



ZACAPA RESOURCES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2022

ZACAPA RESOURCES LTD.

Management's Discussion and Analysis
For the year ended December 31, 2022
(Expressed in Canadian Dollars)

GENERAL

The information in this Management's Discussion and Analysis ("MD&A") is intended to assist the reader in the understanding and assessment of the trends and significant changes in the results of operations and financial conditions of Zacapa Resources Ltd. (the "Company" or "Zacapa"). This MD&A should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2022. The Company's consolidated financial statements for the year ended December 31, 2022, and for the year ended December 31, 2021 have been prepared in accordance with International Financial Reporting Standards ("IFRS").

This MD&A contains forward-looking statements. Please refer to the cautionary language at the end of this document.

Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

Zacapa is a mineral exploration company focused on porphyry copper and epithermal gold projects with Tier 1 exploration potential. The Company controls an extensive portfolio of porphyry copper and gold projects in Nevada, Idaho, and Arizona. Zacapa's experienced board of directors (the "Board") and senior management team are committed to creating shareholder value through discovery, careful stewardship of capital, and environmentally and socially responsible mineral exploration activities.

This MD&A has taken into account information available up to and including May 1, 2023.

The head office, registered and records office, and principal business address of the Company is Suite 905 – 1111 West Hastings Street, Vancouver, British Columbia, Canada.

HIGHLIGHTS

- During the year ended December 31, 2022, exploration expenditures of \$6,142,635 were incurred, mainly relating to a drilling program at the Red Top project. Geological, geophysical and remote sensing work also continued at the South Bullfrog, Dewdrop, Pearl, and Miller Mountain projects during the year ended December 31, 2022, contributing to the increase in exploration expenditures compared to the same period last year.
- During the year ended December 31, 2022, the Company granted 7,450,000 stock options. The granted stock options were exercisable at a weighted average exercise price of \$0.40 per option and the 5,900,000 currently outstanding stock options at a weighted average exercise price of \$0.37 will expire either January 26, or December 8, 2027.
- On October 28, 2022, the Company closed a non-brokered private placement. 9,614,257 common shares were issued at a price of \$0.15 per unit and 9,614,257 share purchase warrants and 289,972 non-transferable broker warrants for gross proceeds of \$1,442,139. Each warrant entitles the holder to acquire one common share at an exercise price of \$0.22 until October 28, 2025.

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HIGHLIGHTS (continued)

- On June 21, 2022, the Company closed a non-brokered private placement of 3,162,678 common shares at a price of \$0.45 per unit and 1,581,683 share purchase warrants for gross proceeds of \$1,423,205. Each warrant entitles the holder to acquire one common share at an exercise price of \$0.68 per share expiring on June 21, 2024. The Company issued 690 units to finders valued at \$364 as share issue costs.
- During the year ended December 31, 2022, the Company issued 75,000 common shares for the exercise of stock options, at an exercise price of \$0.50 per option for total proceeds of \$37,500.
- The Company listed on the TSX Venture Exchange on January 26, 2022 (the "Listing Date"). On the Listing Date, the Company issued 1,660,000 common shares upon conversion of the subscription receipts for proceeds of \$830,000.

BACKGROUND

The Company was incorporated under the laws of the province of British Columbia on January 9, 2017. The Company's principal business is the exploration and evaluation of mineral resources. The Company was inactive from the date of incorporation to December 31, 2019. The Company began acquiring mineral properties during 2020.

EXPLORATION PROPERTIES

Overview

Zacapa holds a portfolio of porphyry copper and epithermal gold projects in the states of Nevada, Arizona and Idaho, USA.

South Bullfrog Project

The South Bullfrog Project is located in the Walker Lane trend of western Nevada and comprised of 488 unpatented mining claims (40 square kilometers) in the increasingly active Bullfrog Mining District near the town of Beatty. The Bullfrog District has seen rapid increases in gold resources over the past two years with total resources now in excess of 8.6 million ounces of gold (Table 1). Zacapa's project area is 5 kilometres south of AngloGold Ashanti's North Bullfrog development project, and 11 kilometres west of AngloGold Ashanti's Motherlode, Merlin, and Silicon projects. AngloGold Ashanti holds a major land position in the district after acquiring Corvus Gold and Coeur Mining and is actively drilling the Silicon and Merlin projects (3.4 million ounces of gold). AngloGold Ashanti anticipates initial gold production in 2025 at North Bullfrog followed by Silicon and potentially Merlin (AngloGoldAshanti-BMO Global 2022). Kinross and Augusta, are also active in the district, with Augusta having recently acquired the Reward Project from Waterton to compliment redevelopment of the Bullfrog mine. Augusta Gold's Bullfrog and Montgomery-Shoshone Mines adjacent to the South Bullfrog project have produced 2.26 million ounces of gold¹.

District-scale structures control gold mineralization in the region, and similar faults cross-cut the South Bullfrog property. Gravity, magnetic, and induced polarization geophysical surveys suggest that potentially mineralized structures extend into portions of the property, including under shallow alluvial cover where historic explorers could not trace them.

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South Bullfrog Project (continued)

Multiple historic adits and pits are present in outcrops on the property, but limited modern exploration has been completed. The presence of hydrothermal alteration in subaerial volcanic host rocks (similar to the nearby deposits) including in areas of thin alluvial cover is encouraging and is being actively explored using the most modern geophysical, geochemical, and remote sensing techniques.

Work Program

- Induced polarization ground geophysical survey (complete)
- Ground gravity geophysical survey (complete)
- Follow-up mapping and sampling around geochemical and geophysical anomalies and altered structures (complete)
- Drill permitting and environmental surveys (complete)
- Drill testing high priority targets (2023)

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South Bullfrog Project (continued)

Table 1 – Details of published resources in the Beatty District

Deposit	Resource	Tonnes (Mt)	Avg. Grade Gold (g/t)	Avg. Grade Silver (g/t)	Gold (Koz)	Silver (Koz)	References
Sterling (including Daisy South, Daisy West, Secret Pass, & SNA)							
	Inferred	33.4	0.8	-	914.0	-	Coeur Mining Inc., 2022 US Securities and Exchange Commission, Form 10-K
Reward							
	Measured	6.2	0.9	-	169.9	-	Dufresne, M., and Scott, T., 2022. NI 43-101 Mineral Resource Estimate for the Reward Project, Nye County, Nevada. Effective Date: May 31, 2022, Issue Date: June 29, 2022, Prepared For: Augusta Gold Corp., By: APEX Geoscience and Kappes, Cassidy & Associates.
	Indicated	11.6	0.7	-	256.8	-	
	Inferred	1.2	0.7	-	27.1	-	
Bullfrog (Oxide and Sulfide, UG and Open Pit)							
	Produced	21.2	3.2	-	2,036.9	-	Downer, R., and House, A., 2021. NI 43-101 Technical Report Mineral Resource Estimate, Bullfrog Gold Project Nye County, Nevada. Effective Date: December 31, 2021. Issue Date: March 16, 2022 Prepared For: Augusta Gold Corp., By: Forte Dynamics, Inc.
	Measured	25.8	0.5	1.3	452.6	1,063.5	
	Indicated	38.3	0.5	1.2	642.0	1,416.7	
	Inferred	15.4	0.5	0.8	235.2	397.0	
Montgomery-Shoshone (Oxide)							
	Produced	3.5	2.1	-	220.0	-	Downer, R., and House, A., 2021. NI 43-101 Technical Report Mineral Resource Estimate, Bullfrog Gold Project Nye County, Nevada. Effective Date: December 31, 2021. Issue Date: March 16, 2022 Prepared For: Augusta Gold Corp., By: Forte Dynamics, Inc.
	Measured	2.0	0.6	3.4	40.4	212.1	
	Indicated	1.4	0.6	2.9	24.0	123.7	
	Inferred	1.1	0.6	3.5	19.8	116.4	
Bullfrog Global (Bullfrog, Montgomery-Shoshone, & Bonanza)							
	Produced	28.8	2.5	2.7	2,328.9	2,493.6	Downer, R., and House, A., 2021. NI 43-101 Technical Report Mineral Resource Estimate, Bullfrog Gold Project Nye County, Nevada. Effective Date: December 31, 2021. Issue Date: March 16, 2022 Prepared For: Augusta Gold Corp., By: Forte Dynamics, Inc.
	Measured	30.1	0.5	1.4	526.7	1,309.1	
	Indicated	40.9	0.5	1.2	682.6	1,557.5	
	Inferred	16.7	0.5	1.0	257.9	515.7	
Mother Lode (Milling)							
	Measured	7.3	1.2	0.8	280.0	179.0	Corvus Gold Inc., 2021, US Securities and Exchange Commission, Form 10-K
	Indicated	13.7	1.6	0.5	722.0	223.0	
	Inferred	2.9	0.9	1.8	83.0	164.0	
Mother Lode (Heap Leach)							
	Measured	17.0	0.4	1.0	211.0	534.0	Corvus Gold Inc., 2021, US Securities and Exchange Commission, Form 10-K
	Indicated	22.2	0.5	0.8	339.0	573.0	
	Inferred	7.0	0.4	1.1	90.0	235.0	
Motherlode (Total Milling+Heap Leach)							
	Measured	24.3	0.6	0.9	491.0	713.0	Corvus Gold Inc., 2021, US Securities and Exchange Commission, Form 10-K
	Indicated	35.9	0.9	0.7	1,061.0	796.0	
	Inferred	9.9	0.6	1.3	173.0	399.0	
North Bullfrog (Milling)							
	Measured	9.5	1.5	10.2	447.0	3,121.0	Corvus Gold Inc., 2021, US Securities and Exchange Commission, Form 10-K
	Indicated	15.1	1.2	7.6	590.0	3,702.0	
	Inferred	0.4	1.0	8.0	13.0	107.0	
North Bullfrog (Heap Leach)							
	Measured	27.6	0.3	0.8	222.0	695.0	Corvus Gold Inc., 2021, US Securities and Exchange Commission, Form 10-K
	Indicated	139.9	0.2	0.6	848.0	2,788.0	
	Inferred	67.3	0.2	0.6	401.0	1,185.0	
North Bullfrog (Total Milling+Heap Leach)							
	Measured	37.1	0.6	3.2	669.0	3,816.0	Corvus Gold Inc., 2021, US Securities and Exchange Commission, Form 10-K
	Indicated	155.0	0.3	1.3	1,438.0	6,490.0	
	Inferred	67.7	0.2	0.6	414.0	1,292.0	
Silicon							
	Inferred	120.4	0.9	-	3,370.0	-	Nicholson et al, 2022, Technical Report Summary Silicon Project: An Initial Assessment Report: AngloGoldAshanti, 31 December 2021

¹ https://www.augustagold.com/_resources/technical-reports/Technical-Report-February-2021.pdf?v=0.310

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Miller Mountain Project

The Miller Mountain Project is located in west-central Idaho and comprised of 238 unpatented mining claims covering 19.9 square kilometers. The Project covers an approximately 7.5-kilometer strike length of Idaho's Trans-Challis fault zone northeast of the historic Boise Basin mining district. Miller Mountain hosts both residual and alluvial gold placers, as well as gold-bearing quartz veins and associated structures containing disseminated gold in argillically altered wallrocks. Multiple high-grade rock chip samples have been collected with up to 27 g/t gold and historic drilling includes reported intercepts of up to 7.3 meters of 21.5 g/t gold². Miller Mountain also hosts small historical resources at the Miller and Specimen mines. These were historically test mined at 2 g/t gold. These vein and alteration assemblages form two distinct target types: 1) bulk tonnage, disseminated gold mineralization associated with near surface, quartz-sulfide veins and alteration zones, and 2) higher-grade quartz vein-hosted gold zones.

Work Program

- Airborne magnetic and radiometric survey and interpretation (complete)
- Drill permitting Specimen (complete)
- Drill permitting Miller (in progress)
- Drill testing at the historic Specimen and Miller mines (2023)
- Geologic mapping and sampling new target areas (2023)

Dewdrop Project

The Dewdrop Project is in the Walker Lane trend of western Nevada in the Yerington mining district which includes the Ann Mason deposit (Hudbay Minerals) and Pumpkin Hollow mine (Nevada Copper). The land position includes 159 unpatented mining claims (12.7 square kilometers), and contains altered and mineralized Jurassic intrusive rocks, like those in adjacent areas of active mining and exploration. The neighboring Pumpkin Hollow Mine is the first new US copper producer in the last 10 years. Dewdrop is road-accessible on permit friendly BLM claims.

2021 and 2022 extensive surface mapping and geochemical sampling confirmed outcropping epithermal gold occurrences – with historical assays of up to 46 g/t gold, and 4.25% copper at surface. Numerous historic adits and workings were identified which were not previously documented.

2 Close, T. J., 1993. Mineral Resources of the Red Mountain Roadless Area, Boise, Custer, and Valley Counties, Idaho. Mineral Land Assessment Open File Report/1993. UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF MINES

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Pearl Project

The Pearl Project is located adjacent and immediately northwest of the past-producing San Manuel-Kalamazoo porphyry copper mine (BHP) and consists of 241 lode mining claims over 20 square kilometers. The property is also contiguous with Freeport McMoRan's Cloudburst project to the east and is characterized by several large zones of alteration (chlorite-epidote+/-sericite), the largest measuring at least 850 meters by 750 meters. Exposures are dominated by Proterozoic granite and diabase cut by porphyry dikes which is similar to the geologic setting at San Manuel. Numerous epithermal-style showings occur on the property with up to 7.3% copper, 4.9% zinc and 360 grams of silver at surface. The historic Pearl mine displays visible copper mineralization over approximately 650 meters of strike length at surface. Alteration on the property is distinct from the alteration halo of the San Manuel-Kalamazoo mine and could be related to a concealed porphyry copper system. Isolated porphyry copper deposits like San Manuel-Kalamazoo are unusual, as porphyry deposits typically occur in clusters. Zacapa's exploration program is exploring the potential for an additional tilted porphyry copper system on the Pearl property. Age dating has demonstrated that similar Laramide age intrusive rocks occur on the property and a zone of elevated conductivity has been demonstrated in the ZTEM geophysical survey.

Work Program

- Age dating porphyry dikes (complete)
- Interpretation of ZTEM geophysical survey (complete)
- Interpretation of ASTER remote sensing (complete)
- Integration of geophysics, remote sensing and field mapping
- Follow-up mapping, sampling, and drill target selection

Red Top Project

The Company wrote off the Red Top project on December 31, 2022 and incurred a loss of \$418,322.

Tomichi Project

During the year ended December 31, 2022, the Company decided not to continue with its option to acquire 100% of the Tomichi project. Accordingly, the Company wrote off the costs related to the Tomichi property totaling \$384,728.

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Exploration expenditures incurred during the year ended December 31, 2022:

	Dewdrop	South Bullfrog	Pearl	Tomichi	Red Top	Miller Mountain	TOTAL
	\$	\$	\$	\$	\$	\$	\$
Geology	316,290	744,430	8,000	10,710	1,306,107	33,010	2,418,547
Drilling and assay	-	26,215	-	-	2,412,699	-	2,438,914
Land title and tenure	78,720	115,895	54,484	31,271	92,644	56,039	429,053
Analytical	76,524	256,019	1,304	-	4,229	41,187	379,263
Geophysics and remote sensing	-	160,677	21,653	521	130,301	31,881	345,033
Environmental, social and governance	-	28,267	-	6,317	5,979	29,352	69,915
Facilities, equipment and miscellaneous	3,127	15,564	1,152	27,391	14,386	290	61,910
Total exploration expenditures	474,661	1,347,067	86,593	76,210	3,966,345	191,759	6,142,635

Exploration expenditures incurred during the year ended December 31, 2021:

	Dewdrop	South Bullfrog	Pearl	Tomichi	Red Top	Ripsey West	Miller Mountain	TOTAL
	\$	\$	\$	\$	\$	\$	\$	\$
Drilling	-	1,504	-	-	303,445	389,622	-	694,571
Geology	45,681	169,148	64,765	87,364	51,540	1,798	25,909	446,205
Geophysics and remote sensing	117,560	192,125	111,619	-	-	-	51,494	472,798
Analytical	116,791	125,189	20,268	-	-	-	113,978	376,226
Land title and tenure	130,455	73,104	50,510	5,698	39,748	-	54,186	353,701
Facilities, equipment and miscellaneous	106	299	677	25,125	19,560	3,057	-	48,824
Environmental, social and governance	-	-	-	-	-	1,017	-	1,017
Total exploration expenditures	410,593	561,369	247,839	118,187	414,293	395,494	245,567	2,393,342

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SELECTED ANNUAL INFORMATION

	Year Ended December 31, 2022	Year Ended December 31, 2021	Year Ended December 31, 2020
Loss for the year	\$(12,058,834)	\$ (3,783,890)	\$ (99,548)
Comprehensive loss for the year	(11,749,681)	(3,784,318)	(105,669)
Loss per share	(0.23)	(0.10)	(0.03)
Total assets	2,234,522	8,727,740	1,918,458
Total liabilities	814,753	1,343,332	39,626
Total shareholders' equity	\$ 1,419,769	\$ 7,384,408	\$ 1,878,832

RESULTS OF OPERATIONS

For the year ended December 31, 2022, and 2021:

Operating Costs

The Company reported a loss of \$12,058,834 for the year ended December 31, 2022, compared to a loss of \$3,783,890 for the year ended December 31, 2021.

For the year ended	December 31, 2022	December 31, 2021	
Exploration	6,142,635	2,393,342	Increase due to drilling program at Red Top and South Bullfrog.
General and administrative	519,383	289,459	Increase due to wage and cost inflation and the first full year of operations.
Investor Relations and advertising	1,212,569	245,844	Investor relations activities increased as the Company commenced trading on the TSX Venture Exchange on January 26, 2022.
Share-based compensation	1,993,482	-	Increase reflects the fair value of stock options and share based awards that were granted to officers, directors and employees subsequent to the Company listing on the TSX Venture Exchange during fiscal 2022.
Salaries	797,434	312,648	Increase due to increased staffing levels for the first full year of operations.
Write-off of mineral property costs	803,050	-	Tomichi and Red Top projects were written-off during the year.

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RESULTS OF OPERATIONS***For the three months ended December 31, 2022 and 2021:******Operating Costs***

The Company reported a loss of \$1,967,712 for the three months ended December 31, 2022, compared to a loss of \$1,213,982 for the three months ended December 31, 2021.

For the year

ended	December 31, 2022	December 31, 2021	
Exploration	408,476	795,995	Decrease in exploration costs as the drill program at Red Top was concluded.
Investor Relations and advertising	195,286	3,958	Investor relations activities increased as the Company commenced trading on the TSX Venture Exchange on January 26, 2022.
Share-based compensation	94,892	-	Increase reflects the fair value of stock options and share based awards that were granted to officers, directors and employees during the fourth quarter of 2022, for which there is no prior year comparative.
Salaries	216,062	144,693	Increase due to increased staffing levels.
Write-off of mineral property costs	803,050	-	Tomichi and Red Top projects were written-off during the quarter.

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SUMMARY OF QUARTERLY RESULTS

The following is a summary of quarterly results for the eight most recently completed quarters. These results are taken from the interim consolidated financial statements of the Company, which are prepared in accordance with IFRS applicable to interim financial statements:

	Quarter ended December 31, 2022	Quarter ended September 30, 2022	Quarter ended June 30, 2022	Quarter ended March 31, 2022
	\$	\$	\$	\$
Loss for the period	(1,967,712)	(1,765,224)	(4,328,450)	(3,997,448)
Comprehensive loss for the period	(2,001,884)	(1,480,649)	(4,231,600)	(4,035,548)
Total assets	2,234,522	3,536,034	3,853,324	6,252,433
Basic and diluted loss per share	\$ (0.03)	\$ (0.03)	\$ (0.08)	\$ (0.08)

	Quarter ended December 31, 2021	Quarter ended September 30, 2021	Quarter ended June 30, 2021	Quarter ended March 31, 2021
	\$	\$	\$	\$
Loss for the period	(1,213,982)	(1,179,119)	(1,003,794)	(386,995)
Comprehensive loss for the period	(1,230,760)	(1,105,825)	(1,043,079)	(404,654)
Total assets	8,727,740	9,610,450	9,493,965	2,774,707
Basic and diluted loss per share	\$ (0.03)	\$ (0.02)	\$ (0.03)	\$ (0.02)

Three months ended December 31, 2022 / September 30, 2022 – During the three months ended December 31, 2022, the Company's net loss increased by \$202,488 primarily due to a write off of mineral property costs at Tomichi of \$384,728 and Red Top of \$418,322 offset by a decrease in exploration activities from the Red Top, South Bullfrog, Dewdrop and Miller Mountain projects as the field season wound down and concluded during the fourth quarter. General and administrative expenses increased as drilling and other business activities reduced. Staff reduction in Q4 caused salaries and share-based compensation to decrease from Q3. During the three months ended December 31, 2021, the Company's net loss increased by \$34,863 compared to the prior quarter due to an increase in exploration expenditures at the Red Top Project from the commencement of the drill program.

Three months ended September 30, 2022 / June 30, 2022 – During the three months ended September 30, 2022, the Company's net loss decreased by \$2,563,226 compared to the three months ended June 30, 2022 primarily due to a decrease in exploration activities from the Red Top, South Bullfrog, Dewdrop and Miller Mountain projects. General and administrative expenses also decreased due to reduced business activities. Salaries expense increased due to an increase in new hires during the period in support of the field season. During the three months ended September 30, 2021, the Company incurred a net loss of \$1,179,119. This was mainly as a result of exploration expenditures related to drill testing on the Ripsey West Project, an initial

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SUMMARY OF QUARTERLY RESULTS (continued)

geochemical sampling and mapping program at the South Bullfrog Project, and airborne geophysical programs at the South Bullfrog and Dewdrop Projects.

Three months ended June 30, 2022 / March 31, 2022 – During the three months ended June 30, 2022, the Company's net loss increased by \$331,002 compared to the three months ended March 31, 2022 primarily due to an increase in exploration expenditures from the Red Top drill program. The South Bullfrog, Dewdrop and Miller Mountain projects also contributed to an increased in exploration expenditures from data acquisition and interpretation, geology consulting, surveying, sampling activities and annual claim maintenance fees. General and administrative and salaries expense increased due to an increase in business activity of the Company. During the three months ended June 30, 2021, the Company incurred a net loss of \$1,003,794. This was mainly as a result of exploration expenditures of \$709,836 related to drill testing on the Ripsey West Project, an initial geochemical sampling and mapping program at the South Bullfrog Project, and airborne geophysical programs at the South Bullfrog and Dewdrop Projects.

Three months ended March 31, 2022 / December 31, 2021 – During the three months ended March 31, 2022, the Company's net loss increased by \$2,783,466 compared to the three months ended December 31, 2021 primarily due to an increase in exploration expenditures from the Red Top drill program. The South Bullfrog, Dewdrop and Miller Mountain projects also contributed to an increase in exploration expenditures from data acquisition and interpretation, surveying, and sampling activities. General and administrative and salaries expense increased due to an increase in business activity of the Company. During the three months ended March 31, 2021, the Company had limited activity.

FINANCIAL CONDITION, LIQUIDITY, CAPITAL RESOURCES AND GOING CONCERN

As at December 31, 2022, the Company had current assets of \$194,884 (December 31, 2021 - \$5,893,205), including cash and cash equivalents of \$46,509 (December 31, 2021 - \$4,107,162) and \$814,753 (December 31, 2021 - \$1,343,332) in total liabilities.

During the year ended December 31, 2022, the Company used \$7,506,393 (2021 - \$4,108,525) in cash for operating activities and \$131,292 (2021 - \$1,020,570) in cash used in investing activities.

Total cash provided by financing activities was \$3,569,347 (2021 - \$8,349,894) which consisted of private placements for 12,777,625 common shares and 11,485,912 warrants for gross proceeds of \$2,865,344, less share issue costs of \$163,497, subscription receipts of \$830,000 converted into 1,660,000 common shares on the Listing Date and the exercise of 75,000 stock options for proceeds of \$37,500.

At present, the Company has no operations that generate cash flow and its financial success is dependent on the Company's ability to successfully acquire mineral properties and develop economically viable mineral deposits, and to raise required funding through future equity issuances, asset sales, or a combination thereof.

The Company relies on the issuance of securities for financing. Future capital requirements will depend on many factors, including the Company's ability to execute its business plan. The Company intends to continue relying upon the issuance of securities to finance its future activities, but there can be no assurance that such financing will be available on a timely basis under terms acceptable to the Company.

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**FINANCIAL CONDITION, LIQUIDITY, CAPITAL RESOURCES AND GOING CONCERN
(continued)**

The nature and significance of this material uncertainty may cast significant doubt upon the Company's ability to continue as a going concern, which would adversely impact its ability to realize its assets and discharge its liabilities in the normal course of business.

FINANCIAL INSTRUMENTS**Classification of financial instruments**

	Ref.	December 31, 2022	December 31, 2021
		\$	\$
Financial assets at amortized cost	(a)	86,509	4,967,162
Financial liabilities at amortized cost	(b)	814,753	1,343,332

(a) Comprised of cash, cash held in escrow and restricted cash

(b) Comprised of accounts payable, accrued liabilities and subscription receipts (December 31, 2021) held for investors

The fair value of the Company's financial assets and financial liabilities at amortized cost approximates the carrying amount.

Management of Industry and Financial Risk

The Company's financial instruments are exposed to certain financial risks, which include the following:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. The Company limits its exposure to credit loss for cash by placing its cash with high quality financial institutions. The credit risk for cash is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company ensures, as far as reasonably possible, that it will have sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. As at December 31, 2022, the Company has a working capital deficit of \$619,869 (December 31, 2021 working capital of \$4,549,873). There can be no assurance that the Company will be successful with generating and maintaining profitable operations or will be able to secure future debt or equity financing for its working capital and expansion activities.

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Management of Industry and Financial Risk (continued)***Foreign exchange risk***

The Company operates internationally and is exposed to foreign currency risk arising from currency exposures to Canadian dollars. The main currency to which the Company has an exposure is the U.S. dollar. The Company is exposed to currency risk to the extent of its cash and trade and other payables that are denominated in U.S. dollars. The Company does not currently hedge its exposure to fluctuations in the related foreign exchange rates.

Based on the Company's net US currency exposure as at December 31, 2022, and assuming all other variables remain constant, a 10% weakening or strengthening of the Canadian dollar against the US dollar would result in an increase/decrease of approximately \$351,000 in comprehensive income/loss for the period.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not hold any assets or liabilities subject to variable interest rates, and as such, the Company is not exposed to significant interest rate risk.

Commodity price risk

The ability of the Company to find and explore mineral properties and the future profitability of the Company are directly related to the market price of base metals. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

Capital management

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. As at December 31, 2022, the Company's shareholders' equity totalled \$1,419,769 (December 31, 2021 - \$7,384,408). The Company's objectives when managing capital are to maintain financial viability and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels.

The Company's current capital was received from the issuance of common shares. The Company plans to use a significant portion of the net proceeds raised to date for the development of its current mineral properties and for the acquisition of additional mineral properties or assets.

The Company is not subject to externally imposed capital requirements as at December 31, 2022. There were no changes to the Company's approach to capital management during the year ended December 31, 2022.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements and no long-term debt obligations.

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TRANSACTIONS WITH RELATED PARTIES

During the year ended December 31, 2022, the Company reimbursed costs of \$330,000 (2021 - \$201,750) for CFO, Corporate Secretary, accounting, corporate compliance and office costs to Slater Corporate Services, a company controlled by Ian Slater, a director of the Company. As at December 31, 2022, the Company had a balance outstanding of \$nil (December 31, 2021 - \$49,438) included in accounts payable and accrued liabilities.

During the year ended December 31, 2022, the Company paid salaries and fees of \$705,334 (2021 - \$312,648) to officers of the Company.

During the year ended December 31, 2022, the Company incurred geological consulting fees of \$594,080 (2021 - \$264,006) to Serac Exploration Limited, a company with a common director, Ian Slater. As at December 31, 2022, the Company had a balance outstanding of \$108,731 (December 31, 2021 - \$143,130) included in accounts payable and accrued liabilities.

During the year ended December 31, 2022, the Company paid or accrued legal fees of \$134,683 (2021 - \$222,513) to Farris LLP where Jay Sujir, a director of the Company, is a partner. \$53,161 (2021 - \$82,282) was included in professional fees, \$22,416 (2021 - \$91,491) was included in filing fees, \$Nil (2021 - \$7,080) was included in mineral property costs, \$Nil (2021 - \$3,174) was included in exploration expenditures and \$59,106 (2021 - \$38,486) was included in share issue costs. As at December 31, 2022, the Company had a balance outstanding of \$17,064 (2021 - \$11,079) included in accounts payable and accrued liabilities.

During the year ended December 31, 2022, the Company recognized share-based compensation expense of \$1,556,597 (2021 - \$nil) for options and DSUs granted to various officers and directors of the Company.

As at December 31, 2022, the Company had a balance outstanding of \$nil (December 31, 2021 - \$16,929) included in accounts payable and accrued liabilities to a company controlled by Timothy MacIntyre, VP Exploration of the Company.

On January 14, 2021, the Company acquired a 100% interest in Libero from Libero Copper & Gold Corporation (a related party with two common directors, Ian Slater and Jay Sujir). The aggregate price paid by the Company to acquire Libero was 2,000,000 common shares of the Company.

OUTSTANDING SHARE DATA

At December 31, 2022, the Company had 65,287,256 common shares issued and outstanding. Subsequent to December 31, 2022, the Company issued 2,075,275 common shares to settle an outstanding debt at a price of \$0.10 per common share.

As at May 1, 2023, the Company had the following common shares, stock options, and warrants issued and outstanding:

- 67,362,531 common shares issued and outstanding, and
- 4,225,000 stock options outstanding, and
- 11,485,912 warrants outstanding

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Future Cash Requirements

The Company's future capital requirements will depend on many factors, including, among others, its ability to earn cash flow from operations. Should the Company wish to pursue current and future business opportunities, additional funding will be required. If additional funds are raised through the issuance of equity securities, the percentage ownership of current shareholders will be reduced and such equity securities may have rights, preferences, or privileges senior to those of the holders of the Company's common stock. No assurance can be given that additional financing will be available, or that it can be obtained on terms acceptable to the Company and its shareholders. If adequate funds are not available, the Company may not be able to meet its contractual requirements.

CRITICAL ACCOUNTING ESTIMATES

The preparation of these financial statements requires management to make judgments and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgments and estimates. The financial statements include judgments and estimates that, by their nature, are uncertain. The impacts of such judgments and estimates are pervasive throughout the 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 the revision affects both current and future periods.

RISKS AND UNCERTAINTIES***Environmental risk***

Exploration and development projects are subject to the environmental laws and regulations of the United States of America. As such laws are subject to change, the Company monitors proposed and potential changes and management believes the Company remains in compliance with current environmental regulations in the relevant jurisdictions.

Operational risk

Exploration development projects require third party contractors for the execution of certain activities. The availability and cost of third-party contractors is subject to a competitive environment for their use, which is beyond the control of the Company.

Cyber security risk

Cyber security risk is the risk of negative impact on the operations and financial affairs of the Company due to cyber-attacks, destruction or corruption of data, and breaches of its electronic systems. Management believes that it has taken reasonable and adequate steps to mitigate the risk of potential damage to the Company from such risks. The Company also relies on third-party service providers for the storage and processing of various data. A cyber security incident against the Company or its contractors and service providers could result in the loss of business sensitive, confidential or personal information as well as violation of privacy and security laws, litigation and regulatory enforcement and costs. The Company has not experienced any material losses relating to cyber-attacks or other information security breaches, however there can be no assurance that it will not incur such losses in the future.

Uninsured Risks

The Company may carry insurance to protect against certain risks in such amounts as it considers adequate. Risks not insured against include key person insurance as the Company heavily relies on the Company's officers.

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CRITICAL ACCOUNTING ESTIMATES (continued)***Conflicts of Interest***

Certain directors of the Company also serve as directors and/or officers of other companies involved in other business ventures. Consequently, there exists the possibility for such directors to be in a position of conflict. Any decision made by such directors involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matter in which such directors may have a conflict of interest.

Negative Operating Cash Flows

As the Company is at the early start-up stage it may continue to have negative operating cash flows. Without the injection of further capital and the development of revenue streams from its business, the Company may continue to have negative operating cash flows until it can be sufficiently developed to commercialize.

Risks Related as a Going Concern

The ability of the Company to continue as a going concern is uncertain and dependent upon its ability to achieve profitable operations, obtain additional capital and receive continued support from its shareholders. Management of the Company will have to raise capital through private placements and proposes to continue to do so through future private placements and offerings. The outcome of these matters cannot be predicted at this time. However, management believes that the Company has sufficient resources on hand to fund its planned operations for the next 12 months and meet its obligations as they fall due.

Reliance on Key Personnel and Advisors

The Company relies heavily on its officers. The loss of their services may have a material adverse effect on the business of the Company. There can be no assurance that one or all of the employees of, and contractors engaged by, the Company will continue in the employ of, or in a consulting capacity to, the Company or that they will not set up competing businesses or accept positions with competitors. There is no guarantee that certain employees of, and contractors to, the Company who have access to confidential information will not disclose the confidential information.

Operating History and Expected Losses

The Company expects to make significant investments in the near future on its acquired assets. As a result, start-up operating losses are expected and such losses may be greater than anticipated, which could have a significant effect on the long-term viability of the Company.

Growth of Management

In executing the Company's business plan for the future, there will be significant pressure on management, operations and technical resources. The Company anticipates that its operating and personnel costs will increase in the future. In order to manage its growth, the Company will have to increase the number of its technical and operational employees and efficiently manage its employees, while at the same time efficiently maintaining a large number of relationships with third parties.

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CRITICAL ACCOUNTING ESTIMATES (continued)***Industry Risks***

Exploring and developing mineral resource projects bears a high potential for all manner of risks. Additionally, few exploration projects successfully achieve development due to factors that cannot be predicted or foreseen. Moreover, even one such factor may result in the economic viability of a project being detrimentally impacted such that it is not feasible or practical to proceed. The Company monitors its risk-based activities and periodically employs experienced consulting, engineering, insurance and legal advisors to assist in its risk management reviews.

Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

Metal Price Risk

The principal activity of the Company is the exploration and development of precious metal and base metal resource properties. The feasible development of such properties is highly dependent upon the price of gold, silver, copper, lead and zinc. A sustained and substantial decline in precious metal and base metal commodity prices could result in the write-down, termination of exploration and development work or loss of its interests in identified resource properties. Although such prices cannot be forecasted with certainty, the Company carefully monitors factors which could affect precious metal and base metal commodity prices in order to assess the feasibility of its resource projects.

Political Risk

The resource properties on which the Company is actively pursuing its exploration and development activities are located in the USA. While the political climate in the USA is considered by the Company to be stable, there can be no assurances that this will continue indefinitely. To alleviate such risk, the Company funds its operations on an as-needed basis. The Company does not presently maintain political risk insurance for its foreign exploration projects.

Regulatory Risks

The Company is subject to a number of technological challenges and requirements and can be subject to the regulations and standards imposed by applicable regulatory agencies. There can be no assurance that the Company will be able to comply with all regulations concerning its businesses.

Coronavirus Global Pandemic Risk

In March 2020, the world Health organization declared a global pandemic related to the virus known as COVID-19. The expected impacts on global commerce are anticipated to be far reaching. To date the movement of people and goods has become restricted. The impact of these factors on the Company is still not determinable; however, they may have a material impact on the Company's financial position, results of operations and cash flows in future periods. In particular, there may be heightened risk of mineral property impairment and going concern uncertainty.

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CORPORATE GOVERNANCE

The Company's Board and its committee follow the recommended corporate governance guidelines for public companies while tailored to its size and operations to ensure transparency and accountability to shareholders. The current Board is comprised of three individuals, one of whom is an executive officer of the Company. The Audit Committee is comprised of three members.

FORWARD LOOKING STATEMENTS

This MD&A contains certain statements that may constitute "forward looking statements". Forward looking statements include but are not limited to, statements regarding future anticipated business developments and the timing thereof, and business and financing plans. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate, and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward looking statements as a result of various factors, including, but not limited to, the Company's ability to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies.

This MD&A includes, but is not limited to, forward looking statements regarding the Company's upcoming exploration plans for the year, the meeting of its Canadian flow-through expenditure obligations and its ability to meet its working capital needs for the next fiscal year.

Forward looking statements contained herein are made as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as required by applicable securities laws.

APPROVAL

The Board of Directors of the Company has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

Mr. Dan MacNeil, P.Geol, a qualified person as defined by Canadian National Instrument 43-101, has reviewed the technical information contained in this MD&A.