

July 4, 2019 Zanzibar Gold Inc. (the “Company”) Clarifies its Previous News Releases

Zanzibar Gold Inc. (ZBR – CSE; ZNZBF – OTC Pinks) As a result of a review by the British Columbia Securities Commission we are issuing the following news release to clarify our disclosure.

The Company in its April 26 and May 28, 2019 news releases disclosed a quantity of contained metal for the Mkuvia Alluvial Gold Project that was not compliant with and restricted by NI 43-101. The Company is unable to restate a compliant current mineral reserve estimate, and retracts all prior disclosures of gold mineral reserve estimates that could be construed as a current estimate. The mineral reserve disclosed on the April 26, 2019 and May 28, 2019 news releases were not supported by a current NI 43-101 technical report, contrary to NI 43-101, and investors should not rely on this mineral reserve estimate until it has been independently verified and supported by a current NI 43-101 technical report mineral (“technical report”). Any disclosure of a mineral reserve estimate requires a technical report which satisfies the requirements to be considered a preliminary feasibility study (“PFS”) or feasibility study (“FS”) per CIM definitions. It is unlikely the Company will be in a position to file either a PFS or FS to support a mineral reserve estimate in the foreseeable future. The Company is currently on the a BCSC Defaulting Issuer List because it failed to satisfy the requirement to file a technical report supporting the disclosure of a mineral reserve estimate.

Specifically, the Company would like to clarify that the Mkuvia Alluvial Gold Project contains a historical estimate as defined in Part 1.1. of NI 43-10:

- a. The estimate was prepared for Douglas Lake Minerals Inc. and supported by a report entitled “*Technical & Resource Report on the Mkuvia Alluvial Gold Project*” by Laurence Stephenson, P.Eng. and Ross McMaster, MAusIMM dated July 24, 2009 and filed with the then SEDAR profile of Douglas Lake Minerals Inc. in September 2009, which has changed its name to Handeni Gold Inc.
- b. The estimate is no longer current as the estimate utilized a classification scheme set out in the CIM Definition Standards for Mineral Resources and Mineral Reserves has been amended twice since 2009. A qualified person has not done sufficient work to classify the estimate as a current mineral resource or mineral reserve. We assume, the historical assaying and verification methods were performed within the accepted standards applicable at the time but this will have to be verified in order for this data to be acceptable for inclusion in a current mineral resource estimate.
- c. The 2009 historical estimate of the Mkuvia placer deposit was a polygonal estimate based on a series of pits within eight (8) section lines, perpendicular to the Matandani River channel. Four (4) domains (envelopes) were interpreted (i.e. high-grade recent alluvial; high-grade terrace alluvial; low-grade recent alluvial and low-grade terrace alluvial) in each section, based on

the logging of each pit. The average distance between section lines was 502.5 m. A total volume of the four domains was generated, based on the area of the domain polygons within each section line and the distance between section lines. No geostatistics or capping of sample assays were used to create the volumes or establish the grade. No specific gravity was used to convert m³ to tonnes although a bulking factor of 23.08 was used to convert Bank Cubic Metre (bcm) to Loose Cubic Metre (lcm). The overall grade was based on the average actual gold recovered within each domain using a cut-off grade of 0.1 gm Au/ loose m³ for high-grade polygons and 0.05 gm Au/ loose m³ for low-grade polygons. Production assumptions included a placer open pit mining method; a wash plant and gravity separation of the free gold with the placer deposit. No actual mining, processing or G&A costs were included as part of the historical estimate although the average price of gold in 2009 was \$US 972 oz.

- d. The mineral resources were classified as inferred mineral resources. The definition of Inferred Resource used was as defined by the CIM Definition Standards for Mineral Resources Mineral Reserves as adopted by CIM Council December 11, 2005
- e. No recent mineral resource estimates or data have been made available to and/or collected by the issuer.
- f. The additional work required: "A development program is proposed on the identified auriferous placer deposit comprising the historical estimate to have test mining sampling of 3-5 select areas, along controlled stratigraphic horizons with a minimum 2,000 cubic metres per area." As well the sample grid spacing should be as close as economically possible; volume calculations should include an area west of line B and east of line I. An estimated "Distance" of approximately of 125 m to 250 m would be reasonable; and any resulting mineral resource estimate should use a proper mining 3D software package.
- h. No Qualified Person has done sufficient work to classify the historical estimate as a current mineral resource or mineral reserve. The issuer is not treating the historical estimate as a current mineral resource or estimate.

Laurence Stephenson, P.Eng. from Engineers & Geoscientists British Columbia is the qualified person for the Company has reviewed, prepared and approved the disclosure of this historical estimate

A decimal place transcription error reported the 0.6 million grams from the historical estimate incorrectly as 6.0 million grams in both the April 26, 2019 and May 28, 2019 news releases resulting in a material misstatement in the quantity of contained gold.

The Company also retracts the use of the term "gold bullion inventory" in both its April 26, 2019 and May 28, 2019 because it is not an compliant term to describe the quantity and quality/grade of a deposit. Additionally it is potentially misleading to represent the potential as a "low cost placer operation" in the absence of a current mineral resource estimate and a mining study that demonstrates the technical feasibility or economic viability of the project.

In addition, prior disclosures failed to include cautionary language and other information required by NI 43-101 for the estimate. All estimates previously disclosed for the project are not supported by the Company's 2009 technical report for the Mkuvia Alluvial Gold Project, and are hereby retracted.

In its news release dated May 28, 2019, the Company disclosed mineral reserves AngloGold Ashanti's Geita Gold Mine and Acacia's Buylanhulu Gold Mine that are contrary to sections 2.2(a) and (b) of NI 43-101. The Company retracts its statements regarding the aforementioned mineral reserves.

Glen Macdonald, P. Geo from Engineers & Geoscientists British Columbia is the qualified person for the Company has reviewed this news release. Mr. Macdonald approved the scientific and technical information in this news release.

On behalf of the Board

Abby Farrage President
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