Zoolander Corporation

Financial Statements

For the Years Ended December 31, 2010 and 2009

Collins Barrow
Chartered Accountants

Collins Barrow Toronto LLP
Collins Barrow Place
11 King Street West
Suite 700, Box 27
Toronto, Ontario
M5H 4C7 Canada

T. 416.480.0160
F. 416.480.2646

www.collinsbarrow.com

AUDITORS' REPORT

To the Shareholders of
Zoolander Corporation

We have audited the accompanying financial statements of Zoolander Corporation, which comprise the balance sheets as at December 31, 2010 and 2009 and the statements of operations, deficit and cash flows for the years then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Zoolander Corporation as at December 31, 2010 and 2009, and its financial performance and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Collins Barrow Toronto LLP

Licensed Public Accountants
Chartered Accountants
April 13, 2011
Toronto, Ontario

Zoolander Corporation
Balance Sheets
As at December 31, 2010 and 2009

		2010		2009
Assets				
Current				
Cash (Note 3)	**$**	**190,715**	$	276,505
Prepaid and other assets		**84,063**		23,253
	$	**274,778**	$	299,758
Liabilities				
Current				
Accounts payable and accrued liabilities	**$**	**22,112**	$	15,515
Shareholders' Equity				
Capital stock (Note 4)		**573,412**		573,412
Contributed Surplus (Note 7)		**403,113**		403,113
Deficit		**(723,859)**		(692,282)
		252,666		284,243
	$	**274,778**	$	299,758

Subsequent events (Note 11)

Approved by the Board **"Jason Lester"** Director **(Signed)** **"Michael Cooper"** Director **(Signed)**

See accompanying notes

Zoolander Corporation
Statements of Operations and Deficit
Years Ended December 31, 2010 and 2009

	2010	2009
Revenue		
Interest income	$ -	$ 91
Expenses		
Professional fees	14,164	60,419
General and administrative	17,413	16,146
Stock based compensation	-	6,321
	31,577	82,886
Net loss	(31,577)	(82,795)
Deficit, beginning of year	(692,282)	(609,487)
Deficit, end of year	$ (723,859)	$ (692,282)
Earnings (loss) per share		
Basic and diluted	$ (0.01)	$ (0.02)
Weighted average number of common shares outstanding		
Basic and diluted	3,850,000	3,850,000

See accompanying notes

Zoolander Corporation
Statements of Cash Flows
Years Ended December 31, 2010 and 2009

	2010	2009
Cash provided by (used in)		
Operations		
Net loss	**$ (31,577)**	$ (82,795)
Items not affecting cash		
Stock-based compensation	**-**	6,321
	(31,577)	(76,474)
Net changes in non-cash working capital		
Prepaid and other assets	**(60,810)**	(6,498)
Accounts payable and accrued liabilities	**6,597**	5,634
	(85,790)	(77,338)
Net change in cash	**(85,790)**	(77,338)
Cash, beginning of year	**276,505**	353,843
Cash, end of year	**$ 190,715**	$ 276,505

See accompanying notes

1. NATURE OF THE CORPORATION

Zoolander Corporation (the "Company") is a Capital Pool Company that has not commenced commercial operations and has no assets other than a minimum amount of cash. The Company will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction, as defined under the policies of the TSX Venture Exchange (the "Exchange"). The Company was incorporated as a private company by Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (Ontario) on October 27, 2005.

There is no assurance that the Company will identify a business or asset that warrants acquisition or participation within the time limitations permissible under the policies of the Exchange, at which time the Exchange may suspend or de-list the Company's shares from trading.

The Company has not completed its qualifying transaction within the specified time period as required by TSX Venture Policy 2.4, the shares of the Company were transferred to the NEX board on March 27, 2008 under the symbol ZOO.H. As a result of a qualifying transaction not being completed within the specified time period as required by the TSX Venture Policy 2.4, 4,050,000 seed shares which were subject to escrow provisions described in Note 4(i) were cancelled.

2. SIGNIFICANT ACCOUNTING POLICIES

Stock-Based Compensation

The Company accounts for stock-based compensation granted to directors and third parties using the fair value method of accounting. Accordingly, the fair value of the options is determined using the Black-Scholes option pricing model, and stock-based compensation is accrued and charged to operations, with an offsetting credit to contributed surplus, on a straight-line basis over the vesting periods. If and when the stock options are exercised, the applicable amounts of contributed surplus are transferred to share capital.

Loss Per Share

Basic loss per share is calculated using the weighted-average number of shares outstanding during the year. Contingently issuable shares are not considered outstanding common shares and consequently not included in loss per share calculations.

The Company uses the treasury stock method to compute the dilutive effect of options and similar instruments. Under this method, the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon exercise of options and similar instruments. It assumes that proceeds would be used to purchase common share at the average market price during the period.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on temporary differences between financial reporting and tax bases of assets and liabilities, as well as for the benefit of losses available to be carried forward to future years for tax purposes. Future income tax assets and liabilities are measured using enacted tax rates and laws that will be in effect when the differences are expected to reverse. Future income tax assets are recorded in the financial statements if realization is considered more likely than not.

Share Issuance Costs

Costs incurred in connection with the issuance of capital stock are netted against the proceeds received.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the year. Area requiring significant estimates by management is the valuation of stock-based compensation. Actual results could differ from those estimates.

Financial Instruments

All financial instruments are recorded initially at fair value. In subsequent periods, all financial instruments are measured based on the classification adopted for the financial instrument: held-to-maturity, loans and receivables, held for trading, available-for-sale or other liability.

Financial Assets

Held for trading assets are subsequently measured at fair value with the change in the fair value recognized in net income during the period.

Held-to-maturity assets are subsequently measured at amortized cost using the effective interest rate method.

Loans and receivables are subsequently measured at amortized cost using the effective interest rate method.

Available-for-sale assets are subsequently measured at fair value with the changes in fair value recorded in other comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial Instruments (Cont'd)

Financial Liabilities

Held for trading liabilities are subsequently measured at fair value with the change in the fair value recognized in net income during the period.

Other liabilities are subsequently measured at amortized cost using the effective interest rate method.

The Company has classified its financial instruments as follows:

Financial Instrument	Classification
Cash	Held for trading
Accounts payable and accrued liabilities	Other financial liabilities

The Company's financial instruments measured at fair value on the balance sheet consist of cash and cash equivalents and marketable securities. Cash and accounts payable and accrued liabilities are both measured at level 1 of the fair value hierarchy. There are three levels of the fair value hierarchy as follows:

Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2: Values based on quoted prices in markets that are not active or model inputs that are observable either directly of indirectly for substantially the full term of the asset or liability.

Level 3: Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

Section 3251 establishes standards for the presentation of equity and changes in equity.

Capital Disclosures

Section 1535, “Capital Disclosures”, requires that an entity disclose information that enables users of its financial statements to evaluate an entity’s objectives, policies and processes for managing capital, including disclosures of any externally imposed capital requirements and the consequences of non-compliance.

Recent Accounting Pronouncements Issued and Not Yet Applied

International Financial Reporting Standards

The CICA plans to converge Canadian Generally Accepted Accounting Principles with International Financial Reporting Standards ("IFRS") over a transition period expected to end in 2011, when IFRS will be fully adopted. The impact of the transition to IFRS on the Company's financial statements is not yet determinable.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Business Combinations

The CICA recently introduced Handbook Section 1582 – Business Combinations to replace Handbook Section 1581 – Business Combinations. The new standard will become effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011.

Consolidated Financial Statements and Non-Controlling Interests

The CICA recently introduced Handbook Section 1601 – Consolidated Financial Statements and Section 1602 – Non-Controlling Interests, which will replace Handbook Section 1600 – Consolidated Financial Statements establishing a new section for accounting for a non-controlling interest in a subsidiary. These new sections apply to interim and annual consolidated statements for the years beginning on or after January 1, 2011.

3. CASH RESTRICTIONS

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to 30% of the gross proceeds may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the policies of the Exchange.

As of December 31, 2010, the Company has exceeded this limit. The impact of this violation is not known.

4. CAPITAL STOCK

Authorized
unlimited common shares

Issued

	Number of Shares		Amount
Balance at December 31, 2009 and 2010	**9,800,000**	**$**	**573,412**

(i) The Company had issued 10,000,000 seed shares which are subject to a CPC Escrow Agreement. Under the CPC Escrow Agreement, 10% of the escrowed Common Shares were to be released from escrow upon completion of a qualifying transaction by the Company and an additional 15% were to be released on the dates 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release. Effective June 26, 2008, 4,050,000 of the 10,000,000 seed common shares were cancelled for no consideration as a qualifying transaction was not completed within the prescribed time frame in accordance with the TSX Venture Exchange Policy 2.4.

The seed common shares are considered contingently issuable until the Company completes a Qualifying Transaction and accordingly, they are not considered to be outstanding shares for purposes of loss per share calculations.

5. STOCK OPTIONS

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. In 2006, the Company granted options up to 1,350,000 common shares to the directors and officers of the Company contemporaneous with closing of its initial public offering, which options are exercisable at $0.10 per share. These options are non-transferable and will expire five years after the date of grant.

On September 24, 2009, the Company granted options to a director to purchase common shares. The options are exercisable at $0.10 per share and expire on September 24, 2014. The options vested immediately. The fair value of each option granted has been estimated at the date of grant or the date when it became measurable using the Black-Scholes option pricing model with the following weighted-average assumptions: (i) dividend yield 0%; (ii) expected volatility of 100%; (iii) risk-free interest rate of 2.62%; and (iv) expected life of 5.0 years. The fair market value was determined to be $6,321 and was charged against stock-based compensation for the year. The Company has assumed no forfeiture rate as adjustments for actual forfeitures are made in the period they occur. The weighted average grant date fair value of option is $0.02.

5. STOCK OPTIONS (Cont'd)

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

	Number of Options		Weighted Average Exercise Price
Beginning balance, December 31, 2008	800,000	$	0.10
Forfeited	(120,000)	$	0.10
Granted	300,000	$	0.10
Ending balance December 31, 2009 and 2010	**980,000**	**$**	**0.10**

The Company had the following stock options outstanding at December 31, 2010:

Number of Options	Exercisable	Exercise Price	Expiry Date
680,000[(i)]	680,000	$0.10	March 17, 2011
300,000	300,000	$0.10	September 24, 2014
980,000	**980,000**		

(i) These options expired subsequent to the year end. Further options were issued as disclosed in Note 11(b).

6. WARRANTS

The Company had no warrants outstanding at December 31, 2010 and 2009.

7. CONTRIBUTED SURPLUS

		2010		2009
Balance at beginning of year	**$**	**403,113**	$	396,792
Stock-based compensation		**-**		6,321
Balance at end of year	**$**	**403,113**	$	403,113

8. INCOME TAXES

(a) Income Tax Expense

The provision for income tax is different from the amount computed by applying the combined federal and provincial income tax rates to earnings before taxes. The reasons for the difference are as follows:

		2010		2009
Loss before income taxes	**$**	**(31,577)**	$	(82,795)
Statutory rate		**31.0 %**		33.00 %
Expected income tax recovery	**$**	**(10,000)**	$	(27,000)
Effect on income taxes of unrecognized future income tax assets relating to deductible temporary differences on:				
Change in valuation allowance		**(16,000)**		22,000
Change in tax rates and other		**26,000**		3,000
Non-deductible expenses		**-**		2,000
Income tax expense	**$**	**-**	$	-

(b) Future Income Taxes

The temporary differences that give rise to future income tax assets and future income tax liabilities are presented below:

		2010		2009
Amounts related to tax loss carry forwards	**$**	**158,000**	$	169,000
Share issue costs		**-**		5,000
Net future tax asset		**158,000**		174,000
Less: Valuation allowance		**(158,000)**		(174,000)
	$	**-**	$	-

2015	$	20,000
2026		35,000
2027		149,000
2028		285,000
2029		94,000
2030		49,000
	$	**632,000**

The potential tax benefit relating to the non-capital losses and tax credit carryforwards has not been reflected in these consolidated financial statements.

9. CAPITAL RISK MANAGEMENT

The Company includes equity, comprised of issued capital stock, contributed surplus and deficit, in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund its activities relating to identifying and evaluating qualifying transactions. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity and completion of the Qualifying Transaction.

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to 30% of the gross proceeds may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the policies of the Exchange (see Note 3).

There has been no change with respect to the overall capital risk management strategy during the year ended December 31, 2010.

10. FINANCIAL INSTRUMENTS AND RISK FACTORS

The Company's financial instruments consisting of cash and accounts payable and accrued liabilities, approximate fair values due to the relatively short term maturities of the instruments. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

As at December 31, 2010, the Corporation had working capital of $252,666. As a result, the Company is not exposed to any liquidity risk, and has sufficient funds to meet its ongoing obligations and meet its objective of completing a Qualifying Transaction.

11. SUBSEQUENT EVENTS

(a) On May 26, 2010, Zoolander announced that, it has entered into an arm's length binding acquisition agreement (the "Agreement") dated as of May 17, 2010, with Adsani Exploration (Proprietary) Limited ("Adsani"), a South African corporation, Larry Delville Hood, a South African national, Edison Kadzombe, a Zimbabwe national, Mezzotin Investments (Private) Limited ("Mezzotin"), a Zimbabwe corporation, and Rhoden Munyoro, a Zimbabwe national who holds 10% of the shares of Mezzotin, pursuant to which Zoolander will acquire all of the issued and outstanding shares of Adsani. The transaction will constitute Zoolander's Qualifying Transaction under the policies of the TSX Venture Exchange. Following completion of the Qualifying Transaction, it is anticipated that Zoolander will be a Tier 2 mining exploration company.

11. SUBSEQUENT EVENTS (Cont'd)

Pursuant to the terms of the agreement, Zoolander will acquire all of the issued and outstanding shares of Adsani for an aggregate purchase price of CDN$4 million, to be satisfied by the issuance of an aggregate of 20 million post-consolidation common shares to Messrs. Hood, Kadzombe and Munyoro. Prior to completion of the Qualifying Transaction, Rhoden Munyoro will sell his shares of Mezzotin (representing 10% of the issued and outstanding shares of Mezzotin not currently owned by Adsani) to Adsani in exchange for shares of Adsani which, in turn, will be exchanged for shares of Zoolander in connection with the Qualifying Transaction.

Following completion of the Qualifying Transaction, the resulting corporate structure of Zoolander will result in Adsani being a wholly-owned subsidiary of Zoolander, and Mezzotin being a wholly-owned subsidiary of Adsani.

Prior to completion of the Qualifying Transaction and as a condition of closing of same, Zoolander will consolidate its issued and outstanding common shares on the basis of one post-consolidation common share for each two Zoolander common shares then outstanding, resulting in approximately 4,900,000 post-consolidation Zoolander common shares being outstanding prior to completion of the Qualifying Transaction.

On June 29, 2010, Zoolander announced that Adsani had completed a previously announced nonbrokered private placement of subscription receipts of Adsani, issuing an aggregate of 10,000,000 subscription receipts for gross proceeds of $2 million (the “Private Placement”). The gross proceeds of the Private Placement were deposited in escrow pending the satisfaction of certain escrow release conditions, including the receipt of Zoolander of the conditional approval of the TSX Venture Exchange for the Qualifying Transaction.

5,000,000 subscription receipts were voluntarily exercised by BTR Accelerator Fund Limited on September 9, 2010, with $1,000,000 of the escrowed proceeds being released to Adsani in connection with such exercise. The balance of the proceeds of the Private Placement remain in escrow pending completion of the Qualifying Transaction.

On March 31, 2011, Zoolander announced that it had filed a Filing Statement in respect of the Qualifying Transaction on SEDAR and that the TSX Venture Exchange had conditionally accepted the acquisition of all of the issued and outstanding shares of Adsani as Zoolander’s Qualifying Transaction pursuant to the policies of the Exchange. Final approval of the Exchange is subject to Zoolander fulfilling all of the requirements of the Exchange.

(b) Zoolander further announced that, following the expiration of an aggregate of 680,000 options to purchase common shares of Zoolander on March 17, 2011, Zoolander granted options to purchase up to 380,000 commons shares to Mr. Michael Cooper, the President, Chief Executive Officer, Chief Financial Officer and Secretary of the Corporation, and options to purchase up to 300,000 commons shares to Mr. Roger Rai, a director of Zoolander. The options are exercisable at $0.10 per share and expire on March 30, 2016, subject to acceleration in accordance with the policies of the Exchange. All such options, and the common shares issuable upon exercise thereof, remain subject to the terms and conditions of a CPC escrow agreement dated November 24, 2005.