



NEWS RELEASE

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Shares Outstanding: 67,986,985

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ZEPHYR RECEIVES INITIAL TAILINGS CHARACTERIZATION DATA

May 26, 2021 - Halifax, Nova Scotia – Zephyr Minerals Ltd. (“Zephyr” or the “Company”) (TSXV:ZFR) (OTC:ZPHYF), is pleased to announce that it has received initial tailings characterization data required to submit a mine permit application for the Dawson gold deposit. The Company is on schedule with respect to completing the mine permit application, with submission to the Colorado Department of Reclamation and Mine Safety and the Fremont County Board of Commissioners expected to occur by June 30, 2021. All of the proposed mining activities at Dawson are on privately owned lands and as such mine permitting does not require the involvement of the Federal Bureau of Land Management.

The test results of representative tailings samples from the Dawson gold deposit demonstrate the gold mineralized rock is non-potentially acid generating. Sulfur is present as sulfate and non-extractable sulfur. Process water filtered from the tailings samples meet the EPA Ore Mining and Dressing Effluent Guidelines and Standards (40 CFR Part 440 Subpart J). The State of Colorado uses the EPA effluent standards in its regulations pertaining to mine permitting.

The proposed tailings supporting buttress material tested is also non-potentially acid generating. Sulfur is predominantly present as sulfate, with only one sample with detectable sulfide sulfur. Neutralizing potential is dominated by carbonates. Results indicate metal leaching will likely be consistent with background levels typical of unmineralized granitic rocks. .

It is management’s view that the highly attractive current and forecast gold prices combined with the excellent gold grades at Dawson creates a unique opportunity warranting acceleration of development plans for the deposit. Moving now to obtain a mining permit is the best way to enhance shareholder value at this juncture.

A Preliminary Economic Assessment (“PEA”) completed on the Dawson deposit in 2017 demonstrates robust economics at a gold price of US\$1,250/oz. The PEA assumes 409,000 tonnes of mined/milled material with a diluted grade of 9.2 g/t gold, for recovery of 111,000 oz. gold at an all-in sustaining cost of US\$692/oz (see news release of February 7, 2017). The PEA is preliminary in nature and includes inferred mineral resources that are too speculative geologically to have economic considerations applied to them that would enable categorization as mineral reserves. There has been insufficient drilling to define the inferred resources as indicated or measured mineral resource; however, it is reasonable to expect the inferred mineral resources could be upgraded to indicated and possibly measured resources with continued drilling. There is no guarantee that any part of the mineral resources discussed herein will be converted into a mineral reserve in the future.

The PEA was completed utilizing an NI 43-101 compliant resource estimate* announced on July 23, 2013. Additional surface drilling campaigns have been completed on the Dawson deposit and the adjacent Windy Gulch deposit at various intervals between

2013 and 2021 the results of which will be incorporated in a future resource update.

Success in obtaining a mining permit at Dawson will, subject to funding, enable the implementation of an underground development program which will include construction of drill stations to undertake infill drilling on the current resource as well as exploratory drilling at depth. The underground infrastructure is particularly important at Dawson as the deposit is blind with the top approximately 130 meters below surface and dipping steeply underneath Dawson Mountain which results in inordinately long and expensive drill holes to explore at depth from surface. It is planned to complete an updated resource estimate for the project subsequent to completion of an underground drilling program, the scheduling of which will hinge on obtaining the mining permit and requisite funding.

The Company is actively seeking to engage a geologist to complete mapping and sampling programs at Green Mountain and El Plomo. The current USA/Canada border restrictions and protocols due to Covid-19 is hampering the search effort and may result in delays in completing these programs.

During the permitting process for Dawson, management will have the time to pursue additional projects for the Company. In this process, management's preference will be precious metals projects but will also review base metal projects that show exceptional potential to grow into significant assets for the Company.

Loren Komperdo, President and CEO stated, "We are pleased with the results of the tailings characterization studies and can now finalize the mining permit application. The Company is well funded to both complete the permitting process at Dawson and pursue additional projects, both of which have the potential to be key drivers of value growth for the company in the future."

* Details of the inferred resource can be found in the report titled Resource Estimate Technical Report for the Dawson Property Fremont County, Colorado, USA, dated September 6, 2013, (the "Report") and was prepared for Zephyr by Andrew Hilchey, P.Geo., Mercator Geological Services Limited, Isobel Wolfson, M.Sc., P.Geo, and Mark Graves, P.Geo.. The Report is available at sedar.com.

Ms. Diana Sollner, MASc, MBA, PEng, CDI.D., of GEM Services and independent of the Company, and a Qualified Person under National Instrument 43-101, has reviewed and is responsible for the scientific and technical information concerning tailings characterization.

Mr. Mark Graves, P.Geo., vice president of exploration for Zephyr and a Qualified Person under National Instrument 43-101, has reviewed and is responsible for the remainder of the scientific and technical information in this news release.

About Zephyr Minerals Ltd.

Zephyr Minerals Ltd. continues to advance its 100% owned high grade Dawson-Green Mountain property in Colorado, USA. After expanding its land package to 1,385 hectares (3,574 acres) the Company now controls a 12.2 km long Dawson-Green Mountain mineralized trend. The Company believes the combined Dawson and Green

Mountain sections encompassing approximately 9 km of mineralized trend provide excellent mineral resource expansion potential.

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