Zanzibar Gold Inc. (Formerly Moshi Mountain Industries Ltd.)

Management's Discussion and Analysis of Results of
Operations and Financial Condition
For the three months ended November 30, 2016
(Expressed In Canadian Dollars)

Introduction

The following Management Discussion and Analysis ("MD&A") of Zanzibar Gold Inc. (Formerly Moshi Mountain Industries Ltd.) (the "Company") has been prepared by management, in accordance with the requirements of National Instrument 51-102 ("NI 51-102") as of January 3, 2017 and should be read in conjunction with the unaudited condensed interim financial statements for the three months ended November 30, 2016 and 2015, and the related notes contained therein which have been prepared under International Financial Reporting Standards ("IFRS"). The following should also be read in conjunction with the audited annual financial statements for the year ended August 31, 2016, and all other disclosure documents of the Company. The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company. The Company is presently a "Venture Issuer" as defined in NI 51-102. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

All financial information in this MD&A has been prepared in accordance with IFRS and all dollar amounts are quoted in Canadian dollars, the reporting and functional currency of the Company, unless specifically noted.

Overview

On August 12, 2016, the Company changed its name to Zanzibar Gold Inc. (formerly Moshi Mountain Industries Ltd.). Moshi Mountain Industries Ltd. was incorporated on August 21, 2014 and Moshing Capital Inc. was incorporated on August 22, 2014 under the Business Corporation Act of British Columbia. Under the plan of arrangement, the companies amalgamated on March 2, 2015 to form an amalgamated company under the name "Moshi Mountain Industries Ltd." (the "Company"). The head office of the Company is 700-595 Howe Street, Vancouver, B.C. V6C 2T5. Due to the current upswing in interest in renewable energy and specifically lithium-based batteries, the Company is investigating lithium opportunities in Nevada, Utah and Mexico as well as Tanzania.

Significant Events/Exploration Activities

Kwedilima Cheetah Property, Tanzania

The Company entered into a sub-option agreement with AFGF Holdings (Tanzania) Ltd. ("AFGF") and True Zone Resources Inc. ("True Zone") dated September 26, 2014. AFGF is a private company existing under the laws of Tanzania. AFGF represented and warranted that it had acquired a one hundred percent legal and beneficial interest in a prospecting licenses 6903/2011 & 6905/2011 located in the Handeni Kilindi Regional district of Tanzania. The prospecting licenses were issued February 28, 2011 and transferred in June 2011 to AFGF and grants rights for a period of 48 months to carry on prospecting operations. The prospecting licenses are renewable for a further 36 months.

The grant of the sub-option under the sub-option agreement is subject to an assignment agreement effective on the same date which provides that the right earn to an 80% interest shall be assigned to the Company pursuant to a sub-option: (i) granted under the sub-option agreement and (ii) granted effective the completion of a proposed plan of arrangement between True Zone and the Company. Following the deemed grant by True Zone to the Company of such sub-option, the Company may earn an 80% interest in the Kwedilima Cheetah Property (the "property") free and clear of all encumbrances if $25,000 is paid to AFGF and the following are satisfied:

a) 500,000 shares are issued to True Zone Resources Inc. on or before the date that is one year from the date of the sub-option agreement (issued at a value of $10,000);
b) $75,000 in exploration expenditures are incurred within one year from the date of the sub-option agreement (incurred); and
c) An additional $75,000 in exploration expenditures within two years from the date of the sub-option agreement (incurred).

On March 2, 2015, the plan of arrangement became effective and True Zone transferred the sub-option to the Company.

In September 2016, AFGF granted the Company a second option to purchase up to an additional 20% interest in the property (for an aggregate of up to 100% legal and beneficial interest) for a 3 year period from the execution of this agreement in consideration for further payments of:

a) $1,000,000 for each additional 5% interest in the property for up to $4,000,000; or
b) $3,000,000 for an additional 15% interest in the property whereby the Company may at its sole discretion, pay a further $1,000,000 for a 3% net smelter return. The Company is entitled to an option to repurchase up to 2% of the Royalty thereby reducing the Royalty to as low as 2% or 1% net smelter return as the case may be, which may be exercisable at any time, upon the Company giving the AFGF notice of exercise together with $1,000,000 for each 1% net smelter return for an aggregate of up to $2,000,000.

Results of Operations

Revenues

Due to the Company's status as an exploration and development stage mineral resource company and a lack of commercial production from its properties, the Company currently does not have any revenues from its operations.

General and administrative expenses

For the three months ended November 30, 2016 and November 30, 2015

The Company had a net loss of $21,460 for the three months ended November 30, 2016, compared to $32,449 for the three months ended November 30, 2015.

Expense details are as follows:

a) Consulting of $7,500 (2015 - $15,000) – The decrease is due to reduced consulting rates associated with a management agreement entered into with a company of which a director of the Company is the Chief Executive Officer.

b) Office and administration of $213 (2015 - $7,556) – The decrease is due to reduced office and administrative services from a director of the Company.

Summary of Quarterly Reports

	November 30, 2016	August 31, 2016	May 31, 2016	February 29, 2016
Revenue	$ Nil	$ Nil	$ Nil	$ Nil
Loss and comprehensive loss for the period	(21,460)	(49,151)	(25,193)	(28,760)
Exploration and evaluation assets	219,727	214,227	206,446	206,446
Exploration advances	19,786	19,786	23,786	23,786
Total assets	276,587	255,877	233,566	233,449
Loss per share	(0.00)	(0.00)	(0.00)	(0.00)

	November 30, 2015	August 31, 2015	May 31, 2015	February 28, 2015
Revenue	$ Nil	$ Nil	$ Nil	$ Nil
Loss and comprehensive loss for the period	(32,449)	(123,642)	(5,386)	(26)
Exploration and evaluation assets	206,446	206,446	151,500	Nil
Exploration advances	23,786	19,786	Nil	Nil
Total assets	233,375	234,327	176,918	111,908
Loss per share	(0.00)	(0.04)	(0.00)	(0.00)

For the three months ended August 31, 2015, the Company incurred a loss of $123,642 of which significant expenses include year-end adjustments of $60,000 of consulting fees, $13,972 of filing and regulatory fees, $13,732 of professional fees, and $ 30,943 in office and administration.

Liquidity and Capital Resources

The Company will continue to require funds for exploration work on the Kwedilima Cheetah Property, as well as to meet its ongoing day-to-day operating expenses and will continue to rely on equity financing during such period. There can be no assurance that financing will be available to the on terms satisfactory to the Company. The Company does not have any other commitments for material capital expenditures over the near and long term other than as disclosed above plus normal operating expenses.

Since incorporation, the Company's capital resources have been limited. The Company relied upon the issue of equity securities to acquire interest in mineral properties acquisition payments and to pay operating expenses.

During the period ended November 30, 2016, the Company received loan proceeds of $52,800 from a director of the Company. These amounts are non-interest bearing with no stated terms of repayment.

The Company had a working capital deficiency of $235,238 as at November 30, 2016.

<u>Liquidity Risk</u>
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due or can do so only at excessive cost. The Company has significant financial liabilities outstanding including accounts payable and accrued liabilities and due to related parties. The Company is exposed to the risk that it may not have sufficient liquid assets to meet its commitments associated with these financial liabilities.

The Company's approach to managing liquidity is to ensure that it will always have sufficient cash to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Company's reputation. To the extent that the Company does not believe it has sufficient liquidity to meet these obligations, management will consider securing additional funds through equity transactions. The Company manages its liquidity risk by continuously monitoring cash flow requirements relating to its anticipated exploration and evaluation activities as well as general overhead requirements.

<u>Credit Risk</u>
Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its cash balances. The Company manages its credit risk on bank deposits by holding deposits in high credit quality banking institutions in Canada.

<u>Foreign Exchange Risk</u>
Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign currency exchange rates. The Company's functional currency is the Canadian dollar. All of the Company's financial instruments are denominated in Canadian dollars. The Company conducts some of its business in US dollars and is therefore exposed to variations in the foreign exchange rate. In management's opinion there is no material foreign exchange risk to the Company.

<u>Off Balance Sheet Arrangements</u>

There are no off-balance sheet arrangements to which the Company is committed.

<u>Transactions with Related Parties</u>

As at November 30, 2016, there is $49,125 (August 31, 2016 – $49,125) due to a director of the Company. These amounts are non-interest bearing with no stated terms of repayment.

As at November 30, 2016, there is $94,543 (August 31, 2016 – $90,043) due to a company controlled by a director of the Company. These amounts are non-interest bearing with no stated terms of repayment.

Included in loan payable is a balance of $94,060 (August 31, 2016 – $41,260) due to a director of the Company. These amounts are non-interest bearing with no stated terms of repayment.

During the period ended November 30, 2016, the Company incurred $7,500 (2015 - $15,000) in consulting fees and $Nil (2015 - $7,500) in office fees for services from a company controlled by a director of the Company.

Critical Accounting Estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual reports could differ from management's estimates.

Adoption of new and amended accounting standards

Please refer to the November 30, 2016 condensed interim financial statements on www.sedar.com

Financial Instruments

Please refer to the November 30, 2016 condensed interim financial statements on www.sedar.com

Additional Information

Additional information relating to the Company is on SEDAR at www.sedar.com.

Disclosure of Outstanding Security Data

As at the date of this report, the following securities are outstanding:

Common Shares:	7,557,755
Warrants:	Nil
Options:	Nil

Forward-looking information

Certain information in this MD&A, including all statements that are not historical facts, constitutes forward-looking information within the meaning of applicable Canadian securities laws. Such forward-looking information may include, but is not limited to, information which reflect management's expectations regarding the Company's future growth, results of operations (including, without limitation, future production and capital expenditures), performance (both operational and financial) and business prospects (including the timing and development of new deposits and the success of exploration activities) and opportunities. Often, this information includes words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate" or "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

In making and providing the forward-looking information included in this MD&A the Company's assumptions may include among other things: (i) assumptions about the price of base metals; (ii) that there are no material delays in the optimisation of operations at the properties; (iii) assumptions about operating costs and expenditures; (iv) assumptions about future production and recovery; (v) that there is no unanticipated fluctuation in foreign exchange rates; and (vi) that there is no material deterioration in general economic conditions. Although management believes that the assumptions made and the expectations represented by such information are reasonable, there can be no assurance that the forward-looking information will prove to be accurate. By its nature, forward-looking information is based on assumptions and involves known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements, or results, to be materially different from future results, performance or achievements expressed or implied by such forward-looking information. Such risks, uncertainties and other factors include among other things the following: (i) decreases in the price of base metals; (ii) the risk that the Company will continue to have negative operating cash flow; (iii) the risk that additional financing will not be obtained as and when required; (iv) material increases in operating costs; (v) adverse fluctuations in foreign exchange rates; and (vi) environmental risks and changes in environmental legislation.

This MD&A (See "Risks and Uncertainties") contains information on risks, uncertainties and other factors relating to the forward-looking information. Although the Company has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking information, there may be other factors that cause actual results, performances, achievements or events not to be anticipated, estimated or intended. Also, many of the factors are beyond the Company's control. Accordingly, readers should not place undue reliance on forward-looking information. The Company undertakes no obligation to reissue or update forward looking information as a result of new information or events after the date of this MD&A except as may be required by law. All forward-looking information disclosed in this document is qualified by this cautionary statement.

Risks and Uncertainties

Early stage – Need for additional funds

The Company has no history of profitable operations and its present business is at an early stage. As such, the Company is subject to many risks common to such enterprises, including undercapitalization, cash shortages and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investments and the likelihood of success must be considered in light of its early stage of operations.

The Company has no source of operating cash flow and no assurance that additional funding will be available to it for further exploration and development of its projects when required.

Although the Company has been successful in the past in obtaining financing though the sale of equity securities or joint ventures, 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 the delay or indefinite postponement of further exploration and development of its properties.

Operating Hazards and Risks

Mining operations involve many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production metals, any of which could result in damage to or destruction of mines and other producing facilities, damage to life and property, environmental damage and possible legal liability for any or all damage.

Environmental Regulations, Permits and Licenses

The Company's operations are subject to various laws and regulations governing the protection of the environment, exploration, development, production, taxes, labour standards, occupational health, waste disposal, safety and other matters. 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 impositions of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a direction of stricter standards, and enforcement, and higher fines and penalties for non-responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. The Company intends to fully comply with all environmental regulations.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

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 of the Company and cause increases in capital expenditures or productions costs or reduction in levels of productions at producing properties or requirements abandonment or delays in development of new mining properties.

Competition and Agreements with Other Parties

The mining industry is intensely competitive in all its phases. The Company competes with other companies that have greater financial resources and technical capacity. Competition could adversely affect the Company's ability to acquire suitable properties or prospects in the future.

The Company may, in the future, be unable to meet its share costs incurred under agreements to which it is a party and it may have its interest in the properties subject to such agreements reduced as a result. Also, if other parties to such agreements do not meet their share of such costs, the Company may not be able to finance the expenditures required to complete recommended programs.

Price Volatility of Public Stock

In recent years securities markets have experienced extremes in price and volume volatility. The market price of securities of many early stage companies, among others, have experienced fluctuations in price which may not necessarily be related to the operating performance, underlying asset values or prospects of such companies. It may be anticipated that any market for the Company's shares will be subject to market trends generally and the value of the Company's shares on the CSE may be affected by such volatility.

Economic Conditions

Unfavorable economic conditions may negatively impact the Company's financial viability as a result of increased financing costs and limited access to capital markets.

Dependence on Management

The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

Conflicts of interest

The Company's directors and officers may serve as directors and officers, or may be associated with other reporting companies or have significant shareholding in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the transaction. If a conflict of interest arises, the Company will follow the provisions of the British Columbia *Business Corporations Act* ("Corporations Act") in dealing with conflicts of interest. These provisions state that where a director/officer has such a conflict, the director must arrange a meeting of the board to disclose his interest and must refrain from voting on the matter unless otherwise permitted by the Corporations Act. In accordance with the laws of the Province of British Columbia, the directors and officers of the Company are required to act honestly, in good faith and in the best interests of the Company.

Proposed Transactions

There are no proposed transactions that have not been disclosed herein.

Contingencies

There are no contingent liabilities.

Additional Disclosure for Venture Issuers without Significant Revenue

Exploration and Evaluation Assets

The Company records its interests in exploration and evaluation assets and areas of geological interest at cost. All direct and indirect costs relating to the acquisition of these interests are capitalized on the basis of specific claim blocks or areas of geological interest until the assets to which they relate are placed into production, sold or management has determined there to be impairment. These costs will be amortized on the basis of units produced in relation to the proven reserves available on the related property following commencement of production.

The recorded cost of exploration and evaluation asset interests is based on cash paid, the assigned value of share considerations issued for exploration and evaluations and exploration and development costs incurred. The recorded amount may not reflect recoverable value as this will be dependent on the development program, the nature of the mineral deposit, commodity prices, adequate funding and the ability of the Company to bring its projects into production.
The Company defers all exploration expenses relating to exploration and evaluations assets and areas of geological interest until the properties to which they relate are placed into production, sold or abandoned or management has determined there to be impairment. These costs will be amortized over the proven reserves available on the related property following commencement of production.

Please refer to the November 30, 2016 condensed interim financial statements on www.sedar.com for details of the Company's exploration and evaluation assets.

Internal Controls over Financial Reporting

Changes in Internal Control over Financial Reporting ("ICFR")

In connection with National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109") adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis. The Venture Issue Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI52-109.

Management's Responsibility for Financial Statements

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the financial statements.