

## FORM 7

### MONTHLY PROGRESS REPORT

Name of CNSX Issuer: Zara Resources Inc. (the "Issuer").

Trading Symbol: ZRI

Number of Outstanding Listed Securities: 10,505,486

Date: May 2, 2017 (for the month of April 2017)

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the CNSX Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the CNSX.ca website.

This report is intended to keep investors and the market informed of the Issuer's ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the CNSX Policies. The discussion in this report must be factual, balanced and non-promotional.

#### **General Instructions**

- (a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

#### **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 April 12, the Issuer announced that it has signed 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 a number of conditions, including but not limited to approval by Zara shareholders at a special shareholders meeting, completion of due diligence procedures, 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 was filed on March 2, 2017 being at least 21 days in advance of the closing of the transaction. A further material change report with respect to the signing of the acquisition agreement was filed on April 13, 2017.*

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

*During the month, the Zara management signed the above described Agreement and commenced due diligence discussions with Fox Magnum.*

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 applicable to Zara during the month*

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 applicable to Zara during the month*

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.

*None applicable to Zara during the month*

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 applicable to Zara during the month*

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 applicable to Zara during the month*

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

*None applicable to Zara during the month*

9. 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 applicable to Zara during the month*

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

*None applicable to Zara during the month*

11. Report on any labour disputes and resolutions of those disputes if applicable.  
*None applicable to Zara during the month*
12. 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 applicable to Zara during the month*
13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.  
*None applicable during the month*
14. Provide details of any securities issued and options or warrants granted.

*The Company issued no securities and granted no options or warrants during the month*

Security	Number Issued	Details of Issuance	Use of Proceeds <sup>(1)</sup>

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

15. Provide details of any loans to or by Related Persons.  
*None applicable to Zara during the month*
16. Provide details of any changes in directors, officers or committee members.  
*None*
17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

*Fluctuations in the price of gold per ounce are commonplace, however a significant drop in the price of gold, were it to be long-lasting, could have adverse implications for the company.*

## 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 is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to CNSX 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 CNSX Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated May 2, 2017.

/s/ Danny Wettreich

Name of Director or Senior Officer

/s/ Danny Wettreich

Signature

Chief Executive Office.

Official Capacity

<b>Issuer Details</b>	For Month	Date of Report
Name of Issuer	End	
Zara Resources Inc.	April 2017	May 2, 2017
Issuer Address		
100 King Street West, Suite 5700,		
City/Province/Postal Code	Issuer Fax No.	Issuer Telephone No.
Toronto, Ontario, M5X 1C7	( )	( 647 ) 931-9775
Contact Name	Contact Position	Contact Telephone No.
Daniel Wettreich	CEO	(647) 931-9775
Contact Email Address	Web Site Address	
dw@ZaraResourcesInc.com	<a href="http://www.ZaraResourcesInc.com">www.ZaraResourcesInc.com</a>	

