

A copy of this preliminary prospectus has been filed with the securities regulatory authorities in British Columbia and Alberta but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the prospectus is obtained from the securities regulatory authorities in British Columbia and Alberta.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended, and may not be offered or sold within the United States or to U.S. Persons.

THIS PROSPECTUS CONSTITUTES A PUBLIC OFFERING OF THESE SECURITIES ONLY IN THOSE JURISDICTIONS WHERE THEY MAY BE LAWFULLY OFFERED FOR SALE AND THEREIN ONLY BY PERSONS PERMITTED TO SELL SUCH SECURITIES.

PRELIMINARY PROSPECTUS

Initial Public Offering

Date: January 31, 2018

ZANZIBAR GOLD INC.

(the “Issuer”)

4,000,000 Units, \$400,000

Price: \$0.10 per Unit

(the “Offering”)

The Issuer is hereby offering, on a commercially reasonable efforts basis, to purchasers resident in the provinces of British Columbia and Alberta, through its agent, PI Financial Corp. (the “Agent”), 4,000,000 units (the “Units”) of the Issuer at a price of \$0.10 per Unit. Each Unit comprises of one common share in the capital of the Issuer (a “Share”) and one common share purchase warrant (a “Warrant”). Each Warrant is exercisable to acquire one further common share (a “Warrant Share”) for a period of two years, at an exercise price of \$0.15 per Warrant Share in the 1st year and \$0.20 per Warrant Share in the 2nd year. This Prospectus qualifies the distribution of the Shares and the Warrants comprising the Units.

	Price to Public ⁽¹⁾	Agent’s Commission ⁽²⁾	Proceeds to the Issuer ⁽³⁾
Per unit	\$0.10	\$0.008 ⁽²⁾	\$0.092
Total	\$400,000	\$32,000	\$368,000

- (1) The price to the public was determined by arm’s length negotiation between the Issuer and the Agent, in accordance with the agency agreement dated AgencyAgmtDate***, 2018 (the “Agency Agreement”).
- (2) In connection with the Offering, the Agent will receive a commission of 8% on the gross proceeds from the Units sold. In addition, the Agent will be granted compensation options (the “Compensation Options”) equal in number to 8% of the number of Units sold under the Offering which will entitle the Agent to purchase, at an exercise price equal to \$0.15, one common share. The Compensation Options may be exercised at any time and from time to time for a period of 36 months following the date of listing of the Issuer’s common shares on the Exchange (the “Listing Date”). This Prospectus qualifies the distribution of the Compensation Options.
- (3) Before deducting the balance of the costs of this issue which are estimated to be \$40,000. The Issuer will also pay the Agent a corporate finance fee of \$22,500, plus applicable taxes of which \$11,250 plus applicable taxes has been paid and is non-refundable. The Issuer will also pay the Agent its legal fees and disbursements, of which a retainer of \$10,000 has been paid to the Agent.

Concurrently with the filing of the Prospectus, the Issuer will make an application for listing on the Canadian Securities Exchange (the “Exchange”). Listing is subject to the Issuer fulfilling all of the listing requirements of the Exchange which include completion of the distribution of the Units to a minimum number of public shareholders. No listing will be applied for in respect of the Warrants. See “Plan of Distribution”.

As at the date of this prospectus, the Issuer does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside Canada and the

United States of America other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by the PLUS Markets Group plc.

There is no market through which these securities may be sold and purchasers may not be able to resell securities purchased under the prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. An investment in a natural resource issuer involves a significant degree of risk. The degree of risk increases substantially where the issuer's properties are in the mineral exploration stage as opposed to the development stage, as in the present instance. See "Risk Factors".

No person is authorized by the Issuer to provide any information or to make any representation other than those contained in this prospectus in connection with this issue and the sale of the securities offered by the Issuer.

The Issuer is not a "connected issuer" or a "related issuer" of the Agent under applicable Canadian securities legislation.

The securities of the Issuer are highly speculative due to the nature of the Issuer's business and its present stage of development. At present, the Issuer's properties have no known commercial body of ore and the proposed work programs are to explore for mineralized material. An investment in natural resource issuers involves a significant degree of risk. The degree of risk increases substantially where the properties are in the exploration as opposed to the development stage.

Further, investments in early stage businesses involve a high degree of risk and investors should not invest any funds in this Offering unless they can afford to lose their entire investment. Subscribers must rely upon the ability, expertise, judgment, integrity and good faith of the management of the Issuer. An investment in the Units involves a high degree of risk and should only be considered by those investors who can afford to lose their entire investment. See "Risk Factors."

The completion of the Offering is subject to the Issuer obtaining conditional approval of its listing application from the Exchange and other regulatory approvals which is expected to occur on or about ***ClosingDate, or such other date as the Agent and the Issuer may agree in writing. See "Plan of Distribution."

The following table sets out securities issuable to the Agent upon Closing of the Offering:

Securities Issuable to Agent

Agent's Position	Maximum size or number of securities available	Exercise period or acquisition date	Exercise price or average acquisition price
Compensation Options	320,000 common shares ⁽¹⁾	36 months from the Listing Date	\$0.15 per common share

(1) The Compensation Options are qualified for distribution pursuant to this prospectus. See "Plan of Distribution".

No person is authorized by the Issuer to provide any information or to make any representation other than those contained in the Prospectus in connection with the issue and sale of the securities offered by the Issuer.

Unless otherwise noted, all currency amounts in the Prospectus are stated in Canadian dollars.

The Agent, as agent, conditionally offers the Units qualified hereunder on a commercially reasonable efforts basis, if, as and when issued by the Issuer and accepted by the Agent in accordance with the conditions contained in the Agency Agreement and subject to approval of certain legal matters on behalf of the Issuer by Fang & Associates, Barristers & Solicitors and on behalf of the Agent by Miller Thomson LLP. See "Plan of

Distribution”. Subscriptions will be received, subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time.

All funds received will be held by the Agent in trust. If the Offering does not close for any reason, all subscription funds received by the Agent will be returned to the subscribers, without interest or deduction. The Offering will be discontinued in the event that the Offering has not closed on or prior to the date which is 90 days from the issuance of a receipt for the Final Prospectus, unless an amendment to the Final Prospectus is filed and a receipt has been issued for such amendment, in which case the Offering will be discontinued in the event that the Offering has not closed on or prior to the date which is 90 days from the issuance of a receipt for an amendment to the Final Prospectus and, in any event, not more than 180 days after the issuance of a receipt for the Final Prospectus. It is expected that one or more global certificates that represent the aggregate principal number of Shares subscribed for will be issued in registered form to The Canadian Depository for Securities Limited (“CDS”), unless the Agent elects for book entry delivery, and will be deposited with CDS on the Closing Date. All of the purchasers of Shares will receive only a customer confirmation from the Agent as to the Shares purchased, except that certificates representing the Shares in registered and definitive form may be issued in certain other limited circumstances. Purchasers will receive certificates representing the Warrants purchased in registered and definitive form.

AGENT
PI Financial Corp.
1900-666 Burrard Street
Vancouver, BC V6C 3N1
Tel: (604) 664-2900
Fax: (604) 664-3660

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FORWARD LOOKING STATEMENTS

This Prospectus contains "forward-looking statements". Forward-looking statements reflect the Issuer's current views with respect to future events, are based on information currently available to the Issuer and are subject to certain risks, uncertainties, and assumptions, including those discussed above. Forward-looking statements include, but are not limited to, statements with respect to the success of mining exploration work, title disputes or claims, environmental risks, unanticipated reclamation expenses, the use of the proceeds of the Offering, the estimation of mineral reserves and resources and capital expenditures. In certain cases, forward-looking statements can be identified by the use of words such as "intends", "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to international operations, fluctuation of currency exchange rates, actual results of current exploration activities, changes in project parameters as plans are refined over time, the future price of gold and other precious or base metals, possible variations in mineral resources, grade or recovery rates, accidents, labour disputes and other risks of the mining industry, delays in obtaining, or inability to obtain, required governmental approvals or financing, as well as other factors discussed under "Risk Factors". Although the Issuer has attempted to identify material factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. The Issuer has made numerous assumptions about the forward-looking statements and information contained herein, including among other things, assumptions about the Issuer's anticipated costs and expenditures and its ability to achieve its goals. Even though the Issuer's management believes that the assumptions made and the expectations represented by such statements or information are reasonable, there can be no assurance that the forward-looking statements statement or information will prove to be accurate. Forward-looking statements contained in this prospectus are made as of the date of this prospectus. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Issuer will update forward-looking statements in its management discussion and analysis as required by applicable law.

TECHNICAL INFORMATION

Technical information relating to the Property contained in the Prospectus is derived from, and in some instances is an extracted from, the Technical Report, which was prepared by Craig Alford, P.Geol. (the "Author"). The Technical Report was prepared in accordance with NI 43-101 and the Author is an independent qualified person pursuant to NI 43-101.

Technical information in the Prospectus has been prepared under the supervision of the Author. The Author has reviewed and approved the description of the Property in the Prospectus.

Zanzibar Gold Inc.

The following is a summary of the principal features of this distribution and should be read together with the more detailed information and financial data and statements contained elsewhere in the Prospectus.

ISSUER	Zanzibar Gold Inc. was amalgamated under the laws of British Columbia on March 2, 2015. The Issuer was formed to acquire, explore and develop mining claims in Tanzania. See “Corporate Structure”
AGENT	PI Financial Corp.
BUSINESS OF THE ISSUER	The principal business of the Issuer is the exploration and development of natural resource properties. At present the Issuer’s sole material property under an option earn-in arrangement is the mineral exploration property located in Handeni region of Tanzania known as the Property. See “Description of the Business”.
PRINCIPAL PROPERTY	The Issuer’s principal property is the Property, located within Tanzania (PL11043/2016), west of the village of Kwamagome, 35 kilometres southwest of the city of Handeni in the Handeni Region, Handeni - Tanga Rural District, United Republic of Tanzania, East Africa and is centered on 5°33’47”S and 37° 51’35”E. See “Description of the Business”.
OFFERING	The Offering consists of 4,000,000 Units at a price of \$0.10 per Unit, each Unit comprising one Share and one Warrant for gross proceeds of \$400,000. Each Warrant is exercisable to acquire Warrant Share for a period of two years, at an exercise price of \$0.15 per Warrant Share in the first year and \$0.20 per Warrant Share in the second year from the date of issue. See “Plan of Distribution”.
OFFERING JURISDICTIONS	The Offering will be made in the Provinces of British Columbia and Alberta. See “Plan of Distribution”.
CLOSING	The Closing Date of the Offering is subject to the Issuer obtaining conditional approval of its listing application from the Exchange and other regulatory approvals which is expected to occur on or about ***ClosingDate or such other date as the Agent and the Issuer may agree in writing. See “Plan of Distribution”.
COMMISSION	The Agent will receive a commission of 8% on the gross proceeds of the Offering. See “Plan of Distribution”.
COMPENSATION OPTIONS	On the Closing Date of the Offering, the Agent will be granted Compensation Options equal in number to 8% of the number of Units sold under the Offering. Each Compensation Option which will entitle the Agent to purchase, at an exercise price equal to \$0.15, one common share. The Compensation Options may be exercised at any time and from time to time for a period of 36 months following the Listing Date. See “Plan of Distribution”.
FEES AND EXPENSES	The Issuer shall pay the Agent a corporate finance fee of \$22,500 plus GST (\$23,625) of which a non-refundable deposit of \$11,250 + GST (\$11,812.50) has been paid. The Issuer will be responsible for all expenses incurred in connection with the Offering, including the Agent’s out-of-pocket expenses and fees and disbursements of the Agent’s legal counsel. The Agent’s anticipated expenses are \$15,000 plus applicable taxes and disbursements. The Issuer has provided the Agent with a retainer of \$10,000 to be applied against these expenses. See “Plan of Distribution”.

LISTING	The Issuer has applied to have its common shares listed on the Exchange. Listing is subject to the Issuer fulfilling all of the requirements of the Exchange. See “Plan of Distribution”.																												
USE OF PROCEEDS:	<p>As at December 31, 2017, the Issuer had a working capital deficiency of \$15,529. The Issuer will realize gross proceeds from the Offering in the amount of \$400,000, after deducting the Agent's commission of \$32,000, the balance of the Agent's corporate finance fee being \$11,250 + GST (\$11,812.50), the balance of the Agent's expenses which are estimated to be \$7,000, and estimated legal and accounting expenses and regulatory fees related to the Offering of \$40,000. The Issuer's working capital and the gross proceeds of the Offering constitute funds available to the Issuer, and it is the Issuer's intention to use these funds as described in the table below. See “Use of Proceeds”:</p> <table border="1" data-bbox="440 579 1354 1423"> <tr> <td>Gross Proceeds</td> <td>\$400,000</td> </tr> <tr> <td>Less: Agent's Commission</td> <td>\$(32,000)</td> </tr> <tr> <td>Proceeds to the Issuer</td> <td>\$368,000</td> </tr> <tr> <td>Less: Balance of Agent's corporate finance fees</td> <td>\$(11,813)</td> </tr> <tr> <td>Less: Estimated balance of Agent's expenses</td> <td>\$(7,000)</td> </tr> <tr> <td>Net Proceeds</td> <td>\$349,187</td> </tr> <tr> <td>Estimated legal, accounting, administrative and regulatory fees and disbursements related to the Offering.</td> <td>\$(40,000)</td> </tr> <tr> <td>Working capital deficiency as at December 31, 2017</td> <td>\$(15,529)</td> </tr> <tr> <td>Funds Available</td> <td>\$293,658</td> </tr> </table> <table border="1" data-bbox="440 1503 1354 1894"> <tr> <td>Use of Available Funds</td> <td></td> </tr> <tr> <td>Property expenditure costs</td> <td>(Phase I) \$197,361</td> </tr> <tr> <td>General and Administrative Expenses (12 months)</td> <td>\$100,000</td> </tr> <tr> <td>Unallocated Working capital</td> <td>\$(3,703)</td> </tr> <tr> <td>Total</td> <td>\$293,658</td> </tr> </table>	Gross Proceeds	\$400,000	Less: Agent's Commission	\$(32,000)	Proceeds to the Issuer	\$368,000	Less: Balance of Agent's corporate finance fees	\$(11,813)	Less: Estimated balance of Agent's expenses	\$(7,000)	Net Proceeds	\$349,187	Estimated legal, accounting, administrative and regulatory fees and disbursements related to the Offering.	\$(40,000)	Working capital deficiency as at December 31, 2017	\$(15,529)	Funds Available	\$293,658	Use of Available Funds		Property expenditure costs	(Phase I) \$197,361	General and Administrative Expenses (12 months)	\$100,000	Unallocated Working capital	\$(3,703)	Total	\$293,658
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Directors and Officers:	<p>Souhail Abi-Farrage – Director, President, CEO Leonard Vern Senft – Director George Zarzour – Director Glen MacDonald – Director Michael Mulberry – CFO</p> <p>See “Directors and Officers”</p>
Risk Factors:	<p>Investment in the Issuer involves a substantial degree of risk and should be regarded as speculative. As a result, the purchase of the Issuer's common shares should be considered only by those persons who can afford a loss of their entire investment. Prospective investors should carefully consider, in addition to matters set forth elsewhere in this Prospectus, the following factors relating to the business of the Issuer. Shareholders should carefully review all risk factors. This information is presented as of the date of this Prospectus and is subject to change, completion, or amendment without notice. See “Risk Factors” herein.</p> <p>The Issuer has no current mining operations and no revenue.</p> <p>The Issuer has no history of earnings. The Issuer may need to raise further funds to carry out exploration of its properties.</p> <p>There is no assurance that future political and economic conditions in Tanzania will not result in the government adopting different policies respecting foreign development and ownership of mineral resources, as evidenced by the new mining legislation enacted in July, 2017 and further described under the heading “DESCRIPTION OF THE BUSINESS – Three-Year History”. The economy of Tanzania differs significantly from the economies of Canada, the United States and Western Europe in such respects as structure, level of development, gross national product, growth rate, capital reinvestment, resource allocation, self-sufficiency, rate of inflation and balance of payments position, among others. The Issuer’s operations are in Tanzania and so are subject to risks associated with operating in a foreign jurisdiction, including political, infrastructure, legal and other unique risks.</p> <p>Since inception, the Issuer has had negative operating cash flow. The Issuer has incurred losses since its founding. The losses and negative operating cash flow are expected to continue for the foreseeable future as funds are expended on the exploration program on the Property and administrative costs. The Issuer cannot predict when it will reach positive operating cash flow.</p> <p>There is no assurance the Issuer will be able to raise additional funds or settle debt by the issuance of shares for debt to satisfy any indebtedness. In addition, if exploration programs are successful, additional funds will be required to place the property into commercial production.</p> <p>No funds are allocated from the Offering to pay the outstanding fees to related parties, and there can be no assurance that the Issuer may be able to raise such additional capital. The proceeds from the Offering will be used to carry out Phase I of the exploration program recommended by the Technical Report. Additional funds will be required should the Issuer decide to carry out the Phase II work program. There is no assurance the Issuer will be able to raise additional funds.</p> <p>The business of mineral exploration involves a high degree of risk. Few mineral properties that are explored are ultimately developed into producing mineral properties.</p> <p>Acquisition of title to mineral properties is a very detailed and time-consuming</p>

	<p>process. Title to, and the area of, mineral properties may be disputed. Although the Issuer has investigated its title to all of the properties for which it holds an option to acquire concessions or other mineral leases or licenses and the Issuer is satisfied with its review of the title to the Property, the Issuer cannot give an assurance that title to such properties will not be challenged or impugned.</p> <p>The Issuer's management is experienced in exploring for minerals, but lacks technical training and experience with developing and operating a mine. With no direct training or experience in these areas, management may not be fully aware of many of the specific requirements related to working within this area of industry and their decisions and choices may not take into account standard engineering or managerial approaches that mineral producing companies commonly use.</p> <p>The success of the Issuer is largely dependent upon the performance of its directors and management. The loss of the services of these persons will have an adverse material effect on the Issuer's business. There is no assurance that the Issuer can maintain the services of its directors or other qualified personnel required to operate the business.</p> <p>The Issuer will be applying for all necessary licenses and permits under applicable laws and regulations to carry on the exploration activities which it is currently planning in respect of the Property, and the Issuer believes it will comply in all material respects with the terms of such licenses and permits. However, such licenses and permits are subject to change in regulations and in various operational circumstances.</p> <p>Companies engaged in the exploration of mineral properties generally experience increased costs and delays as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that all permits which the Issuer may require for the conduct of its exploration activities will be obtainable on reasonable terms or that such laws and regulations would not have an adverse effect on any exploration project which the Issuer might undertake.</p> <p>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.</p> <p>Amendments to current laws, regulations and permits governing operations and activities of mineral companies, or more stringent implementation thereof, could have a material impact on the Issuer and cause an increase in capital expenditures or exploration costs or a reduction in production levels for producing properties or require abandonment of new exploration properties.</p> <p>Exploration of mineral properties involves numerous risks, including unexpected or unusual geological conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences, and political and social instability. The Issuer does not maintain insurance against environmental risks.</p> <p>Significant and increasing competition exists for mineral opportunities in Tanzania. Therefore, the Issuer may be unable to acquire additional meritorious mineral properties on terms it considers acceptable. Accordingly, there can be no assurance that the Issuer's exploration programmes will yield any mineral reserves or result in any commercial mineral operation.</p>
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Unfavorable economic conditions may negatively impact the Issuer’s financial viability as a result of increased financing costs and limited access to capital markets.

Directors of the Issuer may, from time to time, serve as directors of, or participate in ventures with other companies involved in natural resource exploration or development. As a result, there may be situations that result in a conflict of interest.

The Issuer and/or its directors may be subject, with or without merit, to a variety of civil or other legal proceedings. The Issuer does not know of any such pending or actual material legal proceedings as of the date of this Prospectus.

The Issuer intends to retain any future earnings to finance its business and operations and future growth. Therefore, the Issuer does not anticipate declaring any cash dividends in the foreseeable future.

The Issuer’s business relies upon the accuracy of its determination as to whether its mineral exploration property contains a mineral deposit. No assurance can be given that any mineral deposits exist in any of its mineral properties or, if any, mineral deposits exist whether such mineral deposits can be recovered, or that such mineral deposits may be recovered economically.

See “Risk Factors”

Summary Financial Information:

The following table sets out selected financial information relating to the Issuer for the period indicated and should be considered in conjunction with the more complete information contained in the financial statements of the Issuer for the fiscal year ended August 31, 2017 (audited) and the three month period ended November 30, 2017 in addition to the related notes included in the Prospectus. The financial information relating to the Issuer disclosed in the Prospectus is based on audited financial information. See “Financial Statements”.

	Fiscal Year Ended August 31, 2017 (audited)	Fiscal Year Ended August 31, 2016 (audited)
Total Assets	\$316,987	\$255,877
Total Liabilities	\$397,079	\$230,142
Deficit	(\$399,910)	(\$264,673)
Shareholder Equity	\$(80,092)	\$25,735
Total Common Shares	7,557,755	7,557,755

CURRENCY RATES, METRIC EQUIVALENTS AND ABBREVIATIONS

All currency amounts in the Prospectus are stated in Canadian dollars unless otherwise indicated. All financial information with respect to the Issuer has been presented in Canadian dollars in accordance with generally accepted accounting principles in Canada.

The following table sets forth certain standard conversions from Standard Imperial Units to the International System of Units (or metric units).

<u>To Convert from Metric</u>	<u>To Imperial</u>	<u>Multiply by</u>
Grams (g)	Grains	15.430
Grams (g)	Ounces (troy) (oz)	0.032
Grams per tonne (g/t)	Ounces (troy) per ton (oz/ton)	0.029
Hectares	Acres	2.471
Kilometres (km)	Miles (mi)	0.621
Square Kilometres (km ²)	Square Mile (mi ²)	0.386
Metres	Feet	3.281
Millimetres (mm)	Inches (in)	0.039
Tonnes (t)	Short tons (2000 pds)	1.102
Acres	Hectares	0.405
Hectares	Acres	2.471

GLOSSARY OF TERMS

The following is a glossary of certain defined terms used frequently throughout the Prospectus:

“affiliate”	a company that is affiliated with another company as defined in the BCBCA.
“AFGF”	AFGF (Tanzania) Limited, a company duly incorporated under the laws of Tanzania.
“AFGF Holdings”	AFGF Holdings (Tanzania) Limited, a company duly incorporated under the laws of Tanzania.
“Agency Agreement”	the agency agreement entered into between the Issuer and the Agent dated for reference AgencyAgmtDate***, 2018 to act as agent for the Offering on a commercially reasonable efforts basis.
“Agent”	PI Financial Corp.
“Agent’s Commission”	the 8% commission that the Agent is to receive on the gross proceeds from the Units sold, payable on closing of the Offering.
“Amalgamation”	an amalgamation between Moshi and Moshing Capital pursuant to the terms of the Amalgamation Agreement.
“Amalgamation Agreement”	an amalgamation agreement between Moshi and Moshing Capital dated October 20, 2014, as amended.
“Amendment Agreement No. 1”	an amendment agreement to the Option Agreement between the Issuer and AFGF dated October 16, 2017.
“Arrangement”	a plan of arrangement whereby Moshi and each of the other four True Zone Subsidiaries were to: i) cease to be wholly owned subsidiaries of True Zone, and ii) each True Zone Subsidiary was to be owned pro rata by the shareholders of True Zone subject to necessary shareholder and court approvals.
“Arrangement Agreement”	arrangement agreement dated October 20, 2014, entered into among True Zone,

	True Zone Subsidiaries, and five capital companies: (i) Moshing Capital; (ii) Frond Capital Inc.; (iii) Oak Cliff Capital Inc.; (iv) Patchouli Capital Inc.; and (v) Elmira Capital Inc.
“ASC”	the Alberta Securities Commission.
“Audit Committee”	the audit committee of the Issuer comprising of Mr. Souhail Abi-Farrage, Mr. Leonard Vern Senft and Mr. Glen MacDonald.
“Author”	Craig Alford, P.Geol, the author of the Technical Report.
“BCBCA”	the <i>Business Corporations Act</i> (British Columbia).
“BCSC”	the British Columbia Securities Commission.
“Board of Directors”	the board of directors of the Issuer.
“Cameo”	Cameo Resources Corp., a corporation duly incorporated under the laws of British Columbia on March 3, 1987.
“CEO”	Chief Executive Officer.
“CFO”	Chief Financial Officer.
“Closing Date”	the Closing Date of the Offering is subject to the Issuer obtaining conditional approval of its listing application from the Exchange and other regulatory approvals which is expected to occur on or about ***ClosingDate or such other date as the Agent and the Issuer may agree in writing.
“common share”	a common share without par value of the Issuer.
“Compensation Options”	on the Closing Date of the Offering, the Agent will be granted compensation options equal in number to 8% of the number of Units sold under the Offering which will entitle the Agent to purchase, at an exercise price equal to \$0.15, one common share. The compensation options may be exercised at any time and from time to time for a period of 36 months following the Listing Date.
“CRA”	the Canada Revenue Agency.
“Declan”	Declan Resources Inc., a corporation duly incorporated under the laws of British Columbia on August 26, 2015.
“Effective Date”	the date on which the final receipt for the Prospectus is issued by the BCSC and the ASC.
“Election”	the Issuer’s tax counsel’s understanding that the Issuer intends to make an election, pursuant to the Tax Act, to be a “public corporation” on the same day of, but after, the Closing.
“Exchange”	the Canadian Securities Exchange.
“IFRS”	International Financial Reporting Standards.
“Escrow Agreement”	the escrow agreement among the Issuer, the Transfer Agent, the directors and officers of the Issuer and certain shareholders of the Issuer dated EscrowAgmtDate***, 2018.
“Insider”	an insider as defined in the <i>Securities Act</i> (British Columbia), which includes the directors and senior officers of the Issuer or any subsidiaries of the Issuer and any person that has direct or indirect beneficial ownership of, or control or direction over, securities of the Issuer carrying more than 10% of the voting rights attached to the Issuer's outstanding voting securities.
“Issuer”	Zanzibar Gold Inc.
“Issuer’s Reliance”	The Issuer upon making its Election, shall have reliance that the CRA will

	administratively accept that the Election, if validly made in satisfaction of the minimum requirements set out in the Tax Act and the Regulations and duly filed, will render the Units issued on the Closing to be “qualified investments” for the Plans at the time of issuance
“Listing Date”	the date upon the listing of the Issuer’s common shares on the Exchange.
“Moshi”	Moshi Mountain Industries Ltd., a company incorporated pursuant to the BCBCA on August 21, 2014, and prior to the formation of the Issuer.
“Moshing Capital”	Moshing Capital Inc. a company incorporated pursuant to the BCBCA on August 22, 2014, and prior to the formation of the Issuer.
“NEO”	means each of the following individuals: (a) the CEO; (b) the CFO; (c) each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000, as determined in accordance with subsection 1.3(6) of Form 51-102F6 <i>Statement of Executive Compensation</i> , for that financial year; and (d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the company, nor acting in a similar capacity, at the end of that financial year
“NI 43-101”	National Instrument 43-101, <i>Standards of Disclosure for Mineral Projects</i> published by the Canadian Securities Administrators.
“NI 52-110”	National Instrument 52-110 <i>Audit Committees</i> .
“NP 46-201”	National Policy 46-201 “Escrow for Initial Public Offerings published by the Canadian Securities Administrators.
“Offering”	the proposed offering by the Prospectus of 400,000 Units at a price of \$0.10 per Unit for gross proceeds of \$400,000. Each Unit comprises of Share and one Warrant. Each Warrant is exercisable to acquire one Warrant Share for a period of two years at \$0.15 per Warrant Share in the first year and at \$0.20 per Warrant Share in the second year from the date of issue.
“Option Agreement”	an option agreement, as amended by Amendment Agreement No. 1 dated October 16, 2017, between the Issuer and AFGF dated for reference September 30, 2016 whereby AFGF granted an option to the Issuer to acquire a 80% legal and beneficial interest in the Property, with a second option to acquire a further 20% legal and beneficial interest in the Property.
“Option Exercise Agreement”	an option exercise agreement among the Issuer, AFGF and Seabali dated for reference January 4, 2018 whereby the Issuer exercised a first option to acquire a 80% legal and beneficial interest in the Property and the Second Option to acquire a further 20% legal and beneficial interest in the Property pursuant to the Option Agreement.
“PL”	a prospecting license issued on September 19, 2016 and granted to Seabali to hold on behalf of AFGF which licenses exploration rights on the Property for a period of 48 months effective from the grant date to carry on prospecting operations, and execute other such operations as are necessary for that purpose. The PL sets out the area that the foregoing activity can be carried out therein.
“Plans”	the RRIFs, RRSPs, deferred profit sharing plans, registered education savings plans, registered disability savings plans and TFSAs under the Tax Act.

“Property”	a property located within Tanzania (PL11043/2016), west of the village of Kwamagome, 35 kilometres southwest of the city of Handeni in the Handeni Region, Handeni - Tanga Rural District, United Republic of Tanzania, East Africa and is centered on 5°33'47”S and 37° 51'35”E.
“Prospectus”	this prospectus and any appendices, schedules or attachments hereto.
“Regulations”	applicable regulations under the Tax Act.
“RRIFs”	registered retirement income funds.
“RRSPs”	registered retirement plans.
“Sebabili”	Jafari Yassim Sebabili, the staking agent of AFGF.
“Second Option”	a second option provided to the Issuer by AFGF pursuant to the terms of the Option Agreement.
“Shares”	the common shares of the Issuer which comprise part of the Units offered under the Prospectus
“Stock Option Plan”	the stock option plan of the Issuer dated March 2, 2015.
“Tax Act”	the <i>Income Tax Act</i> (Canada).
“Technical Report”	the National Instrument 43-101F1 technical report of the Author entitled “ <i>Revised Report on the Kwedilima Cheetah Property, Handeni Region, Handeni - Tanga Rural District, Tanzania</i> ” dated January 30, 2018.
“TFASAs”	tax-free savings accounts.
“Transfer Agent”	TSX Trust Company
“True Zone”	True Zone Resources Inc.
“True Zone/AFGF Holdings Sub-Option Agreement”	a sub-option agreement among Moshi, True Zone and AFGF Holdings dated September 26, 2014.
“True Zone Subsidiaries”	five wholly owned subsidiaries of True Zone: (i) Moshi; (ii) Frond Resources Ltd.; (iii) Oak Cliff Resources Ltd.; (iv) Patch Industries Ltd.; and (v) Elm Resources Ltd. which have ceased to be wholly owned subsidiaries of True Zone pursuant to the Arrangement.
“Qualified Person”	the definition of qualified person pursuant to NI 43-101.
“Units”	the units of the Issuer offered for sale pursuant to the Offering, which are comprised of Shares and Warrants.
“U.S. Person”	has the meaning ascribed to it in section 902(k) of Regulation S promulgated under the US Securities Act, and includes, among other things, any natural person resident in the United States, any partnership or corporation organized or incorporated under the laws of the United States and any trust of which any trustee is a U.S. person.
“Warrant Shares”	the common shares of the Issuer issuable upon exercise of the Warrants.
“Warrants”	the common share purchase warrants of the Issuer which comprise part of the Units offered under the Prospectus.

CORPORATE STRUCTURE

Name, Address and Incorporation

The Issuer's full corporate name is "Zanzibar Gold Inc." (formerly, Moshi Mountain Industries Ltd.) and its addresses are as follows:

Head Office and Mailing Address:	5623 145a Street Surrey, British Columbia V3S 8E3
Registered and Records Office:	Suite 1780, 400 Burrard Street Vancouver, British Columbia V6C 3A6

The Issuer was formed on March 2, 2015 following the completion of the amalgamation between Moshi Mountain Industries Ltd. ("Moshi"), a company incorporated pursuant to the *Business Corporations Act* (British Columbia) (the "BCBCA") on August 21, 2014 and Moshing Capital Inc. ("Moshing Capital"), a company incorporated pursuant to BCBCA on August 22, 2014. The Issuer is a reporting issuer in the provinces of British Columbia and Ontario.

On August 12, 2016, the Issuer changed its full legal name from Moshi Mountain Industries Ltd. to "Zanzibar Gold Inc."

Intercorporate Relationships

The Issuer does not have any subsidiaries.

DESCRIPTION OF THE BUSINESS

Description the Business

The business objective of the Issuer is to identify, evaluate, acquire and explore mineral properties for the purposes of identifying a mineral resource deposit on the Property or any of the subsequent properties which may be acquired by the Issuer.

Three-Year History

The Issuer was incorporated under the laws of the Province of British Columbia on March 2, 2015 and is an exploration and development stage mining company.

An arrangement agreement dated October 20, 2014 (the "Arrangement Agreement") was entered into among True Zone Resources Inc. ("True Zone"), five wholly owned subsidiaries of True Zone: (i) Moshi; (ii) Frond Resources Ltd.; (iii) Oak Cliff Resources Ltd.; (iv) Patch Industries Ltd.; and (v) Elm Resources Ltd. (collectively, the "True Zone Subsidiaries"), and five capital companies: (i) Moshing Capital; (ii) Frond Capital Inc.; (iii) Oak Cliff Capital Inc.; (iv) Patchouli Capital Inc.; and (v) Elmira Capital Inc. to complete a plan of arrangement whereby Moshi and each of the other four True Zone Subsidiaries were to: i) cease to be wholly owned subsidiaries of True Zone, and ii) each True Zone Subsidiary was to be owned pro rata by the shareholders of True Zone subject to necessary shareholder and court approvals (the "Arrangement").

On October 20, 2014, Moshi entered into an amalgamation agreement (the "Amalgamation Agreement") to complete an amalgamation with Moshing Capital (the "Amalgamation").

On March 2, 2015, Moshi completed the Arrangement and accordingly, issued 457,753 common shares in its capital stock without par value to True Zone to be distributed to its shareholders in consideration for being transferred an interest in the Property by way of a sub-option agreement, which agreement subsequently lapsed and has been replaced by the Option Agreement. The key terms of the Option Agreement are:

the Issuer or its assignee can acquire an 80% undivided interest in and to the Property free and clear of all charges, encumbrances and claims in consideration for:

- (i) cash payment of \$25,000 to the AFGF (Tanzania) Limited (“AFGF”) (which has previously been paid);
- (ii) issuance of 500,000 common shares of the Issuer to the AFGF with a deemed price of \$0.02 per share on or before September 26, 2017 (which has previously been issued);
- (iii) incur \$75,000 in exploration expenses on or before September 26, 2016 (which has been incurred); and
- (iv) an additional cash payment of \$75,000 in exploration expenses on or before December 31, 2016 (incurred).

Pursuant to the Option Agreement, AFGF further granted the Issuer an option to purchase up to an additional 20% interest in the Property (the “Second Option”) upon exercise of the Option by the Issuer to earn an 80% interest in the Property.

The Second Option may be fully exercised to attain a further 20% legal and beneficial interest in the Property (for an aggregate of up to 100% legal and beneficial interest in the Property) for a 3 year period from the execution of the Option Agreement in consideration for further payments of:

- (i) \$1,000,000 for each additional 5% interest in the Property for up to \$4,000,000; or
- (ii) \$3,000,000 for an additional 15% interest in the Property whereby the Issuer may at its sole discretion, pay a further \$1,000,000 for a 3% net smelter return (the “Royalty”). The Issuer is entitled 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 Issuer giving AFGF notice of exercise together with \$1,000,000 for each 1% net smelter return for an aggregate of up to \$2,000,000.

The Issuer entered into Amendment Agreement No. 1 with AFGF dated October 16, 2017 which amends the Option Agreement by setting out particulars describing the PL which comprises the Property and recites that such license was granted to the staking agent of AFGF, Sebabili, to hold on behalf of AFGF and as of the date of the Amendment Agreement No. 1, was in the process of being transferred to AFGF.

On January 4, 2018, the Issuer exercised the option granted by the Option Agreement pursuant to the Option Exercise Agreement among the Issuer, AFGF and its staking agent, Sebabili dated January 4, 2018. The key terms of the Option Exercise Agreement are that the Issuer will exercise the first option to earn an 80% interest in the Property and upon such exercise the Issuer shall be deemed to have earned an additional 20% interest in the Property for no further consideration or formality for a total of 100%

legal and beneficial interest. The PL which comprises the Property is held by Sebabili on behalf of AFGF and was in the process of being transferred to AFGF. Under the Option Exercise Agreement, Sebabili will withdraw the application to transfer the registration in the PL to AFGF and immediately register the Issuer as the 100% legal and beneficial owner of the PL. Until such registration occurs, Sebabili will hold the 100% legal and beneficial interest in the PL in trust for the Issuer pursuant to the Option Exercise Agreement.

In July 2017, the government of Tanzania enacted the Natural Wealth and Resources Contract (Review and Re-negotiations of Unconscionable Terms) Bill, 2017 (“Contract Bill”), Natural Wealth and Resources (Permanent Sovereignty) Bill, 2017 (“Permanent Sovereignty Bill”) and The Written Laws (Miscellaneous Amendments) Act, 2017 (“Amendment Act”) (collectively, the “Mining Legislation”). The Mining Legislation was introduced and given first reading on June 29, 2017. From there, the Contract Bill and Permanent Sovereignty Bill went to second reading on July 3, 2017 and were passed by the Parliament of Tanzania (“Parliament”) on the same date. The Amendment Act went through second reading on July 4, 2017 and was passed by Parliament on the same date. The Mining Legislation was signed into law by the president of Tanzania, in July, 2017.

The Mining Legislation gives the Tanzanian government the power to renegotiate mining contracts, it has also increased royalties. The Mining Legislation does not allow mining companies to seek international arbitration and relief in the event of a dispute with the Tanzanian government. The Amendment Act amends section 10 of the Mining Act of Tanzania to require that the government to own not less than 16 percent stake in mining projects that are carrying out mining activities not including exploration activities as contemplated under prospecting licenses. The Mining Legislation also raises royalties tax for gold, copper, silver and platinum exports to six percent from four percent.

Following the completion of the Arrangement, on March 2, 2015, Moshi completed the Amalgamation by amalgamating with Moshing Capital to form the Issuer. The amalgamated company choose to continue to use the name of “Moshi Mountain Industries Ltd.” and adopted the articles of Moshi.

The Issuer became a reporting issuer in the provinces of British Columbia and Ontario upon the completion of the Arrangement on March 2, 2015 and changed its name to “Zanzibar Gold Inc.” on August 12, 2016.

Kwedilima Cheetah Property, Tanzania

Craig Alford, P.Geol. (the “Author”) was retained by the Issuer to prepare the technical report on the Property. The Author is an independent qualified person (“Qualified Person”) as defined by National Instrument 43-101 (“NI 43-101”). The technical report entitled “*Revised Report on the Kwedilima Cheetah Property, Handeni Region, Handeni - Tanga Rural District, Tanzania*” dated January 30, 2018 (the “Technical Report”) is the source of all of the technical disclosure contained herein relating to the Property. The Technical Report is available for inspection upon request to the Issuer at its registered and records office located at Suite 1780, 400 Burrard Street, Vancouver, B.C. V6C 3A6, or by telephone at (778) 891-2701. The following is a summary derived from information detailed in the Technical Report except where noted. The full Technical Report is available on SEDAR at www.sedar.com.

Property Description, Location and Access

The Property is located west of the village of Kwamagome, 35 kilometres southwest of the city of Handeni in the Handeni Region, Handeni - Tanga Rural District, United Republic of Tanzania, East Africa and is centered on 5°33’47”S and 37° 51’35”E.

On September 30, 2016, the Issuer entered into the Option Agreement with AFGF whereby the Issuer acquired a right to earn an 80% interest to the Property which is approximately 150 hectares of PL 11043/2016, which consists of 105 km² in total area.

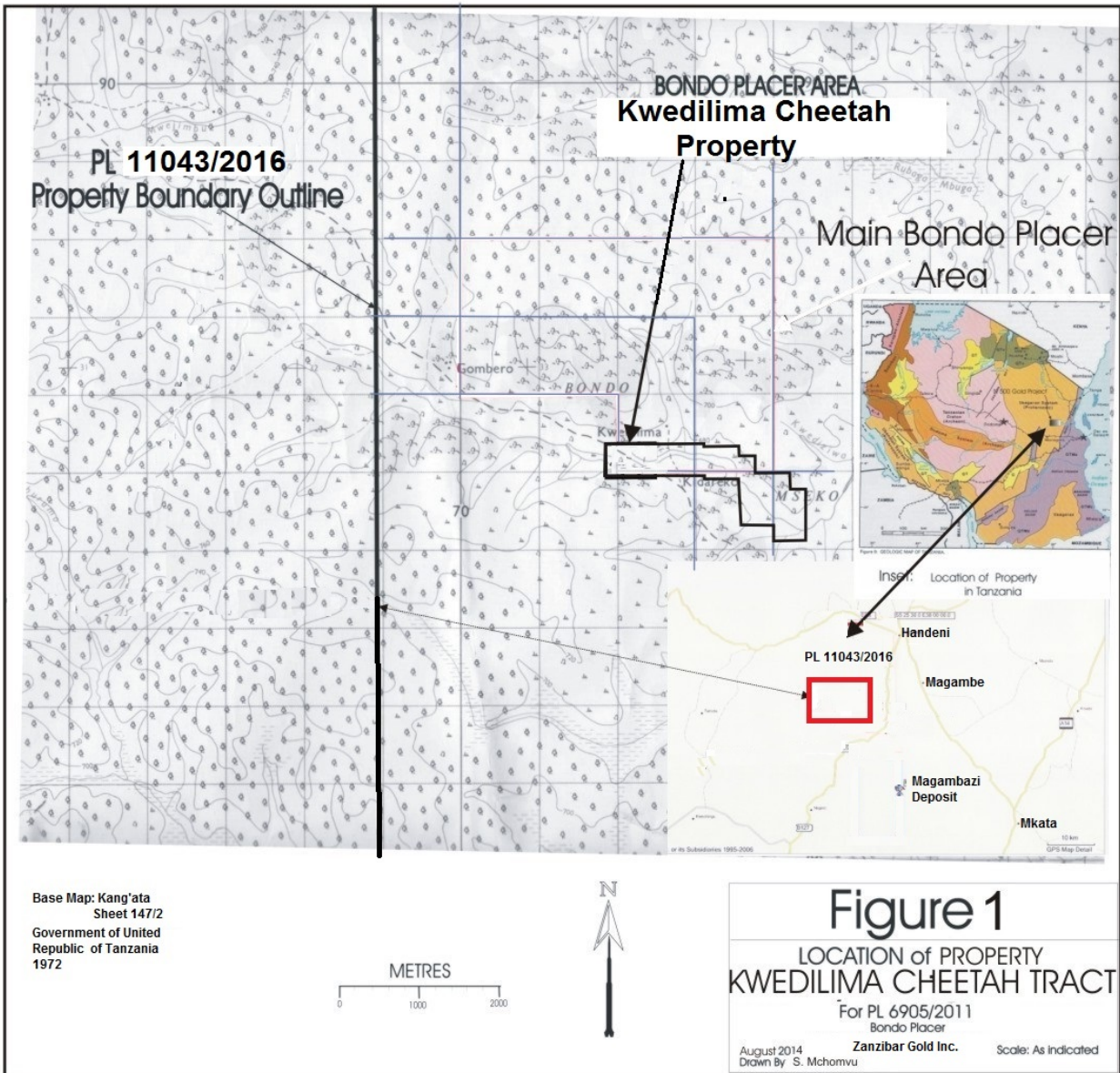
The Property is located west of the main Morogoro – Handeni highway with the central area located 8 km west of the village of Kwamagome.

The Property is located west of the main Morogoro – Handeni highway with the central area located 8 km west of the village of Kwamagome consists of 150 hectares that is part of the overall PL 11043/2016. It is called the Kwedilima Cheetah Property, is centered on 5°33’50”S and 37° 50’48.5”E and the corner locations of that 150 hectare portion are listed in Table 1.

The PL 11043/2016 (the “PL”) was issued on September 19, 2016, and granted to Jafari Yassim Sebabili to hold on behalf of AFGF as the staking agent of AFGF. The PL licenses exploration rights for a period of 48 months effective from the grant date to carry on prospecting operations, and execute other such operations as are necessary for that purpose. The Property is the area that the exploration rights can be exercised within and is considered part of that PL. The PL was in the process of being transferred to AFGF.

TABLE 1

Corner Post	southing (line north)				Easting		
NW	5	33	43.1	37	50	35.9	42SE43NE45NW
NWe1	5	33	43.1	37	51	26.3	50NE
NWe2	5	33	47.4	37	51	26.3	51NW
NWe3	5	33	47.4	37	51	43.1	51NE
NWe4	5	33	50.7	37	51	43.1	53NW
NEw4	5	33	50.7	37	51	51.5	53NE
NEw3	5	33	57.2	37	51	51.5	54NW
NEw2	5	33	57.2	37	52	8.3	54NE
NEw1	5	34	3.7	37	52	8.3	57NE58NW54SE
NE	5	34	3.7	37	52	16.7	58NE
SE	5	34	23.2	37	52	16.7	59SE
SEw1	5	34	23.2	37	51	59.9	59SW
SEw2	5	34	16.7	37	51	59.9	56SE57SW59NW
SEw3	5	34	16.7	37	51	43.1	55SW
SWe3	5	34	0.4	37	51	43.1	52SE
SWe2	5	34	0.4	37	51	26.3	52SW
SWe1	5	33	56.1	37	51	26.3	50SE
SW	5	33	56.1	37	50	35.9	45SW



Location of the PL co-ordinates of the optioned Property was done by map application of ARC 1960 Grid coordinates.

The Property is not subject to any royalties, back-in agreements other payments or encumbrances other than pursuant to the Option Agreement.

Pursuant to the Option Agreement, the Issuer can acquire an 80% undivided interest in and to the Property free and clear of all charges, encumbrances and claims in consideration for:

- (i) cash payment of \$25,000 to the AFGF (which has previously been paid);
- (ii) issuance of 500,000 common shares of the Issuer to AFGF with a deemed price of \$0.02 per share on or before September 26, 2017 (which has previously been issued);

- (iii) incur \$75,000 in exploration expenses on or before September 26, 2016 (which has been incurred); and
- (iv) an additional \$75,000 in exploration expenses on or before December 31, 2016 (which has been completed).

Pursuant to the Option Agreement, AFGF further granted the Issuer an option to purchase up to an additional 20% interest in the Property (the “Second Option”) upon exercise of the option by the Issuer to earn an 80% interest in the Property.

The Second Option may be fully exercised to attain a further 20% legal and beneficial interest in the Property (for an aggregate of up to 100% legal and beneficial interest in the Property) for a 3 year period from the execution of the agreement in consideration for further payments of:

- (i) \$1,000,000 for each additional 5% interest in the Property for up to \$4,000,000; or
- (ii) \$3,000,000 for an additional 15% interest in the Property whereby the Issuer may at its sole discretion, pay a further \$1,000,000 for a 3% net smelter return (the “Royalty”). The Issuer is entitled 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 Issuer giving AFGF notice of exercise together with \$1,000,000 for each 1% net smelter return for an aggregate of up to \$2,000,000.

The Issuer entered into Amendment Agreement No. 1 with AFGF dated October 16, 2017 which amends the Option Agreement by setting out particulars describing the PL which comprises the Property and recites that such license was granted to the staking agent of AFGF, Jafari Yassim Seabali, to hold on behalf of AFGF and as of the date of the Amendment Agreement No. 1, was in the process of being transferred to AFGF.

On January 4, 2018, the Issuer exercised the option granted by the Option Agreement pursuant to the Option Exercise Agreement among the Issuer, AFGF and its staking agent, Seabali dated January 4, 2018. The key terms of the Option Exercise Agreement are that the Issuer will exercise the first option to earn an 80% interest in the Property and upon such exercise the Issuer shall be deemed to have earned an additional 20% interest in the Property for no further consideration or formality for a total of 100% legal and beneficial interest. The PL which comprises the Property is held by Seabali on behalf of AFGF and was in the process of being transferred to AFGF. Under the Option Exercise Agreement, Seabali will withdraw the application to transfer the registration in the PL to AFGF and immediately register the Issuer as the 100% legal and beneficial owner of the PL. Until such registration occurs, Seabali will hold the 100% legal and beneficial interest in the PL in trust for the Issuer pursuant to the Option Exercise Agreement.

In July 2017, the government of Tanzania enacted the Natural Wealth and Resources Contract (Review and Re-negotiations of Unconscionable Terms) Bill, 2017 (“Contract Bill”), Natural Wealth and Resources (Permanent Sovereignty) Bill, 2017 (“Permanent Sovereignty Bill”) and The Written Laws (Miscellaneous Amendments) Act, 2017 (“Amendment Act”) (collectively, the “Mining Legislation”). The Mining Legislation was introduced and given first reading on June 29, 2017. From there, the Contract Bill and Permanent Sovereignty Bill went to second reading on July 3, 2017 and were passed by the Parliament of Tanzania (“Parliament”) on the same date. The Amendment Act went through second

reading on July 4, 2017 and was passed by Parliament on the same date. The Mining Legislation was signed into law by the president of Tanzania, in July, 2017.

The Mining Legislation gives the Tanzanian government the power to renegotiate mining contracts, it has also increased royalties. The Mining Legislation does not allow mining companies to seek international arbitration and relief in the event of a dispute with the Tanzanian government. The Amendment Act amends section 10 of the Mining Act of Tanzania to require that the government to own not less than 16 percent stake in mining projects that are carrying out mining activities not including exploration activities as contemplated under prospecting licenses. The Mining Legislation also raises royalties tax for gold, copper, silver and platinum exports to six percent from four percent.

A Prospecting License grants exclusive exploration rights over an area not exceeding 300 km² for a period of four years. Annual work expenditures are US\$300/km² for the initial 4-year period. Annual land rents are US\$100/km² for the initial 4-year period. Quarterly reporting of exploration activities is required but no other permitting to conduct exploration is required. The annual expenditure requirement for the whole PL is US\$31,500. This amount represents approximately 20% of the proposed budget for Phase I. US\$10,500 will be paid by AFGF or, if necessary, will be paid by the Issuer out of the contingency funds for Phase I.

Surface rights are not part of a mineral license and agreement should be made with the lawful occupiers of land and their written consent obtained to carry out mining or prospecting operations. There are no known environmental liabilities to which the Properties are subject. No reported showings are located within the boundaries of the Property. No agreements have been entered into with the lawful occupiers of the land to provide for surface rights but in the past, AFGF has been successful in obtaining any and all consents from the local surface right owners and this relationship still exists. The Issuer believes that it will be able to obtain any and all consents to carry out mining or prospecting operations as needed.

There are no additional permits that must be acquired to conduct the work proposed for the Property.

The Author is unaware of any other significant factors and risks that may affect access, title, or the right or ability to perform work on the Properties.

History of the Property

The Property was first investigated by the original property owner in 2005 when he was following up on previous regional exploration work. The Property was originally granted to Abdalla Selemani in February of 2011, and subsequently transferred to AFGF in June of 2011. The Author is unaware of ownership of the Property prior to February 2011. Prior to AFGF's involvement in the area, there is no recorded exploration for the Property.

During 2011/12 in association with its work in the area AFGF conducted the first regional and detailed exploration of this area north of the Magambazi gold discovery (owned by East Africa Metals). This work included taking grid soil samples digging several trenches and numerous pits, as well as conducting regional survey forays that collected soil and stream samples as well as detailing the geology. In late 2013 and early 2014, True Zone conducted an exploration program to relate the alluvial gold in the valleys to the outcrop gold by trenching and pitting across the valley of the artisanal workings. In total over \$800,000 was spent on exploration from 2011 until April 2014.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

Access to the Property is south and west from the regional centre of Handeni with an approximate population size of 250,000 people, along the gravel Secondary Highway Handeni Morogoro Highway, and the main Tanga – Handeni Highway west of Handeni, to the property approximately 5 and 10 kilometres, respectively, from the city of Handeni (Figure 1). The highway which is used by cars buses and trucks is passes through the north and western portion of the Property. Paths and roads transect the whole PL and the power grid is at Handeni. Accessing the area of the PL where the Property is located, along any of the “roads” with a 4-wheel drive truck is not difficult.

Topography in the area is moderate to gentle rising from 600 metres to over 660 metres. The land is open pasture or wooded parkland of the Tanzanian interior plateau with typical moderate to thin forest vegetation of the plateau area in the higher elevations. There is a mix of acacia trees with palms and other African species through the area. Undergrowth brush is typically thin with taller grasses in the areas of the rivers.

Tanzania has four main climatic zones with the Property’s climate being a mix between the eastern interior plateau and the humid coastal plain area with 600 mm of annual precipitation in two rainy seasons, mid-March through May, November through December and temperatures in excess of 30° C.

Water is available from local wells and from nearby rivers which flow intermittently.

In Tanzania, mining is a recent development and local mining personnel are available but the scope of their experience is limited and training and supervision by expatriates will be necessary. Geologists educated in Tanzania are available for exploration work, having been variably trained for exploration and production skills by the major mining companies which are locally active. Handeni would be able to supply most casual labour needs.

The Property optioned to the Issuer is sufficient in terms of area and topographic relief for potential tailings storage areas, waste disposal areas, and a processing plant site. Year round exploration is possible. Tanzania has had several mines developed over the past 20 years and no impediment to the development of operations is anticipated.

Geological Setting and Mineralization

Regional Geological Setting

The Archaean Tanzanian Craton and its surrounding Proterozoic mobile belts underlie much of the Central Plateau of Tanzania (Figure 2). The east and southeast limit of the craton is marked by the Lower to Middle Proterozoic Usagaran belt, dated at 2,000Ma, and by the Late Palaeozoic (900-500Ma) Mozambique collisional belt.

To the southwest, the 2,000Ma Ubendian belt marks the edge of the craton, whereas to the west the boundary is marked by the Late Proterozoic Karagwe-Ankolean belt and the early Palaeozoic Bukoban system. Completing the boundary in the northwest is the Ruwenzorian belt of Uganda.

The main part of the Archaean craton comprises migmatites, biotite gneisses, gneissic granites and local massifs of biotite granites, and the Nyanzian greenstone belts to the south and east of Lake Victoria. These greenstone belts host the major gold deposits in Tanzania.

The Nyanzian is unconformably overlain (locally) by conglomerates, arkoses and quartzites of the Kavirondian System. These rocks appear to have been derived, at least in part, from the Nyanzian and contain clasts of all Nyanzian lithologies, some apparently deformed.

A major period of granitoid emplacement followed the Kavirondian, and was followed in turn by major tectonic deformation. Syntectonic granitoids have been dated at 2450-2500 Ma while some unfoliated granitoids may be post-tectonic. Many hypabyssal intrusives cut these Archaean sequences, including feldspar-porphyrates and lamprophyres. Abundant younger dykes are related to Mesozoic and Tertiary tectonic events.

The Archaean Craton is located to the west of the Property but is important in that the greenstone belts are suggested by some to continue to the east and part of the Usagarian belt of metamorphic rocks (Kabete Groves et al) and subject the tectonic deformation related to the collision of the Australian, Indian, and Antarctica tectonic plates and subsequent separation. This created conditions that could be similar to those found associated with Sediment Hosted Vein Deposits (Pers. Communication, L. Stephenson). The Usagaran rocks are part of the Mozambique collision belt with high metamorphosed gneisses and schists and include significant metamorphosed carbonate units.

The Mozambique Belt is a major orogenic belt along the east coast of Africa that stretches from the south of Mozambique to Sudan and Ethiopia. Geological mapping by the government suggest a northwest southeast striking belt of metasedimentary rocks around a central core of a mafic amphibolite unit in granitic gneisses and/or intrusive equivalents which are striking northwest and associated with the Magambazi zone.

The Property is located within a pan-African belt of metamorphic rocks known as the Mozambique Belt. Tertiary mafic to intermediate volcanics including carbonatites occur mainly in the Kilimanjaro and Eastern Rift areas of the north of the country.

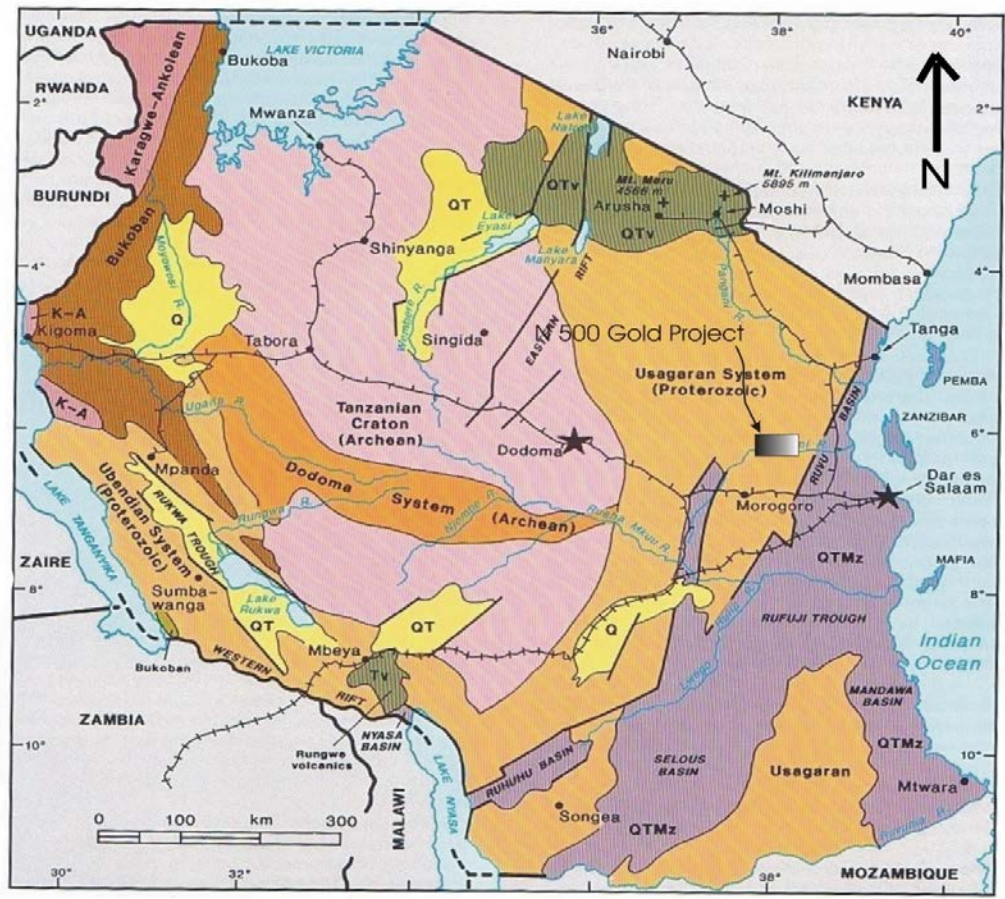


Figure 2 - Regional Geology of Tanzania

(Geological Survey of Tanzania map from 2005 Guide to Tanzania)

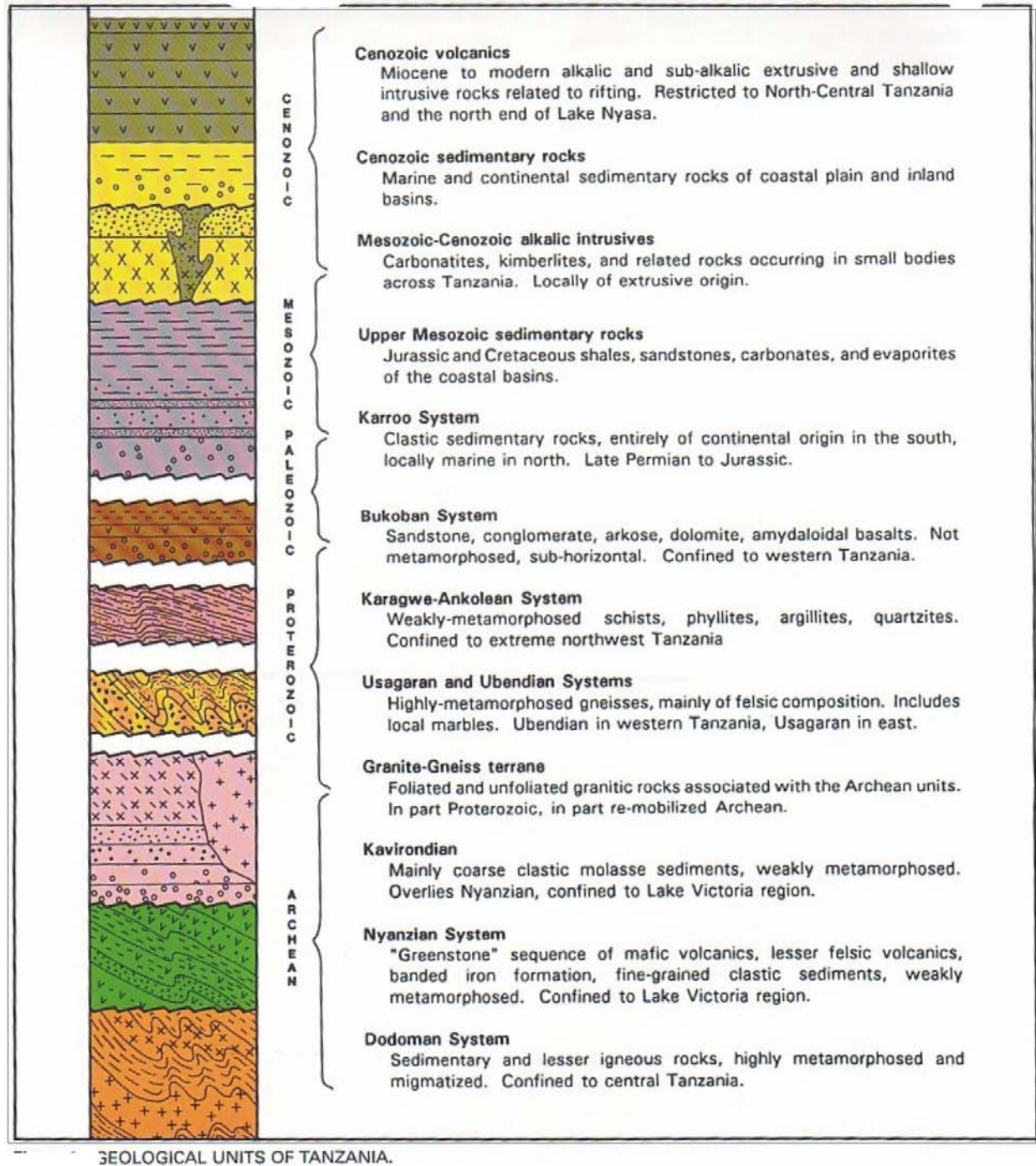


Figure 2 – Regional Geology
 Source: geological survey of Tanzania map from 2005 Guide to Tanzania
 as modified for the Technical Report

Local Geology

The Property is located within a pan-African belt of metamorphic rocks known as the Mozambique Belt. The northwest southeast striking belt of metasedimentary rocks around a central core of a mafic amphibolite unit in granitic gneisses and/or intrusive equivalents which are striking northwest and associated with the Magambazi zone (East Africa Mines – formerly Canaco Resources). The area’s biotite

gneiss' metasedimentary nature has been observed and suggests that the geology is not unlike that found in other areas of this region. A large dark red lateritic soil profile visible along the main highway to the east of the Property was observed. The structural complexity of the area remains to be determined and significant folding has been observed in the region.

The resistant “knobs” of hills that is visibly associated with the main Magambazi area are present on the property, although, except in the south portion, with lower relief. Some mineralization in metasediment amphibolitic rocks and associated with quartz veins have been identified on the PL, but not on the Property. No detailed investigation of them has been conducted.

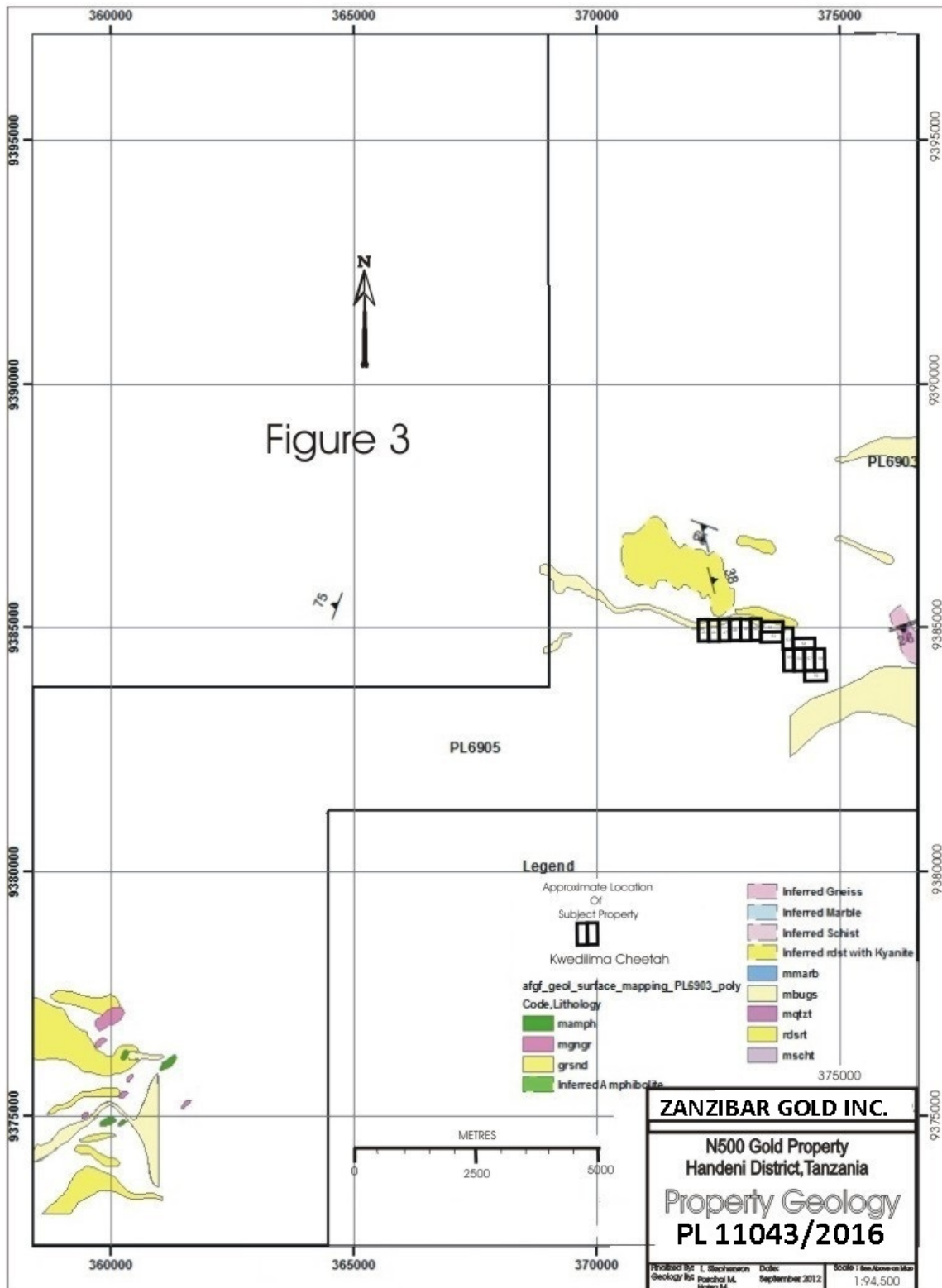
Work by AFGF Holdings in the area expanded the Author's knowledge of the area's local geology who added the following observations:

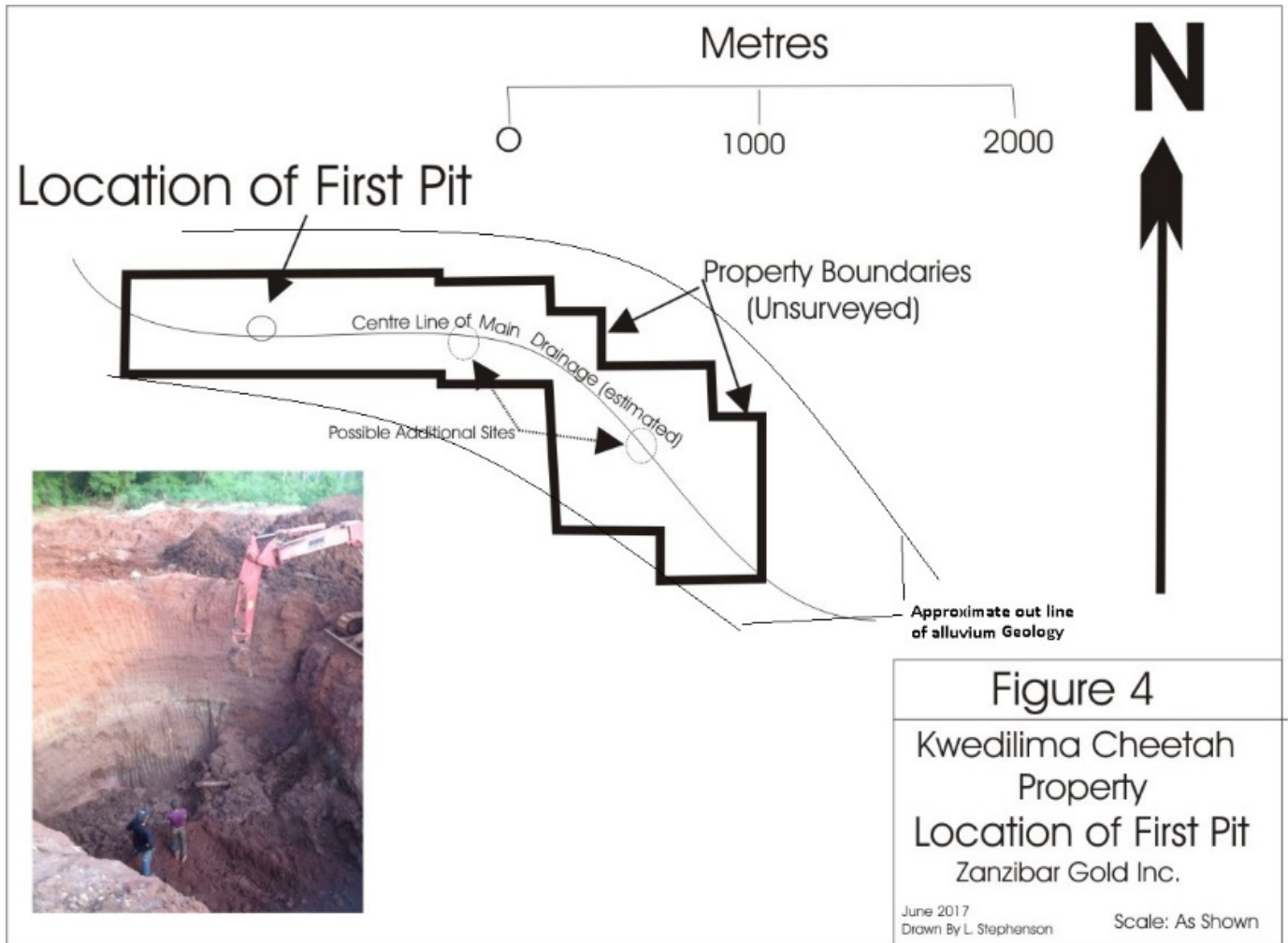
The geology of this region represents a non-traditional exploration environment dominated by high-grade metamorphic (granulite to amphibolite facies) of both sedimentary and igneous rocks. Upper amphibolite facies metamorphism has created a sequence including a variety of rocks including Feldspar-quartz biotite gneiss and Pegmatite, Kyanite and Garnet pelite to amphibolites and pyroxene-olivine ultramafic rocks. Quartz feldspathic rocks are more resistant to weathering than the mafic rocks and other units and are most prominent in the hills.

Property Geology

The Property is almost entirely covered by alluvium related to the adjacent hills and drainages. No bedrock geology has been identified.

The Property has a recent alluvium deposition that fills the main valley that are adjacent to the ridges of outcrop that host the main auriferous structures in the Bondo area (which lies immediately north of the Property). The Alluvium appears to be un-stratified composing of cobbles, pebbles, gravel and sand. The cobbles and pebbles for the most part appear to be quartz although a few metasediment types were noted. The auriferous unit is sand and almost colluvial in appearance. The identified mineralization in the adjacent drainages is beneath 5-6 metres of barren clay silt valley fill contains the gold. No reports of intersecting the basal placer bedrock interface were noted.





Mineralization

No alluvial gold has been identified on the Property to date, but the adjacent feeding drainages have alluvial gold.

Deposit Types

The main deposit type that has been identified in the area is an alluvial river or stream placer gold deposit that is associated with an unknown or unidentified source of primary gold that has been weathered and deposited in the quaternary sediments. In this instance the source of the gold is suggested to be the lode gold deposits identified in the immediate area to the north of the Property.

The model forms by standard erosional processes of the surrounding rock with the fluvial action of the seasonal rains in the stream valley concentrating the gold in the most resistant area to downward migration – the bedrock/alluvium interface. The finer the fraction of gold and more concentrated at this interface suggests a greater distance to source and a longer depositional history.

In this model type, main drainage valley could host detrital alluvial gold in higher concentrations than that found in the subsidiary valleys.

Exploration

The Issuer has initiated an exploration test pit on the Property, dug down to the base of the silt and just above the presumed paystreak. The base of the current pit is above the presumed paystreak from experience in the work on the adjacent areas by AFGF and local miners that shows the paystreak being 1 - 2 metres under the thick clay unit. Since no prior work has been done in this area – there is no certainty that this will be the case here but it is part of the exploration program to confirm and discover this. If deeper, the contingency funds and other program planned funds will be used to uncover the actual depth.

An excavator is used to dig the material out of the pit area. As it is an exploration pit to test as much of the prospective area of the paystreak no definitive measurements of the pit size or shape are required. While the Author did not survey the existing pit, he approximates the dimensions as follows: 10-12 metres wide, 30 metres long (to provide access) and a depth of between 8 and 9 metres.

The pit was allowed to be flooded by seasonal rains and awaits further funding to be completed. Additional expenditures to prepare equipment upgrades to facilitate the more efficient processing of the test pit material have been made.

The pit area was selected by observation to be in the middle of the main drainage. No definitive sampling was done on the material above the target layer. Some pan concentrate from that material were made but as no gold was observed they were not deemed relevant. The Author was able to observe the pit stratigraphy as he attended the pit in August, after the annual short seasonal rains of April and May. Only the bottom metre or so of the pit was covered in slimy muddy water which is the residual water that was captured during the short rains. Evaporation and local use deplete the water in the pit but the overlying alluvium including the 3-5 metre clay unit were visible. The slimy mud and remaining water inhibits any local residents from accessing the paystreak.

The visible observations to date indicate that the alluvial profile is similar to that found in the adjacent areas. The Author has been unable to verify the information concerning adjacent areas and the information is not necessarily indicative of mineralization on the Property. These observations have no impact on the needed sampling of the most prospective gold bearing layer. The sampling and processing of that layer will be the only test of the Property's potential.

Drilling

No drilling has been completed by the Issuer on the Property.

Sample Preparation, Analyses and Security

No sampling program has been conducted by the Issuer on the Property.

Data Verification

All data for the Property, for the geological mapping, soil geochem and pit and trench digging and sampling was completed and supervised by qualified geologists and technicians.

No sampling program has been conducted on the Property.

The Author was able on his visit to see that the Property was completely covered by alluvium. He was able to observe the alluvium profile in the pit.

As this is a placer property exploration project related to the invisible sub stratum, the surface available data will have no impact on the project. The Author observed that the prospective layer is gold bearing in the adjacent drainages but this will not necessarily be relevant to what is found on the Property. The placer project due to its sub stratum nature cannot be truly verified until it is sampled. No sampling has been conducted on the Property yet and is the reason for the failure to conduct verification.

No other data on the Property was relevant to the placer test pit.

Mineral Processing and Metallurgical Testing

Placer gold by its nature is usually free and presents no recovery problems. The Author observed local artisanal miners in the local area, not on the Property, climbing down their 7 metre “shaft” to the prospective layer, bringing a sample of material to the surface and then panning it in a local muddy water hole. The resulting concentrate was observed by the Author to be all gold flakes mostly less than 1-2 mm.

No recovery estimates can be made due to the nature of the establishing the actual grade of the placer and then measuring the resultant recovery.

The samples observed appear to be normal placer type samples and no deleterious elements and processing factors are known to be present.

Mineral Resource Estimates

No mineral resource estimate as defined by section 1.2 of NI 43-101 has been made for the potential placer operation described in this report.

Recommended Work Program - Cost Summary

It is recommended that the potential of the Property be delineated by test pitting and trenching. The Issuer has available small scale mining and treating equipment, a bulk test be completed on some of the readily available material exposed in the trenching work will evaluate the potential of the Property. Test pitting on the valley alluvium should be undertaken. Phase II is not contingent on results of Phase I.

Phase I Budget	US\$	CDN\$⁽¹⁾
1. AFGF Staff, Vehicles, Accommodations, supervision etc.	\$20,000	\$24,670
2. Field costs, including food, fuel, supplies, casual labour, repairs etc. (Trenching & Pitting)	\$30,000	\$37,005
3. Fuel and equipment rental for Excavator, dump truck and wash plant equipment to complete initial pit	\$40,000	\$49,340
4. Starting second pit and additional sampling	\$10,000	\$12,335

5. Running a ground penetrating radar survey to map bedrock/alluvium interface	\$17,500	\$21,586
6. Field costs, including fuel, supplies, casual labour, repairs, additional equipment for additional pit and other sampling	\$17,500	\$21,586
7. Laboratory assays	\$5,000	\$6,168
8. Analysis of results & Report	\$5,000	\$6,168
6. Contingency	\$15,000	\$18,503
TOTAL PHASE I	\$160,000	\$197,361

⁽¹⁾ Calculated as per the exchange rate from the Bank of Canada as at January 29, 2018 at the CDN\$ 1 = US\$0.8107

Phase II Budget	US\$	CDN\$⁽¹⁾
1. AFGF Staff, Vehicles, Accommodations, supervision etc.	\$25,000	\$30,838
2. Expanding of pit size including surveying and pit design preparing for mining permit	\$30,000	\$37,005
3. Fuel and equipment rental for Excavator, dump truck and wash plant	\$75,000	\$92,513
4. Additional sampling	\$20,000	\$24,670
5. Field costs, including fuel, supplies, casual labour, repairs, additional equipment for expanding pits and other sampling	\$45,000	\$55,508
6. Laboratory assays	\$5,000	\$6,168
7. Analysis of results & Report	\$5,000	\$6,168
8. Contingency	\$20,000	\$24,670
TOTAL PHASE II	\$225,000	\$277,540
TOTAL PHASE I & II	\$385,000	\$474,901

⁽¹⁾ Calculated as per the exchange rate from the Bank of Canada as at January 29, 2018 at the CDN\$ 1 = US\$0.8107

USE OF PROCEEDS

Funds Available

As of December 31, 2017, the Issuer had working capital deficiency of \$15,529. The Issuer will realize gross proceeds from the Offering in the amount of \$400,000, after deducting the Agent's Commission of \$32,000, the balance of the Agent's corporate finance fee being \$11,250 plus applicable taxes and the estimated legal and accounting expenses and regulatory fees related to the Offering of \$40,000.

	Offering
Gross Proceeds	\$400,000

Less: Agent's Commission	(\$32,000)
Proceeds to Issuer	\$368,000
Less: Balance of Agent's corporate finance fees	\$(11,813)
Less: Estimated balance of Agent's expenses	\$(7,000)
Estimated legal, accounting, administrative and regulatory fees and disbursements related to the Offering	\$(40,000)
Net Proceeds	\$309,187
Working capital deficiency as at December 31, 2017	\$(15,529)
Funds Available	\$293,658

Principal Purposes

The Issuer intends to use the funds available on completion of the Offering as follows:

Use of Available Funds	
Property expenditure costs	(Phase I) \$197,361
General and Administrative Expenses (12 months)	\$100,000
Unallocated Working capital	\$(3,703)
Total	\$293,658

The Issuer has negative cash flow from operating activities in its most recently completed financial year.

The Issuer anticipates that the proceeds from the Offering will be sufficient to fund its operating activities for the next 12 months. The Issuer intends to complete further private placements to fund negative cash flow from its most recently completed financial year.

Financing is required to fund the future Phase II work program and raising the additional financing is not guaranteed.

Business Objectives and Milestones

The business objective of the Issuer is to identify, evaluate, acquire and explore mineral properties for the purposes of identifying a mineral resource deposit on the Property or any of the subsequent properties to

be acquired by the Issuer for the development of a mine or for the sale of the deposit or the Issuer to a senior mining company.

The Issuer has earned an 80% interest in the Property as follows:

- a) cash payment of \$25,000 to AFGF;
- b) issuance of 500,000 common shares of the Issuer to AFGF with a deemed price of \$0.02 per share on or before September 26, 2017 ;
- c) incurred \$75,000 in exploration expenses on or before September 26, 2016; and
- d) an additional cash payment of \$75,000 in exploration expenses on or before December 31, 2016.

As a result of exercising and earning this 80% interest, the Issuer has also earned an additional 20% interest in the Property pursuant to the Option Exercise Agreement, bringing the Issuers interest to 100% of the Property.

The Issuer's primary objectives over the next 12 months are as follows:

- complete the recommended Phase I work program set in the Technical Report; and
- if results warrant and subject to obtaining financing, complete the recommended Phase II work program set in the Technical Report.

The Issuer anticipates that the estimated time period when the business objectives will be achieved are as follows:

Financial quarter	Business objectives expected to be achieved
Q1	Prepare to commence operations on the Phase I work program
Q2	Commence operations and start to review results
Q3	Complete initial review and plan further exploration including selecting additional sites and commencing exploration of such sites
Q4	Complete exploration and analyse the results. The Issuer intends to create a report to prepare for continued exploration.

With respect to the Property, the Issuer's business objective is to conduct exploration programs and to compile the information obtained in an effort to define the mineral potential of the Property. The Issuer may from time to time consider other property acquisition opportunities in the resource sector or acquire any other projects that will bring value to shareholders wherever they may arise.

The proceeds of this Offering are intended to be used for its Phase I work program only. However, the Issuer reserves the right to redirect any portion of the funds in such manner as it considers to be in the best interest of the shareholders of the Issuer.

Financing is required to fund the future Phase II work program and raising the additional financing is not guaranteed.

Management's intention is to proceed with the recommended exploration as soon as practically possible once completed its initial public offering under the Prospectus. It is possible that some portions of the net proceeds allocated for such work programs will be devoted to other acquisition, development or exploration opportunities identified by the Issuer from time to time.

Due to the nature of the business of mineral exploration, budgets are regularly reviewed with respect to both the success of the exploration program and other opportunities which may become available to the Issuer. Accordingly, the Issuer may abandon in whole or in part any of its property interests or may, as work progresses, alter the recommended work program, or may make arrangements for the performance of all or any portion of such work by other persons or companies and may use any funds so diverted for the purpose of conducting work or examining other properties acquired by the Issuer after the closing of the Offering, although the Issuer has no present plans in this respect. Subscribers pursuant to the Prospectus must rely on the experience, good faith and expertise of management of the Issuer with respect to future acquisitions and activities.

A summary of the estimated annual general and administrative costs for the 12 months following listing of the Issuer's common shares on the Exchange is as follows:

Item	Amount
Professional fees (legal and accounting)	\$30,000
Consulting fees (Management and Administration)	\$8,000
Corporate and Shareholder Communications	\$12,000
Rent	\$12,000
Stationary, postage, travel & accommodations	\$16,000
Entertainment	\$10,000
Transfer agent fees	\$12,000
Estimated 12 month general and administrative expenses	\$100,000

DIVIDENDS OR DISTRIBUTIONS

The Issuer has not paid out any dividends or distributions and does not have a policy regarding dividends or distributions. The Issuer does not face any restrictions which would prevent it from paying dividends.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management discussion and analysis (MD&A) provides information on the activities of the Issuer for the years ended August 31, 2016 and August 31, 2017, and should be read in conjunction with the audited financial statements for August 31, 2016 and August 31, 2017 and the unaudited financial statements for the three month period ended November 30, 2017 respectively. The referenced financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in Canadian dollars unless otherwise indicated. See "List of Exemptions from Instrument."

Readers are cautioned that management's discussion and analysis contains forward-looking statements and the actual events may vary from management's expectations. Forward looking statements are frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate" and other similar statements that certain events will occur. Forward looking statements are based on management's opinions and estimates on the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual results and future events could differ materially from those anticipated in such statements.

Overall Performance

The Issuer is a junior mineral exploration entity without any operating segments. It has one project in Tanzania that is based on gold which is a worldwide saleable commodity subject to the normal variations in the global market. No extraordinary circumstances have or are expected to affect the Issuer's operations outside the normal risks inherent in the global economy. An upturn in the global demand could increase the cost of acquisition and exploration but it would also increase the potential and interest in acquisitions and developing prospects that would attract capital to the Issuer.

No extraordinary trends or risks have or will affect the Issuer's financial statements.

Significant Events

In January 2016, the Issuer announced that Gurminder Sangha resigned as Director and Chief Financial Officer of the Issuer and Leonard Senft has been appointed as Director.

Overview

On August 12, 2016, the Issuer 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 issuer under the name "Moshi Mountain Industries Ltd." The head office of the Company is 5623 145a Street, Surrey, British Columbia, V3S 8E3.

Selected Annual Information

The following financial information represents selected information of the Issuer for the three most recently completed financial years:

	August 31, 2017	August 31, 2016	August 31, 2015
	\$	\$	\$
Total revenue	-	-	-
Loss and comprehensive loss for the year	(135,237)	(135,553)	(129,114)
Basic and diluted loss per share	(0.01)	(0.02)	(0.04)
Total assets	316,987	255,877	234,327
Total long term liabilities	-	-	-

No revenues have been or are likely to be recorded in the past or near future. There were no significant variations outside of the normal course of business. No acquisitions or discontinued operations have occurred, been negotiated or are contemplated.

Results of Operations

The Issuer had a net loss of \$135,237 for the year ended August 31, 2017, compared to \$135,553 for the year ended August 31, 2016. The expenses in the year ended August 31, 2017 are as follows:

- a) Consulting fees of \$30,000 (2016 - \$55,500) – The decrease is due to reduced consulting rates associated with a management agreement entered into with a company of which a director of the Issuer is the Chief Executive Officer.
- b) Office and administration of \$71 (2016 –\$25,248) – The decrease is due to less office and administrative services from a director of the Issuer and recoveries of certain office expenses during the year.
- c) Property investigation costs of \$9,183 (2016 - \$30,902) – The decrease is due to the decrease of expenses related to potential opportunities in Nevada, Utah and Mexico from the previous year.
- d) Stock based compensation expense of \$29,410 (2016 - \$NIL) – The increase is due to 1,150,000 stock options issued to the directors of the Issuer during the year ended August 31, 2017.

The Issuer's project is an early stage mineral exploration and development project. The plan for the project is outlined in the exploration section.

No commitments, events, risks or uncertainties that will materially affect the Issuer's future performance are envisioned.

There have been no unusual or infrequent events or transactions in the most recently completed financial year.

Summary of Quarterly Reports

	<u>August 31,</u> <u>2017</u>	<u>May 31,</u> <u>2017</u>	<u>February 28,</u> <u>2017</u>	<u>November 30,</u> <u>2016</u>
Revenue	\$ Nil	\$ Nil	\$ Nil	\$ Nil
Loss and comprehensive loss for the period	(82,857)	(15,497)	(15,423)	(21,460)
Exploration and evaluation assets	231,137	230,237	223,327	219,727
Exploration advances	19,786	19,786	19,786	19,786
Total assets	316,987	309,377	287,693	276,587
Loss per share	(0.00)	(0.00)	(0.00)	(0.00)

	<u>August 31,</u> <u>2016</u>	<u>May 31,</u> <u>2016</u>	<u>February 29,</u> <u>2016</u>	<u>November 30,</u> <u>2015</u>
Revenue	\$ Nil	\$ Nil	\$ Nil	\$ Nil
Loss and comprehensive loss for the period	(49,151)	(25,193)	(28,760)	(32,449)
Exploration and evaluation assets	214,227	206,446	206,446	206,446
Exploration advances	19,786	23,786	23,786	23,786
Total assets	255,877	233,566	233,449	233,375
Loss per share	(0.00)	(0.00)	(0.00)	(0.00)

No abnormal variations are present. Any variation is normal for a junior mineral exploration company at this stage of exploration and development.

Liquidity and Capital Resources

The Issuer will continue to require funds for exploration work on the 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 Issuer. The Issuer 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.

The Issuer has no material capital expenditures in the near or future other than those disclosed above in General and Administrative Expenses.

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

During the year ended August 31, 2017, the Issuer received loan proceeds of \$101,600 from a director of the Issuer. These amounts are non-interest bearing with no stated terms of repayment.

The Issuer had a working capital deficiency of \$20,865 as at August 31, 2017.

Off Balance Sheet Arrangements

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

Transactions with Related Parties

As at August 31, 2017, there is \$49,125 (2016 – \$49,125) due to a company controlled by Mr. Farrage, director and executive officer of the Issuer. These amounts are non-interest bearing with no stated terms of repayment.

As at August 31, 2017, there is \$118,000 (2016 – \$90,043) due to Mr. Farrage, director and executive officer of the Issuer, and companies of which Mr. Farrage is the Chief Executive Officer. These amounts are noninterest bearing with no stated terms of repayment.

As at August 31, 2017, the loan payable of \$142,869 (2016 – \$41,260) was all due to Mr. Farrage, director and executive officer of the Issuer. These amounts are non-interest bearing with no stated terms of repayment.

During the year ended August 31, 2017, the Issuer incurred \$30,000 (2016- \$52,500) in consulting fees and \$Nil (2016 - \$22,500) in office fees for services from Mr. Farrage and companies of which Mr. Farrage is the Chief Executive Officer.

During the year ended August 31, 2017, a director of the Issuer, Mr. Farrage, a company for which Mr. Farrage is the Chief Executive Officer and a third party agreed to postpone the payment due date of all amounts owed prior to the date that is 13 months from the date that the Issuer's common shares are listed and called for trading on the Exchange, being as of August 31, 2017 \$191,985, \$118,000 and for the third party, the amount of \$13,498 respectively until that date which is 13 months from the date that the Issuer's common shares are listed and called for trading on the Exchange. The amounts owing by the Issuer are non-interest bearing. Notwithstanding such postponement, the Issuer may pre-pay all or any part of the debt without penalty before such payment due date. The amounts have been classified as non-current liabilities on the statements of financial position.

During the year, the Issuer granted stock options to its directors valued at \$102,434, out of which \$29,410 was recognized this year.

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 August 31, 2017 audited financial statements included in this Prospectus.

Financial Instruments

Please refer to the August 31, 2017 audited financial statements included in this Prospectus.

Disclosure of Outstanding Security Data

As at the date of the Management's Discussion and Analysis for the fiscal year ended August 31, 2017 the following securities are outstanding:

Common Shares: 7,557,755

Warrants: Nil
Options: Nil

The outstanding security data above remains unaltered as of the date of this Prospectus.

Interim Management's Discussion and Analysis

The enclosed analysis is management's interpretation of the results and financial condition of the Issuer for the three month period ended November 30, 2017.

Results of Operations

Revenues

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

General and administrative expenses

For the three months ended November 30, 2017 and 2016

The Issuer had a net loss of \$31,097 for the three months ended November 30, 2017, compared to \$21,460 for the three months ended November 30, 2016.

Expense details are as follows:

- a) Professional fees of \$5,366 (2016 - \$11,914) – The decrease is due to fewer legal fees during the current period.
- b) Stock based compensation expense of \$18,206 (2016 – \$Nil) – The increase is due to stock options issued to the directors of the Issuer in the previous year of which \$18,206 is recognized in the current period.

Summary of Quarterly Reports

	November 30, 2017	August 31, 2017	May 31, 2017	February 28, 2017
Revenue	\$ Nil	\$ Nil	\$ Nil	\$ Nil
Loss and comprehensive loss for the period	(31,097)	(82,857)	(15,497)	(15,423)
Exploration and evaluation assets	231,137	231,137	230,237	223,327
Exploration advances	19,786	19,786	19,786	19,786
Total assets	327,088	316,987	309,377	287,693
Loss per share	(0.00)	(0.00)	(0.00)	(0.00)

	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)	(0.000)

No abnormal variations are present. Any variation is normal for a junior mineral exploration company at this stage of exploration and development.

Liquidity and Capital Resources

The Issuer will continue to require funds for exploration work on the 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 Issuer. The Issuer 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 Issuer's capital resources have been limited. The Issuer 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, 2017, the Issuer received loan proceeds of \$10,100 from a director of the Issuer. These amounts are non-interest bearing with no stated terms of repayment.

The Issuer had a working capital deficiency of \$15,529 as at December 31, 2017.

Off Balance Sheet Arrangements

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

Transactions with Related Parties

As at November 30, 2017, there is \$49,125 (August 31, 2017 - \$49,125) due to a director of the Issuer. These amounts are non-interest bearing with no stated terms of repayment.

As at November 30, 2017, there is \$125,500 (August 31, 2017 - \$118,000) due to a company controlled by a director of the Issuer. These amounts are non-interest bearing.

Included in loan payable is a balance of \$152,960 (August 31, 2017 - \$142,860) due to a director of the Issuer. These amounts are non-interest bearing.

During the period ended November 30, 2017, the Issuer incurred \$7,500 (2016 – \$7,500) in consulting fees. During the year ended August 31, 2017 and period ended November 30, 2017, a director of the Issuer, Mr. Farrage, a company for which Mr. Farrage is the Chief Executive Officer and a third party agreed to postpone the payment due date of all amounts owed prior to the date that is 13 months from the date that the Issuer's common shares are listed and called for trading on the Exchange, being as of November 30, 2017 \$202,085, \$125,500 and for the third party, the amount of \$13,498 respectively until that date which is 13 months from the date that the Issuer's common shares are listed and called for trading on the Exchange. The amounts owing by the Issuer are non-interest bearing. Notwithstanding such postponement, the Issuer may pre-pay all or any part of the debt without penalty before such payment due date. The amounts have been classified as non-current liabilities on the condensed interim statements of financial position.

During the year ended August 31, 2017 the Issuer granted stock options to its directors valued at \$102,434 of which \$29,410 was recognized during the year ended August 31, 2017 and \$18,206 was recognized during the period ended November 30, 2017.

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, 2017 condensed interim financial statements on www.sedar.com

Financial Instruments

Please refer to the November 30, 2017 condensed interim financial statements on www.sedar.com

Forward-looking information

This MD&A contains "forward-looking statements". Forward-looking statements reflect the Issuer's current views with respect to future events, are based on information currently available to the Issuer and are subject to certain risks, uncertainties, and assumptions, including those discussed above. Forward-looking statements include, but are not limited to, statements with respect to the success of mining exploration work, title disputes or claims, environmental risks, unanticipated reclamation expenses, the estimation of mineral reserves and resources and capital expenditures. In certain cases, forward-looking statements can be identified by the use of words such as "intends", "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements expressed or implied by the forward-looking statements. Such

factors include, among others, risks related to international operations, fluctuation of currency exchange rates, actual results of current exploration activities, changes in project parameters as plans are refined over time, the future price of gold and other precious or base metals, possible variations in mineral resources, grade or recovery rates, accidents, labour disputes and other risks of the mining industry, delays in obtaining, or inability to obtain, required governmental approvals or financing, as well as other factors discussed under "Risks and Uncertainties". Although the Issuer has attempted to identify material factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. The Issuer has made numerous assumptions about the forward-looking statements and information contained herein, including among other things, assumptions about the Issuer's anticipated costs and expenditures and its ability to achieve its goals. Even though the Issuer's management believes that the assumptions made and the expectations represented by such statements or information are reasonable, there can be no assurance that the forward-looking statements statement or information will prove to be accurate. Forward-looking statements contained in this MD&A are made as of the date of this report. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Issuer will update forward-looking statements in its management discussion and analysis as required by applicable law.

EARNINGS COVERAGE RATIOS

Not applicable.

DESCRIPTION OF THE SECURITIES DISTRIBUTED

Share Capital

The authorized capital of the Issuer consists of an unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

Common Shares

As of the date of the Prospectus, 7,557,755 common shares were issued and outstanding as fully paid and non-assessable securities. Holders of common shares are entitled to one vote per share upon all matters on which they have the right to vote. The common shares do not have pre-emptive rights and are not subject to redemption. Holders of the common shares are entitled to receive such dividends as may be declared by the Board of Directors out of funds legally available therefore. In the event of dissolution or winding up of the affairs of the Issuer, holders of the common shares are entitled to share rateably in all assets of the Issuer remaining after payment of all amounts due to creditors.

Preferred Shares

As of the date of this Prospectus, there are no preferred shares issued and outstanding. The preferred shares may include one or more series and, subject to the *Business Corporations Act*, the directors may, by resolution, if none of the shares of any particular series are issued, determine the maximum number of shares of that series that the Issuer is authorized to issue, determine that there is no such maximum number, or alter any such determination; create an identifying name for the shares of that series, or alter any such identifying name; and attach special rights or restrictions to the shares of that series, or alter any such special rights or restrictions.

Warrants

As of the date of the Prospectus, there are no share purchase warrants issued and outstanding.

CONSOLIDATED CAPITALIZATION

The following table sets forth the share capital of the Issuer as at the dates below. The table should be read in conjunction with and is qualified in its entirety by the Issuer's audited financial statements for the fiscal year ended August 31, 2017.

	As of November 30, 2017 (unaudited)	As of August 31, 2017 (audited)	As of the date of the Prospectus (unaudited)	After giving effect to the Offering (unaudited)
Common Shares	7,557,755 (\$290,408)	7,557,755 ⁽¹⁾ (\$290,408)	7,557,755 ⁽¹⁾ (\$290,408)	11,557,755 ⁽¹⁾ (\$690,408)
Debt	Nil	Nil	Nil	Nil

⁽¹⁾ Does not include any common shares issuable upon the exercise share purchase warrants included in the Agent's Compensation Options which are to be granted effective the Listing Date.

Fully Diluted Share Capitalization

Common Shares	Minimum Offering	
	Amount of Securities	Percentage of Total (%)
Issued and outstanding as at the date of the Prospectus	7,557,755	44.38%
Shares issuable under the Offering as part of the Units	4,000,000	23.49%
Warrant Shares reserved for issuance pursuant to the Warrants	4,000,000	23.49%
Common Shares reserved for issuance upon exercise of the Agent's Compensation Options	320,000	1.88%
Common Shares reserved for issuance upon exercise of the Incentive Stock Options	1,150,000	6.75%
Total Fully Diluted Share Capitalization after the Offering	17,027,755	100%

OPTIONS TO PURCHASE SECURITIES

As of the date of the Prospectus, the Issuer has granted the following Incentive Stock Options to purchase common shares of the Issuer to its officers, directors, employees and consultants in accordance with its stock option plan, subject to the completion of this Offering (the “Stock Option Plan”):

Category of Option Holders (number of people)	Number of Options held as of the date of the Prospectus	Number of Options held upon completion of Offering ⁽¹⁾	Exercise Price and Expiration Dates
Directors and Officers (5)	Nil	1,150,000	\$0.10 per common share for a term of 5 years from the date the Issuer’s common shares are listed for trading on the Exchange
Employees	Nil	Nil	N/A
Consultants	Nil	Nil	N/A
Others	Nil	Nil	N/A
TOTAL	Nil	1,150,000	

⁽¹⁾ Upon completion of the Offering and the listing of the Issuer’s common shares on the Exchange, the directors and officers of the Issuer will be granted 1,150,000 Incentive Stock Options. The details regarding the incentive stock options are set out below.

Upon the completion of the Offering and the listing of the Issuer’s common shares on the Exchange, and pursuant to each individual’s stock option agreement, the Issuer will be deemed to have granted non-transferable incentive stock options to purchase 1,150,000 common shares at \$0.10 per common share to officers, directors and consultants of the Issuer for a 5 year term commencing on the date of listing of the Issuer’s common shares on the Exchange. The Incentive Stock Options will be granted as follows:

Souhail Abi-Farrage –	500,000 Incentive Stock Options
Leonard Vernon Senft–	150,000 Incentive Stock Options
George Zarzour –	200,000 Incentive Stock Options
Glen MacDonald –	150,000 Incentive Stock Options
Michael Mulberry –	150,000 Incentive Stock Options

The following is a summary of the material terms of the Issuer’s Stock Option Plan:

- (a) directors, officers, employees, consultants and related persons of the Issuer, or persons engaged in investor relations activities on behalf of the Issuer are eligible to receive grants of options under the Stock Option Plan;
- (b) the maximum number of common shares reserved for issuance upon exercise of options granted pursuant to the provisions of the Stock Option Plan at any time shall not exceed 10% of the issued and outstanding common shares of the Issuer at the relevant time less any common shares required to be reserved with respect to any other options granted prior to the adoption and implementation of the Stock Option Plan.
- (c) the exercise price of any options granted is determined by the Board of Directors in its sole discretion as of the date the Board of Directors grants the options, and shall not be less than the greater of the closing market prices of the Issuer's common shares traded through the facilities

of any stock exchange or exchanges or other trading facility or system on which the common shares of the Issuer may be listed or traded on (a) the trading day immediately prior to the date of the grant, and (b) the date of the grant, less any discount permitted by such exchange, trading facility or system;

(d) options granted under the Stock Option Plan are non-assignable and non-transferable and exercisable for a period of up to five (5) years;

(e) an optionee's options expire no later than ninety (90) days following the date of the termination of optionee's employment or engagement by the Issuer, or no later than thirty (30) days if the optionee was engaged in investor relations activities; and

(f) notwithstanding the foregoing, if an optionee dies, any vested options held by him or her at the date of death will become exercisable by the optionee's heirs, executors, administrators or other legal representatives lawful personal representatives, heirs or executors for a period of one year following the date of death of the optionee.

Under the Stock Option Plan, the number of common shares which may be reserved for issue: (i) to any one individual in any twelve (12) month period shall not exceed 5% of the issued and outstanding common shares calculated at the date the option was granted; and (ii) to any one consultant in a twelve (12) month period shall not exceed 2% of the issued and outstanding common shares calculated at the date the option was granted all persons who undertake investor relations activities.

PRIOR SALES

Within 12 months prior to the date of this Prospectus, the Issuer did not issue any common shares or any securities convertible into common shares.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

In accordance with National Policy 46-201 *Escrow for Initial Public Offerings* ("NP 46-201"), all common shares of the Issuer held by a principal of the Issuer prior to the Offering are subject to escrow restrictions. A principal who holds securities carrying less than 1% of the voting rights attached to the Issuer's outstanding securities immediately after the Offering is not subject to the escrow requirements under NP 46-201. Under NP 46-201, a "principal" is defined as:

(a) a person or company who acted as a promoter of the issuer within two years before the Prospectus;

(b) a director or senior officer of the issuer or any of its material operating subsidiaries at the time of the Prospectus;

(c) a 20% holder – a person or company that holds securities carrying more than 20% of the voting rights attached to the issuer's outstanding securities immediately before and immediately after the Offering; or

(d) a 10% holder – a person or company that (i) holds securities carrying more than 10% of the voting rights attached to the issuer's outstanding securities immediately before and immediately after the Offering and (ii) has elected or appointed, or has the right to elect or appoint, one or more directors or senior officers of the issuer or any of its material operating subsidiaries.

A principal's spouse and their relatives that live at the same address as the principal will also be treated as principals and any securities of the issuer they hold will be subject to escrow requirements.

The escrowed shares are subject to the direction and determination of the British Columbia Securities Commission (the "BCSC"), Alberta Securities Commission (the "ASC") and the Exchange. Specifically, escrowed shares may not be sold, assigned, hypothecated, transferred within escrow or otherwise dealt with in any manner without the consent of the Exchange, except as permitted by the Escrow Agreement entered into substantially in the form of NP 46-201F1.

The following is a table indicating the total number of common shares escrowed and their respective percentages upon completion of the Offering.

Designation of class	Number of securities held in escrow	Percentage of class after the Offering
Common	1,248,220	10.80%

⁽¹⁾ These common shares held in escrow by the Transfer Agent pursuant to the terms as set out below.

The following are particulars of the common shares of the Issuer subject to escrow requirements pursuant to NP 46-201 as of the date of the Prospectus:

Shareholder ⁽¹⁾	Number of Common Shares	Percentage of class at the date of the Prospectus	Percentage of class after the Offering
Souhail Abi-Farrage	51,937	0.69%	0.45%
Leonard Vernon Senft	180,000	2.38%	1.56%
George Zarzour	1,000,002	13.23%	8.65%
Glen MacDonald	Nil	Nil	Nil
Michael Mulberry	16,281	0.22%	0.14%
Total	1,248,220	16.52%	10.80%

⁽¹⁾ The common shares are held in escrow by the Transfer Agent and will be released in accordance with the following schedule:

On the date the Issuer's securities are listed on the Exchange (the listing date)	1/10 of the escrow securities
6 months after the listing date	1/6 of the remaining escrow securities
12 months after the listing date	1/5 of the remaining escrow securities
18 months after the listing date	1/4 of the remaining escrow securities
24 months after the listing date	1/3 of the remaining escrow securities
30 months after the listing date	1/2 of the remaining escrow securities
36 months after the listing date	The remaining escrow securities

In the simplest case, where there are no changes to the escrow securities initially deposited and no additional escrow securities, the release schedule outlined above results in the escrow securities being released in equal tranches of 15% after completion of the release on the Listing Date.

The Issuer's transfer agent will be TSX Trust Company.

PRINCIPAL SHAREHOLDERS

To the knowledge of the Issuer's directors and senior officers, no persons shall beneficially own, directly or indirectly, or exercise control or direction over, or upon completion of the Offering will own, common shares carrying more than 10% of all voting rights:

Upon completion of the Offering, the directors, officers, insiders and promoters of the Issuer shall hold in the aggregate 1,248,220 common shares representing 10.80% of the common shares which will then be issued and outstanding if the Offering is completed.

DIRECTORS AND OFFICERS

Name, Address, Occupation, and Security Holding

The following table sets forth particulars regarding the current directors and officers of the Issuer:

Name, Position with the Issuer and Municipality of Residence	Principal Occupation For Past Five Years	Number and Percentage of Securities Beneficially Owned or controlled directly or indirectly, as of the date of the Prospectus ⁽³⁾		Number of Securities Beneficially Owned or controlled directly or indirectly, on completion of the Offering ⁽⁴⁾	Percentage of common shares issued and outstanding on completion of the Offering ⁽⁵⁾
Souhail Abi-Farrage, President, CEO, Secretary and Director <i>Surrey, B.C., Canada</i> ⁽¹⁾⁽²⁾	Mr. Farrage is the President, CEO, Secretary and director of the Issuer (March, 2015 – present). He is the President, CEO and Director of True Zone Resources Inc. (September, 2007 - present). Mr. Farrage also provides consulting services to a privately held company Bahega Consulting (April, 1996 to present). Mr. Farrage was the CEO and Director of Cameo Resources Corp. (January, 2005 to February, 2016) and Director and CEO of Declan Resources Inc. (formerly, Kokanee Minerals Inc.) (August, 2005 to October, 2012).	51,937 ⁽¹⁾	0.69%	51,937	0.45%
Leonard Vernon Senft, Director <i>Surrey, B.C., Canada</i> ⁽²⁾	Mr. Leonard Senft is a director of the Issuer (January, 2016 to present). Mr. Senft has been a director of True Zone Resources Inc. since January 2013 and was a director and Chief Financial Officer of Cameo Resources Corp. from January 2013 until December 2015.	180,000	2.38%	180,000	1.56%
George Zarzour, Director <i>Vancouver, B.C., Canada</i>	Mr. Zarzour is a director of the Issuer (September 16, 2016). Mr. Zarzour is a self-employed employment consultant.	1,000,002	13.23%	1,000,002	8.65%
Glen MacDonald⁽²⁾, Director <i>Vancouver, B.C.</i>	Mr. MacDonald is a director of the Issuer (September, 2016 to present). Mr. MacDonald is a director of the following companies: Golden Cariboo Resources Ltd. (March, 2003 to	Nil	Nil	Nil	Nil

Name, Position with the Issuer and Municipality of Residence	Principal Occupation For Past Five Years	Number and Percentage of Securities Beneficially Owned or controlled directly or indirectly, as of the date of the Prospectus ⁽³⁾		Number of Securities Beneficially Owned or controlled directly or indirectly, on completion of the Offering ⁽⁴⁾	Percentage of common shares issued and outstanding on completion of the Offering ⁽⁵⁾
<i>Canada</i>	present), Firebird Resources Inc. (February, 2010 to present), and Westminster Resources Ltd. (July, 2008 to present). Mr. MacDonald's principal occupation is Geotechnical Consultant.				
Michael Mulberry, CFO <i>Squamish, B.C.</i> <i>Canada</i>	Mr. Mulberry has been the CFO of Issuer since March 2, 2015. Mr. Mulberry has been a director of Secova Metals Corp. from June 25, 2013 to present; and director of True Zone Resources Inc. from November 5, 2012 to present. Mr. Mulberry is a self-employed mineral exploration infrastructure and camp manager.	16,281	0.22%	16,281	0.14%

⁽¹⁾30,000 common shares are held through a holding company wholly owned by Souhail Abi-Farrage.

⁽²⁾ Members of the Audit Committee.

⁽³⁾ Percentage is based on 7,557,755 common shares issued as of the date of the Prospectus and does not include shares to be issuable upon the Offering and the exercise of the Incentive Stock Options held on completion of the Offering.

⁽⁴⁾ All of these shares shall be subject to escrow (see "Escrowed Securities").

⁽⁵⁾ Percentage is based on total issued shares after the Offering being 11,557,755 common shares and does not include any common shares issuable upon exercise of the Incentive Stock Options and the Compensation Options.

The terms of the foregoing director and officer appointments shall expire at the next annual general meeting of shareholder of the Issuer.

Biographies

A description of the principal occupation for the past five years and summary of the experience of the directors and officers of the Issuer is as follows:

Souhail Abi-Farrage: Mr. Abi-Farrage, age 59, has been a director and the President, Chief Executive Officer and Secretary since March 2, 2015. He will be responsible for ongoing development and acquisitions, as well as management of overall operations of the Issuer. Mr. Abi-Farrage is the President, CEO and Director of True Zone Resources Inc. (September, 2007 - present). Mr. Abi-Farrage also provides consulting services to a privately held company Bahega Consulting (April, 1996 to present). Mr. Abi-Farrage was the CEO and Director of Cameo Resources Corp. (January, 2004 to February, 2016) and director and CEO of Declan Resources Inc. (formerly, Kokanee Minerals Inc.) (August, 2005 to November 2012). During the period from 2003 to 2012, Mr. Abi-Farrage acted in several capacities as President, director and Vice President of Corporate Finance of WestKam Gold Corp. Mr. Abi-Farrage devotes approximately 30% of his working time to the Issuer's affairs. Mr. Abi-Farrage has not entered into a non-competition or non-disclosure agreement with the Issuer.

Leonard Vernon Senft, age 65, has been a director of the Issuer since September 16, 2016. Mr. Senft has been a director of True Zone Resources Inc. since January 2013 and was a director and Chief Financial Officer of Cameo Resources Corp. from January 2013 until December 2015. He will devote 10% of his

time to the affairs of the Issuer. Mr. Senft has not entered into a non-competition or non-disclosure agreement with the Issuer.

George Zarzour, age 39, has been a director of the Issuer since September 16, 2016. Mr. Zarzour was a director of Canadawide Caregivers (August, 2010 to July, 2016). Mr. Zarzour is a self-employed employment consultant. He will devote 10% of his time to the affairs of the Issuer. Mr. Zarzour has not entered into a non-competition or non-disclosure agreement with the Issuer.

Glen MacDonald, age 68, has been a director of the Issuer since September 16, 2016. Mr. MacDonald has almost 20 years of experience holding senior executive positions of publicly traded companies. Mr. MacDonald's primary occupation is Geotechnical Consultant. He has been a Professional Geologist under the British Columbia Association of Professional Engineers and Geoscientists since July, 1993. Mr. MacDonald is a director of several reporting issuers and listed issuers including Golden Caribou Resources Ltd. (March 2003 to present), Potash One Inc. (October 2004 to present), Maxim Resources Inc. (January 2004 to present) and Vinergy Resources Ltd. (November 2009 to present). He will devote 10% of his time to the affairs of the Issuer. Mr. MacDonald has not entered into a non-competition or non-disclosure agreement with the Issuer.

Michael Mulberry, age 51, has been the Chief Financial Officer of the Issuer since September 16, 2016. Mr. Mulberry will be responsible for the preparation of the financial continuing disclosure of the Issuer and the management of the internal control procedures. Mr. Mulberry has been associated with the mineral exploration and public investment community since the 1990's. Mr. Mulberry is a self-employed mineral exploration infrastructure and camp manager. He has a B.A. in Commerce and successfully started his own insurance company in the late 1990's and early 2000's. He will devote 10% of his time to the affairs of the Issuer. Mr. Mulberry has not entered into a non-competition or non-disclosure agreement with the Issuer.

Aggregate Ownership of Securities

On completion of the Offering, all directors, officers, and promoters of the Issuer, as a group, will directly or indirectly beneficially own 1,248,220 common shares, representing approximately 10.80% of the issued and outstanding common shares on an undiluted basis.

Corporate Cease Trade Orders

Other than as set out below, no director, officer, promoter or other member of management of the Issuer has, within the past ten years from the date of the Prospectus, been a director, officer or promoter of any other issuer that:

- (a) was the subject of a cease trade order or an order similar to a cease trade order or an order that denied the issuer access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days while that person was acting in that capacity; or
- (b) was the subject of a cease trade order or an order similar to a cease trade order or an order that denied the issuer access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days after that person ceased to act in that capacity and which resulted from an event that occurred while that person was acting in such capacity.

Mr. Souhail Abi-Farrage was a director of Declan Resources Inc. ("Declan") when he became the subject of a management cease trade order issued by the BCSC on February 1, 2011 for Declan's failure to file annual financial statements and management discussion and analysis for the year ended September 30,

2010. The management cease trade order was revoked on April 19, 2011. Mr. Souhail Abi-Farrage was a director of Cameo Resources Corp. (then Sidon International Resources Corporation) (“Cameo”) when he became the subject of a management cease trade order issued by the BCSC dated August 30, 2011 for Cameo’s failure to file a comparative financial statement for the financial year ended April 30, 2011 and a management’s discussion and analysis for the period ended April 30, 2011. In addition, Cameo became the subject of a cease trade order issued by the BCSC for failure to file a comparative financial statement for the financial year ended April 30, 2011, interim financial statements for the financial period ended July 31, 2011 and a management’s discussion and analysis for the periods ended April 30, 2011 and July 31, 2011. On February 1, 2012, Cameo also became the subject of a cease trade order issued by the ASC for failure to file annual audited financial statements, annual management’s discussion and analysis and certification of annual filings for the year ended April 30, 2011 and interim unaudited financial statements, interim management’s discussion and analysis and certification of interim filings for the interim periods ended July 31, 2011 and October 31, 2011. The cease trade orders were revoked by the BCSC on May 22, 2013. Mr. Souhail Abi-Farrage was a director and President of True Zone when True Zone became subject to a cease trade order issued by the BCSC on September 10, 2015, and the Ontario Securities Commission on September 30, 2015, respectively, for True Zone’s failure to file annual financial statements and management discussion and analysis for the year ended April 30, 2015. The cease trade orders have not been revoked as at the date of this Prospectus.

Mr. Glen Macdonald was a director of Shakwak Exploration Company Limited when the company was halted March 8, 1989, November 24, 1989 and de-listed November 24, 1990 for failure to file financial information. It was re-organized and re-listed as Arcturus Resources Ltd. on March 18, 1996. Mr. Glen Macdonald was a director of AVC Venture Capital Corp. (“AVC”) on November 25, 2002 when AVC was halted by the TSX Venture Exchange (“TSXV”) for failure to complete a major transaction within the required time. Trading was reinstated on December 15, 2003. He was also a director of Corniche Capital Ltd. (“Corniche”) when it was halted by the TSXV on August 4, 1999 and on October 5, 1999 for failure to complete a major transaction within the required time. Corniche was reorganized as Printlux.com, Inc. and on August 28, 2001 it completed its Qualifying Transaction. Mr. Glen Macdonald has been a director of Dunes Exploration Ltd. (formerly Dynamic Resources Corp.) (“Dunes”) since September 1993. On May 1, 2009, a management cease trade order was issued against the securities of Dunes held by Mr. Glen Macdonald for failure to file financial statements. The financial statements were subsequently filed, and the management cease trade order expired as of July 10, 2009. Mr. Glen Macdonald was a director of Maxim Resources Inc. (“Maxim”) (May 2002- June 2015). On May 4, 2009, a cease trade order was issued against Maxim for failure to file financial statements. The financial statements were subsequently filed, and the cease trade order expired as of August 4, 2009. Mr. Glen Macdonald was a director of Wind River Resources Ltd. (“Wind”) and on May 1, 2009, Mr. Glen Macdonald was subject to a management cease trade order issued by the Alberta Securities Commission as a result of the failure of the Wind to make required filings. The order expired on July 10, 2009. Mr. Glen Macdonald was a director and CFO of Shoshoni Gold Inc. (“Shoshoni”) on July 6, 2015 when a cease trade order was issued against Shoshoni and Mr. Macdonald for failure to file financial statements. The cease trade order was revoked on October 9, 2015. Mr. Macdonald was a director of Cameo Resources Corp. when it became subject to a cease trade order on September 10, 2013 for failure to file financial statements. The cease trade order was revoked on October 7, 2013.

Mr. Michael Mulberry is the Chief Financial Officer of True Zone when True Zone became subject to a cease trade order issued by the BCSC on September 10, 2015, and the Ontario Securities Commission on September 30, 2015, respectively, for True Zone’s failure to file annual financial statements and management discussion and analysis for the year ended April 30, 2015. The cease trade orders have not been revoked as at the date of this Prospectus.

Mr. Mulberry was an officer and director of Encore Renaissance Resources Corp, when it became subject to a cease trade order by the British Columbia Securities Commission on March 8, 2010 and by the Alberta Securities Commission on June 17, 2010 for failure to file financial statements. The CTO was revoked on August 27, 2010.

Mr. Mulberry was a director of World Organics Inc. when it became subject to a cease trade order on June 2, 2004 for failure to file financial statements. The cease trade order was revoked on August 23, 2011.

Mr. Senft was a director of Cameo Resources Corp. when it became subject to cease trade orders on November 1, 2011 (BCSC) and February 1, 2012 (ASC) for failure to file financial statements. The cease trade orders were revoked on May 22, 2013.

Corporate and Personal Bankruptcies

No director, officer, or promoter of the Issuer, or a shareholder of the Issuer holding a sufficient number of securities of the Issuer to affect materially the control of the Issuer, or a personal holding company of any such persons,

- (a) is, as at the date of the Prospectus, or within the 10 years before the date of the Prospectus, as applicable, a director or executive officer of any company (including the Issuer) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the 10 years before the date of the Prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or has been subject to or has instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold such person's assets.

Penalties or Sanctions

No director, officer, or promoter of the Issuer, or a shareholder of the Issuer holding a sufficient number of securities of the Issuer to affect materially the control of the Issuer, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

Conflicts of interest may arise as a result of the directors and officers of the Issuer holding positions as directors or officers of other companies. Some of the directors and officers have been and will continue to be engaged in the identification and evaluation of assets and businesses, with a view to potential acquisition of interests in businesses and companies on their own behalf and on behalf of other companies, and situations may arise where the directors and officers will be in direct competition with the Issuer. Conflicts, if any, will be subject to the procedures and remedies under the BCBCA.

EXECUTIVE COMPENSATION

Compensation of Executive Officers

The Compensation Discussion and Analysis section explains the compensation program for the fiscal year ended August 31, 2017 for the Issuer's Named Executive Officers (as that term is defined under applicable securities legislation).

Compensation Discussion and Analysis

The compensation of the executive officers is determined by the Board of Directors, based in part on recommendations from the Chief Executive Officer.

The Board evaluates individual executive performance with the goal of setting compensation at levels that they believe are comparable with executives in other companies of similar size and stage of development operating in the same industry. In connection with setting appropriate levels of compensation, the Board base their decisions on their general business and industry knowledge and experience and publicly available information of comparable companies while also taking into account our relative performance and strategic goals.

The executive officer compensation consists of two basic elements: i) base salary; and ii) incentive stock options. The details are set out in the Summary Compensation Table.

The base salary established for each executive officer is intended to reflect each individual's responsibilities, experience, prior performance and other discretionary factors deemed relevant by the Board. In deciding on the salary portion of the compensation of the executive officers, major consideration is given to the fact that the Issuer is an early stage exploration Issuer and does not generate any material revenue and must rely exclusively on funds raised from equity financing. Therefore, greater emphasis may be put on incentive stock option compensation.

The incentive stock option portion of the compensation is designed to provide the executive officers of the Issuer with a long term incentive in developing the Issuer's business. Options granted under the Issuer's stock option plan are approved by the Board, and if applicable, its subcommittees, after consideration of the Issuer's overall performance and whether the Issuer has met targets set out by the executive officers in their strategic plan.

TABLE OF COMPENSATION EXCLUDING COMPENSATION SECURITIES
(for the fiscal year ended August 31, 2017 and 2016)

Name and Principal position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of Perquisites (\$)	All other compensation (\$)	Total compensation (\$)
Souhail Abi-Farrage⁽¹⁾ <i>President, CEO and Director</i>	2017	30,000	Nil	Nil	Nil	12,787	42,787
	2016	52,500⁽¹⁾	Nil	Nil	Nil	Nil	52,500
Michael Mulberry <i>Chief Financial Officer</i>	2017	Nil	Nil	Nil	Nil	3,836	3,836
	2016	Nil	Nil	Nil	Nil	Nil	Nil

(1) Management consulting fees in the amount of \$52,500 were owed from the Issuer to Bahega Consulting, a private company beneficially owned and operated by Mr. Abi-Farrage. These fees will be payable for the fiscal years until termination of such consulting services.

"Named Executive Officer" means each Chief Executive Officer, each Chief Financial Officer and each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000 for that financial year and each individual who would be an NEO but for the fact that the individual was neither an executive officer of the Issuer, nor acting in a similar capacity, at the end of that financial year.

COMPENSATION SECURITIES
(for the fiscal year end of August 31, 2017)

Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry Date
Souhail Abi-Farrage <i>President, CEO and Director</i>	Stock option	500,000	April 06, 2017	0.10	N/A	N/A	5 years from date of Listing
Leonard Vernon Senft, Director	Stock option	150,000	April 06, 2017	0.10	N/A	N/A	5 years from date of Listing
George Zarzour, Director	Stock option	200,000	April 06, 2017	0.10	N/A	N/A	5 years from date of listing
Glen MacDonald, Director	Stock option	150,000	April 06, 2017	0.10	N/A	N/A	5 years from date of Listing
Michael Mulberry <i>Chief Financial Officer</i>	Stock option	150,000	April 06, 2017	0.10	N/A	N/A	5 years from date of Listing

PENSION PLAN BENEFITS

The Issuer does not have a pension plan or provide any benefits following or in connection with retirement.

TERMINATION AND CHANGE OF CONTROL BENEFITS

In fiscal year ended 2015, the Issuer did not have a compensatory plan, contract or arrangement where a Named Executive Officer is entitled to receive more than \$100,000 to compensate such executive officers in the event of resignation, retirement or other termination, a change of control of the Issuer or its subsidiaries or a change in responsibilities following a change in control, except as disclosed herein.

EQUITY COMPENSATION PLAN INFORMATION
(for the fiscal year ended August 31, 2017)

	Number of securities to be issued upon exercise of outstanding options, warrants and rights (#)	Weighted-average exercise price of outstanding options, warrants and rights (\$)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by securityholders	Nil	Nil	Nil
Equity compensation plans <i>not</i> approved by securityholders	Nil	Nil	Nil
Total	Nil	Nil	Nil

There are no employment contracts between either the Issuer and the above-named executive officers other than disclosed herein or in the financial statements.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director, officer or promoter of the Issuer is or has been indebted to the Issuer at any time.

AUDIT COMMITTEE AND CORPORATE GOVERNANCE

Corporate governance relates to the activities of the Board of Directors, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board of Directors and who are charged with the day-to-day management of the Issuer. The Board of Directors is committed to sound corporate governance practices, which are in the interest of the shareholders of the Issuer and contribute to effective and efficient decision making.

NP 58-201 *Corporate Governance Guidelines* establishes corporate governance guidelines which apply to all public companies. The Issuer has reviewed its own corporate governance practices in light of these guidelines. In certain cases, the Issuer's practices comply with the guidelines, however, the Board of Directors considers that some of the guidelines are not suitable for the Issuer at its current stage of development and therefore these guidelines have not been adopted. The Issuer will continue to review and implement corporate governance guidelines as the business of the Issuer progresses and becomes more active in operations. National Instrument 58-101 *Disclosure of Corporate Governance Practices* mandates disclosure of corporate governance practices in Form 58-101F2 *Corporate Governance Disclosure (Venture Issuers)*, which disclosure is set out below.

1. Board of Directors

The mandate of the Board of Directors is to supervise the management of the Issuer and to act in the best interests of the Issuer. The Board of Directors acts in accordance with:

- (a) the *BCBCA*;
- (b) the Issuer's articles of incorporation;
- (c) the charters of the Board of Directors and the Audit Committee; and
- (d) other applicable laws and company policies.

The Board of Directors approves all significant decisions that affect the Issuer before they are implemented. The Board of Directors supervises their implementation and reviews the results.

The Board of Directors is actively involved in the Issuer's strategic planning process. The Board of Directors discusses and reviews all materials relating to the Issuer's strategic plan with management. The Board of Directors is responsible for reviewing and approving the strategic plan. At least one Board of Directors meeting each year is devoted to discussing and considering the strategic plan, which takes into account the risks and opportunities of the business. Management must seek the Board of Directors' approval for any transaction that would have a significant impact on the strategic plan.

The Board of Directors periodically reviews the Issuer's business and implementation of appropriate systems to manage any associated risks, communications with investors and the financial community and the integrity of the Issuer's internal control and management information systems. The Board of Directors also monitors the Issuer's compliance with its timely disclosure obligations and reviews material disclosure documents prior to distribution. The Board of Directors periodically discusses the systems of internal control with the Issuer's external auditor.

The Board of Directors is responsible for choosing the CEO and appointing senior management and for monitoring their performance and developing descriptions of the positions for the Board of Directors, including the limits on management's responsibilities and the corporate objectives to be met by the management.

The Board of Directors approves all the Issuer's major communications, including annual and quarterly reports, financing documents and press releases. The Board of Directors approves the Issuer's communication policy that covers the accurate and timely communication of all important information. It is reviewed annually. This policy includes procedures for communicating with analysts by conference calls.

The Board of Directors, through the Issuer's audit committee (the "Audit Committee"), examines the effectiveness of the Issuer's internal control processes and management information systems. The Board of Directors consults with the internal auditor and management of the Issuer to ensure the integrity of these systems. The internal auditor submits a report to the Audit Committee each year on the quality of the Issuer's internal control processes and management information systems.

Of the Issuer's three directors, two are considered independent. The definition of independence used by the Board of Directors is that used by the Canadian Securities Administrators. A director is independent if he has no "material relationship" with the Issuer. A "material relationship" is a relationship which could, in view of the Board of Directors, be reasonably expected to interfere with the exercise of a director's independent judgement. Certain types of relationships are by their nature considered to be material relationships.

The Board of Directors has determined that Mr. Leonard Vern Senft and Mr. Glen MacDonald are independent directors. Mr. Souhail Abi-Farrage is not independent because he is the CEO of the Issuer.

2. Directorships

The following table sets forth the directors of the Issuer who currently hold directorships on other reporting issuers:

<u><i>Name of Director</i></u>	<u><i>Name of Other Reporting Issuer(s)</i></u>
Souhail Abi-Farrage	True Zone Resources Inc.
Glen MacDonald	Vinergy Resources Ltd. Angel Bioventures Ltd. (Bella Res. Ltd) Dunes Exploration Ltd. Golden Caribou Resources Ltd. Westminster Resources Ltd. Shoshoni Gold Ltd. Starr Peak Explorations Ltd. Pistol Bay Mining Inc. Blind Creek Resources Inc. Firebird Resources Inc. LeenLife Pharma International Inc.(SPT Sulphur Polymar) Savoy Ventures Ltd. Glenmac Capital Inc. Nishal Capital Inc. Priyanka Capital Inc. Ravensden Capital Inc. Real Difference Capital Inc, Harvest One Capital Inc. Columbus Energy Limited Yorkton Ventures Inc.
Michael Mulberry	True Zone Resources Inc. Secova Metals Corp.
Leonard Vern Senft	True Zone Resources Inc.

3. Orientation and Continuing Education

The Board of Directors of the Issuer briefs all new directors with the policies of the Board of Directors, and other relevant corporate and business information.

4. Ethical Business Conduct

The Board of Directors has found that the fiduciary duties placed on individual directors by the Issuer's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board of Directors in which the director has an interest have been sufficient to ensure that the Board of Directors operates independently of management and in the best interests of the Issuer.

Under the applicable corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Issuer and to exercise the care, diligence and skill that a reasonably

prudent person would exercise in comparable circumstances, and to disclose to the board the nature and extent of any interest of the director in any material contract or material transaction, whether made or proposed, if the director is a party to the contract or transaction, is a director or officer (or an individual acting in a similar capacity) of a party to the contract or transaction or has a material interest in a party to the contract or transaction. The director must then abstain from voting on the contract or transaction unless the contract or transaction (i) relates primarily to their remuneration as a director, officer, employee or agent of the Issuer or an affiliate of the Issuer, (ii) is for indemnity or insurance for the benefit of the director in connection with the Issuer, or (iii) is with an affiliate of the corporation. If the director abstains from voting after disclosure of their interest, the directors approve the contract or transaction and the contract or transaction was reasonable and fair to the Issuer at the time it was entered into, the contract or transaction is not invalid and the director is not accountable to the Issuer for any profit realized from the contract or transaction. Otherwise, the director must have acted honestly and in good faith, the contract or transaction must have been reasonable and fair to the Issuer and the contract or transaction be approved by the shareholders by a special resolution after receiving full disclosure of its terms in order for the director to avoid such liability or the contract or transaction being invalid.

The Board of Directors has not adopted a written code of business conduct and ethics but encourages and promotes a culture of ethical business conduct by promoting compliance with applicable laws, rules and regulations.

5. Nomination of Directors

The Board of Directors is responsible for identifying individuals qualified to become new directors of the Issuer and recommending to the Board of Directors any new director nominees for the next annual meeting of shareholders of the Issuer.

New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Issuer, the ability to devote the time required, show support for the Issuer's mission and strategic objectives, and demonstrate a willingness to serve the interests of the Issuer.

6. Compensation

Following the Closing Date, the Board of Directors will establish an appropriate comparative group of public companies of similar size and stage of development in the mineral exploration industry. The Issuer's management will use this comparative group to determine the future compensation for its executives taking into account the time and effort expended by its executives and the current stage of the Issuer's development.

The Board of Directors determines the compensation of the Issuer's officers, based on industry standards and the Issuer's financial situation.

7. Other Board Committees

The Board of Directors has no committees other than the Audit Committee.

8. Assessments

The Board of Directors monitors the adequacy of information given to directors, communication between the board and management and the strategic direction and processes of the board and the Audit Committee.

AUDIT COMMITTEE

The Audit Committee Charter

The Audit Committee's mandate and charter can be described as follows:

1. Each member of the Audit Committee shall be a member of the Board, in good standing, and the majority of the members of the Audit Committee shall be independent in order to serve on this committee.
2. At least one of the members of the Audit Committee shall be financially literate.
3. Review the Audit Committee's charter annually, reassess the adequacy of this charter, and recommend any proposed changes to the Board. Consider changes that are necessary as a result of new laws or regulations.
4. The Audit Committee shall meet at least four times per year, and each time the Issuer proposes to issue a press release with its quarterly or annual earnings information. These meetings may be combined with regularly scheduled meetings, or more frequently as circumstances may require. The Audit Committee may ask members of the management or others to attend the meetings and provide pertinent information as necessary.
5. Conduct executive sessions with the outside auditors, outside counsel, and anyone else as desired by the Audit Committee.
6. The Audit Committee shall be authorized to hire outside counsel or other consultants as necessary (this may take place any time during the year).
7. Approve any non-audit services provided by the independent auditors, including tax services. Review and evaluate the performance of the independent auditors and review with the full Board any proposed discharge of the independent auditors.
8. Review with the management the policies and procedures with respect to officers' expense accounts and perquisites, including their use of corporate assets, and consider the results of any review of these areas by the independent auditor.
9. Consider, with the management, the rationale for employing accounting firms rather than the principal independent auditors.
10. Inquire of the management and the independent auditors about significant risks or exposures facing the Issuer; assess the steps the management has taken or proposes to take to minimize such risks to the Issuer; and periodically review compliance with such steps.
11. Review with the independent auditor, the audit scope and plan of the independent auditors. Address the coordination of the audit efforts to assure the completeness of coverage, reduction of redundant efforts, and the effective use of audit resources.
12. Inquire regarding the “quality of earnings” of the Issuer from a subjective as well as an objective standpoint.

13. Review with the independent accountants: (a) the adequacy of the Issuer's internal controls including computerized information systems controls and security; and (b) any related significant findings and recommendations of the independent auditors together with the Management's responses thereto.
14. Review with the management and the independent auditor the effect of any regulatory and accounting initiatives, as well as off-balance-sheet structures, if any.
15. Review with the management the annual financial reports before they are filed with the regulatory authorities.
16. Review with the independent auditor that performs an audit: (a) all critical accounting policies and practices used by the Issuer; and (b) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with the management of the Issuer, the ramifications of each alternative and the treatment preferred by the Issuer.
17. Review all material written communications between the independent auditors and the management.
18. Review with the management and the independent auditors: (a) the Issuer 's annual financial statements and related footnotes; (b) the independent auditors' audit of the financial statements and their report thereon; (c) the independent auditor's judgments about the quality, not just the acceptability, of the Issuer's accounting principles as applied in its financial reporting; (d) any significant changes required in the independent auditors' audit plan; and (e) any serious difficulties or disputes with the management encountered during the audit.
19. Review the procedures for the receipt, retention, and treatment of complaints received by the Issuer regarding accounting, internal accounting controls, or auditing matters that may be submitted by any party internal or external to the organization. Review any complaints that might have been received, current status, and resolution if one has been reached.
20. Review procedures for the confidential, anonymous submission by employees of the organization of concerns regarding questionable accounting or auditing matters. Review any submissions that have been received, the current status, and resolution if one has been reached.
21. The Audit Committee will perform such other functions as assigned by law, the Issuer's articles, or the Board.

Composition of the Audit Committee

The members of the Audit Committee are Mr. Souhail Abi-Farrage, Mr. Leonard Vern Senft and Mr. Glen MacDonald. Mr. Leonard Vern Senft and Mr. Glen MacDonald are independent as that term is defined in National Instrument 52-110 *Audit Committees* (“NI 52-110”). Mr. Souhail Abi-Farrage is not independent of the Issuer, however the Issuer is relying on the exemption in Section 6.1 of NI 52-110 in respect of the requirement to have all members of the Audit Committee be independent. All members of the Audit Committee are “financially literate” as that term is defined in NI 52-110.

Subject to NI 52-110, a member of the Audit Committee is independent if the member has no direct or indirect material relationship with the Issuer. A material relationship means a relationship which could, in the view of the Issuer's Board of Directors, reasonably interfere with the exercise of a member's independent judgment.

Relevant Education and Experience

All of the members of the Audit Committee have gained their education and experience by participating in the management of private and publicly traded companies and all members are “financially literate” as defined in NI 52-110, meaning that they have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Issuer’s financial statements. Each member has an understanding of the mineral exploration and mining business in which the Issuer is engaged and has an appreciation of the financial issues and accounting principles that are relevant in assessing the Issuer’s financial disclosures and internal control systems.

Mr. Souhail Abi-Farrage has over 25 years of experience as a director of various public companies where his responsibilities included reviewing and approving financial statements.

Mr. Leonard Vern Senft has gained significant experience and knowledge from acting as a director and officer of other reporting companies. Mr. Senft is financially literate and is familiar with the process of reviewing and approving disclosure associated with financial statements and Management Discussion & Analysis.

Mr. Glen MacDonald has significant experience and knowledge in managing resource companies and he currently sits on the board and as an executive officer for several publicly traded companies. Mr. MacDonald is financially literate and he is familiar with the process of reviewing and approving disclosure associated with financial statements and Management Discussion & Analysis.

Audit Committee Oversight

At no time since inception was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

Reliance on Certain Exemptions

At no time since inception has the Issuer relied on the exemption in Section 2.4 of NI 52-110 (de minimis non-audit services), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110. Section 2.4 provides an exemption from the requirement that an audit committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of all the non-audit services not pre-approved is reasonably expected to be no more than 5% of the total fees payable to the auditor in the fiscal year in which the non-audit services were provided, a company did not recognize the services as non-audit services at the time of engagement, and the services are promptly brought to the attention of the audit committee and approved prior to the completion of the audit by the audit committee. Section 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

Pre-Approval of Policies and Procedures

The Audit Committee has not adopted any specific policies and procedures for the engagement of non-audit services. Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by, as applicable, the Board and the Audit Committee, on a case by case basis.

External Auditor Service Fees

The Audit Committee has reviewed the nature and amount of the non-audited services provided by Dale Matheson Carr-Hilton Labonte LLP Chartered Professional Accountants of Vancouver, British Columbia to the Issuer to ensure auditor independence. Fees incurred with Dale Matheson Carr-Hilton Labonte LLP Chartered Professional Accountants for audit and non-audit services in the last fiscal year ended August 31, 2016 are outlined in the following table.

Nature of Services	Fees Paid to Auditor in Fiscal Year ended, August 31, 2016
Audit Fees ⁽¹⁾	\$12,750
Audit-Related Fees ⁽²⁾	\$Nil
Tax Fees ⁽³⁾	\$Nil
All Other Fees ⁽⁴⁾	\$Nil
Total	\$Nil

- (1) “Audit Fees” include fees necessary to perform the annual audit and quarterly reviews of the Issuer's financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) “Audit-Related Fees” include fees for services that are traditionally performed by an auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) “Tax Fees” include fees for all tax services other than those included in “Audit Fees” and “Audit-Related Fees”. This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) “All Other Fees” include all other non-audit services.

Exemption

The Issuer is relying upon the exemption in Section 6.1 of NI 52-110 in respect of the composition of its Audit Committee not being comprised of all independent directors, and in respect of its reporting obligations under NI 52-110 in that the Issuer does not publish an annual information form at this time.

PLAN OF DISTRIBUTION

The Offering

The Offering consists of 4,000,000 Units at a price of \$0.15 per Unit for gross proceeds of \$400,000. Each Unit comprises of one Share and one Warrant, and each Warrant is exercisable to acquire one Warrant Share for a period of two years at an exercise price of \$0.15 per Warrant Share in the first year and \$0.20 per Warrant Share in the second year from the date of issue. The price to the public was determined by arm's length negotiation between the Issuer and the Agent. The distribution of the Shares and Warrants comprising the Units is qualified by this Prospectus.

The completion of the Offering shall be subject to, among other conditions customary for offerings of securities such the Offering, the condition precedent that the exploration rights represented by PL 11043/2016 be transferred from the Issuer's staking agent, Jafari Yassim Sebabili, to the Issuer, which prosecuting license shall permit the Issuer to duly carry out the proposed exploration

activities described under the heading “Description of the Business” which are being funded by the net proceeds of the Offering.

Appointment of Agent

The Issuer, pursuant to the terms of the Agency Agreement, has appointed the Agent as its exclusive agent to offer the Units under the Offering on a commercially reasonable efforts basis. The Issuer is not a ‘related issuer’ or a ‘connected issuer’ of the Agent.

The Offering is for 4,000,000 Units at a price of \$0.10 per Unit for gross proceeds of \$400,000. All funds received will be held by the Agent in trust pursuant to the Agency Agreement. The completion of the Offering is subject to the Issuer obtaining conditional approval of its listing application from the Exchange and other regulatory approvals which is expected to occur on or about ***ClosingDate, or such other date as the Agent and the Issuer may agree in writing. If the Offering does not close for any reason, all subscription funds received by the Agent will be returned to the subscribers, without interest or deduction.

Agent’s Compensation

In consideration of the services rendered by the Agent in connection with the qualification, distribution and sale of the Units, the Issuer will grant to the Agent Compensation Options equal to 8% of the Units sold under the Offering. Each Compensation Option entitles the Agent to purchase one common share of the Issuer at an exercise price of \$0.15 per share for a period of three years from the listing of the common shares on the Exchange. This Prospectus qualifies the distribution of the Compensation Options.

For acting as agent on the Offering, on closing of the Offering the Agent will receive a cash commission of 8% of the gross proceeds received from the Units sold. In consideration for the services rendered by the Agent, the Issuer will pay the Agent a corporate finance fee of \$22,500, plus applicable taxes of which \$11,250 plus applicable taxes has been paid and is non-refundable. The balance shall be payable to the Agent upon closing of the Offering. The Issuer will also pay the Agent for all reasonable out of pocket expenses incurred by the Agent in connection with the Offering, including fees of the Agent’s legal counsel, marketing, due diligence and accounting costs, including the costs of any required consultant reports. As of the date hereof, the Issuer has paid the Agent a retainer of \$10,000 which is to be applied by the Agent against anticipated expenses.

The obligations of the Agent under the Agency Agreement may be terminated prior to the completion of the Offering at the Agent's discretion on the basis of its assessment of the state of the financial markets and at any time upon the occurrence of certain stated events and upon other conditions set out in the Agency Agreement.

The Issuer has granted the Agent a right of first refusal to act as agent or underwriter in any future equity financings, public or private, undertaken by the Issuer for a period of 24 months from the Closing of the Offering.

The Issuer has agreed to pay all expenses, fees and disbursements of the Agent, including the Agent’s legal counsel fees and other agents’ fees and expenses pursuant to the Offering. There are no payments in cash, securities or other consideration being made, or to be made, to a promoter, finder or other person or company in connection with the Offering other than as disclosed herein.

All funds received will be held by the Agent in trust. If the Offering does not close for any reason, all subscription funds received by the Agent will be returned to the subscribers, without interest or deduction.

The Offering will be discontinued in the event that the Offering has not closed on or prior to the date which is 90 days from the issuance of a receipt for the Final Prospectus, unless an amendment to the Final Prospectus is filed and a receipt has been issued for such amendment, in which case the Offering will be discontinued in the event that the Offering has not closed on or prior to the date which is 90 days from the issuance of a receipt for an amendment to the Final Prospectus and, in any event, not more than 180 days after the issuance of a receipt for the Final Prospectus. It is expected that one or more global certificates that represent the aggregate principal number of Shares subscribed for will be issued in registered form to The Canadian Depository for Securities Limited (“CDS”), unless the Agent elects for book entry delivery, and will be deposited with CDS on the Closing Date. All of the purchasers of Shares will receive only a customer confirmation from the Agent as to the Shares purchased, except that certificates representing the Shares in registered and definitive form may be issued in certain other limited circumstances. Purchasers will receive certificates representing the Warrants purchased in registered and definitive form.

The completion of the Offering is subject to the Issuer obtaining conditional approval of its listing application from the Exchange and other regulatory approvals which is expected to occur on or about ***ClosingDate, or such other date as the Agent and the Issuer may agree in writing.

Other than the Offering expenses disclosed elsewhere in the Prospectus and payments to be made to the Agent as disclosed in this section, there are no payments in cash, securities or other consideration being made, or to be made, to a promoter, finder or other person or company in connection with the Offering.

Listing

The Issuer has applied to list the common shares distributed under the Prospectus on the Exchange. Listing will be subject to among other things the Issuer fulfilling all of the listing requirements of the Exchange.

As at the date of this prospectus, the Issuer does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, Aequis NEO Exchange Inc., a U.S. marketplace, or a marketplace outside Canada and the United States of America other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by the PLUS Markets Group plc.

There is no market through which these securities may be sold and purchasers may not be able to resell securities purchased under the prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. An investment in a natural resource issuer involves a significant degree of risk. The degree of risk increases substantially where the issuer’s properties are in the mineral exploration stage as opposed to the development stage, as in the present instance. See “Risk Factors”.

RISK FACTORS

The common shares should be considered highly speculative due to the nature of the Issuer’s business and the present stage of its development. In evaluating the Issuer and its business, investors should carefully consider, in addition to the other information contained in the Prospectus, the following risk factors. These risk factors are not a definitive list of all risk factors associated with an investment in the Issuer or in connection with the Issuer’s operations. There may be other risks and uncertainties that are not known to the Issuer or that the Issuer currently believes are not material, but which also may have a material adverse effect on its business, financial condition, operating results or prospects. In that case,

the trading price of the Issuer's common shares could decline substantially, and investors may lose all or part of the value of the common shares held by them.

An investment in securities of the Issuer should only be made by persons who can afford a significant or total loss of their investment. There is currently no market through which these securities may be sold and purchasers may not be able to resell securities purchased under the Prospectus.

The possible sale of common shares released from escrow on each release date could negatively affect the market price of the Issuer's common shares and also result in an excess of sellers of common shares to buyers of common shares and seriously affect the liquidity of the common shares. See "*Escrowed Securities*".

No Ongoing Operations and No Production History

The Issuer is a mineral exploration company and has no operations or revenue.

Limited Operating History

The Issuer has no history of earnings. There are no known commercial quantities of mineral reserves on the Issuer's Property. There is no assurance that the Issuer will ever discover any economic quantities of mineral reserves.

Operations in Tanzania

There is no assurance that future political and economic conditions in Tanzania will not result in the government adopting different policies respecting foreign development and ownership of mineral resources, as evidenced by the new mining legislation enacted in July, 2017 and further described under the heading "**DESCRIPTION OF THE BUSINESS – Three-Year History**". Any such changes in policy may result in changes in laws affecting ownership of assets, taxation, rates of exchange, environmental protection, labour relations, repatriation of income and return of capital, which may affect both the ability of the Issuer to undertake exploration and development activities in respect of future properties in the manner currently contemplated, as well as its ability to continue to explore and develop those properties in respect of which it has obtained exploration and development rights to date. The possibility that a future government of Tanzania may adopt substantially different policies, which might extend to expropriation of assets, cannot be ruled out.

The economy of Tanzania differs significantly from the economies of Canada, the United States and Western Europe in such respects as structure, level of development, gross national product, growth rate, capital reinvestment, resource allocation, self-sufficiency, rate of inflation and balance of payments position, among others. Growth rates, inflation rates and interest rates of developing nations are expected to be more volatile than those of western industrial countries.

The Issuer's operations are in Tanzania and so are subject to risks associated with operating in a foreign jurisdiction, including political, infrastructure, legal and other unique risks as discussed below.

The Issuer is exposed to risk due to its operations being located primarily in Tanzania as that country is currently facing issues of regional and/or global conflicts, terrorism and political violence, and violent organized crime by extremist terrorists and religious organizations. These risks may include but are not limited to:

- (i) potential loss of life, loss of assets and disruption to normal business processes;

- (ii) increased costs due to more complex supply chain arrangements and/or the cost of building new facilities or maintaining inefficient facilities;
- (iii) reduced volumes and impact on profits; and
- (iv) reputational impact of inability to protect staff and assets from serious harm.

The Issuer is attempting to mitigate the risks associated with operations in Tanzania by working with Tanzania nationals whose job in part is to advise the Issuer of the regulatory and political landscape and provide foresight and critical paths for the execution of the Issuer's business plans. **Negative Operating Cash Flow**

Since inception, the Issuer has had negative operating cash flow. The Issuer has incurred losses since its founding. The losses and negative operating cash flow are expected to continue for the foreseeable future as funds are expended on the exploration program on the Property and administrative costs. The Issuer cannot predict when it will reach positive operating cash flow.

Requirement for Further Financing

The Issuer has limited financial resources and may need to raise additional funds to carry out exploration of its Property. There is no assurance the Issuer will be able to raise additional funds or will be able to raise additional funds on terms acceptable to the Issuer. If the Issuer's exploration programs are successful and favourable exploration results are obtained, the Property may be developed into commercial production. The Issuer may require additional funds to place the Property into production. The only sources of future funds presently available to the Issuer are the sale of equity capital, debt, or offering of interests in its Property to be earned by another party or parties by carrying out development work. There is no assurance that any such funds will be available to the Issuer or be available on terms acceptable to the Issuer. If funds are available, there is no assurance that such funds will be sufficient to bring the Issuer's Property to commercial production. Failure to obtain additional financing on a timely basis could have a material adverse effect on the Issuer, and could cause the Issuer to forfeit its interest in its Property and reduce or terminate its operations. No funds are allocated from the Offering to pay the outstanding fees to related parties, and there can be no assurance that the Issuer may be able to raise such additional capital. The proceeds from the Offering will be used to carry out Phase I of the exploration program recommended by the Technical Report. Additional funds will be required should the Issuer decide to carry out the Phase II work program. There is no assurance the Issuer will be able to raise additional funds.

Exploration

At present, there are no bodies of ore, known or inferred, on the Property and there are no known bodies of commercially recoverable ore on the Property. There is no assurance that the Issuer's mineral exploration activities will result in any discoveries of commercial bodies of ore on the Property.

Development

The business of exploration for precious metals involves a high degree of risk. Few exploration properties are ultimately developed into producing properties. The Issuer's Property is at the exploration stage.

Title to Properties

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. Although the Issuer has investigated its title to the Property for which it holds an option to acquire concessions or other mineral leases or licenses and the Issuer is satisfied with its review of the title to the Property, the Issuer cannot give an assurance that title to the Property will not be challenged or impugned. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify, and transfers under foreign law often are complex. The Issuer does not carry title insurance on the Property. A successful claim that the Issuer does not have title could cause the Issuer to lose its rights to the Property, perhaps without compensation for its prior expenditures relating to the Property.

The Issuer's interest in the Property is by way of an option agreement only: (i) the Issuer does not own the Property, rather the Issuer has the right to acquire an interest in the Property by issuing common shares, incurring the expenditures and meeting the certain obligations; (ii) the exploration expenditures under the Option Agreement are optional to the Issuer, such that if the Issuer determines the Property to be without sufficient merit at any time prior to exercising its option it is not obligated to incur any further expenditures; (iii) if the Issuer fails to incur expenditures in accordance with the Option Agreement, it will lose all of its interest in the Property; (iv) the Issuer is dependent on AFGF to perform its obligations under the Option Agreement and if AFGF fails to perform its obligations thereunder the Issuer's interest in the Property may be lost. There is no guarantee the Issuer will be able to raise sufficient funding in the future to incur all expenditures under the Option Agreement.

Surface Rights

The Issuer does not own the surface rights to the Property. The Issuer understands that it is necessary, as a practical matter, to negotiate surface access, and the Issuer is continuing to do so. However, there is a risk that local communities or affected groups may take actions to delay, impede or otherwise terminate the contemplated activities of the Issuer. There can be no guarantee that the Issuer will be able to negotiate a satisfactory agreement with any such existing landowners/occupiers for such access, and therefore it may be unable to carry out significant exploration and development activities. In addition, in circumstances where such access is denied, or no agreement can be reached, the Issuer may need to rely on the assistance of local officials or the courts in such jurisdiction, which assistance may not be provided or, if provided, may not be effective. If the development of a mine on the Property becomes justifiable it will be necessary to acquire surface rights for mining, plant, tailings and mine waste disposal. There can be no assurance that the Issuer will be successful in acquiring any such rights.

Management

The success of the Issuer is largely dependent upon the performance of its management. The loss of the services of these persons may have a material adverse effect on the Issuer's business and prospects. There is no assurance that the Issuer can maintain the service of its management or other qualified personnel required to operate its business.

Requirement for Permits and Licenses

The Issuer will be applying for all necessary licenses and permits under applicable laws and regulations to carry on the exploration activities which it is currently planning in respect of the Property, and the Issuer believes it will comply in all material respects with the terms of such licenses and permits. However, such licenses and permits are subject to changes in regulations and in various operational circumstances.

A substantial number of additional permits and licenses will be required should the Issuer proceed beyond exploration. There can be no guarantee that the Issuer will be able to obtain such licenses and permits.

Environmental Risks and other Regulatory Requirements

The current or future operations of the Issuer, including the exploration activities and commencement of production on the Property, will require permits from various federal and local governmental authorities, and such operations are and will be governed by laws and regulations governing exploration, development, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, site safety and other matters. There can be no assurance that all permits which the Issuer may require for its facilities and conduct of exploration and development operations will be obtainable on reasonable terms or that such laws and regulations would not have a material adverse effect on any exploration and development project which the Issuer might undertake.

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

Amendments to current laws, regulations and permits governing the operations and activities of mineral companies, or more stringent enforcement thereof, could have a material adverse impact on the Issuer and cause increases in capital expenditure or exploration and development costs or reduction in levels of production at producing properties or require abandonment or delays in development of new properties.

Uninsurable Risks

Exploration of mineral properties involves numerous risks, including unexpected or unusual geological conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences, and political and social instability. It is not always possible to obtain insurance against all such risks and the Issuer may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any further profitability and result in increasing costs and a decline in the value of the securities of the Issuer. The Issuer does not maintain insurance against environmental risks.

Competition

Significant and increasing competition exists for mineral opportunities in Tanzania. There are a number of large established mineral exploration companies with substantial capabilities and greater financial and technical resources than the Issuer. The Issuer may be unable to acquire additional mineral properties or acquire such properties on terms it considers acceptable. Accordingly, there can be no assurance that the Issuer's exploration programs will yield any reserves or result in any commercial mineral operations.

Economic Conditions

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

Conflicts of Interest

Directors of the Issuer may, from time to time, serve as directors of, or participate in ventures with other companies involved in natural resource development. As a result, there may be situations that involve a conflict of interest for such directors. Each director will attempt not only to avoid dealing with such other companies in situations where conflicts might arise but will also disclose all such conflicts in accordance with the *Business Corporations Act* (British Columbia) and will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

Litigation

The Issuer and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit. The Issuer does not know of any such pending or actual material legal proceedings as of the date of the Prospectus.

No Cash Dividends

The Issuer has not declared any cash dividends to date. The Issuer intends to retain any future earnings to finance its business operations and any future growth. Therefore, the Issuer does not anticipate declaring any cash dividends in the foreseeable future.

Ore Reserves and Reserve Estimates

The Issuer's business relies upon the ability to determine whether a given property has commercial quantities of recoverable minerals. No assurance can be given that any discovered mineral reserves and resources will be recovered or that they will be recovered at the rates estimated. Mineral reserve and resource estimates are based on limited sampling and, consequently, are uncertain because the samples may not be representative. Mineral reserve and resource estimates may require revision (either up or down) based on actual production experience.

ELIGIBILITY FOR INVESTMENT

In the opinion of Thorsteinssons LLP, special Canadian tax counsel to the Issuer, based on the current provisions of the *Income Tax Act* (Canada) (the "Tax Act") and the regulations thereunder (the "Regulations"), and any specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof, provided the Units are listed on a "designated stock exchange", as defined in the Tax Act (which currently includes the Exchange), the Units will be "qualified investments" at the particular time for trusts governed by registered retirement savings plans ("RRSPs"), registered retirement income funds ("RRIFs"), deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax-free savings accounts ("TFSA's") under the Tax Act (collectively, the "Plans").

The Units are not currently listed on a "designated stock exchange". The Issuer has applied to list the Units on the Exchange, however, the Units will not be listed on a "designated stock exchange" at the date of the closing of the Offering. Accordingly, it is tax counsel's understanding that the Issuer intends to make an election, pursuant to the Tax Act, to be a "public corporation" on the same day of, but after, the Closing (the "Election"). The Issuer will make the Election on the reliance that the Canada Revenue Agency (the "CRA") will administratively accept that the Election, if validly made in satisfaction of the minimum requirements set out in the Tax Act and the Regulations and duly filed, will render the Units issued on the Closing to be "qualified investments" for the Plans at the time of issuance (the "Issuer's Reliance"). **If the Issuer's Reliance is incorrect or the Election is not accepted as being validly filed or made in satisfaction of the minimum requirements set out in the Tax Act and the Regulations, the Units will not be "qualified investments" for a Plan at the time of issuance.**

Significant penalties will be applicable if Units are acquired by a Plan at a time that such shares are not “qualified investments” for the Plan. Holders that intend to transfer Units to a Plan after the completion of the Offering should consult their own tax advisor about the applicable tax consequences with respect to such a transfer as, for example, income tax and penalties may be payable as a result of the transfer.

Notwithstanding the foregoing, the holder of a TFSA or the annuitant of a RRSP or RRIF will be subject to a penalty tax in respect of an Unit held in the TFSA, RRSP or RRIF if such Unit is a "prohibited investment" under the Tax Act. An Unit will generally not be a prohibited investment for a TFSA, RRSP or RRIF, as applicable, provided that: (i) the holder or annuitant of such account does not have a "significant interest" within the meaning of the Tax Act in the Issuer or any corporation, partnership or trust that does not deal at arm's length with the Issuer for the purposes of the Tax Act; and (ii) the Issuer deals at arm's length, for the purposes of the Tax Act, with such holder or annuitant and any corporation, partnership or trust in which the holder or annuitant has a significant interest. Holders or annuitants should consult their own tax advisors to ensure that the Units would not be a prohibited investment for a trust governed by a TFSA, RRSP or RRIF in their particular circumstances.

PROMOTERS

Mr. Souhail Abi-Farrage is considered to be a promoter of the Issuer as Mr. Souhail Abi-Farrage took the initiative in founding and organizing the Issuer. See also “Directors and Officers”.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There are no material pending legal proceedings or regulatory actions to which the Issuer is or is likely to be a party or of which any of its properties are or are likely to be the subject.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No Insider of the Issuer and no associate or affiliate of any Insider has any material interest, direct or indirect, in any transaction within the three years before the date of the Prospectus that has materially affected or is reasonably expected to materially affect the Issuer or a subsidiary of the Issuer other than as disclosed in the Prospectus. See “Executive Compensation”.

RELATIONSHIP BETWEEN ISSUER AND AGENT

The Issuer is not a related issuer or connected issuer of the Agent, as those terms are defined in National Instrument 33-105 “Underwriting Conflicts”.

AUDITORS, TRANSFER AGENTS AND REGISTRARS

Auditors

The Issuer's auditor is Dale Matheson Carr-Hilton Labonte LLP, Chartered Professional Accountants of 1500 – 1140 West Pender Street, Vancouver, BC V6E 4G1.

Transfer Agent and Registrar

The registrar and transfer agent for the common shares of the Issuer is TSX Trust Company of 650 West Georgia Street, Suite 2700, Vancouver, B.C. V6B 4N9.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the only material contracts which the Issuer has entered into in the two years prior to the date of the Prospectus are the following:

1. Option Agreement between the Issuer and AFGF (Tanzania) Limited dated for reference September 30, 2016.
2. Amendment Agreement No. 1 to Option Agreement between the Issuer and AFGF dated for reference October 16, 2017.
3. Option Exercise Agreement among the Issuer, AFGF and Jafari Yassim Sebabili dated for reference January 4, 2018.
4. Agency Agreement between the Agent and the Issuer dated AgencyAgmtDate***, 2018.
5. Transfer agency agreement between the Issuer and the Transfer Agent dated January 20, 2017.
6. Escrow Agreement among the Issuer, the directors of the Issuer and the Transfer Agent dated EscrowAgmtDate***, 2018.
7. Incentive stock agreements between the Issuer and each of Mr. Souhail Abi-Farrage, Mr. Leonard Vern Senft, Mr. Glen MacDonald, Mr. George Zarzour and Mr. Michael Mulberry dated April 6, 2017.
8. Management Agreement between the Issuer and Bahega Consulting and Souhail Abi Farrage dated September 1, 2014 and amended on June 1, 2016.

Inspection of Material Contracts and Reports

Copies of all the material contracts and reports referred to in the Prospectus may be inspected at the registered office of the Issuer, Suite 1780, 400 Burrard Street, Vancouver, British Columbia during normal business hours during the distribution of the securities offered hereunder, and for a period of 30 days thereafter, as well as on the SEDAR website at www.sedar.com upon the Effective Date of the Prospectus.

EXPERTS

The following persons or companies are named in the Prospectus as having have prepared or certified a report, valuation, statement or opinion in the Prospectus:

1. Craig Alford, P.Geol. prepared the Technical Report and is a “Qualified Person” as defined in NI 43-101;
2. The Issuer’s auditor, Dale Matheson Carr-Hilton Labonte LLP, Chartered Professional Accountants has prepared the audited financial statements of the Issuer included in the Prospectus including the audit report accompanying the financial statements attached to the Prospectus; and
3. Thorsteinssons LLP was retained by the Issuer to give the opinion set out in the section titled “Eligibility for Investment” in the Prospectus.

No person or company whose profession or business gives authority to a statement made by such person or company and who is named as having prepared or certified a part of the Prospectus, or prepared or certified a report or valuation described or included in the Prospectus, has received or shall receive or holds a direct or indirect interest in the property, associates or affiliates of the Issuer. The auditor is independent in accordance with the auditor's rules of professional conduct in the Province of British Columbia.

OTHER MATERIAL FACTS

Except as otherwise mentioned in the Prospectus, there are no material facts about the securities being distributed pursuant to the Offering that are not disclosed under any other items and are necessary in order for the Prospectus to contain full, true and plain disclosure of all material facts relating to the securities to be distributed.

RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in the provinces of British Columbia and Alberta provide purchasers with the right to withdraw from an agreement to purchase securities this right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In the provinces of British Columbia and Alberta securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

FINANCIAL STATEMENTS

The following financial statements are attached to the Prospectus:

1. Audited Financial Statements of the Issuer for the fiscal years ended August 31, 2016 and 2017.
2. Unaudited Interim Financial Statements of the Issuer for the three month period ended November 30, 2017.

ZANZIBAR GOLD INC.

FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the years ended August 31, 2017 and 2016



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Independent Auditor's Report

To the Shareholders of Zanzibar Gold Inc.:

We have audited the accompanying financial statements of Zanzibar Gold Inc., which comprise the statements of financial position as at August 31, 2017 and 2016, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Zanzibar Gold Inc. as at August 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describe certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about Zanzibar Gold Inc.'s ability to continue as a going concern.

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
January 03, 2018

ZANZIBAR GOLD INC.
 Statements of Financial Position
 As at August 31, 2017 and 2016
 (Expressed in Canadian dollars)

	Note	August 31, 2017	August 31, 2016
ASSETS			
Current assets			
Cash		\$ 134	\$ 16,528
Amounts receivable		6,263	2,006
Prepaid expense		-	3,330
Deposit for planned financing	6	46,334	-
Total current assets		<u>52,731</u>	<u>21,864</u>
Non-current assets			
Exploration and evaluation assets	5	231,137	214,227
Exploration advances	5	19,786	19,786
Deferred financing cost	6	13,333	-
Total non-current assets		<u>264,256</u>	<u>234,013</u>
TOTAL ASSETS		<u>\$ 316,987</u>	<u>\$ 255,877</u>
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)			
Current liabilities			
Accounts payable and accrued liabilities		\$ 73,596	\$ 49,714
Due to related parties	7	-	139,168
Loan payable	7	-	41,260
Total current liabilities		<u>73,596</u>	<u>230,142</u>
Non-current liabilities			
Long term payables	7	13,498	-
Due to related parties	7	167,125	-
Loan payable	7	142,860	-
Total non-current liabilities		<u>323,483</u>	<u>-</u>
TOTAL LIABILITIES		<u>397,079</u>	<u>230,142</u>
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Capital stock	6	290,408	290,408
Reserves	6	29,410	-
Deficit		(399,910)	(264,673)
TOTAL SHAREHOLDERS' EQUITY (DEFICIENCY)		<u>(80,092)</u>	<u>25,735</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		<u>\$ 316,987</u>	<u>\$ 255,877</u>

Nature and continuance of operations (Note 1)

"Souhail (Abby) Farrage"
 Chief Executive Officer & Director

"George Zarzour"
 Director

The accompanying notes are an integral part of these financial statements.

ZANZIBAR GOLD INC.

Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

	Note	Year ended August 31, 2017	Year ended August 31, 2016
EXPENSES			
Consulting	7	\$ 30,000	\$ 55,500
Office and administration	7	71	25,248
Professional fees		64,486	31,094
Property investigation costs		9,183	30,902
Regulatory and filing fees (recovery)		2,087	(7,191)
Stock based compensation	6	29,410	-
Loss and comprehensive loss for the year		\$ (135,237)	\$ (135,553)
Basic and diluted loss per share		\$ (0.01)	\$ (0.02)
Weighted average number of shares outstanding - basic and diluted		7,557,755	7,557,755

The accompanying notes are an integral part of these financial statements.

ZANZIBAR GOLD INC.
Statements of Cash Flows
(Expressed in Canadian dollars)

	Year ended August 31, 2017	Year ended August 31, 2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	\$ (135,237)	\$ (135,553)
Stock based compensation	29,410	-
Changes in non-cash working capital:		
Amounts receivable	(4,257)	399
Accounts payable and accrued liabilities	23,882	33,800
Prepaid expense	3,330	(3,330)
Due to/from related parties	27,957	79,043
Net cash used in operating activities	(54,915)	(25,641)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation assets	(16,910)	(4,781)
Net cash used in investing activities	(16,910)	(4,781)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan from related party	101,600	41,260
Long term payables	13,498	-
Deferred financing cost	(13,333)	-
Deposit for planned financing	(46,334)	-
Net cash provided by financing activities	55,431	41,260
Change in cash	(16,394)	10,838
Cash, beginning of year	16,528	5,690
Cash, end of year	\$ 134	\$ 16,528

The accompanying notes are an integral part of these financial statements.

ZANZIBAR GOLD INC.

Statements of Changes in Shareholders' Equity

(Expressed in Canadian dollars)

	Number of Shares	Capital Stock	Reserves	Deficit	Total
Balance as at August 31, 2015	7,557,755	\$ 290,408	-	\$ (129,120)	\$ 161,288
Loss for the year	-	-	-	(135,553)	(135,553)
Balance as at August 31, 2016	7,557,755	\$ 290,408	-	\$ (264,673)	\$ 25,735
Balance as at August 31, 2016	7,557,755	\$ 290,408	-	\$ (264,673)	\$ 25,735
Stock based compensation	-	-	29,410	-	29,410
Loss for the year	-	-	-	(135,237)	(135,237)
Balance as at August 31, 2017	7,557,755	\$ 290,408	29,410	\$ (399,910)	\$ (80,092)

The accompanying notes are an integral part of these financial statements.

ZANZIBAR GOLD INC.

Notes to the Financial Statements

For the Year Ended August 31, 2017 and 2016

(Expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Zanzibar Gold Inc. (the "Company") was incorporated on August 21, 2014 and Moshing Capital Inc. was incorporated on August 22, 2014 under the Business Corporations Act of British Columbia. Under the plan of arrangement (Note 10), the companies amalgamated on March 2, 2015 to form an amalgamated company. The head office of the Company is 5623 145a Street, Surrey, British Columbia, V3S 8E3. The registered and records office is Suite 1780, 400 Burrard Street, Vancouver, British Columbia, V6C 3A6.

The Company is in the business of the exploration and development of natural resource properties in Tanzania.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at August 31, 2017, the Company has not generated any revenues from operations, has a working capital deficiency of \$20,865 and accumulated deficit of \$399,910.

The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management assesses that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

If the going concern assumption is not appropriate for these financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses, and the classifications used could be material.

These financial statements were authorized for issue on January 03, 2018 by the directors of the Company.

2. BASIS OF PREPARATION

These financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The significant accounting policies applied in these financial statements are based on the IFRS issued and effective as of August 31, 2017.

These financial statements have been prepared on a historical cost basis, modified where applicable. In addition, these financial statements have been prepared using the accrual basis of accounting.

The financial statements are presented in Canadian Dollars, which is also the Company's functional currency, unless otherwise indicated.

ZANZIBAR GOLD INC.

Notes to the Financial Statements

For the Year Ended August 31, 2017 and 2016

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these financial statements in conformity of IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates

a) Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty and the classification / allocation of expenditures as exploration and evaluation expenditures or operating expenses.

b) Significant estimates and assumptions

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets and provisions for restoration and environmental obligations.

4. SIGNIFICANT ACCOUNTING POLICIES

a) Foreign Currency Translation

The Company's presentation currency and the functional currency of all of its operations is the Canadian dollar as this is the principal currency in which funds from financing activities are generated and receipts from operating activities are usually retained.

Transactions in foreign currencies are initially recorded in the Company's functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the currency rate of exchange at the end of each reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value is determined.

All gains and losses on translation of these foreign currency transactions are included in profit or loss.

ZANZIBAR GOLD INC.

Notes to the Financial Statements

For the Year Ended August 31, 2017 and 2016

(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Cash

Cash includes cash on hand, deposits held with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amount of cash and subject to an insignificant risk of change value.

c) Exploration and Evaluation Assets

The Company's exploration and evaluation assets consist of mineral rights acquired and exploration and evaluation expenditure capitalized in respect of projects that are at the exploration and evaluation stage.

No amortization charge is recognized in respect of exploration and evaluation assets. These assets are transferred to mine development assets in property, plant and equipment upon the commencement of mine development.

Exploration and evaluation expenditures in the relevant area of interest comprises costs which are directly attributable to:

- Acquisition;
- Surveying, geological, geochemical and geophysical;
- Exploratory drilling;
- Land maintenance;
- Sampling; and
- Assessing technical feasibility and commercial viability.

Exploration and evaluation expenditures related to an area of interest where the Company has tenure are capitalized as intangible assets and are initially recorded at cost less impairment.

Exploration and evaluation expenditures also includes the costs incurred in acquiring mineral rights, the entry premiums paid to gain access to areas of interest and amounts payable to third parties to acquire interests in existing projects. Capitalized costs, including general and administrative costs, are only allocated to the extent that those costs can be related directly to operational activities in the relevant area of interest.

Where the Company has entered into option agreements to acquire interests in mineral properties that require periodic share issuances, amounts un-issued are not recorded as liabilities since they are issuable entirely at the Company's option. Option payments are recorded as mineral property costs when the payments are made and share issuances are recorded as mineral property costs using the fair market value of the Company's common shares at the date of the issuance.

All capitalized exploration and evaluation expenditure is assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability or facts and circumstances suggest that the carrying amount exceeds the recoverable amount. The following circumstances indicate that an entity should test exploration and evaluation assets for impairment:

- The period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditures on further exploration and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- Exploration and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities in the specific area; and
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

In circumstances where a property is abandoned, the cumulative capitalized costs relating to the property are written off in the period.

ZANZIBAR GOLD INC.

Notes to the Financial Statements

For the Year Ended August 31, 2017 and 2016

(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Impairment of Non-Financial Assets

At the end of each reporting period, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

e) Financial Instruments

Financial assets

Financial assets are classified as into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Fair value through profit or loss – This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in profit or loss.

Loans and receivables – These assets are non-derivative financial assets with fixed or determinable payment that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments – These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

Available-for-sale – Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in profit or loss.

ZANZIBAR GOLD INC.

Notes to the Financial Statements

For the Year Ended August 31, 2017 and 2016

(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Financial Instruments (Continued)

Impairment on financial assets

At each reporting date, the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if and only if there is objective evidence of impairment as a result of one or more events, that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Objective evidence of impairment could include the following:

- Significant financial difficulty of the issuer or counterparty;
- Default or delinquency in interest or principal payments; or
- It has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets is directly reduced by the impairment loss. For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses were recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Derecognition of financial assets

Financial assets are derecognized when the rights to receive cash flows from the assets expire or the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss – This category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the balance sheet at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities – This category includes accounts payables, due to related parties and loan payable, which are recognized at amortized cost.

ZANZIBAR GOLD INC.

Notes to the Financial Statements

For the Year Ended August 31, 2017 and 2016

(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation estimated at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

g) Income Taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the asset and liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date applicable to the period of expected realization or settlement. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

h) Share-Based Payment

The Company may grant stock options to buy common shares of the Company to directors, officers, employees and consultants. The board of directors grants such options for periods of up to five years, with vesting periods determined at its sole discretion.

The fair value of the options is measured at grant date, using the Black-Scholes Option Pricing Model, and is recognized over the vesting period that the employees earn the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

Where the terms of a stock option is modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the stock-based compensation arrangement, or is otherwise beneficial to the employee as measured at the date of modification over the remaining vesting period.

ZANZIBAR GOLD INC.

Notes to the Financial Statements

For the Year Ended August 31, 2017 and 2016

(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Earnings (Loss) Per Share

The Company presents basic and diluted earnings/loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings/loss per share does not adjust the loss attributable to common shareholders or the weight average number of common shares outstanding when the effect is anti-dilutive.

New standards, amendments and interpretations not yet effected

New standard IFRS 9 "Financial Instruments" - This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 introduces new requirements for the classification and measurement of financial assets, additional changes relating to financial liabilities, a new general hedge accounting standard which will align hedge accounting more closely with risk management. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

New standard IFRS 16 "Leases" - This new standard was issued on January 13, 2016, and will be effective for accounting periods beginning on or after January 1, 2019. Early adoption is permitted, provided the Company has adopted IFRS 15. This standard sets out a new model for lease accounting.

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on its financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

5. EXPLORATION AND EVALUATION ASSETS

	Kwedilima Cheetah
Balance – August 31, 2015	\$ 206,446
Deferred costs during the year	
Acquisition costs	-
Exploration expenses:	
Geological analysis	829
Travel and accommodations	6,952
	<u>7,781</u>
Balance – August 31, 2016	214,227
Deferred costs during the year	
Acquisition costs	-
Exploration expenses:	
Consulting fees	7,100
Geological analysis	2,500
Property maintenance costs	5,000
Travel and accommodations	2,310
	<u>16,910</u>
Balance – August 31, 2017	\$ 231,137

ZANZIBAR GOLD INC.

Notes to the Financial Statements

For the Year Ended August 31, 2017 and 2016

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

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 100% 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 grant of the sub-option was subject to an assignment agreement effective on the same date which provides that the right to earn an 80% interest shall be assigned to the Company upon the completion of a proposed plan of arrangement between True Zone and the Company. On March 2, 2015, the plan of arrangement became effective and True Zone transferred the sub-option to the Company (Note 10).

The sub-option agreement lapsed and was replaced by an option agreement (the “Option Agreement”) between the Company and AFGF dated for reference September 30, 2016. The property that is the subject of the Option Agreement is located on prospecting license 11043/2016 in the Handeni Region, United Republic of Tanzania (the “Property”). The key terms of the Option Agreement are:

The Company can acquire an 80% undivided interest in and to the Property (the “Option”) free and clear of all charges, encumbrances and claims in consideration for:

- (i) cash payment of \$25,000 to the AFGF (Tanzania) Limited (“AFGF”) (paid);
- (ii) issuance of 500,000 common shares of the Company to the AFGF on or before September 26, 2017 (issued);
- (iii) incur \$75,000 in exploration expenses on or before September 26, 2016 (incurred); and
- (iv) an additional \$75,000 in exploration expenses on or before December 31, 2016 (incurred).

Pursuant to the Option Agreement, AFGF further granted the Company an option to purchase up to an additional 20% interest in the Property (the “Second Option”) upon exercise of the Option by the Company to earn an 80% interest in the Property.

The Second Option may be fully exercised to attain a further 20% legal and beneficial interest in the Property (for an aggregate of up to 100% legal and beneficial interest in the Property) for a 3 year period from the execution of the Option Agreement in consideration for further payments of:

- (i) \$1,000,000 for each additional 5% interest in the Property for up to \$4,000,000; or
- (ii) \$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 “Royalty”). The Company is entitled 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 AFGF notice of exercise together with \$1,000,000 for each 1% net smelter return for an aggregate of up to \$2,000,000.

As at August 31, 2017, the Company has advanced aggregate funds of \$19,786 (August 31, 2016 - \$19,786) to various third parties for future exploration work on the property.

ZANZIBAR GOLD INC.

Notes to the Financial Statements

For the Year Ended August 31, 2017 and 2016

(Expressed in Canadian Dollars)

6. CAPITAL STOCK

- (a) Authorized – unlimited common and preferred shares without par value
- (b) There were no share issuances during the years ended August 31, 2017 and 2016.

During the year ended August 31, 2017, the Company filed a preliminary prospectus, offering on a commercially reasonable efforts basis, to purchasers resident in the provinces of British Columbia and Alberta, through its agent, PI Financial Corp. (the “Agent”), 4,000,000 units (the “Units”) of the Company at a price of \$0.10 per Unit. Each Unit comprises of one common share in the capital of the Company (a “Share”) and one common share purchase warrant (a “Warrant”). Each Warrant is exercisable to acquire one further common share (a “Warrant Share”) for a period of two years, at an exercise price of \$0.15 per Warrant Share in the 1st year and \$0.20 per Warrant Share in the 2nd year. As at August 31, 2017, the Company had incurred costs of \$13,333 and paid deposit of \$46,334 in connection with the financing.

Stock options

The Company’s plan allows the directors to grant stock options to directors, officers, employees and consultants to purchase up to a total of 10% of the issued and outstanding common shares. No stock option granted under the plan is transferable by the optionee other than by will or the laws of descent and distribution, and each stock option is exercisable during the lifetime of the optionee only by such optionee.

During the year ended August 31, 2017, the Company approved the grant of incentive stock options to its directors to purchase up to 1,150,000 common shares in the capital of the Company, exercisable at a price of \$0.10 per share on or before five years after listing its shares on the Canadian Securities Exchange (“CSE”), vesting immediately on the listing date. The grant becomes effective on the date of listing the Company’s shares on the CSE. The company estimates the listing date to be no later than August 31, 2018. The total fair value of the options was calculated as \$102,434 out of which \$29,410 was recognized during the year. The fair value of each option granted has been estimated as of the date of the grant using the Black-Scholes Option Pricing Model with the following assumptions: risk-free interest rate of 1.51%, dividend yield 0%, an expected volatility of 141.56%, weighted average exercise price of \$0.10 and expected term of 5 years, equal to the full life of the options as the Company does not expect any options to be exercised

7. RELATED PARTY TRANSACTIONS

As at August 31, 2017, there is \$49,125 (August 31, 2016 – \$49,125) due to a director of the Company. These amounts are non-interest bearing.

As at August 31, 2017, there is \$118,000 (August 31, 2016 – \$90,043) due to a company controlled by a director of the Company. These amounts are non-interest bearing.

Included in loan payable is a balance of \$142,860 (August 31, 2016 – \$41,260) due to a director of the Company. These amounts are non-interest bearing.

During the year ended August 31, 2017, the Company incurred \$30,000 (2016 - \$52,500) in consulting fees and \$Nil (2016 - \$22,500) in office fees for services from a company controlled by a director of the Company.

During the year ended August 31, 2017, a director of the Company, Mr. Farrage, a company for which Mr. Farrage is the Chief Executive Officer and a third party agreed to postpone the payment due date of \$191,985, \$118,000 and \$13,498 respectively until that date which is 13 months from the date that the Company’s common shares are listed and called for trading on the CSE. The amounts owing by the Company are non-interest bearing. Notwithstanding such postponement, the Company may pre-pay all or any part of the debt without penalty before such payment due date. The amounts have been classified as non-current liabilities on the statements of financial position.

During the year, the company granted stock options to its directors valued at \$29,410 (note 6).

ZANZIBAR GOLD INC.

Notes to the Financial Statements

For the Year Ended August 31, 2017 and 2016

(Expressed in Canadian Dollars)

8. MANAGEMENT OF CAPITAL

The Company defines its capital as all components of shareholders' equity. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern.

In order to maintain its capital structure, the Company, is dependent on equity funding and when necessary, raises capital through the issuance of equity instruments, primarily comprised of common shares. The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will make changes to its capital structure as deemed appropriate under the specific circumstances.

The Company is not subject to any externally imposed capital requirements or debt covenants, and does not presently utilize any quantitative measures to monitor its capital. There were no changes to the Company's approach to managing capital during the year.

9. FINANCIAL INSTRUMENTS AND RISKS

Fair Value

The Company's financial instruments consist of cash, amounts receivable, accounts payable, and due to related parties. The fair value of all financial instruments approximate their carrying values. Cash and amounts receivable are classified as loans and receivables. Accounts payable, due to related parties and loan payable are classified as other financial liabilities.

The Company's financial instrument is exposed to a number of risks that are summarized below:

Liquidity Risk

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 amounts 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.

Credit Risk

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.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Company's cash is currently held in non-interest bearing bank account, management considers the interest rate risk to be minimal.

Commodity Price Risk

The ability of the Company to finance the exploration and development of its properties and the future profitability of the Company is directly related to the market price of the primary minerals identified in its mineral properties. Mineral prices fluctuate on a daily basis and are affected by a number of factors beyond the Company's control. A sustained, significant decline in the prices of the primary minerals or in the share prices of junior mineral exploration companies in general, could have a negative impact on the Company's ability to raise additional capital. Sensitivity to commodity price risk is remote since the Company has not established any reserves or production.

ZANZIBAR GOLD INC.

Notes to the Financial Statements

For the Year Ended August 31, 2017 and 2016

(Expressed in Canadian Dollars)

9. FINANCIAL INSTRUMENTS AND RISKS (CONTINUED)

Foreign Exchange Risk

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.

10. PLAN OF ARRANGEMENT

On October 20, 2014, the Company entered into an arrangement agreement with True Zone, the Company's parent company that contemplated a plan of arrangement for the spinout of the Company as a separate legal entity along with four other subsidiaries of True Zone. Upon completion of the plan of arrangement, the Company was granted the sub-option to earn an 80% interest in the Kwedilima Cheetah Property in Tanzania from True Zone in consideration for the Company's shares equal to 1% of the total issued and outstanding True Zone shares as of the share distribution record date. The number of True Zone shares outstanding on the share record distribution date was 45,775,300 and as such, the consideration for the sub-option agreement was 457,753 shares to True Zone shareholders. On October 20, 2014, the Company executed an amalgamation agreement for the amalgamation of the Company with Moshing Capital Inc. following the completion of such plan of arrangement. The amalgamation of the two foregoing companies formed an amalgamated company that retained the name of the Company as the business name and continued as one company under the Business Corporations Act of British Columbia. On March 2, 2015, the Company amalgamated with Moshing Capital Inc. to form an amalgamated company under the name "Moshi Mountain Industries Ltd."

The amalgamation was not accounted for as a business combination as the Company was not considered to be a business for accounting purposes. As the amalgamation resulted in the shareholders of Moshing Capital Inc. having control of the amalgamated company, the transaction was accounted for as if Moshing Capital Inc. acquired the net assets of the Company. As the Company had nominal net assets, the consideration of \$13,733, being the fair value of the 457,753 shares issued to True Zone shareholders, was attributed to the assignment of the option agreement and recorded to exploration and evaluation assets.

11. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being the acquisition, exploration and development of exploration and evaluation assets.

The Company operates in both Canada and Tanzania. The Company's exploration and evaluation asset is located in Tanzania.

ZANZIBAR GOLD INC.

Notes to the Financial Statements

For the Year Ended August 31, 2017 and 2016

(Expressed in Canadian Dollars)

12. INCOME TAX

A reconciliation of the expected income recovery to the actual income tax recovery is as follows:

	2017	2016
Loss for the year	\$ (135,237)	\$ (135,553)
Statutory tax rate	26%	26%
Expected income tax recovery	(35,162)	(35,244)
Change in valuation allowance	35,162	35,244
Deferred income tax recovery	\$ -	\$ -

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

	August 31, 2017	August 31, 2016
Loss carry-forwards	\$ 400,105	\$ 264,803
Share issuance costs	195	195
	\$ 400,300	\$ 264,998

The tax pools relating to these deductible temporary differences expire as follows:

	Loss carry- forwards
2034	\$ 6
2035	129,179
2036	135,618
2037	135,410
	\$ 400,105

ZANZIBAR GOLD INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the three months ended November, 2017 and 2016

Unaudited – Prepared by Management

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

ZANZIBAR GOLD INC.

Condensed Interim Statements of Financial Position

Unaudited – Prepared by Management

(Expressed in Canadian dollars)

	Note	November 30, 2017	August 31, 2017
ASSETS			
Current assets			
Cash		\$ 7,209	\$ 134
Amounts receivable		6,654	6,263
Deposit for planned financing	6	<u>46,334</u>	<u>46,334</u>
Total current assets		<u>60,197</u>	<u>52,731</u>
Non-current assets			
Exploration and evaluation assets	5	231,137	231,137
Exploration advances	5	19,786	19,786
Deferred financing cost	6	<u>15,968</u>	<u>13,333</u>
Total non-current assets		<u>266,891</u>	<u>264,256</u>
TOTAL ASSETS		<u>\$ 327,088</u>	<u>\$ 316,987</u>
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)			
Current liabilities			
Accounts payable and accrued liabilities		\$ 78,988	\$ 73,596
Total current liabilities		<u>78,988</u>	<u>73,596</u>
Non-current liabilities			
Long term payables	7	13,498	13,498
Due to related parties	7	174,625	167,125
Loan payable	7	<u>152,960</u>	<u>142,860</u>
Total non-current liabilities		<u>341,083</u>	<u>323,483</u>
TOTAL LIABILITIES		<u>420,071</u>	<u>397,079</u>
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Capital stock	6	290,408	290,408
Reserves	6	47,616	29,410
Deficit		<u>(431,007)</u>	<u>(399,910)</u>
TOTAL SHAREHOLDERS' EQUITY (DEFICIENCY)		<u>(92,983)</u>	<u>(80,092)</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		<u>\$ 327,088</u>	<u>\$ 316,987</u>

Nature and continuance of operations (Note 1)

"Souhail (Abby) Farrage"

Chief Executive Officer & Director

"George Zarzour"

Director

The accompanying notes are an integral part of these condensed interim financial statements.

ZANZIBAR GOLD INC.

Condensed Interim Statements of Loss and Comprehensive Loss

Unaudited – Prepared by Management

(Expressed in Canadian dollars)

	Note	Three months ended November 30, 2017	Three months ended November 30, 2016
EXPENSES			
Consulting	7	\$ 7,500	\$ 7,500
Office and administration	7	25	213
Professional fees		5,366	11,914
Property investigation costs		-	1,683
Regulatory and filing fees		-	150
Stock based compensation	6	18,206	-
Loss and comprehensive loss for the period		\$ (31,097)	\$ (21,460)
Basic and diluted loss per share		\$ (0.00)	\$ (0.00)
Weighted average number of shares outstanding - basic and diluted		7,557,755	7,557,755

The accompanying notes are an integral part of these condensed interim financial statements.

ZANZIBAR GOLD INC.

Condensed Interim Statements of Cash Flows

For the Three Months Ended November 30, 2017 and 2016

Unaudited – Prepared by Management

(Expressed in Canadian dollars)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (31,097)	\$ (21,460)
Stock based compensation	18,206	-
Changes in non-cash working capital:		
Amounts receivable	(391)	(553)
Accounts payable and accrued liabilities	5,392	(15,130)
Prepaid expense	-	3,330
Due to/from related parties	7,500	7,500
Net cash used in operating activities	(390)	(26,313)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation assets	-	(8,500)
Net cash used in investing activities	-	(8,500)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan from related party	10,100	52,800
Deferred financing cost	(2,635)	-
Net cash provided by financing activities	7,465	52,800
Change in cash	7,075	17,987
Cash, beginning of period	134	16,528
Cash, end of period	\$ 7,209	\$ 34,515

The accompanying notes are an integral part of these condensed interim financial statements.

ZANZIBAR GOLD INC.

Condensed Interim Statements of Changes in Shareholders' Equity

Unaudited – Prepared by Management

(Expressed in Canadian dollars)

	Number of Shares	Capital Stock	Reserves	Deficit	Total
Balance as at August 31, 2016	7,557,755	\$ 290,408	\$ -	\$ (264,673)	\$ 25,735
Loss for the period	-	-	-	(21,460)	(21,460)
Balance as at November 30, 2016	7,557,755	\$ 290,408	\$ -	\$ (286,133)	\$ 4,275
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Balance as at August 31, 2017	7,557,755	\$ 290,408	\$ 29,410	\$ (399,910)	\$ (80,092)
Stock based compensation	-	-	18,206	-	18,206
Loss for the period	-	-	-	(31,097)	(31,097)
Balance as at November 30, 2017	7,557,755	\$ 290,408	\$ 47,616	\$ (431,007)	\$ (92,983)

The accompanying notes are an integral part of these condensed interim financial statements.

ZANZIBAR GOLD INC.

Notes to the Condensed Interim Financial Statements

For the Three Months Ended November 30, 2017 and 2016

Unaudited – Prepared by Management

(Expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Zanzibar Gold Inc. (the “Company”) was incorporated on August 21, 2014 and Moshing Capital Inc. was incorporated on August 22, 2014 under the Business Corporations Act of British Columbia. Under the plan of arrangement (Note 10), the companies amalgamated on March 2, 2015 to form an amalgamated company. The head office of the Company is 5623 145a Street, Surrey, British Columbia, V3S 8E3. The registered and records office is Suite 1780, 400 Burrard Street, Vancouver, British Columbia, V6C 3A6.

The Company is in the business of the exploration and development of natural resource properties in Tanzania.

These condensed interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at November 30, 2017, the Company has not generated any revenues from operations, has a working capital deficiency of \$18,791 and accumulated deficit of \$431,007.

The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management assesses that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These condensed interim financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

If the going concern assumption is not appropriate for these condensed interim financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses, and the classifications used could be material.

These condensed interim financial statements were authorized for issue on January 12, 2018 by the directors of the Company.

2. BASIS OF PREPARATION

These condensed interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting. The significant accounting policies applied in these condensed interim financial statements are based on the IFRS issued and effective as of November 30, 2017.

These condensed interim financial statements have been prepared on a historical cost basis, modified where applicable. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting.

The condensed interim financial statements are presented in Canadian Dollars, which is also the Company's functional currency, unless otherwise indicated.

ZANZIBAR GOLD INC.

Notes to the Condensed Interim Financial Statements
For the Three Months Ended November 30, 2017 and 2016
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3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these condensed interim financial statements in conformity of IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the condensed interim financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates

a) Significant judgments

The preparation of condensed interim financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's condensed interim financial statements include the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty and the classification / allocation of expenditures as exploration and evaluation expenditures or operating expenses.

b) Significant estimates and assumptions

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets and provisions for restoration and environmental obligations.

ZANZIBAR GOLD INC.

Notes to the Condensed Interim Financial Statements
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Unaudited – Prepared by Management
(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited annual financial statements as at August 31, 2017. These unaudited condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended August 31, 2017.

New standards, amendments and interpretations not yet effected

New standard IFRS 9 "Financial Instruments" - This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 introduces new requirements for the classification and measurement of financial assets, additional changes relating to financial liabilities, a new general hedge accounting standard which will align hedge accounting more closely with risk management. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

New standard IFRS 16 "Leases" - This new standard was issued on January 13, 2016, and will be effective for accounting periods beginning on or after January 1, 2019. Early adoption is permitted, provided the Company has adopted IFRS 15. This standard sets out a new model for lease accounting.

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on its condensed interim financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's condensed interim financial statements.

5. EXPLORATION AND EVALUATION ASSETS

	Kwedilima Cheetah
Balance – August 31, 2016	214,227
Deferred costs during the year	
Acquisition costs	-
Exploration expenses:	
Consulting fees	7,100
Geological analysis	2,500
Property maintenance costs	5,000
Travel and accommodations	2,310
	16,910
Balance – August 31, 2017 and November 30, 2017	\$ 231,137

ZANZIBAR GOLD INC.

Notes to the Condensed Interim Financial Statements
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5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

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 100% 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 grant of the sub-option was subject to an assignment agreement effective on the same date which provides that the right to earn an 80% interest shall be assigned to the Company upon the completion of a proposed plan of arrangement between True Zone and the Company. On March 2, 2015, the plan of arrangement became effective and True Zone transferred the sub-option to the Company (Note 10).

The sub-option agreement lapsed and was replaced by an option agreement (the “Option Agreement”) between the Company and AFGF dated for reference September 30, 2016. The property that is the subject of the Option Agreement is located on prospecting license 11043/2016 in the Handeni Region, United Republic of Tanzania (the “Property”). The key terms of the Option Agreement are:

The Company can acquire an 80% undivided interest in and to the Property (the “Option”) free and clear of all charges, encumbrances and claims in consideration for:

- (i) cash payment of \$25,000 to the AFGF (Tanzania) Limited (“AFGF”) (paid);
- (ii) issuance of 500,000 common shares of the Company to the AFGF on or before September 26, 2017 (issued);
- (iii) incur \$75,000 in exploration expenses on or before September 26, 2016 (incurred); and
- (iv) an additional \$75,000 in exploration expenses on or before December 31, 2016 (incurred).

Pursuant to the Option Agreement, AFGF further granted the Company an option to purchase up to an additional 20% interest in the Property (the “Second Option”) upon exercise of the Option by the Company to earn an 80% interest in the Property.

The Second Option may be fully exercised to attain a further 20% legal and beneficial interest in the Property (for an aggregate of up to 100% legal and beneficial interest in the Property) for a 3 year period from the execution of the Option Agreement in consideration for further payments of:

- (i) \$1,000,000 for each additional 5% interest in the Property for up to \$4,000,000; or
- (ii) \$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 “Royalty”). The Company is entitled 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 AFGF notice of exercise together with \$1,000,000 for each 1% net smelter return for an aggregate of up to \$2,000,000.

ZANZIBAR GOLD INC.

Notes to the Condensed Interim Financial Statements
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5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Subsequent to the period ended November 30, 2017, the Company exercised the option granted by the Option Agreement pursuant to an option exercise agreement among the Company, AFGF and its staking agent, Jafari Yassim Sebabili (“Sebabili”) (the “Option Exercise Agreement”). The key terms of the Option Exercise Agreement are that the Company will exercise the first option to earn an 80% interest in the Tanzania property and upon such exercise shall be deemed to have earned an additional 20% interest in the Tanzania property for a total 100% legal and beneficial interest. The prospecting license which comprises the Tanzania property (the “PL”) is held by Sebabili on behalf of AFGF and was in the process of being transferred to AFGF. Under the Option Exercise Agreement, Sebabili will withdraw the application to transfer the registration in the PL to AFGF and immediately register the Company as the 100% legal and beneficial owner of the PL. Until such registration occurs, Sebabili will hold the 100% legal and beneficial interest in the PL in trust for the Company.

As at November 30, 2017, the Company has advanced aggregate funds of \$19,786 (August 31, 2016 - \$19,786) to various third parties for future exploration work on the property.

6. CAPITAL STOCK

- (a) Authorized – unlimited common and preferred shares without par value
- (b) There were no share issuances during the period ended November 30, 2017 and the year ended August 31, 2017.

During the year ended August 31, 2017, the Company filed a preliminary prospectus, offering on a commercially reasonable efforts basis, to purchasers resident in the provinces of British Columbia and Alberta, through its agent, PI Financial Corp. (the “Agent”), 4,000,000 units (the “Units”) of the Company at a price of \$0.10 per Unit. Each Unit comprises of one common share in the capital of the Company (a “Share”) and one common share purchase warrant (a “Warrant”). Each Warrant is exercisable to acquire one further common share (a “Warrant Share”) for a period of two years, at an exercise price of \$0.15 per Warrant Share in the 1st year and \$0.20 per Warrant Share in the 2nd year. As at November 30, 2017, the Company had incurred costs of \$15,968 and paid deposit of \$46,334 in connection with the financing.

Stock options

The Company’s plan allows the directors to grant stock options to directors, officers, employees and consultants to purchase up to a total of 10% of the issued and outstanding common shares. No stock option granted under the plan is transferable by the optionee other than by will or the laws of descent and distribution, and each stock option is exercisable during the lifetime of the optionee only by such optionee.

During the year ended August 31, 2017, the Company approved the grant of incentive stock options to its directors to purchase up to 1,150,000 common shares in the capital of the Company, exercisable at a price of \$0.10 per share on or before five years after listing its shares on the Canadian Securities Exchange (“CSE”), vesting immediately on the listing date. The grant becomes effective on the date of listing the Company’s shares on the CSE. The company estimates the listing date to be no later than August 31, 2018. The total fair value of the options was calculated as \$102,434 out of which \$29,410 was recognized during the year ended August 31, 2017 and \$18,206 was recognized during the period ended November 30, 2017. The fair value of each option granted has been estimated as of the date of the grant using the Black-Scholes Option Pricing Model with the following assumptions: risk-free interest rate of 1.51%, dividend yield 0%, an expected volatility of 141.56%, weighted average exercise price of \$0.10 and expected term of 5 years, equal to the full life of the options as the Company does not expect any options to be exercised

ZANZIBAR GOLD INC.

Notes to the Condensed Interim Financial Statements
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7. RELATED PARTY TRANSACTIONS

As at November 30, 2017, there is \$49,125 (August 31, 2017 – \$49,125) due to a director of the Company. These amounts are non-interest bearing.

As at November 30, 2017, there is \$125,500 (August 31, 2017 – \$118,000) due to a company controlled by a director of the Company. These amounts are non-interest bearing.

Included in loan payable is a balance of \$152,960 (August 31, 2017 – \$142,860) due to a director of the Company. These amounts are non-interest bearing.

During the period ended November 30, 2017, the Company incurred \$7,500 (2016 - \$7,500) in consulting fees. During the year ended August 31, 2017 and period ended November 30, 2017, a director of the Company, Mr. Farrage, a company for which Mr. Farrage is the Chief Executive Officer and a third party agreed to postpone the payment due date of \$202,085, \$125,500 and \$13,498 respectively until that date which is 13 months from the date that the Company's common shares are listed and called for trading on the CSE. The amounts owing by the Company are non-interest bearing. Notwithstanding such postponement, the Company may pre-pay all or any part of the debt without penalty before such payment due date. The amounts have been classified as non-current liabilities on the statements of financial position.

During the year ended August 31, 2017 the Company granted stock options to its directors valued at \$102,434 of which \$29,410 was recognized during the year ended August 31, 2017 and \$18,206 was recognized during the period ended November 30, 2017 (note 6).

8. MANAGEMENT OF CAPITAL

The Company defines its capital as all components of shareholders' equity. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern.

In order to maintain its capital structure, the Company, is dependent on equity funding and when necessary, raises capital through the issuance of equity instruments, primarily comprised of common shares. The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will make changes to its capital structure as deemed appropriate under the specific circumstances.

The Company is not subject to any externally imposed capital requirements or debt covenants, and does not presently utilize any quantitative measures to monitor its capital. There were no changes to the Company's approach to managing capital during the period.

9. FINANCIAL INSTRUMENTS AND RISKS

Fair Value

The Company's financial instruments consist of cash, amounts receivable, accounts payable, and due to related parties. The fair value of all financial instruments approximate their carrying values. Cash and amounts receivable are classified as loans and receivables. Accounts payable, due to related parties and loan payable are classified as other financial liabilities.

ZANZIBAR GOLD INC.

Notes to the Condensed Interim Financial Statements
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9. FINANCIAL INSTRUMENTS AND RISKS (CONTINUED)

The Company's financial instrument is exposed to a number of risks that are summarized below:

Liquidity Risk

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 amounts 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.

Credit Risk

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.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Company's cash is currently held in non-interest bearing bank account, management considers the interest rate risk to be minimal.

Commodity Price Risk

The ability of the Company to finance the exploration and development of its properties and the future profitability of the Company is directly related to the market price of the primary minerals identified in its mineral properties. Mineral prices fluctuate on a daily basis and are affected by a number of factors beyond the Company's control. A sustained, significant decline in the prices of the primary minerals or in the share prices of junior mineral exploration companies in general, could have a negative impact on the Company's ability to raise additional capital. Sensitivity to commodity price risk is remote since the Company has not established any reserves or production.

Foreign Exchange Risk

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.

ZANZIBAR GOLD INC.

Notes to the Condensed Interim Financial Statements

For the Three Months Ended November 30, 2017 and 2016

Unaudited – Prepared by Management

(Expressed in Canadian Dollars)

10. PLAN OF ARRANGEMENT

On October 20, 2014, the Company entered into an arrangement agreement with True Zone, the Company's parent company that contemplated a plan of arrangement for the spinout of the Company as a separate legal entity along with four other subsidiaries of True Zone. Upon completion of the plan of arrangement, the Company was granted the sub-option to earn an 80% interest in the Kwedilima Cheetah Property in Tanzania from True Zone in consideration for the Company's shares equal to 1% of the total issued and outstanding True Zone shares as of the share distribution record date. The number of True Zone shares outstanding on the share record distribution date was 45,775,300 and as such, the consideration for the sub-option agreement was 457,753 shares to True Zone shareholders. On October 20, 2014, the Company executed an amalgamation agreement for the amalgamation of the Company with Moshing Capital Inc. following the completion of such plan of arrangement. The amalgamation of the two foregoing companies formed an amalgamated company that retained the name of the Company as the business name and continued as one company under the Business Corporations Act of British Columbia. On March 2, 2015, the Company amalgamated with Moshing Capital Inc. to form an amalgamated company under the name "Moshi Mountain Industries Ltd."

The amalgamation was not accounted for as a business combination as the Company was not considered to be a business for accounting purposes. As the amalgamation resulted in the shareholders of Moshing Capital Inc. having control of the amalgamated company, the transaction was accounted for as if Moshing Capital Inc. acquired the net assets of the Company. As the Company had nominal net assets, the consideration of \$13,733, being the fair value of the 457,753 shares issued to True Zone shareholders, was attributed to the assignment of the option agreement and recorded to exploration and evaluation assets.

11. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being the acquisition, exploration and development of exploration and evaluation assets.

The Company operates in both Canada and Tanzania. The Company's exploration and evaluation asset is located in Tanzania.

CERTIFICATE OF THE ISSUER

Dated: January 31, 2018

This Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by the Prospectus as required by the securities legislation of British Columbia and Alberta.

“Souhail Abi-Farrage”
Souhail Abi-Farrage
President, CEO and Director

“Michael Mulberry”
Michael Mulberry
CFO

ON BEHALF OF THE BOARD OF DIRECTORS OF THE ISSUER

“Glen MacDonald”
Glen MacDonald
Director

“George Zarzour”
George Zarzour
Director

“Leonard Vern Senft”
Leonard Vern Senft
Director

CERTIFICATE OF THE PROMOTER

Dated: January 31, 2018

This Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the securities legislation of British Columbia and Alberta.

“Souhail Abi-Farrage” _____

Souhail Abi-Farrage

Promoter

CERTIFICATE OF THE AGENT

Dated: January 31, 2018

To the best of our knowledge, information and belief, this Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the securities legislation of British Columbia and Alberta.

PI FINANCIAL CORP.

“Jim Locke”

Per: Authorized Signatory