

# ***Zara Resources Inc.***

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**CSE: ZRI**

*For Immediate Release*

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## **ZARA RESOURCES INC. ANNOUNCES DEFINITIVE AGREEMENT FOR THE ACQUISITION OF BLACKLIST HOLDINGS, INC.**

**VANCOUVER, BRITISH COLUMBIA, CANADA** / December 27, 2018, Zara Resources Inc. (“**Zara Resources**” or the “**Company**”) is pleased to announce that further to its news release dated September 20, 2018, the Company has entered into a definitive share exchange agreement dated December 24, 2018 (the “**Share Exchange Agreement**”), pursuant to which the Company has agreed to acquire all of the issued and outstanding common stock (the “**Blacklist Shares**”) in the capital of Blacklist Holdings, Inc. (“**Blacklist**”), a private Washington State company that produces and distributes cannabis vape pens and cartridges for the cannabis concentrate segment, from the stockholders of Blacklist (the “**Blacklist Shareholders**”), subject to the conditions set out in the Share Exchange Agreement (the “**Transaction**”).

The Blacklist Shareholders (including Blacklist Shareholders who receive Blacklist Shares as a result of the conversion of outstanding secured convertible debentures) are expected to receive approximately 86,915,057 post-Consolidation (as defined below) common shares in the capital of the Company (the “**Zara Shares**”) at a deemed price of \$0.50 per Zara Share on a pro-rata basis. For further information related to the Consolidation, please see below under the subheading “The Consolidation”. Subject to the fulfillment of the conditions precedent set out in the Share Exchange Agreement, including receipt of the approval of the Canadian Securities Exchange (the “**CSE**”) and shareholders of the Company, the Transaction is expected to close in late March 2019, or such date as the Company and Blacklist may agree.

The Transaction would be a reserve takeover of the Company and is expected to represent a “fundamental change” as that term is defined in the policies of the CSE. Upon successful completion of the Transaction, it is anticipated that the Company will retain its listing on the CSE and continue the business of Blacklist.

### **Blacklist Holdings Inc.**

Blacklist owns the IONIC brand which is a leading cannabis vape pen and cannabis cartridge producer and distributor in Washington State, Oregon and now in California. With its recent expansion into Oregon, Blacklist currently intends to build a leadership position in the growing cannabis concentrate segment.

### **The Transaction**

The Share Exchange Agreement contains a number of conditions precedent to the closing of the Transaction (the “**Closing**”), including the completion of the Consolidation of the Zara Shares, completion of customary due diligence, receipt of all necessary regulatory, corporate and third party approvals, compliance with all applicable

regulatory requirements, and all requisite board and shareholder approvals being obtained. In addition, it is a condition of Closing that the Company and Blacklist complete a “three-cornered” amalgamation (the “**Amalgamation**”) whereby a wholly-owned subsidiary of the Company, 1185669 B.C. Ltd. (“**Zara Subco**”) will amalgamate with a wholly-owned subsidiary of Blacklist, Blacklist Finco Inc. (“**Blacklist Finco**”), pursuant to an amalgamation agreement dated December 24, 2018 among the Company, Blacklist, Zara Subco and Blacklist Finco (the “**Amalgamation Agreement**”).

#### *The Amalgamation*

Pursuant to terms of the Amalgamation Agreement, upon completion of the Amalgamation every one (1) common share of Blacklist Finco held by the shareholders of Blacklist Finco will be exchanged for one Zara Share, with an expected aggregate of 14,280,146 Zara Shares being issued. Each common share of Blacklist Finco being exchanged under the Amalgamation would be issued upon the conversion of subscription receipts of Blacklist Finco pursuant to their terms that Blacklist Finco issued pursuant to a private placement completed in tranches on November 26, 2018 and December 4, 2018. See the news releases dated November 27, 2018 and December 5, 2018.

#### *The Consolidation*

Prior to completion of the Transaction, it is a condition that the Company consolidates its issued and outstanding share capital at a ratio that results in approximately 332,000 Zara Shares being outstanding following such consolidation (the “**Consolidation**”). The Zara Shares to be issued in connection with the Transaction will be issued on a post-Consolidation basis.

#### *Transaction Fees*

In connection with the Transaction, the Company will issue on Closing 5,250,000 Zara Shares to certain finders at a deemed price of \$0.50 per Zara Share as finder’s fees.

The Zara Shares issued in connection with the Transaction may be subject to escrow conditions and/or resale restrictions as required by applicable securities laws and the policies of the CSE.

### **Board of Directors and Management**

In connection with the Transaction, it is anticipated that all current directors and officers of the Company will resign upon Closing and the following people will be appointed as directors or officers of the Company.

#### ***John P. Gorst, Director and Chief Executive Officer***

John has been CEO of Blacklist since April 2017. Prior to joining Blacklist, John was CEO of Insynq, Inc. for 17 years before the company was sold. John has built, led, and sold four different technology companies, with market values up to US\$600 million. He raised a total of US\$30 million for his past businesses and has applied the same capital raising strategies for Blacklist. John is the largest early investor in Blacklist, and has been at the helm throughout Blacklist’s founding and expansion as Washington’s leading vape company.

John has led his executive team in the development of an aggressive business growth plan to maximize possible opportunities for expansion of market share of existing products. He plans to continue to focus on research and development activities that Blacklist hopes will evolve into new product lines that will help establish Blacklist as a world-class leader in this industry.

***Andrew W. Schell, Director and Chief Strategies Officer***

Andrew has been the Chief Strategies Officer of Blacklist since September 2016. Previously, Andrew founded A.W. Schell Electrical Services Inc., a contractor for the United States Department of Defense, and built the company to more than US\$18 million in annual revenue. Through a merger, he was able to raise revenue to over US\$50 million and move on to other personal ventures. He has managed over 250 employees and has experience in manufacturing, engineering, and operations, and expanded his company into California, Oregon and Washington.

***Bryen J. Salas, Director and President***

Bryen is a co-founder of Blacklist and has been the Vice President of Blacklist since July 2017. He was Vice President of Sales of Blacklist from 2012-2017, leading Ionic to becoming one of the top selling vaporizer brands sold in the State of Washington.

Throughout his years at Blacklist, Bryen has served in several managerial roles, supporting the functions of Blacklist's supply chain, product development, marketing, human resources and technology.

***Christian D. Struzan, Director and Chief Marketing Officer***

Christian brings 30 years of experience in marketing and branding for the entertainment industry to Blacklist. He founded an advertising agency which developed and executed marketing campaigns for feature films and television series. Christian has expertise in electronic, mobile, and print media advertising.

As Chief Marketing Officer of the Resulting Issuer, Christian is expected to lead the Resulting Issuer in branding IONIC™ as a premier vape product. In December 2017, Blacklist was recognized at the DOPE industry awards of Washington State for best branding and marketing. Christian intends to continue to lead the brand promotion of Blacklist's product design and packaging into new markets as identified in its business growth plan.

***Austin Gorst, Director and Vice President***

Austin is a co-founder of Blacklist and has been active in the growth of the business since its inception in 2014. Austin worked six years in information technology while going through the infancies of the business and development of the vape products Blacklist sells today. In September 2015, Austin resigned from his Account Executive role at Insynq, Inc. and joined Blacklist as a full-time manager of the business. Austin was part of Blacklist's growth in 2016. He assisted with training and building the Blacklist team and increased top line revenue through sales in the Washington market. In early 2017, he started the first expansion plan to replicate Blacklist's business plan in the state of Oregon.

***M. Carroll Benton, Director***

M. Carroll Benton was the Chief Financial Officer, Chief Administrative Officer and Director of Visibility Holdings, Inc. (formerly a public company). Ms. Benton directed and managed the fiscal responsibilities of Visibility Holdings, Inc. since inception in 2000. Ms. Benton's early career spanned both the public and private sectors working largely with the banking systems and higher education institutions where she assisted in the development and deployment strategies necessary for computerization of these and other entities. Ms. Benton successfully managed a 13-state insurance brokerage firm and has been a consultant to the small to medium business

markets via accounting system design, implementation, support, and business practice analysis. She also taught undergraduate accounting courses at several Puget Sound colleges and universities. From December 1995 through December 1999, Ms. Benton was president of a computer integration company, Interactive Information Systems Corp. Her public sector experience also includes serving as Chief Financial Officer, Secretary, Treasurer, and Director for Gottaplay Interactive, Inc., an online game rental company, from August 2004 to 2007. Formerly with a CPA firm, Ms. Benton brings over 46 years of financial expertise.

***Brian Lofquist, Director***

Brian Lofquist has been a finance and accounting professional for over 25 years, serving as CFO for small- to mid-sized local businesses. His career highlights include strengthening financial reporting and organization for a manufacturing company in the Seattle area for 12 years and serving as director of finance for a software company where he worked on four mergers and acquisitions on the west coast.

He has comprehensive negotiations experience with mergers and acquisitions. He facilitated a successful merger of a data solutions company, and as part of that acquisition, successfully negotiating a debt-to-equity agreement of US\$1 million with their major supplier. He worked with a commercial espresso machine manufacturing company, and participated in Series A, Series B and Series C funding rounds for an aggregate capital raise of US\$15.5 million.

He has served as an officer on multiple corporate boards as well as not-for-profit companies, including the Whatcom Beer & Wine Foundation, which helps raise funds for local social service organizations.

***Scott M. Manson, Chief Financial Officer and Secretary***

Scott is both a Certified Public Accountant, receiving a BBA, cum laude, from Hofstra University and is a licensed New York attorney, earning his juris doctorate degree from Hofstra University School of Law.

Scott presently serves as Managing Member of Greyzdorf LLC a real estate investment firm. He previously was a director and CFO of Sprizzi Drink Co., a startup manufacturer and distributor of beverage dispensing machines, from 2012 to 2016. He has served as Chief Financial Officer for numerous public and private companies and has consulted for two cannabis companies. Scott also serves as Treasurer for four not for profit companies and is an advisor to numerous others.

**Disclosure and Caution**

Additional information in respect of the Transaction will be included in the Company's listing statement to be filed in connection with the Transaction and which will be available on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com).

For further information, please contact the Company, Interim CEO & Director - Ken Cotiamco at 604.687.7130; Skanderbeg Capital Advisors at 604.687.7130; or Blacklist Holdings Inc. - John Gorst, CEO & Chairman at +1.253.248.7922.

**ON BEHALF OF THE BOARD OF DIRECTORS**

*"Kenneth Cotiamco"*

Kenneth Cotiamco

Interim CEO and Director

***Neither the CSE nor its Market Regulator (as that term is defined in the policies of the CSE) accepts responsibility for the adequacy or accuracy of this release.***

*All statements, other than statements of historical fact, included herein are forward-looking information or statements within the meaning of applicable securities law and involve various risks and uncertainties. Generally, such forward-looking information or statements can be identified by the use of forward-looking terminology such as “plans”, “expects” or “does not expect”, “is expected”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or may contain statements that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “will continue”, “will occur” or “will be achieved”. The forward-looking information and statements contained herein may include, but are not limited to, the Transaction, the ability to complete and the timing of the Transaction, the completion of the Consolidation, receipt of all necessary approvals including from shareholders of the Company and the CSE, the continued listing on the CSE, the future business of the Company, the completion of the Amalgamation, the conversion of the subscription receipts of Blacklist Finco, the number of Zara Shares to be issued upon completion of the Consolidation, the Transaction and the Amalgamation and the new officers and directors of the Company following completion of the Transaction.. There can be no assurance that such information or statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such information or statements. Important factors that could cause actual results to differ, materially from the Company’s expectations include, but are not limited to, the ability to complete the Transaction; the ability to obtain the required regulatory, third party and, if applicable, shareholder approvals; the ability to satisfy the conditions to the Transaction; the ability to complete the Consolidation; and other risks that are disclosed in the Company’s documents filed from time to time with the Canadian Securities Exchange, the British Columbia Securities Commission, the Ontario Securities Commission and the Alberta Securities Commission. Although the Company believes that the assumptions and factors used in preparing, and the expectations contained in, the forward-looking information and statements are reasonable, undue reliance should not be placed on such information and statements, and no assurance or guarantee can be given that such forward-looking information and statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information and statements. The forward-looking information and forward-looking statements contained in this news release are made as of the date of this news release, and the Company does not undertake to update any forward-looking information or statements that are contained herein, except in accordance with applicable securities laws.*

*None of the securities issued pursuant to the Transaction or the Amalgamation will be registered under the U.S. Securities Act, or any state securities laws, and any securities issued pursuant to the Transaction or the Amalgamation will be issued in reliance upon available exemptions from such registration under the U.S. Securities Act and applicable exemptions under state securities laws.*