

Zanzibar Gold Inc.

5623 145A Street Surrey BC V3S 8E3
Tel 236-818-2886

ZANZIBAR ENTERS INTO OPTION AGREEMENT WITH MINERALES DE TARACHI S. DE R.L. DE C.V.

August 4, 2020

Zanzibar Gold Inc. (the "Company") (ZBR – CSE; ZNZBF – OTC Pinks) is pleased to announce that Minerales De Tarachi S. de R.L. De C.V. (the "Optionor") has signed an option agreement (the "Agreement") with the Company for an option (the "Option") for the Company to earn a 100% interest in the Sonora Gold mineral concessions in the mining district of Benjamin Hill in Sonora, Mexico.

The Sonora Gold property ("The Property") is a concession of approximately 6000ha in the state of Sonora, Mexico in the municipality of Benjamin Hill. The property is conveniently located in an area with road and electricity infrastructure. Project supplies and services are available close by in the local area.

The Property lies in the Caborca gold belt that hosts a number of operating and historical mines. The project area is cut by the district scale NNW trending Mojave Fault. Zanzibar geologists believe this large structural feature controls the distribution of mineralization in the region. Recent field observations indicate the project area is favorable for structurally controlled epithermal deposits in the north and iron oxide copper gold replacement deposits in the central part of the concession adjacent to the Mojave fault. The Caborca gold belt hosts several operating mines including the San Francisco Gold Mine, where over 1 million ounces gold have been mined to date, the San Francisco mine is located 18 km north of the Sonora Gold project and hosts gold mineralization that can be linked to the Mojave Fault.

Zanzibar Gold Inc. is looking forward to commencing detailed mapping and sampling exploration program on this large and very prospective property with a view to be drilling within four to five months. Press releases reporting exploration results should be anticipated regularly over the coming weeks and months, subject to receiving the necessary regulatory approvals.

Greg Bronson, P.Geo., has prepared, reviewed, and approved the scientific and technical information in this news release. Mr. Bronson is a non-independent Qualified Person as defined by National Instrument NI 43-101.

The Option may be exercised by making eleven cash payments, every six months, totalling US\$4,000,000 within five years of the execution of the Agreement (the "Execution Date"). The first six payments shall be cash payments of US\$50,000 each. A further two cash payments US\$150,000 each; a cash payment of US\$200,000 and US\$500,000; and a final cash payment of US\$2,700,000 on the fifth anniversary of the Execution Date. The Company shall also issue to the Optionor 10,000,000 common shares of the Company: (i) 1,500,000 common shares each on the effective date of the Agreement and six months following the effective date, which shall be two business days following the date of filing of the Agreement with the Canadian Securities Exchange; (ii) 2,000,000 common shares on each the first and second anniversary of the Execution Date; and a final issuance of 3,000,000 common shares on the third anniversary of the Execution Date. The Optionor retains a 3.0% net smelter royalty pursuant to the Agreement, of which 1.0% may be purchased by the Company for US\$1,000,000, reducing the Optionor's interest to 2.0%.

In connection with the Agreement, the Company has entered into a finder's fee agreement with Spirit Exploration Corp. ("Spirit") in consideration for services in introducing the Company to the Optionor, pursuant to which Spirit shall receive consideration in the form of shares at the rate of 10% of the cash and option payments payable under the Option Agreement during the first 3 years of the term of the Agreement.

On behalf of the Board

Abby Farrage, President
1 (236) 818-2886
phoenicianabi@gmail.com