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## **ZARA SIGNS LETTER OF INTENT TO ACQUIRE FOX MAGNUM AUTOMOTIVE**

Toronto, Ontario, March 2, 2017- Zara Resources Inc. (CSE: ZRI) ("Zara" or the "Company") announces that it has signed a Letter of Intent which defines the essential terms under which it will enter into a definitive agreement (the "Acquisition Agreement") for the acquisition by Zara of all the issued share capital of Fox Automotive Switzerland AG, Magnum Pirex AG and its subsidiary Magnum Courb SAS ("Fox Magnum") for the sum of CAD\$126,000,000 payable by the issuance by Zara of 85,000,000 new common shares at a deemed price of CAD\$1.48235 per share.

Fox Magnum is a group of European companies in the electric automotive industry, with interests in electric car manufacturing, fuel cell kits, and electric automotive intellectual property and patents. Fox Magnum intends to expand its European electric car manufacturing capabilities to satisfy its order backlog of approximately CAD\$40,000,000.

Closing of the Acquisition Agreement will be subject to approval by Zara shareholders at a special shareholders meeting, and compliance with any required governmental and securities regulations and CSE listing requirements. Closing will also be subject to completion of a minimum CAD\$3,000,000 and a maximum CAD\$5,000,000 funding by Fox Magnum of 2% Coupon Convertible Loan Notes, convertible at any time into equity and repayable after 12 months from date of issue. There is no guarantee that the proposed Acquisition Agreement will close.

At closing, Dr Hubert Maencher will be appointed director and Chairman of the Board of the Company, and Andreas Kratzer and Peter Wang will be appointed directors. Danny Wettreich, David Lonsdale and Paul Cullingham will remain as independent directors. Peter Wanner and Mark Wettreich will retire as directors. A CEO with automotive experience and a CFO with public company experience will be appointed.

Dr Hubert Maencher received his PhD in electrical and control engineering from the Technical University of Darmstadt, Germany. He is the founder and CEO of the Magnum companies since inception, with a background of 25 years of experience as a manager in automotive electronics, vehicle dynamics and electric drive trains. He is an expert on fuel cell technologies and its application in the automotive industry. He has developed a fuel cell based Range Extender for E-mobility which resolves the problem of electric cars limited range by enabling electric cars to go over 600 km (approximately 375 miles) without recharging. When all licensing approvals have been obtained, Fox Magnum intends to offer this range extension capability as an option with its electric cars.

Andreas Kratzer is a Partner & Managing Director of Lysis AG, a Swiss based investment advisory firm. He worked in investment banking with azemos Partner AG, and was previously leading cross-border M&A transactions with Ernst & Young in the USA and Switzerland. He has been a director of a number of European public companies, and is currently a director of the supervisory board of Softing AG an industrial and automotive automation firm publicly listed on the General Standard at the Frankfurt Stock Exchange, Germany.

Peter Wang is a USA based serial entrepreneur who has been a director of a number of international companies, including the USA and China. He is experienced in automotive, engineering and technology investments.

Subsequent to closing, there will be 95,505,486 Zara shares issued and outstanding, of which the previous shareholders of Fox Magnum will own 89%.

Upon closing of the Acquisition Agreement, and subject to approval by Zara shareholders and regulatory authorities, Zara will change its business to automotive, and its corporate name to Fox Magnum Automotive Inc.

Fox Magnum has paid a fee of CAD\$150,000 to Sammiri Capital Inc, a private company owned by Danny Wettreich, and will pay a fee of CAD\$75,000 upon closing of the Acquisition Agreement.

The participation by Danny Wettreich, David Lonsdale and Paul Cullingham in this proposed transaction 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") as they will receive benefits as continuing directors of the Company. 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 section 5.5(b) of MI 61-101 for an exemption from the formal valuation requirement. Neither the Company nor the related parties have knowledge of any material information concerning the Company or its securities that has not been generally disclosed. The transaction will not have an effect on the direct or indirect voting interests of the related parties. The process of approving the transaction involved the appointment of a special committee, the approval of the transaction by the special committee, the consideration of the transaction by the directors with Danny Wettreich, David Lonsdale and Paul Cullingham disclosing their interest, and the unanimous approval of the transaction by the directors. The special committee was comprised of one director who is independent within the meaning of MI 61-101. There are two directors who are independent within the meaning of MI 61-101. The proposed transaction is not exempt from the minority approval requirement under Section 5.7(b) of MI 61-101, and as such the Company will seek approval from the minority shareholders of the Company at a special shareholders meeting. A material change report in respect of the transaction will be filed at least 21 days in advance of the closing of the transaction.

### **About Zara Resources**

Zara is a Toronto based mineral company publicly listed on the Canadian Securities Exchange. For further information contact Danny Wettreich at (647) 931 9768 or [dw@zararesourcesinc.com](mailto:dw@zararesourcesinc.com) or see [www.ZaraResourcesInc.com](http://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.

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