ZOOLANDER CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

(Expressed in Canadian Dollars)

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 financial statements. . 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.

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) "Paul Ekon"	*(signed) "Christine He”*
Paul Ekon	Christine He
Chief Executive Officer	Director

Schwartz Levitsky Feldman llp
CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS
TORONTO • MONTREAL

INDEPENDENT AUDITOR'S 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, 2012 and 2011, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, 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.

Auditor's 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.

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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, 2012 and 2011, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw your 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 material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

Schwartz Levitsky Feldman llp

Toronto, Ontario
April 29, 2013

Chartered Accountants
Licensed Public Accountants

Zoolander Corporation
Consolidated Statements of Financial Position
As at December 31
(Expressed in Canadian Dollars)

		2012		2011
Assets				
Current Assets				
Cash and cash equivalents	**$**	**1,371,815**	$	659,836
Amounts receivable and other assets		**15,989**		77,531
Total Current Assets		**1,387,804**		737,367
Non-Current Assets				
Property, plant and equipment (note 4)		**557,990**		498,789
Exploration and evaluation assets (note 5)		**339,188**		229,652
Total Assets	**$**	**2,284,982**	$	1,465,808
Liabilities				
Current Liabilities				
Trade and other payables (note 6)	**$**	**177,945**	$	89,252
Total Liabilities		**177,945**		89,252
Shareholders' Equity				
Share capital (note 7 (b))		**3,457,983**		2,658,580
Warrant reserve (note 7 (c))		**685,569**		25,285
Other capital reserve		**4,492**		4,492
Foreign currency translation reserve		**(79,619)**		(57,341)
Deficit		**(1,961,388)**		(1,254,460)
Total Shareholders' Equity		**2,107,037**		1,376,556
Total Liabilities and Shareholders' Equity	**$**	**2,284,982**	$	1,465,808

Going concern (note 1)

Related party transactions (note 11)

Subsequent event (note 14)

Zoolander Corporation

Consolidated Statements of Loss and Comprehensive Loss

For the years ended December 31

(Expressed in Canadian Dollars)

	2012	2011
		(Note 15)
Operating Expenses		
Consulting fees	**$ 314,477**	$ 297,402
Professional fees	**126,526**	238,744
Travel	**61,618**	122,424
Salaries and wages	**98,068**	55,769
Shareholder information	**22,214**	62,783
General and administrative	**81,595**	61,382
Finance income	**(12,095)**	(8,290)
Foreign exchange (gain)/loss	**14,525**	(43,146)
Total operating expenses	**706,928**	787,068
Operating loss	**(706,928)**	(787,068)
Other comprehensive loss		
Foreign currency translation gain/(loss)	**22,278**	(49,544)
Comprehensive loss for the year	**$ (684,650)**	$ (836,612)
Loss per share - basic and diluted	**(0.02)**	(0.03)
Weighted average number of shares outstanding - basic and diluted	**40,069,467**	25,740,582

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

Zoolander Corporation
Consolidated Statements of Changes in Shareholders' Equity
For the years ended December 31
(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 acquisition 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
Issued pursuant to private placement (note 7(b)	15,0000,000	1,500,000	-	-	-	-	1,500,000
Warrants issued (note 7(c))	-	(660,284)	660,284	-	-	-	-
Share issue costs (note 7(b))	-	(40,313)	-	-	-	-	(40,313)
Foreign currency translation differences	-	-	-	-	(22,278)	-	(22,278)
Net loss for the year	-	-	-	-	-	(706,928)	(706,928)
Balance as at December 31, 2012	**49,987,500**	**$ 3,457,983**	**$ 685,569**	**$ 4,492**	**$ (79,619)**	**$ (1,961,388)**	**$ 2,107,037**

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

Zoolander Corporation
Consolidated Statements of Cash Flows
For the years ended December 31
(Expressed in Canadian Dollars)

		2012		2011
Cash Flows from Operating activities				
Net loss for the year	**$**	**(706,928)**	$	(787,068)
Adjustment for non-cash items operating activities:				
Amounts receivable and other assets		**61,542**		6,596
Trade and other payables		**88,693**		(22,994)
Cash used in operating activities		**(556,693)**		(803,466)
Financing activities				
Issuance of share capital		**1,500,000**		153,930
Share issue costs		**(40,313)**		(100,319)
Cash provided from financing activities		**1,459,687**		53,611
Cash Flows from Investing activities				
Acquisition of exploration and evaluation assets		**(115,078)**		(11,684)
Acquisition of property, plant and equipment		**(70,556)**		(263,607)
Cash used in investing activities		**(185,634)**		(275,291)
Net Increase (decrease) in cash and cash equivalents		**717,360**		(1,025,146)
Effect of exchange rate changes on cash denominated in a foreign currency		**(5,381)**		92,792
Cash and cash equivalents, beginning of year		**659,836**		1,592,190
Cash and cash equivalents, end of year	**$**	**1,371,815**	$	659,836

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 acquisition. 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 acquisition 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. 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 are located at 150 York Street, Suite 1600, Toronto, Ontario, M5H 3S5.

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 to achieve profitable operations and, obtaining 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.

2. Basis of Preparation and Significant Accounting Policies

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") as of December 31, 2012.

These consolidated financial statements were authorized for issuance by the Board of Directors on April 29, 2013.

(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 and Adsani's wholly-owned subsidiary Mezzotin. 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 accounted for as a reverse acquisition. 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, 2012 and 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 the 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 gain or losses resulting from the translation are recognized in other comprehensive income and included in the foreign currency translation reserve in the shareholders' equity.

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 are measured at historical rates of exchange.

2. Basis of Preparation and Significant Accounting Policies (continued)

(e) *Property, plant and equipment*

Property, plant and equipment are recorded at acquisition cost less 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 the estimated residual value, over their expected useful economic lives, for the following classes of assets:

	Method	Rate
· 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 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 has 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 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.

(g) *Cash and cash equivalents*

Cash and cash equivalents comprise cash deposits in banks and short term deposits with 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 is charged against the related share capital. Costs related to the 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.

2. Basis of Preparation and Significant Accounting Policies (continued)

(i) *Share-based payments*

The Company has a share-based 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 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, the carrying amount of the asset or the 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.

(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 the statement of loss, 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 FVTPL are measured at fair value with changes therein recognized in the statement of loss. The Company's cash and cash equivalents are classified as FVTPL.

2. Basis of Preparation and Significant Accounting Policies (continued)

(k) *Financial instruments* (continued)

Financial assets (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets that have fixed or determinable payments and are not quoted in the active market. Subsequent to initial recognition, loans and receivables are carried at amortized cost using the effective interest method. Amounts receivable and other assets 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 other categories. Available-for-sale financial assets are measured at fair value with changes recognized in equity in the appropriate reserve account. 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 and loss. No assets have been or currently classified as held-to-maturity.

Transaction costs associated with FTVL 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 the statement of loss ("FVTPL") or other-financial-liabilities.

Financial liabilities at fair value through the statement of loss

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 loss. At December 31, 2012, 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.

2. Basis of Preparation and Significant Accounting Policies (continued)

(l) *Impairment of financial assets*

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

Asset carried at amortized cost

If there is objective evidence that an impairment loss on the assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the assets 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 the statement of 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 the statement of loss.

(m) *Income taxes*

Income tax expense comprises current and deferred income taxes. Income tax expense is recognized in the statement of 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 is the expected income 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.

Deferred income tax

Deferred income taxes are recorded using the asset and 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 the future taxable profits will be available against which the 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 reviewed and reassessed at each reporting date to the extent it has become probable that the 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.

2. Basis of Preparation and Significant Accounting Policies (continued)

(o) *Provisions*

Provisions are recognized when the Company has a present obligation (legal or constructive0 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 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 any 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, 2012 and 2011, all outstanding stock options and warrants were anti-dilutive and were not included.

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

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of mineral properties and property, plant and 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 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.

2. Basis of Preparation and Significant Accounting Policies (continued)

(r) *Significant accounting estimates and judgments*

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 the useful lives, impairment of non-financial assets, valuation of share-based payments and the recoverability of deferred income tax assets .

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 for mineral properties under exploration can be demonstrated for the mineral properties, the economic recoverability of the mineral properties, the determination of the 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 and the assumption that the Company will continue as a going concern.

(r) *New accounting standards and interpretations*

The International Accounting Standards Board issued a number of new and revised standards and interpretations which are relevant but have not yet been adopted by the Company.

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.

2. Basis of Preparation and Significant Accounting Policies (continued)

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

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.

The Company will adopt these standards, other than IFRS 9, in the first quarter of 2013.

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 accounted for as a reverse acquisition. 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.

(Expressed in Canadian Dollars)

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

Under reverse acquisition 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 common shares at fair value for net assets	$	1,098,941

[1] Pursuant to the acquisition, the Company issued common 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.

(Expressed in Canadian Dollars)

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		70,556		-		70,556
Foreign currency translation		(5,839)		(5,516)		(11,355)
Balance at December 31, 2012	$	309,663	$	248,327	$	557,990
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 December 31, 2012		-		-		-
Net Book Value						
At December 31, 2011		244,946		253,843		498,789
At December 31, 2012	**$**	**309,663**	**$**	**248,327**	**$**	**557,990**

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

During the years ended December 31, 2012 and 2011, no depreciation was recorded as the equipment and vehicles were not available for use as at the year-end dates. Subsequent to the year end the equipment became available for use.

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)

5. Exploration and evaluation assets (continued)

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	
Foreign currency translation	
Balance at December 31, 2012	**4,265**
Exploration and evaluation costs	
Balance at January 1, 2011	213,166
Additions	7,420
Foreign currency translation	4,801
Balance at December 31, 2011	225,387
Additions	115,078
Foreign currency translation	(5,542)
Balance at December 31, 2012	**334,923**
Total at December 31, 2011	$ 229,652
Total at December 31, 2012	**$ 339,188**

6. Trade and other payables

	December 31 2012	December 31, 2011
Falling due within the year:		
Trade payables	$ 113,264	$ 69,252
Accrued liabilities	64,681	20,000
	$ 177,945	$ 89,252

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

(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		Amount
Balance as at January 1, 2011 - Adsani	10,000,100	$	2,000,014
Issued pursuant to reverse acquisition (i)	20,000,000		1,098,941
Exchanged for Zoolander shares (ii)	(10,000,100)		-
Issuance of Company shares in exchange for Adsani units (ii)	10,000,000		-
Zoolander shares consolidated 2:1 basis on April 30, 2011 (i)	4,900,000		-
Shares issued as agent's commissions	87,500		17,500
Re-valuation of warrants on acquisition (Note 7 (c) (i))	-		(25,285)
Share issuance costs	-		(432,590)
Balance as at December 31, 2011	34,987,500	$	2,658,580
Issued pursuant to private placement (iii)	15,000,000		1,500,000
Warrants issued (Note 7 (c) (ii))	-		(660,284)
Share issuance costs	-		(40,313)
Balance as at December 31, 2012	**49,987,500**	**$**	**3,457,983**

(i) On April 30, 2011, the Company acquired Adsani in a reverse acquisition transaction. Under reverse acquisition 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. Under reverse acquisition accounting, the number of shares of Zoolander is recognized as shares of the resulting issuer with a corresponding share capital amount of $Nil.

(ii) Upon completion of the Acquisition, 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.

(iii) On August 30, 2012, the Company completed a private placement financing of 15,000,000 Units at a price of $0.10 per Unit. Each Unit comprised of one Common Share and one Common Share Purchase Warrant. Each Warrant is exercisable at $0.15 per Warrant for one Common Share of the Company on or before the date that is 24 months following the date of issuance. In connection with the private placement, the Company paid share issue costs of $40,313.

(Expressed in Canadian Dollars)

7. Share capital (continued)

(c) Warrant reserve

A summary of warrants is as follows:

	Number of warrants		Amount		Weighted average exercise price
Balance as at January 1, 2011	-	$	-	$	-
Issued on acquisition (i)	10,000,000		25,285		0.50
Balance as at December 31, 2011	10,000,000		25,285		0.50
Issued pursuant to private placement (i)	15,000,000		660,284		0.15
Balance as at December 31, 2012	**25,000,000**	**$**	**685,569**	**$**	**0.29**

At December 31, 2012, the weighted average period to maturity for the warrants was 13.7 months (December 31, 2011 – 16 months).

(i) Pursuant to the reverse acquisition, 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 was 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 estimated to be $ 25,285.

(ii) Pursuant to the private placement financing on August 30, 2012, the Company issued 15,000,000 Warrants to purchase 15,000,000 Common Shares of the Company. Each Warrant is exercisable at $0.15 per Warrant for one Common Share of the Company on or before the date that is 24 months following the date of issuance. The fair value of the Warrants issued was estimated using the Black-Scholes option pricing model with the following weighted average assumptions: expected dividend yield of 0%; expected volatility of 99.65%; risk-free interest rate of 1.11% and an expected average life of 2 years. The fair value of the Warrants was estimated to be $660,284.

(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)

7. Share capital (continued)

(e) Share-based payment reserve

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 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 one year. The fair market value was estimated 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.

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

	Number of stock options	Weighted average exercise price ($)
	-	-
Balance as at January 1, 2011	980,000	0.10
Expired	(680,000)	(0.10)
Granted on March 30, 2011	680,000	0.10
Balance	980,000	0.10
Consolidated 2:1 basis on April 30, 2011	(490,000)	-
Balance as at December 31, 2011	490,000	0.20
Expired	(490,000)	(0.20)
Balance as at December 31, 2012		**-**

(Expressed in Canadian Dollars)

8. Income taxes

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, 2012 of 26.5% (2011 – 28.25%) in Canada, 28% (2011- 28%) in South Africa and 15% (2011 – 15%) in Zimbabwe to the reported income tax provision is as follows:

		December 31, 2012		December 31, 2011
Net loss before tax		**(706,928)**		(787,068)
Income tax benefit computed at statutory rate		**$ 147,467**	$	208,573
Non-deductible stock-based compensation		**-**		(1,081)
Other non-deductible items		**(1,673)**		(3,360)
Share issue and financing costs		**23,749**		21,612
Non-capital losses for which no tax benefit has been recorded		**(169,543)**		(225,744)
Income tax recovery	**$**	**-**	$	-

Deferred income taxes

Deferred income tax assets 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. The applicable tax rates to be expected is 26.5% in Canada, 28% in South Africa and 15% in Zimbabwe. Significant components of the Company's unrecognized future tax assets are as follows:

		December 31, 2012		December 31, 2011
Unrecognized deferred income tax assets (liabilities)				
Non-capital loss carry-forwards in Canada	**$**	**404,749**	**$**	**271,056**
Non-capital loss carried forward in Zimbabwe and South Africa		**154,777**		**188,465**
Undeducted share issuance and financing costs		**52,220**		**61,590**
Unrecognized deferred income tax assets	**$**	**611,746**	**$**	**521,111**

(Expressed in Canadian Dollars)

8. Income taxes (continued)

Losses carried forward

The Company has available non-capital losses of approximately $1,527,000 (2011 - $1,157,000) that may be carried forward to apply against future income for Canadian tax purposes. The losses expire as follows:

2029		489,000
2030		35,000
2031		560,000
2032		443,000
	$	1,527,000

At December 31, 2012, the Company had a net operating loss carry forward for Mezzotin and Adsani, of approximately $1,000,000 (2011 - $833,977), which are available to be carried forward indefinitely.

9. Net loss per common share

The weighted average number of commons 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 acquisition (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 acquisition 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, 2012, the weighted average number of common shares outstanding was 40,069,467 (2011 – 25,740,582). Exercise of all share options and share purchase warrants referred to in Note 7(c) and 7(e) are anti-dilutive for all periods presented.

10. Capital 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, 2012 and December 31, 2011. As at December 31, 2012 the Company is not subject to any externally imposed capital requirements.

11. Related party transactions

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

For the year ended December 31, 2012, the Company paid or accrued $120,270 (2011 - $152,283) for executive services to companies controlled by officers or directors of the Company, $65,733 (2011 - $20,000) for legal services to firms in which one of the Company's directors was a principal or partner and $82,500 (2011 – $84,061) in management fees to persons who were significant shareholders of the Company.

These transactions are in the normal course of operations and are measured at the exchange amount of consideration established and agreed to by the related parties. All of these amounts were charged at fair market rates.

12. 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.

12. Financial instruments and risk management (continued)

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, 2012, the Company has cash and cash equivalents of $1,371,815 and other financial assets for $15,989 and working capital of $1,209,859 (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. The exposure to foreign currency fluctuations is minimal because substantially all of the Company's financial instruments are in Canadian dollars.

(Expressed in Canadian Dollars)

13. Operating segments

Segmented information is provided on the basis of geographical segments as the Company operates in one industry, the exploration and evaluation of mineral properties, but manages its business and exploration activities through Canada. The business segments provided reflect the management structure of the Company and the way in which the Company's Board of Directors review business performance.

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

As at December 31, 2012	Canada	South Africa	Zimbabwe	Total
Current assets	1,376,181	8,367	3,256	1,387,804
Exploration and evaluation assets	-	-	339,188	339,188
Property and equipment	-	-	557,990	557,990
Total assets	1,376,181	8,367	900,434	2,284,982
Accounts payable and accrued liabilities	143,450	-	34,495	177,945
For the year ended December 31, 2012				
Net income (loss)	(359,825)	(366)	(346,737)	(706,928)

As at December 31, 2011	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
For the year ended December, 2011				
Net income (loss)	(496,157)	46,068	(336,979)	(787,068)

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.

14. Subsequent event

As part of a termination agreement, the Company has agreed to purchase back US$100,000 of shares from a former consultant of the Company who, among other things, served as a director and officer of the Company's subsidiaries. The shares will be purchased at a price of C$0.10 each and the approximate number of shares to be purchased and cancelled will be 1,000,000, subject to the prevailing exchange rate when the transaction is completed. The former consultant and the Company have also executed a mutual release in connection with the termination agreement.

The proposed share purchase constitutes a "related party transaction" within the meaning of applicable securities legislation but is exempt from the formal valuation and the minority shareholder approval requirements as the Company's shares are listed on the TSX Venture Exchange and the fair market value of the transaction does not exceed 25% of the Company's market capitalization, respectively. The proposed share purchase is, however, subject to the prior approval of the TSX Venture Exchange which is still pending as of this date

15. Restated Comparative Figures

Certain comparative figures in the consolidated financial statements have been reclassified to agree to the presentation in the current year.

The comparative figure in other comprehensive loss has been restated to decrease foreign exchange translation loss by $15,329 to reflect a processing error on finalization. The restatement did not have any effect on the statement of changes in equity, statement of financial position or cash flows.