

**NEVADA ZINC CORPORATION**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE YEAR ENDED DECEMBER 31, 2022**

**MAY 1, 2023**

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

## Introduction

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Nevada Zinc Corporation ("Nevada Zinc", or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended December 31, 2022. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited consolidated financial statements of the Company for the fiscal years ended December 31, 2022, and 2021, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's audited consolidated financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. Information contained herein is presented as at May 1, 2023, unless otherwise indicated.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors (the "Board"), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Nevada Zinc's common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations can be obtained from the offices of the Company or on SEDAR at [www.sedar.com](http://www.sedar.com).

## Cautionary Note Regarding Forward-Looking Statements

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward looking statements.

Forward-looking statements	Assumptions	Risk factors
<p>Nevada Zinc's Lone Mountain property may contain economic deposits of zinc and other base metals and the Company may economically produce zinc sulfate from the deposit.</p>	<p>Financing will be available for future development and exploration of Nevada Zinc's Lone Mountain deposit; the actual results of Nevada Zinc's development studies will be favourable; the deposit's mineralized material will be suitable for making zinc chemicals including zinc oxide, operating, and development costs will not exceed Nevada Zinc's expectations; the Company will be able to retain and attract skilled staff; all requisite regulatory and governmental approvals will be received on a timely basis upon terms acceptable to Nevada Zinc, and economic conditions are favourable to Nevada Zinc; the off-take price for zinc based micronutrient products and zinc oxide will be favourable to Nevada Zinc; no title disputes exist or will exist with respect to the Company's properties.</p>	<p>Availability of financing for Nevada Zinc's development and exploration activities; zinc oxide and zinc chemicals off-take price volatility; market penetration; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; changes in economic conditions; the Company's ability to retain and attract skilled staff.</p>
<p>The Company will be able to carry out anticipated business plans, including the funding of development studies and exploration costs on its Lone Mountain property.</p>	<p>The development and operating activities of the Company for the twelve month period ending April 30, 2024, and the funding of the costs associated therewith will be funded from the Company's equity raises; the Company will be able to retain and attract skilled staff; all applicable regulatory and governmental approvals for exploration and development projects and other operations will be received on a timely basis upon terms acceptable to Nevada Zinc; the Company will not be adversely affected by market competition; the price of zinc chemicals and zinc oxide will be favourable to Nevada Zinc; no title disputes exist with respect to Nevada Zinc's Lone Mountain property.</p>	<p>Timing and availability of external financing on acceptable terms; zinc chemical price volatility, changes in equity markets; the uncertainties involved in interpreting geological data and confirming title to acquired properties; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; changes in economic conditions; the Company may be unable to retain and attract skilled staff; receipt of applicable permits.</p>

Inherent in forward-looking statements are risks, uncertainties and other factors beyond Nevada Zinc's ability to predict or control. Please also make reference to those risk factors referenced in the "Risks and Uncertainties" section below. Readers are cautioned that the above chart does not contain an exhaustive

list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Nevada Zinc's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

## Description of Business

Nevada Zinc is a Canadian-based resource company focused on the exploration and development of its high-grade zinc carbonate-oxide deposit located near Eureka, Nevada. The Company has a 100% ownership interest in the Lone Mountain zinc property comprised of a lease agreement (the "Lease Agreement") assigned to the Company on June 16, 2014. The Lease Agreement applies to 176 claims in Eureka County, Nevada. Under the terms of the Lease Agreement, Nevada Zinc has the right to continually lease the property for an initial 20 year term, subject to lease extensions at the end of the initial lease term and the end of subsequent lease extensions at the option of the Company. On September 30, 2015, the Company announced the purchase of the historic Mountain View Mine property that was, to that point, completely surrounded by other claims held by the Company. The Mountain View Mine property is comprised of a single patented mineral claim where historic mining operations took place more than 50 years ago. As a result of the transactions described above, plus additional staking of 26 unpatented mining claims, the Company now controls 202 claims with the Lone Mountain property now aggregating to more than 4,000 acres in one of the world's top ranked mining jurisdictions. Nevada Zinc released its initial inferred resource in July 2018, and in June 2019, the Company announced positive preliminary economic assessment results for the production of zinc concentrate from its Lone Mountain zinc deposit.

Nevada Zinc is now actively assessing the potential to economically produce zinc chemicals for the US agricultural industry as well as zinc oxide for use by zinc smelters in the production of zinc metal from its Lone Mountain high-grade zinc carbonate-oxide deposit. This potentially represents to the Company a superior economic alternative to producing and selling zinc concentrate for the production of zinc metal. In March 2021, Nevada Zinc announced the engagement of Hazen Research, Inc. ("Hazen"), Golden, Colorado, to conduct a multiphase pilot program to determine if the Company can economically produce zinc sulfate monohydrate, a micronutrient zinc-based fertilizer and animal feed from its Lone Mountain high-grade zinc carbonate-oxide deposit. The program's scope is to develop a process flowsheet using representative bulk sample material from the Lone Mountain zinc project site to produce commercial grade zinc sulfate monohydrate product samples, and to provide process plant capital and operating cost estimates. In September 2021, the Company announced that Hazen had successfully produced bench scale high-grade zinc sulfate monohydrate from the Company's Lone Mountain zinc carbonate-oxide deposit. This was one of the key objectives of the Hazen pilot program. In February 2022, the Company closed a private placement in the amount of \$750,000 with a portion of the proceeds allocated to funding the completion of the Hazen pilot program. In April 2022, Hazen had acquired the equipment necessary to commence a bulk operation designed to produce approximately 50 lbs. of commercial grade high-purity zinc sulfate monohydrate followed by the cost analysis of the process flowsheet's capital and operating costs. On March 29, 2023 the Company announced that its pilot plant project had successfully produced high-grade zinc sulfate monohydrate. In early April, in order to reduce the sulphuric acid consumption in the zinc sulfate pilot plant production process the Company provided 10 kilograms of crushed sample material used in the pilot plant work for a bench scale test to determine if zinc oxide could be produced

with a process requiring significantly less sulphuric acid as well as removing the need for solvent extraction in the production process which also requires sulphuric acid and other reagents. The results of the bench scale test were successful and the Company is now focussed on determining if the same bench scale results can be obtained by processing 50 kilograms of uncrushed, unbeneficated ore from the Company's Lone Mountain deposit. The results of this work are projected to be available before the end of May. Zinc oxide can be converted to zinc sulfate fairly inexpensively and represents a commodity that can be sold into its own markets. Management believes that the ability to produce zinc sulfate from zinc oxide represents the potential to materially improve upon the economics to-date from the pilot plant work by simplifying the production process and significantly reducing sulphuric acid consumption and reagent inputs through the elimination of the need to employ solvent extraction in the production process. Being in a position to produce both zinc oxide and then to convert the zinc oxide to zinc sulfate would broaden the markets into which the Company could potentially sell its finished products as well as reduce economic dependency on one market segment. Prices for zinc oxide use by smelters tend to be correlated to the LME zinc price while the price of zinc sulfate is correlated to supply and demand levels in the US agricultural markets. Decisions to produce either zinc oxide or zinc sulfate from the same production facility will be largely governed by the underlying prices of the two commodities from time to time.

## Overall Performance

The Company had consolidated exploration and acquisition costs of \$377,151 and an operating loss of \$908,417 for the year ended December 31, 2022, compared to exploration and acquisition costs of \$353,280 and an operating loss of \$962,106 for the year ended December 31, 2021. On a consolidated basis, the Company had total assets of \$103,644 (the Company expenses all of its exploration and acquisition costs), total liabilities of \$439,654 and a total shareholders' deficiency of \$336,010 as at December 31, 2022, compared to total assets of \$58,232, total liabilities of \$842,754 and a total shareholders' deficiency of \$784,522 as at December 31, 2021.

As at December 31, 2022, the Company had current assets of \$82,271 compared to current assets of \$36,859 as at December 31, 2021, and current liabilities of \$439,654 as at December 31, 2022, compared to current liabilities of \$842,754 as at December 31, 2021, resulting in a working capital deficit of \$357,383 as at December 31, 2022, compared to a working capital deficit of \$805,895 as at December 31, 2021.

Based upon the results of the second set of zinc oxide testing on the Company's 50 kilogram ore sample, management expects to complete a working capital equity financing in June of 2023.

## Significant Developments

On February 14, 2022, the Company announced the closing of a private placement unit financing for gross proceeds of \$750,000 to fund the completion of the Hazen pilot program, payment of the annual lease payment on the Lone Mountain property, federal and county claim renewal payments and for general working capital purposes. The unit financing, priced at \$0.075 per unit, consisted of one common share and one half of one common share purchase warrant. The holder of a full warrant is entitled to purchase a common share of the Company at an exercise price of \$0.14 per common share. The 18 month warrants have an expiry date of August 12, 2023. The Company may elect to accelerate the expiry date of the warrants in the event the closing price of Nevada Zinc's common shares equals or exceeds \$0.28 for ten consecutive trading days in which case the warrants will expire 60 days after the date on which the Company provides written notice of acceleration.

On March 22, 2022, Nevada Zinc announced that it had issued an aggregate of 5,197,813 common shares at a deemed price of \$0.075 per common share, in consideration for the settlement of an aggregate of \$389,836 in accrued liabilities owing to certain of its creditors in respect of intercorporate debts and management fees. A majority of the debt settlement, namely \$332,236, was accrued as an intercorporate loan advanced by Olive Resource Capital Inc. ("Olive" formerly Norvista Capital

Corporation) and affiliated entities to the Company, in connection with the Company's mineral lease payments and mining claims maintenance fees paid over the course of 2019, and 2021. Following the debt settlement Olive holds, directly or indirectly, 17,927,406 common shares, representing approximately 18.02% of the Company's common shares issued and outstanding on a non-diluted basis as of the date of this MD&A. Olive increased its position in the Company for investment purposes, and in accordance with applicable securities laws, and depending on market and other conditions, Olive may from time to time in the future increase or decrease its ownership, control or direction over the Nevada Zinc common shares it holds.

In April 2022, Hazen had acquired the equipment necessary to commence a bulk operation designed to produce approximately 100 lbs. of commercial grade high-purity zinc sulfate monohydrate followed by the cost analysis of the process flowsheet's capital and operating costs. Hazen began its pilot program testing in May of this year and the program is projected to be completed in January of 2023. In August, Hazen completed the production of a pre-concentrate that is appropriate for hydrometallurgical processing, the final phase of the pilot program, which is designed to produce commercial grade zinc sulfate monohydrate.

On April 26, 2022, the Company announced the appointment of Igor Danyliuk as the new President and CEO effective June 1, 2022. Additionally the Company announced the appointment of Michael Wilson as technical advisor to the Company. Concurrently Max Vichniakov stepped down as the President and CEO of Nevada Zinc and resigned from his seat on the Board of Directors.

On August 30, 2022 the Company announced the appointment of Michael Wilson as the Company's new President & CEO of the Company in addition to accepting his role as a member of the Board of Directors of Nevada Zinc effective immediately. Michael had previously been appointed as a Technical Advisor to the Company on April 26, 2022. He holds an HBSc degree in Geology and a MSc degree in Mining Engineering. Michael had consulted with Nevada Zinc in 2021 and 2021 and participated in the Company's strategic decision to pivot away from the production of zinc metal given the metallurgical nature of the Company's Lone Mountain deposit and pursue the production of zinc sulfate monohydrate.

On March 29, 2023 the Company announced the successful production, on a continuous basis, of high-grade zinc sulfate monohydrate from its multiphase pilot plant project using sample material provided from the Company's Lone Mountain deposit. In an attempt to reduce the consumption of sulphuric acid as well as reagent inputs in the solvent extraction process the Company is currently testing the production of zinc oxide. Initial testing for zinc oxide production has been successful and the Company is in the process of scaling that testing using 50 kilograms of representative sample ore from its Lone Mountain deposit. Zinc oxide can be converted to zinc sulfate in a production plant designed to produce both commodities based upon the underlying price of both products. Total operating costs of producing zinc oxide from the process currently being used to test the Company's ore samples are less than the corresponding operating costs from the pilot plant process used to produce zinc sulfate. The Company expects to complete the zinc oxide testing by the end of May with an economic analysis available shortly thereafter.

## Trends

The Company is a pre-development entity, focused on the development of zinc based micronutrient products and zinc oxide. Demand for micro nutrient fertilizers continues to remain strong in the US and pricing levels for zinc oxide as a zinc smelter input also remain elevated. Global changes resulting from the pandemic and Russia's invasion of Ukraine has resulted in concerns about the security of food supply and is leading to the emergence of food nationalism with the obvious benefits that will accrue from that to American growers. The Company's future performance is largely tied to the development of the Lone Mountain deposit.

Apart from funding and project evaluation risk and the risk factors noted under the heading "Risks and Uncertainties" below, management is not aware of any other trends, commitments, events or

uncertainties that would have a material effect on the Company's business, financial condition or results of operations.

## Environmental Liabilities

As at May 1, 2023, the date of this MD&A, the Company is not aware of any significant environmental liabilities or obligations associated with its mining property interests. The Company is conducting its operations in a manner that meets or exceeds governing environmental legislation.

## Off-Balance-Sheet Arrangements

As at May 1, 2023 the Company does not have any off-balance-sheet arrangements.

## Selected Quarterly Financial Information

Three months ended	Net income (loss) and comprehensive income (loss) (\$)	Basic income (loss) per share (\$)	Total assets (\$)
December 31, 2022	81,216	(0.00)	103,644
September 30, 2022	(319,151)	(0.00)	164,268
June 30, 2022	(304,148)	(0.00)	312,169
March 31, 2022	(197,760)	(0.00)	526,023
December 31, 2021	(122,072)	(0.00)	58,232
September 30, 2021	(203,637)	(0.00)	106,869
June 30, 2021	(319,449)	(0.00)	317,339
March 31, 2021	(305,505)	(0.00)	615,778

Consolidated net income, for the three months ended December 31, 2022, of \$81,216 resulted from exploration, acquisition and development costs of \$612, general and administrative expenses of \$57,624 which is comprised of professional fees of \$27,677; salary reclassification of \$10,000; regulatory fees of \$6,371; accounting fees of \$7,403; administrative expenses of \$15,673; and consulting fees of \$10,500; gain on debt settlement of \$139,488; plus an unrealized loss on marketable securities of \$36.

Consolidated net loss, for the three months ended September 30, 2022, of \$319,151 resulted from exploration, acquisition and development costs of \$137,814, general and administrative expenses of \$181,373 which is comprised of professional fees of \$8,560; salaries of \$10,000; share-based payments of \$166,359; regulatory fees of \$6,189; accounting fees of \$4,866; administrative expenses of \$428; and a consulting fee credit of \$15,029 from the favourable settlement of previously accrued consulting fees; plus an unrealized gain on marketable securities of \$36.

Consolidated net loss, for the three months ended June 30, 2022, of \$304,148 resulted from exploration, acquisition and development costs of \$173,702, general and administrative expenses of \$130,386 which is comprised of professional fees of \$19,234 (includes legal fees associated with February 2022 financing and debt for equity settlement as well as fees associated with settlement with US legal counsel for prior period legal services); salaries of \$33,305; regulatory fees of \$10,633; accounting fees of \$13,607; administrative expenses of \$34,569; and consulting fees of \$19,038; and an unrealized loss on marketable securities of \$60.

Consolidated net loss, for the three months ended March 31, 2022, of \$197,760 resulted from exploration, acquisition and development costs of \$65,023, general and administrative expenses of \$132,665 which is comprised of professional fees of \$39,932 (includes legal fees associated with February 2022 financing and debt for equity settlement as well as fees associated with settlement with US legal counsel for prior period legal services); salaries of \$28,695; regulatory fees of \$5,226; accounting fees of \$7,110; administrative expenses of \$6,702; and consulting fees of \$45,000; and an unrealized loss on marketable securities of \$72.

Consolidated net loss, for the three months ended December 31, 2021, of \$122,072 resulted from exploration, acquisition and development costs of \$6,666, general and administrative expenses of \$115,286 which is comprised of professional fees of \$33,496; salaries of \$18,000; regulatory fees of \$1,427; accounting fees reallocation of (\$393); administrative expenses of \$12,967; and consulting fees of \$49,789; and an unrealized loss on marketable securities of \$120.

Consolidated net loss, for the three months ended September 30, 2021, of \$203,637 resulted from exploration, acquisition and development costs of \$96,751 general and administrative expenses of \$106,886 which is comprised of professional fees of \$5,740; salaries of \$28,289; regulatory fees of \$5,946; accounting fees of \$11,919; administrative expenses of \$9,992; and consulting fees of \$45,000.

Consolidated net loss, for the three months ended June 30, 2021, of \$319,449 resulted from exploration, acquisition and development costs of \$208,810 general and administrative expenses of \$110,573 which is comprised of professional fees of \$5,181; salaries of \$29,021; regulatory fees of \$7,798; accounting fees of \$11,773; administrative expenses of \$11,800; and consulting fees of \$45,000; and an unrealized loss on marketable securities of \$66.

Consolidated net loss, for the three months ended March 31, 2021, of \$305,505 resulted from general and administrative expenses of \$317,134 which is comprised of professional fees of \$21,127, primarily 2021 audit fees; salaries of \$16,102; non-cash share based payments resulting from the granting of stock options of \$175,500; regulatory fees of \$18,574; accounting fees of \$6,966; administrative expenses of \$4,562; consulting fees of \$71,053; and investor relations fees of \$3,250; gain on settlement of \$11,449 and unrealized gain on marketable securities of \$180.

## Liquidity and Financial Position

As at December 31, 2022, the Company had consolidated cash and cash equivalents of \$78,665, marketable securities of \$132 and amounts receivable and other assets of \$3,474 compared to \$31,664, \$264 and \$4,931, respectively, as at December 31, 2021.

As at December 31, 2022, the Company had current assets of \$82,271 compared to current assets of \$36,859 as at December 31, 2021, and current liabilities of \$439,654 as at December 31, 2022, compared to current liabilities of \$842,754 as at December 31, 2021, resulting in working capital deficit of \$357,383 as at December 31, 2022, compared to a working capital deficit of \$805,895 as at December 31, 2021.

As at December 31, 2022, and the date of this MD&A, the Company's cash resources are on deposit with the Royal Bank of Canada in Toronto.

## Transactions with Related Parties

Related parties include the Board of Directors, officers, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

The below noted transactions are in the normal course of business and are measured at the exchange amount, as agreed to by the parties, and approved by the Board of Directors.



Renumeration of key management personnel of the Company was as follows:

<b>Year ended December 31,</b>	<b>2022</b>	<b>2021</b>
Salaries <sup>(1)</sup>	\$ 47,000	\$ 73,412
Consulting fees <sup>(2)</sup>	60,000	120,000
Share based compensation <sup>(3)</sup>	97,043	175,500
	<b>\$ 204,043</b>	<b>\$ 368,912</b>

<sup>(1)</sup> Salary to Donald Christie, the Chief Financial Officer of the Company.

<sup>(2)</sup> Compensation related to Max Vichniakov in his capacity as the President and CEO. As of December 31, 2022, Mr. Vichniakov was owed \$nil (December 31, 2021 - \$90,400) and this amount is included in amounts payable and other liabilities.

<sup>(3)</sup> Represents share-based payments to officers, directors and a consultant of the Company.

During the year ended December 31, 2022, Olive, an entity which shared common directors and officers with the Company, loaned the Company \$10,000 for short-term cash flow purposes (year ended December 31, 2021 - \$15,000). Olive was owed \$65,227 as at December 31, 2022,(December 31, 2021 - \$65,227) and this amount was represented as amounts payable to related party. The amounts are non-interest bearing, unsecured with no fixed terms of repayment.

As as December 31, 2022, Norvista Capital 1 Limited Partnership was owed \$nil (December 31, 2021 - \$332,236) and this amount was represented as amounts payable to related party. The amounts are non-interest bearing, unsecured with no fixed terms of repayment.

### Major shareholders

To the knowledge of the directors and senior officers of the Company as at May 1, 2023, no person or corporation beneficially owns or exercises control or direction over common shares of the Company carrying more than 10% of the voting rights attached to all common shares of the Company other than as set out below:

<b>Major shareholder</b>	<b>Number of common shares</b>	<b>Percentage of outstanding common shares</b>
Olive (formerly Norvista)	18,003,406	18.09%

None of the Company's major shareholders have different voting rights than other holders of the Company's common shares. The Company is not aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company. To the knowledge of the Company, it is not directly or indirectly owned or controlled by another corporation, by any government or by any natural or legal person severally or jointly.

## Critical Accounting Estimates

The preparation of the Company's audited consolidated financial statements for the year ended December 31, 2022, in conformity with IFRS, required management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the audited consolidated financial statements and reported amounts of expenses during the year ended December 31, 2022. Actual outcomes could differ from these estimates. The Company's audited consolidated financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the audited consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

(i) Income, value added, withholding and other taxes:

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

(ii) Share-based payments:

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

(iii) Decommissioning, restoration and similar liabilities:

Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

(iv) Contingencies:

Refer to notes 1 and 19 of the audited financial statements for the year ended December 31, 2022.

## Accounting Policies

Note 2 of the Company's audited consolidated financial statements disclose the Company's accounting policies and methods of application used.

## Future Accounting Pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2022. Many are not applicable or do not have a significant impact to the Company and have been excluded.

IAS 1 – In February 2021, the IASB issued 'Disclosure of Accounting Policies' with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements.

The amendments are effective for year ends beginning on or after January 1, 2023.

IAS 8 – In February 2021, the IASB issued 'Definition of Accounting Estimates' to help entities distinguish between accounting policies and accounting estimates. The amendments are effective for year ends beginning on or after January 1, 2023.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in January 2021, to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

## Capital Management

The Company defines capital management as the manner in which it manages its share capital. As at December 31, 2022, the Company's share capital was \$13,558,328 (December 31, 2021 - \$12,692,487).

The Company's objectives when managing capital are:

- a) To safeguard the Company's financial capacity and liquidity for future earnings in order to continue to provide an appropriate return to shareholders and other stakeholders;
- b) To maintain a flexible capital structure, that optimizes the cost of capital at an acceptable risk; and
- c) To enable the Company to maximize growth by meeting its capital expenditure budget, to expand its budget to accelerate projects, and to take advantage of acquisition opportunities.

The Company regularly monitors and reviews the amount of capital in proportion to risk and future development and exploration opportunities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new debt or equity or similar instruments or make adjustments to its capital expenditure program.

The Company's capital management objectives, policies and processes have remained unchanged during the years ended December 31, 2022, and 2021.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange ("TSXV") which requires adequate working capital or

financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

As of December 31, 2022, the Company may not be compliant with the policies of the TSXV. The implications of noncompliance are at the discretion of the TSXV.

## Disclosure of Internal Controls

Management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the audited consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the audited consolidated financial statements; and (ii) the audited consolidated financial statements fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate filed by the Company does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing such certificate are not making any representations relating to the establishment and maintenance of:

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS).

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in such certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

## Financial Instruments and Risk Management

The Company manages its exposure to a number of different financial risks arising from its operations as well as its use of financial instruments including market risks (commodity price and foreign currency exchange rate), credit risk and liquidity risk through its risk management strategy. The objective of the strategy is to support the delivery of the Company's financial targets while protecting its future financial security and flexibility.

Financial risks are primarily managed and monitored through operating and financing activities. The financial risks are evaluated regularly with due consideration to changes in the key economic indicators and up to date market information.

## Credit Risk

The Company's credit risk is primarily attributable to cash and amounts receivable. The Company has no significant concentration of credit risk arising from operations. Management believes that the credit risk concentration with respect to these financial instruments included in cash and cash equivalents and amounts receivable is remote.

## Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2022, the Company had consolidated cash and cash equivalents of \$78,665 (December 31, 2021 - \$31,664) to settle current liabilities of \$439,654 (December 31, 2021 - \$842,754).

The Company intends to complete an equity financing in June of 2023.

## Market Risk

### Interest Rate Risk

The Company does not have any interest bearing deposits or liabilities and therefore the Company is not subject to interest rate risk.

### Foreign Currency Risk

The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. Foreign currency risk is the risk that future cash flows of financial instruments will fluctuate as a result of changes in foreign exchange rates. Certain of the Company's expenses are incurred in United States dollars, and are therefore subject to gains or losses due to fluctuations in this currency.

### Commodity and Equity Price Risk

The Company is exposed to price risk with respect to commodity prices including zinc chemicals price risk. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices as they relate to zinc sulfate and zinc metal prices and to the equity markets to determine the appropriate course of action to be taken by the Company.

Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depend upon the US price of zinc chemicals and the world market price of base metals. As at December 31, 2022, the Company was not a zinc chemical or zinc metal producer. Even so, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

## Sensitivity Analysis

The Company has designated its cash as held-for-trading, measured at fair value. Accounts payable and accrued liabilities are short-term in nature and are measured at amortized cost. As at December 31, 2022, the carrying and fair value amounts of the Company's cash, accounts receivable and advances and accounts payable and accrued liabilities are approximately the same.

The primary business objectives of the Company are the implementation of recommended programs with respect to the development and exploration of the Company's Lone Mountain deposit.

See “Description of Business”.

## Share Capital

As at May 1, 2023, the date of this MD&A, Nevada Zinc has 99,509,575 issued and outstanding common shares.

The Company has 5,000,000 warrants outstanding with an exercise price of \$0.14 and an expiry date of August 12, 2023.

The Company has also granted 5,483,000 fully vested common share purchase options:

1,583,000 options have an exercise price of \$0.12 and expire on February 19, 2026.

3,600,000 options have an exercise price of \$0.10 and expire on August 28, 2027.

300,000 options have an exercise price of \$0.10 and expire on September 19, 2027.

## Risks and Uncertainties

An investment in the securities of the Company involves a high degree of risk and should only be considered by persons who can afford to lose their entire investment. The following are certain risk factors relating to an investment in securities of the Company which investors should carefully consider before deciding whether to purchase any securities of the Company. Such risk factors may have a material adverse affect on the financial position or results of operations of the Company or the value of securities of the Company.

### Liquidity

The Company has limited financial resources and has not earned any revenue since commencing operations. It has no source of operating cash flow and there is no assurance that additional funding will be available to it for further exploration and development of the Company's properties or to fulfill its obligations under any applicable agreements. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the Company's properties with the possible loss of such properties.

### Negative Operating Cash Flow

The Company's Lone Mountain property has not advanced to the commercial production stage and the Company has no history of earnings or cash flow from operations. The Company does not expect to generate material revenue from mining operations or to achieve self-sustaining commercial mining operations for several years, if at all.

The Company's ability to continue operations and fund its liabilities is dependent on management's ability to secure additional financing. Although the Company has been successful in pursuing additional sources of financing since its date of incorporation, there can be no assurance it will be able to do so in the future. There can be no assurances that additional funding will be available, or available under terms favourable to the Company, or at all. The Company's ability to continue its business operations and exploration activities is dependent on management's ability to secure additional financing and any failure to do so is likely to have a material adverse affect on the Company's business and its financial condition.

### Exploration and Mining Operations Risks

The Company's Lone Mountain deposit is in the exploration stage and requires further expenditures for exploration costs in order to increase the confidence level in the deposit.

While the discovery of an ore body may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Expenditures will be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at the Lone Mountain site. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices which are highly cyclical; and government regulations, including regulations relating to land tenure, prices, taxes, royalties, land use, importing and exporting of minerals and environmental protection. The exact affect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

The commercial viability of a mineral deposit, once discovered, is also dependent upon a number of factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure, and government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection. In addition, assuming discovery of a commercial ore-body, depending on the type of mining operation involved, several years can elapse from the initial phase of drilling until commercial operations are commenced. Most of the above factors are beyond the Company's control.

### **Zinc Sulfate and Zinc Oxide Prices**

The development and success of the Company's properties will be primarily dependent on the future price of zinc sulfate and zinc oxide prices. Zinc sulfate and zinc oxide prices are subject to fluctuation and are affected by a number of factors which are beyond the Company's control. Such factors include, but are not limited to, interest rates, exchange rates, inflation, deflation, fluctuation in the value of the US dollar, global and regional supply and demand. Depending on the price of zinc sulfate and zinc oxide, projected cash flow from planned mining and production operations may not be sufficient and the Company could be forced to discontinue development and may lose its interest in, or may be forced to abandon the Lone Mountain deposit. Any future production from the Company's Lone Mountain deposit will be dependent, in part, on zinc sulfate and zinc oxide prices that are adequate to make the Lone Mountain deposit economic.

### **Key-Man and Liability Insurance, Uninsurable Risks**

The success of the Company will be largely dependent upon the performance of its key officers. The Company has not purchased any "key-man" insurance with respect to any of its directors, officers or key employees, and has no current plans to do so.

Although the Company may obtain liability insurance in an amount which management considers adequate, the nature of the risks for mining companies is such that liabilities might exceed policy limits, the liabilities and hazards might not be insurable, or the Company might not elect to insure itself against such liabilities due to high premium costs or other reasons. Should such liabilities occur, the Company could incur significant costs that could have a material adverse effect upon its financial condition.

The management of the Company rests on some key personnel and mostly on its President and CEO. The loss of the President and CEO could have a negative impact on the development and the success of its operations.

### **Financing Requirements**

The Company will need to raise additional financing to continue in business and to implement future exploration and development programs and there can be no assurance that such financing will be available or, if available, will be on reasonable terms. To the extent financing is not available, renewal fees, work commitments, rental payments and option payments, if any, may not be satisfied within the time required and could result in a loss of property ownership or potential earning opportunities by the Company.

## **Environmental Regulations**

All phases of the Company's operations are subject to environmental regulation. Environmental legislation is strict, with fines and penalties for non-compliance, stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There can be no assurance that environmental regulations in Nevada will not adversely affect the Company's operations. Environmental hazards may exist on a property in which the Company holds an interest which are unknown to the Company at present which have been caused by previous or existing owners or operators of the property.

Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. The Company intends to fully comply with all environmental regulations.

## **Title**

The Company's Lone Mountain property may be subject to undetected prior unregistered agreements, interests or aboriginal land claims and title to the Company's properties may be affected by these undetected defects. If title defects do exist, it is possible that the Company may lose all or a portion of its right, title, estate and interest in and to the properties to which the title defect relates. Title to mineral interests in some jurisdictions is often not susceptible of determination without incurring substantial expense. In accordance with industry practice, the Company has conducted such title reviews in connection with Lone Mountain as it believes are commensurate with the value of such property. The actual interest of the Company in Lone Mountain may vary from the Company's records.

There is no guarantee that title to the Company's Lone Mountain property will not be challenged or impugned.

## **Governmental and Regulatory Requirements**

Government approvals and permits in Nevada are currently, and may in the future, be required in connection with the Company's operations. To the extent such approvals are required and not obtained, the Company may be restricted or prohibited from proceeding with planned exploration or development activities. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, 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 mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may be liable for civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permitting requirements, or more stringent application of existing laws, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reductions in levels of production at producing properties or require abandonment or delays in development of properties.



## **Infrastructure and Water**

Development and exploration activities depend, to one degree or another, on adequate infrastructure and access to water. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the operations, financial condition and results of operations of the Company.

## **Costs of Land Reclamation**

It is difficult to determine the exact amounts which will be required to complete all land reclamation activities in connection with the properties in which the Company holds title. Reclamation bonds and other forms of financial assurance represent only a portion of the total amount of money that will be spent on reclamation activities over the life of a mine. Accordingly, it may be necessary to revise planned expenditures and operating plans in order to fund reclamation activities. Such costs may have a material adverse impact upon the financial condition and results of operations of the Company.

## **No Market for Securities**

There can be no assurance that an active public market for the Company's common shares will continue. The holding of the Company's common shares involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Market prices for shares of early stage companies are often volatile. Factors such as announcements of mineral discoveries and financial results could have a significant effect on the price of the Company's shares.

## **Competition**

The agricultural products and zinc oxide businesses are competitive in all phases of exploration, development and production. As a result of this import and domestic competition the Company may be unable to sell its products at economic prices and on terms it considers acceptable. The Company also competes for financing with other junior companies. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company.

## **Dividend Policy**

The Company does not presently intend to pay cash dividends in the foreseeable future, as any earnings are expected to be retained for use in developing and expanding its business. However, the actual amount of dividends received from the Company will remain subject to the discretion of the Board of Directors and will depend on results of operations, cash requirements and future prospects of the Company and other factors.

## **Conflicts of Interest**

Certain of the directors and officers of the Company also serve as directors and/or officers of other companies involved in natural resource exploration and development. To the extent that such other companies may participate in ventures which the Company may participate, there exists the possibility for such directors and officers to be in a position of conflict. Such directors and officers have duties and obligations under the laws of Canada to act honestly and in good faith with a view to the best interests of the Company and its shareholders. Accordingly, such directors and officers will declare and abstain from voting on any matter in which such director and/or officer may have a conflict of interest.

## **Covid-19 Risks**

The worldwide emergency measures taken to combat the COVID-19 pandemic may continue, could be expanded, and could also be reintroduced in the future following relaxation. As governments implement monetary and fiscal policy changes aimed to help stabilize economies and capital markets, Nevada Zinc cannot predict legal and regulatory responses to concerns about the COVID-19 pandemic and related public health issues and how these responses may impact the Company's business. The COVID-19 pandemic, actions taken globally in response to it, and the ensuing economic downturn has caused significant disruption to business activities and economies. The depth, breadth and duration of these disruptions remain highly uncertain at this time. Furthermore, governments are developing frameworks for the staged resumption of business activities. As a result, it is difficult to predict how significant the impact of the COVID-19 pandemic, including any responses to it, will be on the global economy and our business. The Company has outlined these risks in more detail below.

## **Strategic & Operational Risks**

The ongoing COVID-19 pandemic could adversely impact the Company's financial condition in future periods as a result of reduced business opportunities via acquisitions and dispositions of investments. The uncertainty around the expected duration of the pandemic and the measures put in place by governments to respond to it could further depress business activity and financial markets. Nevada Zinc's strategic initiatives to advance its business may be delayed or cancelled as a result.

To-date, Nevada Zinc's operations have remained stable under the pandemic but there can be no assurance that the Company's ability to continue to operate its business will not be adversely impacted, in particular to the extent that aspects of its operations which may rely on services to be provided by third parties fail to operate as expected. The successful execution of business continuity strategies by third parties is outside Nevada Zinc's control. If one or more of the third parties to whom the Company may outsource critical business activities fails to perform as a result of the impacts from the spread of COVID-19, it could have a material adverse effect on the Company's business and operations.

## **Liquidity Risk and Capital Management**

Extreme market volatility resulting from macro events beyond the Company's control could limit Nevada Zinc's access to capital markets and its ability to generate funds to meet its capital requirements. Sustained global economic uncertainty could result in more costly or limited access to funding sources. Extreme market volatility may leave Nevada Zinc unable to react in a manner consistent with its historical operational practices.

## **Market Risk**

Inflation, rising interest rates and the possibility of a recession arising from the affects of the pandemic have created significant volatility and declines in financial and commodity markets which may continue to impact Nevada Zinc's financial condition.

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position.

## Additional Information

Additional information about the Company is available on the Company's website at [www.nevadazinc.com](http://www.nevadazinc.com) or on SEDAR at [www.sedar.com](http://www.sedar.com)