

## FORM 7

### MONTHLY PROGRESS REPORT

Name of Listed Issuer: ZARA RESOURCES INC. (the "Issuer").

Trading Symbol: ZRI

Number of Outstanding Listed Securities: 10,505,486 as of October 31, 2018.

Date: November 1, 2018 (for the month of October 31, 2018)

#### **Report on Business**

1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.

On September 30, 2018, the Issuer announced that it has entered into an assignment agreement (the "Assignment Agreement") with an arm's length private British Columbia corporation (the "Assignor"), pursuant to which the Assignor has assigned to the Issuer the rights and obligations of the Assignor pursuant to a letter agreement dated June 18, 2018 (the "LOI") between the Assignor and Blacklist Holdings Inc. ("Blacklist"), a private Washington company. The LOI contemplates a proposed business combination transaction (the "Acquisition") pursuant to which the Issuer will acquire all the issued and outstanding common shares of Blacklist ("Blacklist Shares") in exchange for common shares of the Issuer ("Zara Shares"). The Acquisition is an arm's length transaction and is expected to constitute a fundamental change under the policies of the Canadian Securities Exchange (the "CSE").

Pursuant to the terms of the LOI, shareholders of Blacklist will receive one Zara Share for each Blacklist Share held at the closing of the Acquisition (the "**Closing**"). It is anticipated that 80,185,000 Zara Shares will be issued *pro rata* at a deemed price of \$0.50 per Zara Share to the shareholders of Blacklist. In addition, each performance warrant issued and outstanding entitling holders to acquire Blacklist Shares upon meeting certain performance milestones (the "**Blacklist Performance Warrants**") will be exchanged for one common share purchase warrant of the Issuer on financially identical terms (the "**Replacement Performance Warrants**"). It is currently expected that an aggregate of 18,000,000 Replacement Performance Warrants will be issued to the holders of Blacklist Performance Warrants.

The LOI sets out certain terms and conditions pursuant to which the Acquisition will be completed. The Acquisition remains subject to certain closing conditions including, without limitation, the (a) completion of customary due diligence, (b) negotiation and execution of a definitive agreement (the "**Definitive Agreement**"), (c) completion of two concurrent equity financings to raise in aggregate minimum gross proceeds of \$5,000,000 and up to \$10,000,000, (d) the receipt of all required regulatory and third party approvals and, if applicable, the approval of the shareholders of the Issuer and Blacklist, respectively, and (e) any other conditions to Closing contained in the Definitive Agreement ((a) through (e), collectively, the "**Conditions Precedent**"). There can be no guarantees that the Acquisition will be completed as contemplated or at all.

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The Issuer anticipates that certain of the Zara Shares issued pursuant to the Acquisition may be subject to escrow requirements and hold periods required by CSE policies and applicable securities laws.

Prior to Closing, the Issuer will consolidate its issued and outstanding share capital on a 31.64303012 old Zara Share for one (1) new Zara Share basis. The Zara Shares to be issued in connection with the Acquisition and detailed in this press release will be issued on a post-consolidated basis.

Pursuant to the terms of the Assignment Agreement, the Issuer will, upon the Closing, issue 4,000,000 Zara Shares to the Assignor (or its nominee) at a deemed price of \$0.50 per Zara Share. In connection with the Acquisition, the Issuer will also issue 1,250,000 common shares to an arm's length third party at a deemed price of \$0.50 per Common Share as a finder's fee.

Prior to the Closing, Blacklist will complete a brokered "best efforts" marketed private placement of subscription receipts ("**Subscription Receipts**") at a price of \$0.50 per Subscription Receipt for gross proceeds of up to \$6,000,000 (the "**Brokered Offering**"). If the Conditions Precedent are completed, satisfied or waived, as the case may be, by December 17, 2018 (the "**Outside Date**"), each Subscription Receipt will be automatically exchanged, for no additional consideration and with no further action by the holder, for one Blacklist Share immediately prior to Closing. If the Conditions Precedent are not completed, satisfied or waived, as the case may be, by the Outside Date, the proceeds of the Brokered Offering will be returned to the holders, plus any accrued interest. Clarus Securities Inc. will act as sole agent in respect of the Subscription Receipt Offering.

Concurrently with the Brokered Offering, Blacklist will also complete a non-brokered financing ("**Non-Brokered Offering**") and together with the Brokered Offering, the "**Concurrent Financings**") of up to 8,000,000 Subscription Receipts (having the same terms as conditions as the Subscription Receipts issued in connection with the Brokered Financing) for gross proceeds of up to \$4,000,000.

All securities issued in connection with the Concurrent Financings will be subject to a statutory hold period of four months plus a day from the date of issuance in accordance with applicable securities laws. A finder's fee may be paid in connection with the Concurrent Financings to eligible arm's length finders in accordance with CSE policies. The aggregate net proceeds from the Concurrent Financings will be used to evaluate potential investments in the cannabis and blockchain industries and to provide general working capital.

#### **About Blacklist Holdings Inc.**

Blacklist, a privately held company based in Washington State, USA, owns the IONIC brand and is the #1 cannabis vape pen and cannabis cartridge manufacturer and distributor in Washington State and is currently entering the states of California and Oregon with the same proven formula. Since its founding in 2012, Blacklist has built and

reinforced a dominate leadership in the fast-growing concentrate segment. Blacklist has a professional management team with proven history of sales and marketing success in the alcohol and beverage industries and has applied the same methods to dominate a large and growing segment of Washington State's growing cannabis industry. Blacklist recently expanded into the state of Oregon and met its target of having a presence in 30 cannabis dispensaries within nine months. The IONIC brand is now targeting aggressive expansion in the state of California and has built a complete action plan based on its success in Washington and Oregon to penetrate the largest recreational use cannabis market in the United States. Blacklist sees opportunities to expand horizontally by increasing its penetration through Washington and California and vertically with the acquisition of early-stage cannabis production facilities to ensure the high-quality cannabis oils and concentrate its sizable and growing customer base expects from the IONIC brand.

2. Provide a general overview and discussion of the activities of management.

See No. 1 above.

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

None.

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

None.

5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

Refer to #1.

6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

None.

7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

None.

8. Describe the acquisition of new customers or loss of customers.

None.

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Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.

None.

9. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

None.

10. Report on any labour disputes and resolutions of those disputes if applicable.

None.

11. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

None.

12. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

None.

13. Provide details of any securities issued and options or warrants granted.

No changes to report

*(1) State aggregate proceeds and intended allocation of proceeds.*

14. Provide details of any loans to or by Related Persons.

None.

15. Provide details of any changes in directors, officers or committee members.

No changes occurred this month

16. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

None.

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## Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there were is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated November 1, 2018 .

Ken Cotiamco  
Name of Director or Senior  
Officer

/s/ Ken Cotiamco  
Signature

Interim Chief Executive Officer  
Official Capacity

<b>Issuer Details</b>	For Month End	Date of Report YY/MM/D
Name of Issuer	October 31 2018	18/11/01
Zara Resources Inc.		
Issuer Address		
488 – 1090 West Georgia Street		
City/Province/Postal Code	Issuer Fax No.	Issuer Telephone No.
Vancouver, BC, V6E 3V7	(604) 608-9110	(604) 687-7130
Contact Name	Contact Position	Contact Telephone No.
Ken Cotiamco	CEO	(604) 687-7130
Contact Email Address	Web Site Address	
<a href="mailto:ken@skanderbegcapital.com">ken@skanderbegcapital.com</a>	<a href="http://www.innovativeproperties.com/">http://www.innovativeproperties.com/</a>	

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