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ZARA ISSUES COMMON SHARES FOR PREFERRED DIVIDEND AND CONVERTS PREFERRED AND DEBT TO COMMON SHARES

Toronto, Ontario, December 30, 2016 - Zara Resources Inc. (CSE: ZRI) ("Zara") announces that the outstanding yield due and payable on its Preferred Shares Series A, Series B, and Series C has been paid in full by the issuance of 603,820 common shares at \$0.05 per share. The common shares are subject to a hold period of four months and a day.

Zara also announces that effective December 30, 2016 the Preferred Shares Series A and the Preferred Shares Series B have been converted into common shares by the issuance of a total of 1,040,000 common shares at \$0.05 per share. The common shares are subject to a hold period of four months and one day.

Zara further announces that it has settled indebtedness owing to two related parties in the total amount of \$193,411 by the issuance of a total of 3,868,220 common shares at \$0.05 per common share (the "Debt Conversion"). No commission is payable in relation to the Debt Conversion. The common shares are subject to a hold period of four months and a day.

\$43,411 of the indebtedness was due to Daniel Wettreich, a director and CEO of Zara. \$150,000 of the indebtedness was due to Churchill Venture Capital LP, ("CVC") a private company of which Daniel Wettreich is the President. Immediately after the transaction and including the shares held by CVC, Daniel Wettreich holds, directly and indirectly, an aggregate of 6,069,954 common shares of the Company, representing approximately 57.79% of the Company's issued and outstanding common shares.

The participation by Daniel Wettreich and CVC in the Debt Conversion is considered to be a related party transaction as defined in Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("MI 61-101"). A special committee consisting of independent directors established by the board of directors determined the related party transaction is fair and reasonable in the circumstances to the Company. The Company has relied on sections 5.5(b) and (c) of MI 61-101 for an exemption from the formal valuation requirement, and section 5.7(b) of MI 61-101 for an exemption from the minority shareholder approval requirements. A material change report in respect of the related party transaction will be filed at least 21 days in advance of the closing of the Debt Conversion.

There are now 10,505,486 common shares issued and outstanding

About Zara Resources

Zara is a Toronto based mineral company with ownership interest in the Forge Lake gold project and the Pigeon River nickel-copper project in Ontario, Canada. For further information contact Danny Wettreich at (647) 931 9768 or dw@zararesourcesinc.com or see www.ZaraResourcesInc.com

Forward-Looking Information: This press release may include forward-looking information within the meaning of Canadian securities legislation, concerning the business and trading in the common stock of Zara Resources Inc. The forward-looking information is based on certain key expectations and assumptions made by the company's management. Although the company believes that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because the company can give no assurance that they will prove to be correct. These forward-looking statements are made as of the date of this press release and the company disclaims any intent or obligation to update publicly any forward-looking information, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

The CSE has not reviewed, approved or disapproved the content of this press release