ZOOLANDER CORPORATION
(SUCCESSOR TO ADSANI EXPLORATION (PROPRIETARY) LIMITED)
UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIODS ENDED
JUNE 30, 2012 AND 2011
(Expressed in Canadian Dollars)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of the Corporation have been prepared by and are the responsibility of the Corporation's management.

The Corporation's independent auditor has not performed a review of these consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

The unaudited interim condensed 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 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 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 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

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

As at		June 30, 2012		December 31, 2011
Assets				
Current Assets				
Cash and cash equivalents	**$**	**323,406**	$	659,836
Amounts receivable and other assets		**11,464**		77,531
		334,870		737,367
Property, plant and equipment (note 4)		**595,155**		498,789
Exploration and evaluation assets (note 5)		**239,726**		229,652
Total Assets	**$**	**1,169,751**	$	1,465,808
Liabilities				
Current Liabilities				
Trade and other payables (note 6)	**$**	**39,804**	$	89,252
Total Liabilities		**39,804**		89,252
Shareholders' Equity (Deficiency)				
Share capital (note 7)		**2,658,580**		2,658,580
Warrant reserve (note 7)		**25,285**		25,285
Other capital reserve (note 7)		**4,492**		4,492
Foreign currency translation reserve		**(57,759)**		(57,341)
Deficit		**(1,500,651)**		(1,254,460)
Total Shareholders' Equity		**1,129,947**		1,376,556
Total Shareholders' Equity and Liabilities	**$**	**1,169,751**	$	1,465,808

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

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

	Three Months Ended June 30, 2012	Three Months Ended June 30, 2011	**Six Months Ended June 30, 2012**	Six Months Ended June 30, 2011
Operating Expenses				
Consulting fees	**$ 56,079**	$ 63,261	**$ 131,460**	$ 63,261
Professional fees	**3,524**	100,689	**12,226**	121,640
Stock-based compensation	**-**	4,080	**-**	4,080
Travel	**22,807**	15,175	**28,862**	15,175
Salaries and wages	**19,463**	-	**34,678**	-
Shareholder information	**16,020**	47,566	**17,023**	48,551
General and administrative	**5,878**	11,751	**23,594**	15,415
Operating loss	**123,771**	242,522	**247,843**	268,122
Other income				
Finance income	**(1,023)**	-	**(1,945)**	-
Foreign exchange gain	**-**	-	**293**	-
Net loss	**122,748**	242,522	**246,191**	268,122
Other comprehensive loss				
Foreign currency translation (gain)/loss	**(15,747)**	-	**418**	-
Comprehensive loss for the year	**$ 107,001**	$ 242,522	**$ 246,609**	$ 268,122
Loss per share - basic and diluted	**0.00**	0.01	**0.01**	0.01
Weighted average number of shares outstanding - basic and diluted	**34,987,500**	26,683,889	**34,987,500**	18,241,944

Zoolander Corporation

Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

	Share Capital		Reserves				
	Number	**Amount**	**Warrant Reserve**	**Other Capital Reserve**	**Foreign Currency Translation Reserve**	**Deficit**	**Total**
Balance as at January 1, 2011	**10,000,100**	**2,000,014**	**-**	**4,492**	**(106,885)**	**(467,392)**	**1,430,229**
Reverse takeover transaction (Note 3)							
Exchanged for Zoolander shares	(10,000,100)	-	-	-	-	-	-
Issuance of Company shares in exchange for Adsani units	10,000,000	(25,285)	25,285	-	-	-	-
Issued pursuant to acquisition	20,000,000	1,098,941	-	-	-	-	1,098,941
Zoolander shares recognized	4,900,000	-	-	-	-	-	-
Shares issued as agent's commission	87,500	17,500	-	-	-	-	17,500
Share issue costs	-	(432,590)	-	-	-	-	(432,590)
Foreign currency translation differences	-	-	-	-	49,544	-	49,544)
Net loss for the year	-	-	-	-	-	(787,068)	(787,068)
Balance as at December 31, 2011	34,987,500	$ 2,658,580	$ 25,285	$ 4,492	$ (57,341)	$ (1,254,460)	$ 1,376,556
Foreign currency translation differences	-	-	-	-	(418)	-	(418)
Net loss for the year	-	-	-	-	-	(246,191)	(246,191)
Balance as at June 30, 2012	**34,987,500**	**$ 2,658,580**	**$ 25,285**	**$ 4,492**	**$ (57,759)**	**$ (1,500,651)**	**$ 1,129,947**

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

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

Six months ended June 30,		**2012**		2011
Cash Flows from Operating activities				
Net loss for the year	**$**	**(246,191)**	$	(268,122)
Adjustment to reconcile net loss to net cash used by operating activities:				
Stock-based compensation		**-**		4,080
Changes in non-working capital items:				
Amounts receivable and other assets		**61,674**		(7,869)
Trade and other payables		**(49,449)**		24,723
Cash used in operating activities		**(233,966)**		(247,188)
Cash Flows from Financing activities				
Issuance of common shares		**-**		2,000,000
Cash provided by financing activities		**-**		2,000,000
Cash Flows from Investing activities				
Acquisition of exploration and evaluation assets		**(10,074)**		-
Acquisition of property, plant and equipment		**(92,652)**		(570,416)
Cash used in investing activities		**(102,726)**		(570,416)
Effect of exchange rate changes on cash denominated in a foreign currency		**262**		-
Net Increase (decrease) in cash and cash equivalents		**(336,430)**		1,182,396
Cash and cash equivalents, beginning of year		**659,836**		190,715
Cash and cash equivalents, end of year	**$**	**323,406**	$	1,373,111

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

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.

2. Basis of Preparation

(a) Statement of compliance

The interim condensed consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ('IAS") 34 *'International Financial Reporting'* ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These consolidated financial statements were authorized for issuance by the Board of Directors on May 28, 2012.

(b) Basis of presentation

These interim condensed consolidated financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's December 31, 2011 annual financial statements.

(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.

(d) 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.

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.

(Expressed in Canadian Dollars)

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.

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 [1]		860,975
	$	1,098,941
Consideration transferred:		
Share capital – issuance of 20,000,000 shares at fair value for net asset	$	1,098,941
	$	-

[1] 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

(Expressed in Canadian Dollars)

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.

4. Property, plant and equipment

	Mining equipment	Vehicles	Total
Cost			
Balance at January 1, 2011	230,003	-	230,003
Additions	9,764	253,843	263,607
Foreign currency translation	5,179	-	5,179
Balance at December 31, 2011	244,946	253,843	498,789
Additions	95,826	-	95,826
Foreign currency translation	265	275	540
Balance at June 30, 2012	$ 341,037	$ 254,118	$ 595,155
Accumulated Depreciation			
Balance at January 1, 2011	$ -	$ -	$ -
Depreciation for the year	-	-	-
Balance at December 31, 2011	-	-	-
Depreciation for the year	-	-	-
Foreign currency translation	-	-	-
Balance at June 30, 2012	-	-	-
Net Book Value			
At January 1, 2011	230,003	-	230,003
At December 31, 2011	244,946	253,843	498,789
At June 30, 2012	**$ 341,037**	**$ 254,118**	**$ 595,155**

No impairment write-down was required as at June 30, 2012 and December 31, 2011.

As at June 30, 2012 and the year ended December 31, 2011, 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

(Expressed in Canadian Dollars)

Acquisition costs of mineral rights		
Balance at January 1, 2011	$	1
Additions		4,264
Foreign currency translation		-
Balance at December 31, 2011		4,265
Additions		9,777
Foreign currency translation		5
Balance at June 30, 2012		**14,047**
Exploration and evaluation costs		
Balance at January 1, 2011		213,166
Additions		9,774
Foreign currency translation		4,801
Balance at December 31, 2011		225,387
Additions		-
Foreign currency translation		292
Balance at June 30, 2012		**225,679**
Total at January 1, 2011	$	213,167
Total at December 31, 2011	$	229,652
Total at June 30, 2012	**$**	**239,726**

6. Trade and other payables

		June 30, 2012		December 31, 2011
Falling due within the year:				
Trade payables	$	32,804	$	69,252
Other payables and accrued liabilities		7,000		20,000
	$	39,804	$	89,252

The Company’s exposure to currency and liquidity risks related to trade and other payables is disclosed in Note 10.

(Expressed in Canadian Dollars)

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 [1]		Amount [1]
Balance as at January 1, 2010	100	$	14
Issued on private placement [3]	10,000,000		2,000,000
Share issue costs	-		-
Balance as at June 30, 2011 and April 29, 2011	10,000,100	$	2,000,014
Reverse takeover transaction (Note 3)			
Exchanged for Zoolander shares	(10,000,100)		-
Issuance of Company shares in exchange for Adsani units [3]	10,000,000		-
Zoolander shares recognized [2]	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)
Balance as at June 30, 2012 and December 31, 2011	**34,987,500**	**$**	**2,658,580**

[1] 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.

[2] 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.

[3] 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.

(Expressed in Canadian Dollars)

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

	Number of Shares		Amount
Balance as at January 1, 2010	9,800,000	$	573,412
Share consolidation on 2:1 basis [1]	(4,900,000)		-
Balance at December 31, 2010 and April 29, 2011	**4,900,000**	**$**	**573,412**

[1] 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:

	Number of warrants		Amount		Weighted average exercise price
Balance as at January 1, 2010, December 31, 2010, and April 30, 2011 prior to the acquisition	-	$	-	$	-
Issued pursuant to the reverse takeover [1]	10,000,000		25,285		0.50
Balance as at June 30, 2012 and December 31, 2011	**10,000,000**	**$**	**25,285**	**$**	**0.50**

[1] 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.

(Expressed in Canadian Dollars)

(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:

	Number of stock options	**Weighted average exercise price ($)**
Balance as at January 1, 2010, December 31, 2011 - Adsani	-	-
Balance as at January 1, 2011, – 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)	-
Balance as at December 31, 2011	490,000	0.20
Expired	(340,000)	0.20
Balance as at, June 30, 2012	**150,000**	**0.20**

The following table reflects the actual stock options issued and outstanding as of June 30, 2012:

Expiry Date	**Exercise Price ($)**	**Weighted Average Remaining Contractual Life (years)**	**Number of Options Outstanding**
September 24, 2014	0.20	2.50	150,000
		2.50	150,000

8. 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 periods ended June 30, 2012 and 2011. As at June 30, 2012 the Company is not subject to any externally imposed capital requirements.

9. 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 June 30, 2012, the Company paid or accrued $60,200 (2011 - $Nil) for consulting services to company controlled by a director and officer, $9,200 (2011 - $Nil) in shareholder relations to a company controlled by a shareholder, and $51,000 (2011 - $Nil) for management services paid to a shareholder. 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.

10. Financial instruments and risk management

Fair values

The Company classifies its financial assets and liabilities using a Six-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 June 30, 2012, the Company has cash and cash equivalents of $323,406 and other financial assets for $11,464 and working capital of $295,066 (as compared to a $648,115 as at December 31, 2011). 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.

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.

(Expressed in Canadian Dollars)

11. Operating segments

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

As at June 30, 2012	Canada	South Africa	Zimbabwe	Total
Current assets	309,222	21,572	4,076	334,870
Exploration and evaluation assets	-	-	239,726	239,726
Property and equipment	-	-	595,155	595,155
Total assets	309,222	21,572	838,957	1,169,751
Accounts payable and accrued liabilities	39,804	-	-	39,804
For the period ended June 30, 2012				
Net income (loss)	(120,318)	682	(126,555)	(246,191)

As at June 30, 2011	Canada	South Africa	Zimbabwe	Total
Current assets	1,390,629	-	70	1,390,699
Exploration and evaluation assets	-	-	250,133	250,133
Property and equipment	-	-	246,332	246,332
Total assets	1,390,629	-	496,535	1,887,164
Accounts payable and accrued liabilities	46,846	-	-	46,846
For the period ended June 30, 2011				
Net income (loss)	(214,200)	4,120	(58,042)	(268,122)

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.

12. Subsequent Events

On July 31, 2012, the Company entered into an arm's length subscription agreement with Konstantine Resources Inc. ("Konstantine") providing for the subscription by Konstantine of 15,000,000 units of Zoolander at a price of $0.10 per unit for aggregate gross proceeds of $1,500,000. Each unit will be comprised of one common share in the capital of the Company and one common share purchase warrant. Each warrant will entitle the holder to acquire one common share for a period of two years from the date of issuance at an exercise price of $0.15 per common share.