

## **ZOOLANDER CORPORATION**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDING DECEMBER 31ST, 2010**

The following discussion of the results of operations of Zoolander Corporation (the "Company"), dated April 14, 2011 for the fiscal year ending December 31, 2010 and in comparison to the prior year should be read in conjunction with the Company's Audited Financial Statements and accompanying notes for the year ended December 31, 2010 and December 31, 2009 prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). All dollar amounts are presented in Canadian dollars. Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

#### **Description of Business**

The Company was incorporated as a "Capital Pool Company" for the purposes of the policies of the TSX Venture Exchange (the "Exchange"). The Company owns no properties or businesses, and the only substantial asset held is cash. The Company was incorporated October 27, 2005, and is a reporting issuer in British Columbia, Alberta and Ontario. The Company's fiscal year end is December 31 and the common shares of the Company are listed on the NEX Board of the Exchange under the symbol ZOO.H.

#### **Forward-Looking Statements**

This Management's Discussion and Analysis contains certain forward-looking statements related to expected future events, future spending levels and the future financial and operating results of the Company. Forward-looking statements are subject to inherent risks and uncertainties including but not limited to, market and general economic conditions, changes in regulatory environments affecting the Company and the availability and terms of subsequent financings.

#### **Significant Accounting Policies**

A detailed summary of the Company's significant accounting policies is included in note 2 of the Company's Annual Audited Financial Statements for the year ended December 31, 2010.

## **Significant Events**

On March 31, 2011, the Company announced that the Exchange had conditionally accepted the acquisition of all of the issued and outstanding shares of Adsani Exploration (Proprietary) Limited ("Adsani") as Zoolander's qualifying transaction pursuant to the policies of the Exchange (the "Qualifying Transaction"). Final approval of the Exchange is subject to the Company fulfilling all of the requirements of the Exchange.

In connection with the Qualifying Transaction, the Company has filed on SEDAR a filing statement dated March 31, 2011 regarding the Qualifying Transaction and the business of Adsani in accordance with Policy 2.4 of the Exchange. The Company expects to close the proposed Qualifying Transaction on or about April 15, 2011.

The Company also announced that, following the expiration of an aggregate of 680,000 options to purchase common shares of the Company on March 17, 2011, the Company granted options to purchase up to 380,000 common shares of the Corporation to Mr. Michael Cooper, the President, Chief Executive Officer, Chief Financial Officer and Secretary of the Company, and options to purchase up to 300,000 common shares of the Company to Mr. Roger Rai, a director of the Company. 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 of the 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.

On June 29, 2010, the Company announced two developments in connection with its proposed qualifying transaction (the "Proposed Qualifying Transaction") pursuant to the policies of the Exchange announced May 26, 2010.

### **Private Placement of Subscription Receipts**

Adsani completed the previously announced non-brokered 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").

Each subscription receipt will convert, without payment of additional consideration, into one unit ("Unit") of Adsani, each Unit being comprised of one ordinary share of Adsani and one ordinary share purchase warrant (a "Warrant"). Each Warrant will entitle the holder to acquire one ordinary share of Adsani at a price of \$0.50 per share for a period of two years from the date of completion of the Proposed Qualifying Transaction. The Adsani shares and warrants will be exchanged for common shares and common share purchase warrants of the Company on a one-for-one basis pursuant to the Qualifying Transaction.

### **Engagement of Sponsor**

The Company also announced that it has entered into a letter agreement Pope & Company Ltd. (the “Sponsor”) whereby the Sponsor has agreed to act as sponsor for the Qualifying Transaction.

Pursuant to the terms of the agreement, the Company will pay the Sponsor a sponsorship fee of \$25,000 upon completion of the Qualifying Transaction, which fee is to be payable in the share capital of the Company on a price per share basis that is equivalent to the price per share of the Private Placement. The Sponsorship Fee will be payable upon the completion of the Qualifying Transaction. In addition, the Company agreed to pay the reasonable expenses, legal fees and disbursements of the Sponsor in connection with the sponsorship.

### **The Proposed Qualifying Transaction**

On May 26, 2010, the Company announced that it had entered into an arm’s length binding acquisition agreement dated as of May 17, 2010, with 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 the Company will acquire all of the issued and outstanding shares of Adsani. The transaction will constitute the Company’s Qualifying Transaction under the policies of the Exchange. Following completion of the Qualifying Transaction, it is anticipated that the Company will be a Tier 2 mining exploration company.

Pursuant to the terms of the agreement, the Company 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 the Company in connection with the Qualifying Transaction. Following completion of the Qualifying Transaction, the resulting corporate structure of the Company 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, the Company will consolidate its issued and outstanding common shares on the basis of one post-consolidation common share for each two common shares then outstanding, resulting in approximately 4,900,000 post-consolidation common shares being outstanding prior to completion of the Qualifying Transaction.

On March 27, 2008, the Company announced that trading in its common shares had been suspended in accordance with the policies of the Exchange for failure to complete a Qualifying Transaction within 24 months of listing on the Exchange. The Company had

until July 2, 2009 to either complete a Qualifying Transaction or to transfer the listing and trading of the common shares to the NEX, failing which the shares of the Company would have been de-listed.

On July 9, 2008, the Company announced the re-election of Michael Cooper and Rajiv Rai as directors of the Company as well as the election of Jason Lester as a director. Daniel Goodman, a former director of the Company did not stand for re-election at the annual and special meeting of the shareholders of the Company held on June 26, 2008. Also approved by shareholders at the shareholders' meeting was the transfer of trading of the common shares of the Company to the NEX Board of the Exchange. Trading commenced at the market opening on July 11, 2008 under the symbol ZOO.H.

In connection with the transfer to the NEX Board, the Company cancelled an aggregate of 4,050,000 "seed shares" of the Company previously issued to directors, officers and 10% shareholders of the Company as required by the policies of the Exchange.

### **Selected Financial Information**

A summary of selected financial information for the quarters ended December 31, 2010 and December 31, 2009 is as follows:

	<b>December 31 2010</b>	<b>December 31 2009</b>
<b>Total Revenue</b>	\$0	\$91
<b>Net Income (Loss)</b>		
- <b>Total</b>	\$(39,548)	\$(82,795)
- <b>Per Share</b>	\$(0.01)	\$(0.02)
<b>Total Assets</b>	\$274,778	\$299,758
<b>Long-Term Financial Liabilities</b>	\$0	\$0

The following table provides selected financial information that is derived from the unaudited interim financial statements and audited financial statements of the Company:

For the quarter ended:

	<b>March 31</b>	<b>June 30</b>	<b>September 30</b>	<b>December 31</b>
<b>2010</b>				
Total Revenues	\$0.00	\$0.00	\$0.00	\$0.00
Net Income	\$(3,860)	\$(10,585)	\$(12,149)	\$(39,548)
Net Income per Share	\$0.00	\$(0.01)	\$0.00	\$0.00
<b>2009</b>				
Total Revenues	\$273	\$0.00	\$0.00	\$91
Net Income	\$(4,242)	\$(46,973)	\$(21,549)	\$(82,795)
Net Income per Share	\$(0.00)	\$(0.01)	\$(0.00)	\$0.00

**2008**

Total Revenues	\$6,166	\$3,201	\$1,900	\$1,336
Net Income	\$(72,004)	\$(156,856)	\$(33,941)	\$(4,431)
Net Income per Share	\$(0.01)	\$(0.01)	\$(0.00)	\$(0.00)

**2007**

Total Revenues	\$5,519	\$5,572	\$5,631	\$22,424
Net Income	\$(6,875)	\$(26,094)	\$6,917	\$(131,435)
Net Income per Share	\$0.00	\$(0.00)	\$(0.00)	\$(0.024)

For the year ended December 31, 2010, the Company reported no discontinued operations and declared no cash dividends.

**Results of Operations**

As at December 31, 2010, the Company had no operations and was still searching for its Qualifying Transaction. For the year ended December 31, 2010 the net loss was \$39,548 vs. \$82,795 for the year ended December 31, 2009. Most of the difference in the two periods relates to lower professional fees of \$22,135 in 2010 as compared to \$60,419 in 2009.

**Liquidity and Capital Resources**

At December 31, 2010, the Company had working capital of \$244,695, compared to \$284,243 as at December 31, 2009. The Company has sufficient working capital to meet its anticipated ongoing obligations.

**Related Party Transactions**

Transactions with related parties are incurred in the normal course of business and are measured at the exchange amount which is the amount of consideration established and approved by the related parties.

There were no related party expenses for the year 2009.

**Capital Disclosures and Financial Instruments – Disclosures and Presentation**

On December 1, 2006, the CICA issued three new accounting standards: Capital Disclosures (Handbook Section 1535), Financial Instruments – Disclosures (Handbook Section 3862), and Financial Instruments – Presentation (Handbook Section 3863). These new standards became effective for the Company on January 1, 2008.

*Capital Disclosures*

Handbook Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it

has not complied, the consequences of such non-compliance. The Company has included disclosures recommended by the new Handbook section in Note 2 to the interim financial statements for the quarter ending December 31, 2010.

#### *Financial Instruments*

Handbook Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments – Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The Company has included disclosures recommended by the new Handbook sections in Note 6 to the interim financial statements for the quarter ending September 30, 2009.

### **Future Accounting Pronouncements**

#### *International Financial Reporting Standards (“IFRS”)*

In January 2006, the CICA’s Accounting Standards Board (“AcSB”) formally adopted the strategy of replacing Canadian GAAP with IFRS for Canadian enterprises with public accountability. The current conversion timetable calls for financial reporting under IFRS for accounting periods commencing on or after January 1, 2011. On February 13, 2008 the AcSB confirmed that the use of IFRS will be required in 2011 for publicly accountable profit-oriented enterprises. For these entities, IFRS will be required for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. While the company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

#### *Goodwill and Intangible Assets*

In October 2007, the CICA approved Handbook Section 3064, “Goodwill and Intangible Assets” which replaces the existing Handbook Sections 3062, “Goodwill and Other Intangible Assets” and 3450 “Research and Development Costs”. This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008, with earlier application encouraged. The standard provides guidance on the recognition, measurement and disclosure requirements for goodwill and intangible assets.

The Company is currently assessing the impact of these new accounting standards on its financial statements.

### **Use of Cash**

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.

## **Capital Management**

The Company manages its capital structure and makes adjustments to it, based on available funds to the Company.

Capital levels for capital pool companies are regulated pursuant to guidelines issued by the Exchange. These guidelines state that 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 guidelines of the Exchange.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the twelve months ended December 31, 2010.

## **Financial Risk Factors**

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

### *Credit risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to goods and services tax refunds due from the Federal Government of Canada included in accounts receivable. Management believes that the credit risk with respect to accounts receivable is minimal.

### *Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2010, the Company had a cash balance of \$190,715 (December 31, 2009 - \$276,505) to settle current liabilities of \$30,083 (December 31, 2009 - \$15,515). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

### *Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and the general market environment.

#### **(a) Interest rate risk**

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in high yield savings accounts. The Company regularly monitors its cash management policy.

### Additional Disclosure for Venture Corporations without Significant Revenue

	<u>Twelve Months Ended December 2010</u>	<u>Twelve Months Ended December 2009</u>
Office and general	\$1,479	\$2,785
Transfer agent, listing and filing fees	\$15,934	\$13,361
Rent	\$0.00	\$0.00

### Outstanding Share Data

As at December 31, 2010, the following is a description of the outstanding equity securities and convertible securities previously issued by the Company:

	<u>Authorized</u>	<u>Outstanding</u>
Voting or Equity Securities Issued and Outstanding	Unlimited Common Shares	9,800,000 Common Shares *
Securities convertible or exercisable into equity securities – stock options	Stock Options to acquire up to 10% of outstanding Common Shares	Stock Options to acquire 980,000 Common Shares

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 will be released from escrow upon completion of a Qualifying Transaction by the Company and an additional 15% will be released on the dates 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release. In connection with the transfer to the NEX Board, the Company cancelled an aggregate of 4,050,000 “seed shares” of the Company previously issued to directors, officers and 10% shareholders of the Company as required by the policies of the Exchange.