

Kootenay Zinc Corp. (formerly Oceanside Capital Corp.)
Management Discussion and Analysis
For the nine months ended November 30, 2016

The Management Discussion and Analysis (“MD&A”), prepared January 30, 2017 should be read in conjunction with the condensed interim financial statements and notes thereto for the period ended November 30, 2016 of Kootenay Zinc Corp. (formerly Oceanside Capital Corp.) (the “Company”) which were prepared in accordance with International Financial Reporting Standards (“IFRS”). Unless otherwise noted, all currency amounts are in Canadian dollars.

This management discussion and analysis may contain forward-looking statements in respect of various matters including upcoming events and include without limitation, statements regarding discussions of the Company’s business strategy, future plans, projections, objectives, estimates and forecasts and statements as to management’s expectations with respect to, among other things, the development of the Company’s project. These forward-looking statements involve numerous risks and uncertainties and actual results may vary. Important factors that may cause actual results to vary include without limitation, certain transactions, certain approvals, changes in commodity prices, risks inherent in exploration results, timing and success, inaccurate geological and metallurgical assumptions (including with respect to the size, grade and recoverability of mineral reserves and mineral resources), delays in the receipt of government approvals, and changes in general economic conditions or conditions in the financial markets. In making the forward-looking statements in this MD&A, the Company has applied several material assumptions, including without limitation, the assumptions that: (1) any additional financing needed will be available on reasonable terms; and (2) any permits or government approvals needed will be obtained.

Additional factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements include, among other factors: (1) weak commodity prices and general metal price volatility; (2) the state of the global economy and economic and political events, including the deterioration of the global capital markets, affecting supply and demand and economic and political events affecting supply and demand; and (3) securing and the nature of regulatory permits and approvals and the costs of complying with environmental, health and safety laws and regulations.

The Company cannot assure you that any of these assumptions will prove to be correct.

The words “expect,” “anticipate,” “estimate,” “may,” “will,” “should,” “intend,” “believe,” “target,” “budget,” “plan,” “projection” and similar expressions are intended to identify forward-looking statements. Information concerning mineral reserve and mineral resource estimates also may be considered forward-looking statements, as such information constitutes a prediction of what mineralization might be found to be present during operations or if and when an undeveloped project is actually developed.

These factors should be considered carefully, and readers should not place undue reliance on the Company’s forward-looking statements. The Company believes that the expectations reflected in the forward-looking statements, including future-oriented financial information, contained in this MD&A and any documents incorporated by reference are reasonable, but no assurance can be given that these expectations will prove to be correct. In addition, although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, including future-oriented financial information, there may be other factors that cause actions, events, or results not to be as anticipated, estimated, or intended. The Company undertakes no obligation to disclose publicly any future revisions to forward-looking statements, including future-oriented financial information, to reflect events or circumstances after the date of this MD&A or to reflect the occurrence of unanticipated events, except as expressly required by law.

Additionally, the forward-looking statements, including future-oriented financial information, contained herein are presented solely for the purpose of conveying our reasonable belief of the direction of the Company and may not be appropriate for other purposes.

The results or events predicted in these forward-looking statements may differ materially from the actual results or events. The Company disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

DESCRIPTION OF BUSINESS

Kootenay Zinc Corp. (formerly Oceanside Capital Corp.) (“the Company”) was incorporated on March 23, 2015 pursuant to the *Business Corporations Act* (British Columbia). The shares of the Company are traded on the Canadian Securities Exchange (“CSE”) under the symbol “ZNK”. The address of its head office is located at Suite 800-1199 West Hastings Street, Vancouver, British Columbia, V6E 3T5 and its registered office is at Suite 2080-777 Hornby Street, Vancouver, BC, V6Z 1S4.

On October 4, 2016, the Company has changed its name to Kootenay Zinc Corp. and completed a share consolidation of its issued and outstanding common shares on a two (2) old to one (1) new basis. No fractional common shares will be issued pursuant to the Consolidation. As a result of the consolidation, the outstanding common shares of the Company were reduced to approximately 4,029,500.

The Company is engaged in the business of mineral exploration and development in British Columbia and specifically in the exploration and advancement of the Sully Property (the “Property”). The Company is required to facilitate separate fundraising, exploration and development strategies to achieve its business objectives and it expects to commence these strategies as soon as practicable.

The Company is an exploration stage company with no producing properties, and consequently has no current operating cash flow or revenues. There is no assurance that a commercially viable mineral deposit exists on any of its properties. The Property is currently in the exploration stage.

The Company’s continuing operations, as intended, are dependent upon its ability to complete the exploration of its mineral properties, including obtaining the necessary financing. There can be no assurance that the Company will be able to complete such activities or obtain financing to continue; therefore, a material uncertainty exists that casts significant doubt over the Company’s ability to continue as a going concern.

OPERATIONS

Nine month period ended November 30, 2016

During the nine month period ended November 30, 2016, the Company reported a net loss of \$692,571. The Company incurred \$178,600 in advertising and marketing, \$1,395 in bank charges, \$194,860 in consulting fees, \$603 in meals and entertainment, \$13,928 in transfer agent fees, \$1,144 in office expense, \$8,900 in rent, \$49,929 in professional fees, \$221,993 in share-based compensation, \$5,179 in exchange loss, \$16,040 in loss on sale of investments and recovered \$393 in insurance.

Three month period ended November 30, 2016

During the three month period ended November 30, 2016, the Company reported a net loss of \$592,801. The Company incurred \$178,600 in advertising and marketing, \$739 in bank charges, \$119,860 in consulting fees, \$nil in meals and entertainment, \$9,596 in transfer agent fees, \$1,176 in office expense, \$5,340 in rent, \$34,278 in professional fees, \$221,993 in share-based compensation, \$5,179 in exchange loss, \$16,040 in loss on sale of investments and recovered \$nil in insurance.

SUMMARY OF QUARTERLY RESULTS

	Three months ended November 30, 2016	Three months ended August 31, 2016	Three months ended May 31, 2016	Three months ended February 29, 2016	Three months ended November 30, 2015	Three months ended August 31, 2015	March 23, 2015 (date of incorporation) to May 31, 2015
Net loss	\$ 592,801	\$ 97,398	\$ 2,372	\$ 44,002	\$ 23,005	\$ 3,691	\$ 1,558
Total assets	677,232	173,103	276,199	280,154	291,408	297,581	300,072
Total liabilities	55,066	45,129	50,747	52,410	19,661	2,829	301,629
Basic and diluted loss per share	\$ (0.06)	\$ (0.02)	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.00)	\$ (0.00)

LIQUIDITY AND CAPITAL RESOURCES

As at November 30, 2016, the Company had cash of \$486,943.

On March 23, 2015, the date of incorporation, the Company issued one common share at a price of \$1, which was subsequently redeemed. Pursuant to the plan of arrangement with Eyecarrot Innovations Corp. (formerly, Nanton Nickel Corp.) (“Eyecarrot”), effective May 1, 2015, the Company issued 24,178,800 common shares. On September 9, 2015, the Company consolidated the issued and outstanding common shares on the basis of a one (1) post-consolidated common share for each three (3) pre-consolidation common shares (the “Consolidation”).

On October 4, 2016, the Company consolidated the issued and outstanding common shares on the basis of a one post-consolidated common share for each two pre-consolidation common shares (the “Consolidation”). Post-consolidation, the Company has 4,029,500 common shares issued and outstanding.

On November 4, 2016, the Company has closed the previously announced non-brokered private placement. Pursuant to the private placement, the Company sold an oversubscribed amount of 16.5 million common shares of the Company at a price of five cents per placement share for gross proceeds of \$825,000. Pursuant to a finder's fee agreement between the Company and Canaccord Genuity Corp., in connection with the private placement, Canaccord received 533,500 common shares of the Company. In addition, pursuant to an advisory agreement between the Company and Canaccord, the Company issued 500,000 common shares to Canaccord.

During the period ended November 30, 2016, the Company received shares subscriptions of \$20,000 for a Private Placement closed subsequent to period end (Note 13).

Arrangement Agreement

On March 24, 2015, the Company entered into an arrangement agreement with Eyecarrot, whereby the Company and Eyecarrot completed a reorganization pursuant to a plan of arrangement (the “Arrangement”). The Arrangement was approved by the shareholders of Eyecarrot and the TSX Venture Exchange effective May 1, 2015, and following the Arrangement, the Company became a reporting issuer in the provinces of British Columbia and Alberta.

Pursuant to the Plan of Arrangement, the following share reorganization was completed:

- (a) each shareholder of Eyecarrot exchanged each of its common shares for one new common share and one reorganization share of Eyecarrot;

- (b) all reorganization shares of Eyecarrot were transferred by shareholders to Kootenay in exchange for common shares of the Company on a one-for-one basis; and
- (c) Eyecarrot redeemed all of the reorganization shares and satisfied the redemption amount by the transfer to the Company of its interest in the Murray Ridge Property, of which had \$nil value at the date of transaction, subject to its obligations under royalty terms, and \$300,000 in cash.

EXPLORATION AND EVALUATION ASSETS

Murray Ridge Property

The Company has a 100% interest in the Property in the Omineca Mining Division in central British Columbia as a relation to the Arrangement Agreement with Eyecarrot. Upon commencement of any commercial production on the Property, 0860208 B.C. Ltd., the original owner of the Property, will have a 1% net smelter royalty on the Property.

During the year the Company let the Murray Ridge claims lapse and no longer owns the Murray Ridge Property.

Sully Property

On September 30, 2016, the Company has entered into an option agreement with Gravitas Metals Corp. and the shareholders of Gravitas, pursuant to which the Company has the option to acquire all of the issued and outstanding shares of Gravitas, a private corporation, incorporated under the laws of British Columbia, which, pursuant to an option agreement between Gravitas and the holders of the Sully property dated Oct. 21, 2011, as amended, holds an exclusive option and right to acquire an 80-per-cent interest in mining claims located in the Fort Steele mining division in the southeast portion of the province of British Columbia.

Highlights of the proposed acquisition

Pursuant to the terms of the agreement, the option is exercisable by the Company by (a) issuing to the Gravitas vendors, on a pro rata basis, such number of common shares of the Company equal to 35 per cent (post-issuance) of the issued and outstanding common shares of the Company, and (b) satisfying all of the outstanding obligations of Gravitas under the underlying Sully property agreement as follows:

- Incurring expenditures on or in respect of the Sully property, including:
 - \$1.5-million on or before Oct. 21, 2017 (approximately \$1.34-million completed as of the date of the agreement);
 - An additional \$1.5-million on or before Oct. 21, 2018;
- Making payments in the form of cash, common shares of the company, certified cheque or wire transfer to the Sully vendors, including:
 - \$200,000 on or before Oct. 21, 2017;
 - \$400,000 on or before Oct. 21, 2018;
 - \$800,000 on or before Oct. 21, 2019.

In addition, upon exercising the Sully property option, Gravitas and the Sully vendors will form an 80/20 joint venture. A 2-per-cent net smelter returns royalty will be held in favour of the Sully vendors, half of which may be purchased back by Gravitas for \$5-million. Pursuant to a right of first refusal purchase agreement dated Aug. 9, 2016, the Sully vendors also granted to Gravitas a right of first refusal to purchase the remaining collective 20-per-cent interest in the Sully property or the individual 5-per-cent interest of the Sully property from the Sully vendors after the exercise of the Sully property option.

The Sully property comprises 1,375 hectares located approximately 30 kilometres east of Kimberley, B.C., and overlies rocks of similar age and origin as those which host the world-class Sullivan deposit, owned by Teck Resources Ltd. Sullivan was discovered in 1892, and is known to be one of the largest sedimentary-exhalative (sedex) deposits in the world. Over its 100-year lifetime, Sullivan produced approximately 150 million tonnes of ore, including approximately three hundred million ounces of silver, eight million tonnes of zinc and eight million tonnes of lead. The equivalent level of strata as at Sullivan and that formed on the margin of that same basin are present at the Sully property. The Company cautions that past results or discoveries on proximate land are not necessarily indicative of the results that may be achieved on the Sully property.

As at November 30, 2016, the Company has incurred \$170,000 for exploration expenditures.

RELATED PARTY TRANSACTIONS

During the nine months ended November 30, 2016, the Company incurred \$18,000 professional fees to a company controlled by a director of the Company. At November 30, 2016, \$3,150 was included in accounts payable as owing to related party.

Amounts due to/from related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

COMMITMENTS

The Company entered into a lease agreement for its premise for a term of three years from September 2016 to August 2019 for a monthly lease payment of \$1,800. The total lease commitment as at November 30, 2016 is as follows:

	\$
0-1 years	21,600
2-3 years	43,200
	64,800

SUBSEQUENT EVENTS

On December 28, 2016, the Company announced that, further to its December 14, 2016 and December 19, 2016 news releases, it has closed a non-brokered private placement of 16,500,000 units (the "Units") at a price of \$0.20 per Unit for aggregate gross proceeds of \$3,300,000 (the "Private Placement").

Each Unit consists of one common share of the Company (a "Share") and one-half of one transferrable common share purchase warrant (a "Warrant"). Each full Warrant entitles the holder to purchase one additional Share (a "Warrant Share") at a price of \$0.30 per Warrant Share for a period of twelve (12) months from the date of issuance. The Warrants are subject to an acceleration clause whereby if the Shares trade equal to or greater than \$0.50 for a period of twenty (20) consecutive trading days, then the Company may, at its discretion, give notice to the holders of the Warrants that the expiry time of the Warrants has been accelerated and the Warrants will expire on a date that is not less than fifteen (15) days after notice is given.

In connection with the Private Placement, the Company has paid broker's fees to certain brokers in the amount of 8% of gross proceeds raised and common share purchase warrants entitling the brokers to purchase common shares of the Company up to 8% of the number of Units sold in the Private Placement, having the same terms as the Warrants.

The Company also announced that it has granted a total of 1,225,000 incentive stock options to certain of its directors, officers and consultants pursuant to the Company's 10-per-cent incentive stock option plan. All of the options vest on the date of grant and are exercisable for a two-year period at a price of 50 cents per share.

CHANGES IN ACCOUNTING POLICIES

See Note 2 “Basis of Presentation” and Note 3 “Significant Accounting Policies” of the condensed interim financial statements for the period ended November 30, 2016.

CRITICAL ACCOUNTING POLICIES

Financial Instruments

Financial assets

The Company classifies its financial assets as fair value through profit or loss (“FVTPL”). The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at recognition.

Fair value through profit or loss

Financial assets are classified as FVTPL when the financial asset is held-for-trading or it is designated as FVTPL. A financial asset is classified as FVTPL when it has been acquired principally for the purpose of selling in the near future; it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking or if it is a derivative that is not designated and effective as a hedging instrument. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at FVTPL are measured at fair value, and changes therein are recognized in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets or non-current assets based on their maturity date. Loans and receivables are carried at amortized cost, less any impairment.

Held-to-maturity investments

Held-to-maturity investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or not classified in any of the other financial asset categories. Changes in the fair value of available-for-sale financial assets are recognized as other comprehensive income (loss) and classified as a component of equity.

Management assesses the carrying value of available-for-sale financial assets at least annually and any impairment charges are also recognized in profit or loss. When financial assets classified as available-for-sale are sold, the accumulated fair value adjustments recognized in other comprehensive income are included in profit and loss.

Financial liabilities

The Company classifies its financial liabilities as other financial liabilities.

Other financial liabilities

Other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in the statement of comprehensive loss over the period to maturity using the effective interest method. Other financial liabilities are classified as current or non-current based on their maturity date.

Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Inputs for assets or liabilities that are not based on observable market data.

Risks and Uncertainties

The Company is engaged in the acquisition and exploration of natural resource properties, an inherently risky business, and there is no assurance that economically recoverable resources will ever be discovered and subsequently put into production. Most exploration projects do not result in the discovery of economically recoverable resources. Exploration activities require large amounts of capital. There is a risk that during the current difficult economic situation the Company will not be able to raise sufficient funds to finance its projects to a successful development and production stage.

While the Company's management and technical team carefully evaluate all potential projects prior to committing the Company's participation and funds, there is a high degree of risk that the Company's exploration efforts will not result in discovering economically recoverable resources. The Company depends on the business and technical expertise of its management team and there is little possibility that this dependence will decrease in the near term.

Exploration, Development and Operating Risks

Mineral exploration is highly speculative in nature. There is no assurance that exploration efforts will be successful. Even when mineralization is discovered, it may take several years until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable mineral reserves through drilling. Because of these uncertainties, no assurance can be given that exploration programs will result in the establishment or expansion of mineral resources or mineral reserves. There is no certainty that the expenditures made by the Company towards the search and evaluation of mineral deposits will result in discoveries or development of commercial quantities of minerals.

Environmental Risks and Hazards

The Company's activities are subject to extensive federal, provincial state and local laws and regulations governing environmental protection and employee health and safety. Environmental legislation is evolving in a manner that is creating stricter standards, while enforcement, fines and penalties for non-compliance are also increasingly stringent. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. Further, any failure by the Company to comply fully with all applicable laws and regulations could have significant adverse effects on the Company, including the suspension or cessation of operations.

Government Regulation, Permits and Licenses

Government approvals, licenses and permits are currently, and will in the future be, required in connection with exploration activities, including drilling. To the extent such approvals are required and not obtained, the exploration activities, including drilling may be curtailed or prohibited from proceeding with planned drilling operations, which could have an impact on the business and financial condition of the Company. 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. 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.

RISK MANAGEMENT

The Company classifies its financial instrument as follows:

- Cash is classified as a financial asset at FVTPL
- Accounts payable, as other financial liabilities

The carrying value of this financial asset approximates its fair value.

The Company's risk exposure and the impact on the Company's financial instrument is summarized below:

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash. The Company limits exposure to credit risk through maintaining its cash with high-credit quality Canadian financial institutions. The Company is not exposed to significant credit risk on receivables, as these amounts are due from government agencies. The carrying amount of financial assets represents the maximum credit exposure.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. The Company is not exposed to significant liquidity risk.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will significantly fluctuate due to changes in market prices. The value of financial instruments can be affected by changes in interest rates, foreign currency rates and other price risk. The Company is not exposed to significant market risk.

Interest rate risk

The Company is not subject to significant interest rate risk with respect to its financial instruments.

Currency risk

The Company is not exposed to significant currency risk, as the majority of financial instruments and expenditures incurred by the Company are denominated in Canadian dollars.

SHARE CAPITAL

Issued

The Company has 22,063,294 shares issued and outstanding as at November 30, 2016 and 38,563,294 as at January 30, 2017.

Share Purchase Options

The Company has 1,225,000 stock options outstanding as at November 30, 2016 and 2,450,000 stock options as at January 30, 2017.

Warrants

The Company has no warrants outstanding as at November 30, 2016 and has 9,570,000 warrants outstanding as at January 30, 2017.

Escrow Share

The Company has 631,249 common shares held in as escrow at November 30, 2016 and 504,999 shares at January 30, 2017.