounces contained within 163.8 Mt at 0.46 g/t Au with cut off grades between 0.19 and 0.35 g/t Au (Kinross's webpage). Although exploration of the MJ Project is at an early stage, there are indications that the mineralization hosted on the Company's property is similar to that hosted by either the Dublin Gulch or Fort Knox deposits.

Wings Point

During the year ended F-2023, the Company reduced the size of its Wing Point Project to 273 claims and granted an option to Southern Sky Resources Corp. (Southern) to acquire a 100% interest in 73 of the remaining claims. During F-2024, the remaining 200 claims were cancelled.

The agreement provides that subject to Southern receiving the necessary regulatory approvals and commencement of trading on a Canadian stock exchange prior to June 30, 2024, Southern can earn a 100% interest in the claims by paying the Company \$100,000 and issuing 750,000 Southern shares to the Company over a two-year period. The Company will retain a 2% NSR on one of the claim blocks.

As a result of the agreement with Southern, the Company has written down its Wings Point Project to an estimated recoverable amount of \$150,000. In determining the recoverable amount, management considered the cash and shares consideration from the option agreement and weighted the probabilities of outcomes, using a discount rate of 10% to reflect the expected consideration to be received over a two-year period.

Exploration Property Expenditures

The Company's Exploration property expenditures for the periods ended January 31, 2024 and January 31 2023 are summarized below:

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	Wings Point \$	McConnel's Jest \$	Cross Hills	Total \$
Beginning balance, February 1, 2022	621,461	1,133,824	2,993,504	4,748,789
Additions during the period:				
Acquisition costs	-	-	12,750	12,750
Assays & analysis	1,216	-	6,437	7,653
Consulting fees	-	-	-	-
Exploration support	5,000	-	38,681	43,681
Field supplies	-	935	1,225	2,160
Transportation & travel	61	-	6,599	6,660
	6,277	935	65,692	72,904
Refund of Security deposits	(12,150)	-	-	(12,150)
Write-off of exploration and evaluation assets	(465,588)	-	-	(465,588)
Ending balance, January 31, 2023	150,000	1,134,759	3,059,196	4,343,955
Acquisition costs	-	-	2,875	2,875
Assays & analysis	-	-	155,166	155,166
Exploration support	-	-	251,531	251,531
Consulting fees	-	-	21,821	21,821
Drilling	-	-	237,247	237,247
Field supplies	-	1,020	13,205	14,225
Geophysics	-	-	120,624	120,624
Transportation & travel	-	-	58,079	58,079
	-	1,020	860,548	861,568
Mineral Incentive Program - Junior Exploration Assistance	-	-	(69,899)	(69,899)
	-	1,020	790,649	791,669
Ending balance, January 31, 2024	150,000	1,135,779	3,849,845	5,135,624

1.13 FUTURE ACCOUNTING CHANGES

On January 23, 2020, the IASB issued an amendment to IAS 1, Presentation of Financial Statements, providing a more general approach to the classification of liabilities. The amendment clarifies that the classification of liabilities as current or non-current depends on the rights existing at the end of the reporting period as opposed to the expectations of exercising the right for settlement of the liability. The amendments further clarify that settlement refers to the transfer of cash, equity instruments, other assets or services to the counterparty. The amendment will be effective for annual periods beginning on or after January 1, 2024 and will applied retrospectively.

1.14 FINANCIAL INSTRUMENTS AND RISK FACTORS

Market risk

(i) Foreign exchange risk

The Company is not exposed to 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 January 31, 2024, the Company's interest-bearing assets are cash equivalents. The Company's cash equivalents are cashable Guaranteed Investment Certificates or term deposits that earn interest at prevailing short-term interest rates and are reinvested as they mature. During F-2024, the Company earned interest

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income of \$24,517 (F-2023 – \$2,810). 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 January 31, 2024, the Company had cash and cash equivalents of \$359,960 (January 31, 2023 - \$1,122,172) available to settle current liabilities of \$148,359 (January 31, 2023 - \$249,181).

1.15 SHARE CAPITAL

a) Common Shares

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

At January 31, 2024 the Company had 72,224,961 common shares issued and outstanding with a recorded value of \$7,728,933.

At May 28, 2024, the Company had 76,912,181 common shares issued and outstanding with a recorded value of \$7,942,337.

b) Warrants

At January 31, 2024, the Company had 13,544,570 warrants issued and outstanding exercisable into common shares of the Company at an average exercise price of \$0.17 per share, expiring between June 2025 and April 2028.

At May 28, 2024, the Company had 18,562,368 warrants issued and outstanding exercisable into common shares of the Company at an average exercise price of \$0.16 per share, expiring between June 2025 and April 2028.

c) Stock Options

At January 31, 2024 and May 28, 2024 the Company had 2,250,000 stock options outstanding, exercisable into common shares of the Company at an average exercise price of \$0.21 per share, expiring in May 2026.

1.16 RISKS & UNCERTAINTIES

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

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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

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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

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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.

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COVID-19

On March 11, 2020, the World Health Organization declared a pandemic following the emergence and rapid spread of a novel strain of coronavirus (“COVID-19”). The continued spread of COVID-19 and the actions being taken by governments, businesses and individuals may adversely impact the Company’s operations, including the Company’s ability to raise financing and incur sufficient qualifying expenditures within the required timeline for the purposes of its flow-through share commitments. This has resulted in significant economic uncertainty, of which the potential impact on the Company’s future financial results is difficult to reliably measure.

1.17 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.