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**ZOOLANDER CORPORATION**  
**(SUCCESSOR TO ADASANI EXPLORATION (PROPRIETARY) LIMITED)**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(Expressed in Canadian Dollars)**

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Zoolander Corporation are the responsibility of the management and Board of Directors of the Company.

The consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards and IFRS 1 - First-Time Adoption of International Financial Reporting Standards using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(signed) "Gavin Treanor"

Gavin Treanor  
Chief Executive Officer

(signed) "Sean Rai"

Sean Rai  
Chief Financial Officer



## INDEPENDENT AUDITORS' REPORT

To the Shareholders of  
Zoolander Corporation

We have audited the accompanying consolidated financial statements of Zoolander Corporation, which comprise the consolidated statements of financial position as at December 31, 2011, December 31, 2010 and January 1, 2010 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years ended December 31, 2011 and December 31, 2010 and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Zoolander Corporation as at December 31, 2011, December 31, 2010 and January 1, 2010, and its financial performance and its cash flows for the years ended December 31, 2011 and December 31, 2010 in accordance with International Financial Reporting Standards.

## Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that the Company is an exploration-stage company, has not yet determined whether its mineral properties contain mineral reserves that are economically recoverable, and will require additional financing to continue its exploration and development activities. These conditions, along with other matters as set forth in Note 1 indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

**"SCHWARTZ LEVITSKY FELDMAN LLP"**

Toronto, Ontario, Canada  
May 2, 2012

Chartered Accountants  
Licensed Public Accountants



**Zoolander Corporation**  
**Consolidated Statements of Financial Position**  
(Expressed in Canadian Dollars)

As at	December 31, 2011	December 31, 2010 (note 14)	January 1, 2010 (note 14)
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 659,836	\$ 1,592,190	\$ 4
Amounts receivable and other assets	77,531	77	81
	<b>737,367</b>	<b>1,592,267</b>	<b>85</b>
<b>Deferred financing costs</b>	-	324,953	-
<b>Property, plant and equipment (note 4)</b>	<b>498,789</b>	<b>230,003</b>	<b>-</b>
<b>Exploration and evaluation assets (note 5)</b>	<b>229,652</b>	<b>213,167</b>	<b>151,082</b>
<b>Total Assets</b>	<b>\$ 1,465,808</b>	<b>\$ 2,360,390</b>	<b>\$ 151,167</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables (note 6)	\$ 89,252	\$ 930,161	\$ 238,420
<b>Total Liabilities</b>	<b>89,252</b>	<b>930,161</b>	<b>238,420</b>
<b>Shareholders' Equity (Deficiency)</b>			
Share capital (note 7)	2,658,580	2,000,014	14
Warrant reserve (note 7)	25,285	-	-
Other capital reserve (note 7)	4,492	4,492	4,492
Foreign currency translation reserve	(57,341)	(106,885)	1
Deficit	(1,254,460)	(467,392)	(91,760)
<b>Total Shareholders' Equity (Deficiency)</b>	<b>1,376,556</b>	<b>1,430,229</b>	<b>(87,253)</b>
<b>Total Shareholders' Equity (Deficiency) and Liabilities</b>	<b>\$ 1,465,808</b>	<b>\$ 2,360,390</b>	<b>\$ 151,167</b>

*The accompanying notes are an integral part of these consolidated financial statements.*

**Zoolander Corporation**  
**Consolidated Statements of Loss and Comprehensive Loss**  
(Expressed in Canadian Dollars)

For the Years Ended	December 31, 2011	December 31, 2010
		(note 14)
<b>Operating Expenses</b>		
Consulting fees	\$ 297,402	\$ 346,174
Professional fees	238,744	91,146
Travel	122,424	13,923
Salaries and wages	55,769	7,309
Shareholder information	62,783	13,389
General and administrative	61,382	3,573
<b>Operating loss</b>	<b>838,504</b>	<b>475,514</b>
<b>Other income</b>		
Finance income	(8,290)	(4,694)
Foreign exchange gain	(43,146)	(95,188)
<b>Net loss</b>	<b>787,068</b>	<b>375,632</b>
<b>Other comprehensive loss</b>		
Foreign currency translation loss	64,873	106,886
<b>Comprehensive loss for the year</b>	<b>\$ 851,941</b>	<b>\$ 482,518</b>
<b>Loss per share - basic and diluted</b>	<b>0.03</b>	<b>0.04</b>
<b>Weighted average number of shares outstanding - basic and diluted</b>	<b>25,740,582</b>	<b>10,000,000</b>

*The accompanying notes are an integral part of these consolidated financial statements.*

**Zoollander Corporation**  
**Consolidated Statements of Changes in Shareholders' Equity**  
(Expressed in Canadian Dollars)

	Share Capital		Reserves				Foreign Currency Translation Reserve		Deficit	Total
	Number	Amount	Warrant Reserve	Other Capital Reserve						
<b>Balance as at January 1, 2010</b>	<b>100</b>	<b>\$ 14</b>	<b>\$ -</b>	<b>\$ 4,492</b>	<b>\$ 1</b>	<b>\$ (91,760)</b>	<b>\$ (87,253)</b>			
Issued on private placement	10,000,000	2,000,000	-	-	-	-	2,000,000			
Foreign currency translation differences	-	-	-	-	(106,886)	-	(106,886)			
Net loss for the year	-	-	-	-	-	(375,632)	(375,632)			
<b>Balance as at December 31, 2010 and April 30, 2011</b>	<b>10,000,100</b>	<b>2,000,014</b>	<b>-</b>	<b>4,492</b>	<b>(106,885)</b>	<b>(467,392)</b>	<b>1,430,229</b>			
Reverse takeover transaction (Note 3)	(10,000,100)	-	-	-	-	-	-			
Exchanged for Zoollander shares	10,000,000	(25,285)	25,285	-	-	-	-			
Issuance of Company shares in exchange for Adsani units	20,000,000	1,098,941	-	-	-	-	1,098,941			
Issued pursuant to acquisition	4,900,000	-	-	-	-	-	-			
Zoollander shares recognized	87,500	17,500	-	-	-	-	17,500			
Shares issued as agent's commission	-	(432,590)	-	-	-	-	(432,590)			
Share issue costs	-	-	-	-	-	-	-			
Foreign currency translation differences	-	-	-	-	49,544	-	49,544			
Net loss for the year	-	-	-	-	-	(787,068)	(787,068)			
<b>Balance as at December 31, 2011</b>	<b>34,987,500</b>	<b>\$ 2,658,580</b>	<b>\$ 25,285</b>	<b>\$ 4,492</b>	<b>\$ (57,341)</b>	<b>\$ (1,254,460)</b>	<b>\$ 1,376,556</b>			

The accompanying notes are an integral part of these consolidated financial statements.

**Zoolander Corporation**  
**Consolidated Statements of Cash Flows**  
(Expressed in Canadian Dollars)

	December 31, 2011	December 31, 2010
		(note 14)
<b>Cash Flows from Operating activities</b>		
Net loss for the year	\$ (787,068)	\$ (375,632)
Changes in non-working capital items:		
Amounts receivable and other assets	6,596	-
Trade and other payables	(22,994)	704,534
Cash (used in) provided by operating activities	(803,466)	328,902
<b>Cash Flows from Financing activities</b>		
Issuance of share capital	153,930	2,000,000
Share issue costs	(100,319)	(324,953)
Cash (used in) provided by financing activities	53,611	1,675,047
<b>Cash Flows from Investing activities</b>		
Acquisition of property, plant and equipment	(263,607)	(230,003)
Addition to exploration and evaluation assets	(11,684)	(70,193)
Cash used in investing activities	(275,291)	(300,196)
Effect of exchange rate changes on cash denominated in a foreign currency	92,792	(111,567)
<b>Net Increase (decrease) in cash and cash equivalents</b>	<b>(1,025,146)</b>	<b>1,703,753</b>
Cash and cash equivalents, beginning of year	1,592,190	4
<b>Cash and cash equivalents, end of year</b>	<b>\$ 659,836</b>	<b>\$ 1,592,190</b>

Non-cash investing and financing activities:

Settlement of debt on qualifying transaction	\$ 860,975	\$ -
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*The accompanying notes are an integral part of these consolidated financial statements.*



**Zoolander Corporation**  
**Notes to Consolidated Financial Statements**  
**For the Years Ended December 31, 2011 and 2010**  
**(Expressed in Canadian Dollars)**

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**1. Nature of Operations and Going Concern**

Zoolander Corporation ("Zoolander" or the "Company") was incorporated on October 27, 2005, by Certificate of Incorporation issued under the Business Corporations Act (Ontario). The Company was a capital pool corporation, as defined pursuant to policy 2.4 of the TSX Venture Exchange Inc. (the "TSX-V") and on April 30, 2011, completed its Qualifying Transaction (the "QT") as that term is defined in TSX-V policy 2.4. The Company acquired all of the issued and outstanding shares of Adsani Exploration (Proprietary) Limited ("Adsani"), a private company incorporated on February 24, 2000 under the laws of the Republic of South Africa, and its wholly-owned subsidiary Mezzotin Investments (Private) Limited ("Mezzotin"), a private company incorporated on January 10, 2000 under the laws of Zimbabwe (Note 3) in exchange for the issuance of 20,000,000 common shares of the Company (the "Acquisition"). The Acquisition has been accounted for as a reverse takeover that does not constitute a business combination. As a result, these consolidated financial statements reflect the financial position, financial performance and cash flows of the Company's legal subsidiary, Adsani. Pursuant to the accounting for the reverse takeover of Zoolander by Adsani, the consolidated statement of operations and cash flows include the accounts of Adsani for the full twelve month period ended December 31, 2011 and those of Zoolander from the date of Acquisition, April 30, 2011 to December 31, 2011. All comparative figures are those of Adsani retroactively adjusted to reflect the legal capital of the Company. Zoolander's common shares are listed on the TSX-V under the symbol "ZOO.V" since May 31, 2011. The Company's registered office and the principal place of business is located at 130 Adelaide Street West, Suite 1010, Toronto, Ontario, M5C 3H1.

The Company is a Canadian-based mineral exploration company focused on the exploration for and development of mineral deposits in Africa. The Company is considered to be in the early stages and has not yet determined whether its properties contain mineral reserves that are economically recoverable. The recoverability of these amounts is dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the property and the underlying mining claims, obtaining the necessary regulatory approvals and permits, the ability of the Company to obtain the necessary financing to complete the development of the mineral interests, and achieving future profitable production, or alternatively, upon the Company's ability to dispose of its interests on a profitable basis. As the Company's assets are located outside of Canada, they are subject to the risk of foreign laws and regulations, including increases in taxes and royalties, currency exchange fluctuations, ownership interests and political uncertainty.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The Company has incurred losses from inception and does not currently have any revenue generating operations. The Company's ability to continue as a going concern is dependent upon its ability in the future achieve profitable operations and, in the meantime, to obtain the necessary financing to fulfill its obligations as they arise and repay its liabilities when they become due. External financing, predominantly by the issuance of equity or debt, will be sought to finance the operations of the Company. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. These consolidated financial statements do not reflect any adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to achieve profitable operations or obtain adequate financing. Changes in future conditions could require material write-downs of the carrying values of expenditures on mineral properties.

**Zoolander Corporation**  
**Notes to Consolidated Financial Statements**  
**For the Years Ended December 31, 2011 and 2010**  
**(Expressed in Canadian Dollars)**

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**2. Basis of Preparation and Significant Accounting Policies**

**(a) Statement of compliance**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") effective as of December 31, 2011. These are the Company's first annual consolidated financial statements prepared in accordance with IFRS and, accordingly, IFRS 1 - First-time adoption of International Financial Reporting Standards ("IFRS 1") has been applied. The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and in the preparation of the opening IFRS statement of financial position as at January 1, 2010, as required by IFRS 1 for the purposes of the transition to IFRS, unless otherwise noted. The impact of the transition from Canadian GAAP to IFRS is explained in note 16.

These consolidated financial statements were authorized for issuance by the Board of Directors on May 2, 2012.

**(b) Basis of presentation**

These consolidated financial statements have been prepared on the historical cost basis, with the exception of certain non-current assets and financial instruments, which are measured at fair value, as explained in the accounting policies described herein.

**(c) Principles of consolidation**

These consolidated financial statements include the accounts of the Company and entities over which it has control including its wholly-owned legal subsidiary, Adsani Exploration (Proprietary) Limited and its wholly-owned subsidiary Mezzotin Investments (Private) Limited. All material intercompany transactions and related balances are eliminated on consolidation.

On April 30, 2011, the Company acquired all the issued and outstanding shares of Adsani. The transaction was recorded as a reverse takeover that does not constitute a business combination. As a result, these consolidated financial statements reflect the financial position, financial performance and cash flows of the legal subsidiary, Adsani, as at and for the years ended December 31, 2011 and 2010 with the exception of capital. The operating results of the legal parent, Zoolander, have been included in these consolidated financial statements commencing April 30, 2011. The number of common shares outstanding is those of the Company, the legal parent.

**(d) Functional and presentation currency**

Items included in the financial statements of the Company's subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. The functional currency of the Company's subsidiaries is the United States Dollar.

The assets and liabilities of subsidiaries that have a functional currency different from that of the Company are translated into Canadian dollars at the closing rate at the date of the statement of financial position, and income and expenses are translated at the average rate for the year, which represents a reasonable approximation of the exchange rates at the date of the transactions. Foreign exchange gains or losses resulting from this translation are recognized in other comprehensive income and included in the foreign currency translation reserve in shareholders' equity.

**Zoolander Corporation**  
**Notes to Consolidated Financial Statements**  
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**2. Basis of Preparation and Significant Accounting Policies (continued)**

**(d) Functional and presentation currency (continued)**

Transactions in currencies which are not the entity's functional currency are translated to the functional currency at exchange rates at the date of the transaction. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement

of financial position. Non-monetary items that are measured in terms of historical costs in a foreign currency are not retranslated.

**(e) Property, plant and equipment**

Property, plant and equipment is recorded at acquisition cost define cost less accumulated depreciation and accumulated impairment losses.

Where an item of plant and equipment comprises significant components with different useful lives, the components are accounted for as separate items (major components) of plant and equipment.

Depreciation is provided at rates calculated to write-off the cost of these assets commencing when available for use, less their estimated residual value, over their expected useful economic lives, for the following classes of assets:

	<b>Method</b>	<b>Rate</b>
• Mining equipment	Declining balance	20%
• Trucks and vehicles	Declining balance	20%

**(f) Exploration and evaluation assets**

The Company is in the exploration stage with respect to its investment in mineral properties and accordingly follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of mineral claims. Such costs include, but are not exclusive to, materials used, surveying costs, geological and geophysical studies, exploratory drilling and sampling, and payments made to contractors during the exploration phase. Costs not directly attributable to exploration and evaluation, including general and administrative overhead costs, are expensed in the period in which they occur. Capitalization of costs commences once the Company has obtained legal rights to explore a specific area. The aggregate costs related to abandoned mineral claims are charged to operations at the time of any abandonment or when it has been determined that there is evidence of a permanent impairment. An impairment charge relating to a mineral property is subsequently reversed when new exploration results or actual or potential proceeds on sale result in a revised estimate of the recoverable amount but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

When technical feasibility and commercial viability of a property is established and the Company determines that it will proceed with development, all exploration and evaluation costs attributable to that property are reclassified as mining assets within property and equipment or as intangible assets depending on the nature of the expenditure. If economically recoverable ore deposits are developed, the capitalized costs of the related property will be amortized using the unit-of-production method following the commencement of production

**Zoollander Corporation**  
**Notes to Consolidated Financial Statements**  
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**2. Basis of Preparation and Significant Accounting Policies (continued)**

**(g) Cash and cash equivalents**

Cash and cash equivalents comprise cash deposits in banks and short term deposits with a remaining maturity on the date of purchase of three months or less, which are readily convertible into a known amount of cash.

**(h) Share issue costs**

Costs directly attributable with the raising of capital will be charged against the related share capital. Costs related to shares not yet issued are recorded as deferred financing fees. These fees are deferred until the issuance of the shares to which the fees related to, at which time the fees will be charged against the related share capital, net of any tax effects.

**(i) Share-based payments**

The Company has a share-based compensation plan to grant options to employees and non-employees. The fair value of options granted, as measured by the Black-Scholes formula options pricing model, is recognized as a share-based compensation expense and recognized over the length of the vesting period of the options granted, with a corresponding amount recognized in the share-based payments reserve. At each financial reporting date, the number of options recognized as an expense is adjusted to reflect the number of options expected to vest going forward. Consideration received on the exercise of options is recorded as share capital and the related equity settled share-based payments reserve is transferred to share capital. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received.

**(j) Impairment of non-financial assets**

The carrying amount of the Company's non-financial assets are reviewed at each reporting period for any indicators that the carrying amount may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the assets belong. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash generating units, or otherwise they are allocated to the smallest group of cash generating unit for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss. Where an impairment loss subsequently reverses for assets with a finite useful life, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, but only to the extent that this does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash generating unit in prior periods. A reversal of an impairment loss is recognized immediately in profit or loss.

**Zoolander Corporation**  
**Notes to Consolidated Financial Statements**  
**For the Years Ended December 31, 2011 and 2010**  
**(Expressed in Canadian Dollars)**

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**2. Summary of Significant Accounting Policies (continued)**

**(k) Financial instruments**

**Financial assets**

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: Financial assets at fair value through profit or loss ("FVTPL"), loans and receivables, available-for-sale, and held-to-maturity.

*Financial assets at fair value through profit or loss ("FVTPL")*

Financial assets are classified at fair value through profit or loss when acquired principally for the purpose of trading, or are designated as such upon initial recognition. Financial assets classified as FVTP are measured at fair value, with changes therein recognized in profit or loss. The Company's cash and cash equivalents are classified as FVTPL.

*Loans and receivables*

Loans and receivables are non-derivative financial assets that have fixed or determinable payments and are not quoted in an active market. Subsequent to initial recognition, loans and receivables are carried at amortized cost using the effective interest method. Amounts receivable are classified as loans and receivables.

*Available-for-sale*

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. Available-for-sale financial assets are measured at fair value with changes recognized in equity in the investment revaluation reserve. No assets have been or are currently classified as available-for-sale.

*Held to maturity*

Held to maturity financial assets are non-derivative financial assets with no fixed or determinable payments and fixed maturities that the Company's management has the intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest rate method. If there is objective evidence that the investment is impaired, the financial asset is measured at the estimated present value of future cash flows discounted at the entity's original effective interest rate. Any changes to the carrying amount of the investment are recognized in profit or loss. No assets have been or are currently classified as available-for-sale.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

**Financial liabilities**

All financial liabilities are initially recorded at fair value and designated upon inception as financial liabilities at fair value through profit or loss ("FVTPL") or other-financial-liabilities

**Zoolander Corporation**  
**Notes to Consolidated Financial Statements**  
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**2. Summary of Significant Accounting Policies (continued)**

**(k) Financial Instruments**

**Financial liabilities (continued)**

*Financial liabilities at fair value through profit or loss ("FVTPL")*

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities

classified as FVTPL are recognized through the statement of comprehensive income. At December 31, 2011 the Company has not classified any financial liabilities as FVTPL.

*Other-financial-liabilities*

Other financial liabilities are initially measured at fair value, net of directly attributable transaction costs, and are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's trade and other payables are classified as other-financial-liabilities.

**(l) Impairment of financial assets**

The Company assesses at each date of the statement of financial position whether a financial asset is impaired.

**Assets carried at amortized cost**

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

**(m) Income taxes**

Income tax expense comprises current and deferred income taxes. Income tax expense is recognized in profit and loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case it is recognized in equity or other comprehensive income.

*Current income tax*

Current income tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

**Zoosland Corporation**  
**Notes to Consolidated Financial Statements**  
**For the Years Ended December 31, 2011 and 2010**  
**(Expressed in Canadian Dollars)**

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**2. Summary of Significant Accounting Policies (continued)**

**(m) Income taxes (continued)**

*Deferred income tax*

Deferred income taxes are recorded using the liability method. Deferred tax assets and liabilities are recognized for future tax consequences attributable to unused tax losses and unused tax credits and differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. The following temporary differences are not provided for: initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that affects neither accounting nor taxable loss and is not a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the unused tax losses and unused tax credits and temporary differences can be utilized. Recognized deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Unrecognized deferred tax assets are measured at each reporting date to the extent it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

**(n) Compound financial instruments**

Proceeds received on the issuance of units consisting of common shares and warrants are allocated based on the relative fair value method.

**(o) Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense and is applied as an offset to the specific obligation on the statement of financial position.

**(p) Loss per Share**

The basic loss per share is calculated by dividing the net loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The diluted loss per share is determined by adjusting the net loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments such as outstanding stock options and share purchase warrants. The "treasury stock method" is used for the assumed proceeds upon the exercise of the options and warrants that are used to purchase common shares at the average market price during the year. During the year ended December 31, 2011 and 2010 all outstanding stock options and warrants were anti-dilutive and were not included.

**2. Summary of Significant Accounting Policies (continued)**

**(q) Restoration, rehabilitation, and environmental obligations**

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of mineral properties and property, plant & equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for such costs is recognized at its fair value in the period in which it is incurred. Upon initial recognition of the liability, the corresponding restoration, rehabilitation, and environmental obligation is added to the carrying amount of the related mineral property asset in the case where technical feasibility has been established, and expensed if technical feasibility is yet to be established. Once capitalized, the cost is amortized as an expense over the economic life of the asset using either the unit-of-production method or the straight-line method, as appropriate. Following the initial recognition of the restoration, rehabilitation, and environmental obligation, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discount rate, and the amount or timing of the underlying cash flows needed to settle the obligation.

The Company has no restoration, rehabilitation, and environmental obligations as any disturbance to date are minimal.

**(r) Significant accounting estimates and judgements**

The preparation of financial statements using accounting policies consistent with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates.

*Critical accounting estimates*

Estimates and underlying assumptions are reviewed on an ongoing basis. Changes to accounting estimates are recognized in the period the changes are made. Significant areas requiring the use of estimates and assumptions that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, include, but are not limited to the following: the carrying value and valuation of mineral properties, and property, plant and equipment and their useful lives, impairment of non-financial assets, valuation of share-based payments, recoverability of deferred income tax assets and provisions for the reclamation

*Critical accounting judgments*

The critical judgments that the Company's management has made, apart from those involving estimates, in the process of applying the accounting policies that have the most significant effect on the amounts recognized in the Company's consolidated financial statements are related to; the determination whether technical feasibility and commercial viability of mineral properties under exploration can be demonstrated for the mineral properties, the economic recoverability of the mineral properties, the determination of functional currency for the Company and its subsidiaries, the interpretation and measurement of income taxes payable and deferred income tax assets and liabilities and application of the relevant tax laws, the determination that the reverse acquisition of Adsani (Note 3) represents an acquisition of an asset rather than a business combination and the assumption that the Company will continue as a going concern.

**(s) New accounting standards and interpretations**

In 2011, the International Accounting Standards Board issued new and amended standards and interpretations which are relevant but have not yet been adopted by the Company. The Company has not yet begun the process of assessing the impact that the new and amended standards and interpretations will have on its consolidated financial statements or whether to early adopt any of the new requirements.



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**2. Summary of Significant Accounting Policies (continued)**

**(s) New accounting standards and interpretations (continued)**

The following is a brief summary of the new standards:

*IFRS 9, Financial Instruments:* IFRS 9 introduces the new requirements for the classification, measurement and de-recognition of financial assets and financial liabilities. Specifically, IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortized cost or fair value, and all financial liabilities classified as subsequently measured at amortized cost except for financial liabilities as at FVTPL. The amendments are effective for annual periods beginning on or after January 1, 2015, with earlier application permitted.

*IFRS 10, Consolidated Financial Statements:* IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 supersedes IAS 27, Consolidated and Separate Financial Statements, and SIC-12, Consolidation – Special Purpose Entities. The interpretation is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

*IFRS 11, Joint Arrangements:* IFRS 11 establishes principles for financial reporting by parties to a joint arrangement. IFRS 11 supersedes current IAS 31, Interests in Joint Ventures and SIC-13, Jointly Controlled Entities-Non – Monetary Contributions by Venturers. The interpretation is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

*IFRS 12, Disclosure of Interests in Other Entities:* IFRS 12 applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. The interpretation is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

*IFRS 13, Fair Value Measurements:* IFRS 13 defines fair value, sets out in a single IFRS framework for measuring value and requires disclosures about fair value measurements. The IFRS 13 applies to IFRSs that require or permit fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except in specified circumstances. The interpretation is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

*IAS 1 – Presentation of Financial Statements:* In June 2011, the IAS issued amendments to IAS 1 that requires an entity to group items presented in the statement of comprehensive income on the basis of whether they may be reclassified to earnings subsequent to initial recognition. For those items presented before taxes, the amendments to IAS 1 also require that the taxes related to the two separate groups be presented separately. The amendments are effective for annual periods beginning on or after July 1, 2012, with earlier adoptions permitted. The Company does not anticipate the application of the amendments to IAS 1 to have a material impact on its consolidated financial statements.

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**3. Acquisition of Adsani Exploration (Proprietary) Limited**

On April 30, 2011, the Company completed an Acquisition by acquiring all of the issued and outstanding shares of Adsani Exploration (Proprietary) Limited ("Adsani"), a mineral exploration company focused on the acquisition, exploration and development of mineral properties. As consideration for the acquisition, the Company issued 20,000,000 of its common shares to the shareholders of Adsani resulting in Adsani's shareholders owning 86% of the Company.

The transaction was recorded as a reverse takeover that does not constitute a business combination. Although legally, the Company is regarded as the parent or continuing company, Adsani, whose former shareholders hold approximately 86% of the voting shares of the combined company immediately after the acquisition, is treated as the acquirer for accounting purposes in accordance with IFRS 3 – Business Combinations. As a result, these consolidated financial statements reflect the financial position, operations and cash flows of the legal subsidiary, Adsani, as at and for the years ending December 31, 2011 and 2010. The operating results of the Company have been included commencing from the date of the acquisition, April 30, 2011. The number of common shares outstanding is those of the Company, the legal parent.

Under reverse takeover accounting, the issuance of the 20,000,000 common shares is deemed to have been issued by Adsani for the net assets of Zoolander. The purchase cost and allocation of costs to the Company's assets and liabilities are as follows:

Net assets acquired at fair value:	
Cash	\$ 153,930
Prepaid and other assets	87,935
Loans receivable	870,865
Accounts payable and accrued liabilities	(874,764)
	237,966
Settlement of debt on acquisition of Adsani <sup>1</sup>	860,975
	<b>\$ 1,098,941</b>
Consideration transferred:	
Share capital – issuance of 20,000,000 shares at fair value for net asset	\$ 1,098,941
	<b>\$ -</b>

<sup>1</sup> Pursuant to the acquisition, the Company issued shares to various individuals in satisfaction of an aggregate of \$860,975 of debt owed to various individuals as payment for services and to settle various outstanding loans to individuals who advanced funds to Adsani. The debt that was settled through the issuance of shares formed part of the 20,000,000 common shares that was issued to the shareholders of Adsani as indicated above.

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**4. Property, plant and equipment**

	<b>Mining equipment</b>	<b>Vehicles</b>	<b>Total</b>
<b>Cost</b>			
Balance at January 1, 2010	\$ -	\$ -	\$ -
Additions	230,003	-	230,003
Balance at December 31, 2010	230,003	-	230,003
Additions	9,764	253,843	263,607
Foreign currency translation	5,179	-	5,179
<b>Balance at December 31, 2011</b>	<b>\$ 244,946</b>	<b>\$ 253,843</b>	<b>\$ 498,789</b>
<b>Accumulated Depreciation</b>			
Balance at January 1, 2010	\$ -	\$ -	\$ -
Depreciation for the year	-	-	-
Balance at December 31, 2010	-	-	-
Depreciation for the year	-	-	-
Foreign currency translation	-	-	-
<b>Balance at December 31, 2011</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Book Value</b>			
At January 1, 2010	-	-	-
At December 31, 2010	230,003	-	230,003
<b>At December 31, 2011</b>	<b>\$ 244,946</b>	<b>\$ 253,843</b>	<b>\$ 498,789</b>

No impairment write-down was required as at December 31, 2011 and December 31, 2010.

During the years ended December 31, 2011 and December 31, 2010, no depreciation was recorded as the equipment and vehicles were not available for use as at the year-end dates.

**5. Exploration and evaluation assets**

***Sabi Star Property***

The Company owns a 100% interest in the Sabi Star Property held by Adsani, through its wholly-owned subsidiary, Mezzotin. The property is comprised of 30 rare earth exploration permits covering a total of 2,348 hectare area and is located in Eastern Zimbabwe approximately 180 kilometers from Harare, the capital of Zimbabwe, approximately 250 kilometers from the border of South Africa. The property is located on the Odzi Gold Belt, a known mineralization belt having historically produced gold, copper, tin, tantalum, niobium and diamonds

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**5. Exploration and evaluation assets**

<b>Acquisition costs of mineral rights</b>			
Balance at January 1, 2010	\$		1
Additions			-
Balance at December 31, 2010			1
<b>Exploration and evaluation costs</b>			
Balance at January 1, 2010			151,081
Additions			70,193
Foreign currency translation			(8,108)
Balance at December 31, 2010			213,166
Total at December 31, 2010	\$		213,167
<b>Acquisition costs of mineral rights</b>			
Balance at January 1, 2011	\$		1
Additions			4,264
Foreign currency translation			-
Balance at December 31, 2011			4,265
<b>Exploration and evaluation costs</b>			
Balance at January 1, 2011			213,166
Additions			7,420
Foreign currency translation			4,801
Balance at December 31, 2011			225,387
Total at December 31, 2011	\$		229,652

**6. Trade and other payables**

	December 31, 2011	December 31, 2010	January 31, 2010
Falling due within the year:			
Trade payables	\$ 69,252	\$ 914,159	\$ 238,420
Other payables and accrued liabilities	20,000	16,002	-
	\$ 89,252	\$ 930,161	\$ 238,420

The Company's exposure to currency and liquidity risks related to trade and other payables is disclosed in Note 12.

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**7. Share capital**

**(a) Authorized share capital**

Unlimited number of common shares

**(b) Issued and outstanding share capital**

Issued share capital for the periods were as follows:

	Number of Shares <sup>1</sup>	Amount <sup>1</sup>
Balance as at January 1, 2010	100	\$ 4
Issued on private placement <sup>3</sup>	10,000,000	2,000,000
Share issue costs	-	-
Balance as at December 31, 2010 and April 29, 2011	10,000,100	\$ 2,000,014
<b>Reverse takeover transaction (Note 3)</b>		
Exchanged for Zoolander shares	(10,000,100)	-
Issuance of Company shares in exchange for Adsani units <sup>3</sup>	10,000,000	-
Zoolander shares recognized <sup>2</sup>	4,900,000	-
Issued pursuant to acquisition	20,000,000	1,098,941
Shares issued as agent's commission	87,500	17,500
Re-valuation of warrants on acquisition (Note 7 (c))		(25,285)
Share issue costs	-	(432,590)
<b>Balance as at December 31, 2011</b>	<b>34,987,500</b>	<b>\$ 2,658,580</b>

<sup>1</sup> On April 30, 2011, the Company acquired Adsani in a reverse takeover transaction. Under reverse takeover accounting the number of shares issued and outstanding is that of Zoolander, the legal parent. However, the share capital amount is that of the legal subsidiary Adsani plus the share capital transactions of the Company from the acquisition date of April 30, 2011 onwards.

<sup>2</sup> Under reverse takeover accounting, the number of shares of Zoolander is recognized as shares of the resulting issuer with a corresponding share capital amount of \$nil.

<sup>3</sup> On June 18, 2010, Adsani completed a non-brokered private placement. The private placement consisted of the sale of 10,000,000 Adsani Subscription Receipts at a price of \$0.20 per Adsani Subscription Receipt for gross proceeds of \$2 million. Each subscription receipt, on exercise, entitled the holder to one Adsani Unit, with each Adsani Unit, when exercised, converting into one Adsani Common Share and one Adsani Option, with each Adsani Option entitling the holder to purchase one Adsani common share at a price of \$0.50 for a period of 24 months from the date of the qualifying Transaction. On September 9, 2010, 5,000,000 Adsani Units and \$1,000,000 of the proceeds were released from escrow to Adsani prior to completion of the Acquisition and the balance of the Adsani Subscription Receipts were deemed to be automatically exercised, without the payment of any additional consideration, for 5,000,000 Adsani Units. Upon completion of the qualifying transaction, the Adsani Shares and Adsani Options, comprising the Adsani Units, which were issued and outstanding immediately prior to the Acquisition, were exchanged for 10,000,000 Zoolander Consolidated shares and 10,000,000 Zoolander Warrants, respectively, on a 1:1 basis. Each Zoolander Warrant is exercisable to purchase one post - consolidation common share of the Company at \$0.50 per share for a period of 24 months following completion of the qualifying transaction.

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**7. Share capital (continued)**

Share capital of the legal parent, Zoolander, prior to the reverse takeover:

	<b>Number of Shares</b>	<b>Amount</b>
Balance as at January 1, 2010	9,800,000	\$ 573,412
Share consolidation on 2:1 basis <sup>1</sup>	(4,900,000)	-
<b>Balance at December 31, 2010 and April 29, 2011</b>	<b>4,900,000</b>	<b>\$ 573,412</b>

<sup>1</sup> As at January 1, 2010, Zoolander had 9,800,000 common shares issued and outstanding with a share capital of \$573,412. Immediately prior to the acquisition, the Company, as unanimously approved by special resolution of the Zoolander shareholders on June 29, 2010, consolidated the shares of Zoolander on the basis of one consolidated common share of Zoolander for every two outstanding shares of Zoolander. As at April 29, 2011, there were 4,900,000 common shares issued and outstanding with a corresponding share capital amount of \$573,412.

**(c) Warrant reserve**

A summary of warrants is as follows:

	<b>Number of warrants</b>	<b>Amount</b>	<b>Weighted average exercise price</b>
Balance as at January 1, 2010, December 31, 2010, and April 30, 2011 prior to the acquisition	-	\$ -	\$ -
Issued pursuant to the reverse takeover <sup>1</sup>	10,000,000	25,285	0.50
<b>Balance as at December 31, 2011</b>	<b>10,000,000</b>	<b>\$ 25,285</b>	<b>\$ 0.50</b>

<sup>1</sup> Pursuant to the reverse takeover, 10,000,000 Zoolander Warrants to purchase 10,000,000 common shares of the Company were issued to holders of the Adsani Units in exchange for 10,000,000 Adsani Options. Each Zoolander Warrant is exercisable at \$0.50 per warrant for one common share of the Company on or before the date that is 24 months following the date of the acquisition (April 30, 2011). The fair value of the Warrants issued pursuant to the reverse takeover were estimated using the Black-Scholes option pricing model with the following weighted average assumptions: expected dividend yield of 0%; expected volatility of 100%; risk-free interest rate of 1.72% and an expected average life of 2 years. The fair value of the Warrants was determined to be \$ 25,285.

**(d) Other capital reserve**

During the year ended December 31, 2007, certain shareholders of Adsani agreed to convert their shareholders' loans payable to a capital contribution. This capital contribution was recorded in other capital reserves (contributed surplus) and carries no conditions or requirements as to the issuance of any additional shares.

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**7. Share capital (continued)**

**(e) Share-based payment reserve (continued)**

On November 24, 2005, the Company established a stock option plan for its directors, officers and technical consultants under which the Company may grant options to acquire a maximum number of common shares equal to 10% of the total issued and outstanding common shares of the Company. The option price of the shares shall be fixed by the Board but must not be less than the closing sale price of the shares on the Exchange on the day immediately preceding grant. Options have a maximum term of five years and vest immediately.

On March 30, 2011, Zoolander granted an aggregate of 680,000 stock options replacing 680,000 options which previously expired. 380,000 of the stock options granted were awarded to the President, Chief Executive Officer, Chief Financial Officer and Secretary of the Company and 300,000 of the options granted were awarded to a director of the Company. For the purposes of the 680,000 options, the fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 100%; risk-free interest rate of 1.72% and an expected average life of one year. The fair market value was determined to be \$4,080 and was recorded as share-based payments in Zoolander prior to the acquisition. The weighted average grant date fair value of the options was \$0.01.

Pursuant to the acquisition, as unanimously approved by special resolution of the Zoolander shareholders on June 29, 2010, the Company consolidated all of its issued and outstanding common shares including outstanding share-based and option-based awards on the basis of a 2:1 ratio.

The Company issued stock options to acquire common shares as follows:

	<b>Number of stock options</b>	<b>Weighted average exercise price (\$)</b>
Balance as at January 1, 2010, December 31, 2010 - Adsani	-	-
Balance as at December 31, 2010, – Zoolander	980,000	0.10
Expired	(680,000)	(0.10)
Granted	680,000	0.10
Balance as at April 29, 2011	980,000	0.10
Consolidated 2:1 basis	(490,000)	-
<b>Balance as at, December 31, 2011</b>	<b>490,000</b>	<b>0.10</b>

The following table reflects the actual stock options issued and outstanding as of December 31, 2011:

<b>Expiry Date</b>	<b>Exercise Price (\$)</b>	<b>Weighted Average Remaining Contractual Life (years)</b>	<b>Number of Options Outstanding</b>
March 30, 2012	0.10	0.25	340,000
September 24, 2014	0.10	2.75	150,000
		1.26	490,000

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**8. Income taxes**

The Company has not recognized deferred tax assets as it is not probable that taxable profits will be available against which the deductible temporary differences can be utilized.

The reconciliation of income tax provision computed at the statutory tax rates for the year ended December 31, 2011 of 26.5% (December 31, 2010 – 28.5%) in Canada and 15% (December 31, 2010 – 15%) in Zimbabwe to the reported income tax provision is as follows:

	December 31, 2011	December 31, 2010
Net loss before tax	(787,068)	(375,632)
Income tax benefit computed at statutory rates	\$ 208,573	\$ 107,055
Non-deductible stock-based compensation	(1,081)	-
Other non-deductible items	(3,360)	(539)
Share issue and financing costs	21,612	22,760
Non-capital losses for which no tax benefit has been recorded	(225,744)	(129,276)
Income tax recovery	\$ -	\$ -

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's future tax assets as are as follows:

	December 31, 2011	December 31, 2010
Unrecognized deferred income tax assets (liabilities):		
Non-capital loss carry-forwards in Canada	\$ 271,056	\$ 145,590
Non-capital loss carried forward in Zimbabwe	188,465	116,726
Undeducted share issuance and financing costs	61,590	134,164
Unrecognized deferred income tax assets	521,111	396,480

The Company has available non-capital losses of approximately \$1,157,000 (2010 - \$632,000) that may be carried forward to apply against future income for Canadian tax purposes. The losses expire as follows:

2015	\$ 20,000
2026	35,000
2027	149,000
2028	285,000
2029	94,000
2030	49,000
2031	525,000
	\$ 1,157,000



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**8. Income taxes (continued)**

At December 31, 2011, the Company had a net operating loss carry forward for Zimbabwe income tax purposes of approximately \$1,080,000 (2010 – \$790,000) which are available to be carried forward indefinitely. These available tax losses may only be applied to offset deferred taxable income from the Company's current subsidiary in Zimbabwe.

**9. Net loss per common share**

The weighted average number of common shares outstanding is calculated based upon the following:

- The number of shares outstanding for the period from the beginning and the previous fiscal year to the date of the reverse takeover (Note 3) is deemed to be the number of shares issued by the Company to the shareholders of Adsani; and
- For the period from the date of the reverse takeover to the end of the period, the number of shares outstanding would be the actual number of shares of the Company outstanding during this period.

For the years ended December 31, 2011 and 2010, the weighted average number of common shares outstanding was 25,740,582 (2010 - 10,000,000). Exercise of all share options and share purchase warrants referred to in Note 10(c) and 10(d) are anti-dilutive for all periods presented.

**10. Capital risk management**

The Company's objectives when managing its liquidity and capital are as follows:

- i) to safeguard the Company's ability to continue as a going concern such that it can continue in its exploration activities to provide returns to shareholders and benefits to other stakeholders.
- ii) to secure sufficient cash and cash equivalents to fund the Company's business plans, including the exploration activities required for the development of its mineral property interests.

The Company considers the items included in shareholders' equity in the definition of capital.

The Company's primary uses of capital are to finance the exploration and property development activities required on its mineral properties, market and investor development, capital expenditures and operating losses.

Management reviews its capital management approach on an ongoing basis. There were no material changes to this approach during the period ended December 31, 2011 and December 31, 2010. As at December 31, 2011 the Company is not subject to any externally imposed capital requirements.

**11. Related party transactions**

Related parties include the Board of Directors, officers, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

For the year ended December 31, 2011, the Company paid or accrued \$129,783 (2010 - \$239,459) for consulting services to company controlled by a director and officer, \$22,500 (2010 - \$Nil) in shareholder relations to a company controlled by a shareholder, \$2,473 (2010 - \$Nil) for day-to-day administration to a shareholder, \$81,588 (2010 - \$67,339) for management services paid to a shareholder and and \$20,000 (2010 - \$Nil) for legal services paid to a director and shareholder of the Company. All of these amounts were charged at fair market rates.

These transactions are in the normal course of operations and are measure at the exchange amount of consideration established and agreed to by the related parties.

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**12. Financial instruments and risk management**

**Fair values**

The Company classifies its financial assets and liabilities using a three-level hierarchy that reflects the significance of the inputs used in making fair value measurements for these assets and liabilities:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in the active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash and cash equivalents and other financial assets have been classified as level 1. All other financial instruments are classified as level 3.

**Financial risks**

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (currency fluctuations, interest rates and other price risk). The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

*Credit Risk*

The Company is exposed to credit risk with respect to cash and cash equivalents, trade and other receivables. The risk arises from the non-performance of counterparties of contractual financial obligations. The Company manages credit risk by maintaining cash and cash equivalents and performance bonds with major financial institutions in Canada.

*Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in obtaining funds to meet financial obligations as they fall due. The Company manages its liquidity risk by forecasting cash flows used in operations and exploration activities, anticipated from investing and financing activities, and taking into account the Company's holdings of cash and cash equivalents.

As at December 31, 2011, the Company has cash and cash equivalents of \$659,836 and other financial assets for \$77,531 and working capital of \$648,115 (as compared to a \$662,106 as at December 31, 2010). Trade and other payables have contractual maturities of 30 days or less and are subject to normal trade terms.

The Company has sufficient funding to meet its existing obligations as well as administrative overhead costs and planned exploration activities on its mineral property interests in fiscal 2012 but it will require additional funding going forward. While the Company has been successful in raising debt and equity funds in the past, there is always a degree of risk on whether or not it will be able to raise sufficient funds in the future.

**Market risk**

*Interest Rate Risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to the short-term interest rate fluctuations through the interest earned on cash balances; however, management does not believe this exposure is significant.

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**12. Financial instruments and risk management (continued)**

*Foreign Currency Risk*

Foreign currency risk is the risk that the fair value of financial instruments or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company's operations are exposed to foreign exchange fluctuations, which could have a significant adverse effect on its results of operations from time to time. The Company currently has financial instruments denominated in US dollars. A change in the foreign exchange rate of the Canadian dollar versus another currency may change the value of its financial instruments.

**13. Operating segments**

The following is an analysis of the Company's operating losses and results from continuing operations by reportable segment:

<b>As at December 3, 2011</b>	Canada	South Africa	Zimbabwe	Total
Current assets	728,670	-	8,697	737,367
Exploration and evaluation assets	-	-	229,652	229,652
Property and equipment	-	-	498,789	498,789
Total assets	728,670	-	737,138	1,465,808
Accounts payable and accrued liabilities	89,252	-	-	89,252
<b>For the year ended December 31, 2011</b>				
Net income (loss)	(496,157)	46,068	(336,979)	(787,068)

<b>As at December 3, 2010</b>	South Africa	Zimbabwe	Total
Current assets	1,592,190	77	1,592,267
Deferred financing costs	-	324,953	324,953
Exploration and evaluation assets	-	213,167	213,167
Property and equipment	-	230,003	230,003
Total assets	1,592,200	443,237	2,360,390
Accounts payable and accrued liabilities	-	930,161	930,161
<b>For the year ended December 31, 2010</b>			
Net income (loss)	121,366	(496,998)	(375,632)
	121,366	(496,998)	(375,632)

For the purposes of monitoring segment performance and allocating resources between segments:

- All assets are allocated to reportable segments other than other financial assets and tax assets. Assets used jointly by reportable segments are reported as part of the Canadian reportable segment; and
- All liabilities are allocated to reportable segments other than other financial liabilities, current and deferred tax liabilities, and other liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

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**14. Conversion to IFRS**

The Company has adopted IFRS on January 1, 2011 with a transition date of January 1, 2010. Under IFRS 1 '*First time Adoption of International Financial Reporting Standards*', the IFRS are applied retrospectively at the transition date with all adjustments to assets and liabilities as stated under pre-changeover Canadian GAAP taken to deficit unless certain exemptions are applied.

The Company elected to take the following IFRS 1 optional exemptions:

- to apply the requirements of IFRS 3, *Business Combinations*, prospectively from the Transition Date;
- to apply the requirements of IFRS 2, *Share-based payments*, only to equity instruments granted after November 7, 2002 which had not vested as of the Transition Date.

Below is the Company's Consolidated Statement of Financial Position as at the transition date of January 1, 2010 under IFRS and a reconciliation of equity.

	<b>As at January 1, 2010</b>			
	<b>CDN GAAP</b>	<b>Effect of transition to IFRS</b>	<b>IFRS</b>	<b>Notes</b>
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 4	-	\$ 4	
Amounts receivables and other assets	81	-	81	
<b>Exploration and evaluation assets</b>	151,082	-	151,082	
	<b>\$ 151,167</b>	<b>-</b>	<b>\$ 151,167</b>	
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Amounts payables and other liabilities	\$ 238,420	-	\$ 238,420	
<b>Shareholders' equity</b>				
Capital stock	14	-	14	
Contributed surplus	4,492	(4,492)	-	(a)
Other capital reserve	-	4,492	4,492	(a)
Accumulated deficit	(91,760)	-	(91,760)	
	<b>(87,253)</b>	<b>-</b>	<b>(87,253)</b>	
	<b>\$ 151,167</b>	<b>-</b>	<b>\$ 151,167</b>	

**Zoolander Corporation**  
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**14. Conversion to IFRS (continued)**

IFRS employs a conceptual framework that is similar to Canadian GAAP. The adoption did not result in significant changes to the reported financial position, results of operations, and cash flows of the Company. Presented below are reconciliations prepared by the Company to reconcile to IFRS the assets, liabilities, equity, net loss and cash flows of the Company from those reported under Canadian GAAP:

**Reconciliation of assets, liabilities and shareholders' equity**

	<b>As at December 31, 2010</b>			
	<b>CDN GAAP</b>	<b>Effect of transition to IFRS</b>	<b>IFRS</b>	<b>Notes</b>
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 1,592,190	-	\$ 1,592,190	
Amounts receivables and other assets	77	-	77	
<b>Deferred financing costs</b>	324,953	-	324,953	
<b>Exploration and evaluation assets</b>	230,003	-	230,003	
<b>Property, plant and equipment</b>	213,167	-	213,167	
	<b>\$ 2,360,390</b>	<b>-</b>	<b>\$ 2,360,390</b>	
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Amounts payables and other liabilities	\$ 930,161	-	\$ 930,161	
<b>Shareholders' equity</b>				
<b>Capital stock</b>	2,000,014	-	2,000,014	
<b>Warrants reserve</b>	-	-	-	
<b>Share based payment reserve</b>	-	-	-	
<b>Contributed surplus</b>	4,492	(4,492)	-	(a)
<b>Other capital reserve</b>	-	4,492	4,492	(a)
<b>Foreign currency translation reserve</b>	(106,885)	-	(106,885)	
<b>Deficit</b>	(467,392)	-	(467,392)	(b)
<b>Total Shareholders' Equity and Liabilities</b>	<b>\$ 2,360,390</b>	<b>-</b>	<b>\$ 2,360,390</b>	

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**14. Conversion to IFRS (continued)**

**Reconciliation of loss and comprehensive loss**

	Year ended December 31, 2010			
	CDN GAAP	Effect of transition to IFRS	IFRS	Notes
<b>Administrative Expenses</b>				
Consulting fees	346,174	-	346,174	
Professional fees	91,146	-	91,146	
Travel	13,923	-	13,923	
Salaries and wages	7,309	-	7,309	
Shareholder information	13,389	-	13,389	
General and administrative	3,573	-	3,573	
Finance income	(4,694)	-	(4,694)	
Foreign exchange gain	(95,188)	-	(95,188)	
<b>Operating loss</b>	<b>375,632</b>	<b>-</b>	<b>375,632</b>	
<b>Other Comprehensive loss</b>				
Currency translation adjustments	106,886	-	106,886	(b)
<b>Net loss and Comprehensive loss</b>	<b>482,518</b>	<b>-</b>	<b>482,518</b>	

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**14. Conversion to IFRS (continued)**

**Reconciliation of Cash Flows**

	Year ended December 31, 2010			Notes
	CDN GAAP	Effect of transition to IFRS	IFRS	
<b>Operations</b>				
Net loss for the year	\$ (375,632)	-	\$ (375,632)	
Changes in non-cash working capital:				
Accounts receivable and others	-	-	-	
Amounts payable and other liabilities	704,534	-	704,534	
	328,902	-	328,902	
<b>Financing</b>				
Issuance of share capital	2,000,000	-	2,000,000	
Share issue costs	(324,953)	-	(324,953)	
	1,675,047	-	1,675,047	
<b>Investing</b>				
Additions to exploration and evaluation assets	(70,193)	-	(70,193)	
Acquisition of property and equipment	(230,003)	-	(230,003)	
	(300,196)	-	(300,196)	
Effect of exchange rate changes on cash denominated in a foreign currency	(111,567)	-	(111,567)	
Net increase in cash and cash equivalents	1,703,753	-	1,703,753	
Cash and cash equivalents, beginning of year	4	-	4	
Cash and cash equivalents, end of year	\$ 1,592,190	-	\$ 1,592,190	

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**14. Conversion to IFRS (continued)**

**Notes to Reconciliations**

**a) Equity Reserves**

*Under Canadian GAAP* – The Company recorded the value of share based payments and warrants issued to contributed surplus.

*Under IFRS* – IFRS requires an entity to present for each component of equity, reconciliation between the carrying amount at the beginning and end of the period, separately disclosing each change. IFRS requires a separate disclosure of the value that relates to "Reserves for warrants", "Reserves for share based payments" and any other component of equity. The Company reclassified contributed surplus of \$4,492 to other capital reserves.

**b) Cumulative Translation differences**

Under IAS 21 the financial statements of foreign operations are translated to the presentation currency for the purpose of consolidation using the same rates that Canadian GAAP used for translating self-sustaining foreign operations. Differences arise for recognition of exchange differences of integrated operations. As a result of this difference, the Company will use different rates of translation and will accumulate foreign translation differences in a separate equity account (Accumulated Other Comprehensive Income) until the subsidiary is disposed of.

Exchange Rates

Canadian GAAP – For an integrated foreign operation the following rates were used:

- Monetary items – the exchange rate in effect at the balance sheet date
- Non-monetary items – historical exchange rates
- Expense items – transaction exchange rate
- Depreciation – historical exchange rates at the same exchange rates as the assets to which they relate.

IFRS – IAS 21 requires the following rates to be used to translate foreign operations to the reporting currency:

- Assets/ Liabilities – the exchange rate in effect at the balance sheet date
- Expense items – transaction exchange rate