Zadar Ventures Ltd.

(an Exploration Stage Enterprise)

Interim Financial Statements

(Expressed in Canadian Dollars)

Six Months Ended January 31, 2013

Notice to Readers

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

The accompanying unaudited interim financial statements of Zadar Ventures Ltd. for the six months ended January 31, 2013 have been prepared in accordance with International Accounting Standard 34 for Interim Financial Reporting under International Financial Reporting Standards. These interim financial statements are the responsibility of the Company's management and have been approved by the Board of Directors. The Company's independent auditors have not performed an audit or review of these interim financial statements.

Zadar Ventures Ltd.

(an Exploration Stage Enterprise)
Interim Financial Statements
(Expressed in Canadian Dollars)
Six Months Ended January 31, 2013

Zadar Ventures Ltd.

(an Exploration Stage Enterprise)

Interim Statements of Financial Position

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

	Note		**January 31 2013**		July 31 2012
Assets					
Current					
Cash		**$**	**94,673**	$	226,525
Goods and services tax recoverable			**44,489**		38,209
			139,162		264,734
Exploration and evaluation assets	3		**317,628**		321,556
		$	**456,790**	$	586,290
Liabilities					
Current					
Accounts payable and accrued liabilities	7	**$**	**55,225**	$	96,795
Due to related parties	7		**4,000**		4,000
			59,225		100,795
Shareholders' Equity					
Share capital	4		**794,245**		794,245
Subscriptions received in advance			**2,500**		2,500
Subscriptions receivable			**(22,500)**		(22,500)
Contributed surplus			**48,485**		48,485
Deficit			**(425,165)**		(337,235)
			397,565		485,495
		$	**456,790**	$	586,290

On behalf of the board:

"Mark Tommasi"
___________________________, Director

"Peter Wilson"
___________________________, Director

Zadar Ventures Ltd.

(an Exploration Stage Enterprise)

Interim Statements of Operations and Comprensive Loss

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

	Note	Three Months Ended January 31		Six Months Ended January 31	
		2013	2012	**2013**	2012
Administrative expenses					
Accounting and audit		**$ 2,790**	$ 3,000	**$ 9,790**	$ 10,260
Bank charges and interest		**83**	71	**211**	117
Legal		**-**	2,041	**-**	12,041
Listing, filing and reports		**4,508**	-	**25,814**	22,474
Management fees	7	**7,500**	7,500	**15,000**	15,000
Office and sundry	7	**9,764**	8,175	**17,939**	16,650
Travel and promotion		**10,492**	-	**19,176**	-
		35,137	20,787	**87,930**	76,542
Net loss and comprehensive loss		**$ (35,137)**	$ (20,787)	**$ (87,930)**	$ (76,542)
Basic and diluted loss per share		**$ (0.00)**	$ (0.00)	**$ (0.01)**	$ (0.01)
Basic and diluted weighted average shares outstanding		**9,305,000**	6,650,000	**9,305,000**	6,482,337

Zadar Ventures Ltd.

(an Exploration Stage Enterprise)
Interim Statement of Changes in Equity
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Shares of common stock		Share capital		Subscriptions received in advance		Subscriptions receivable		Contributed Surplus		Deficit		Total
July 31, 2011	**6,300,000**	**$**	**319,000**	**$**	**-**	**$**	**(22,500)**	**$**	**-**	**$**	**(95,424)**	**$**	**201,076**
Issued for exercise of warrants	505,000		50,500		2,500		-		-		-		53,000
Issued for cash	2,200,000		550,000		-		-		-		-		550,000
Share issue costs	-		(144,755)		-		-		27,289		-		(117,466)
Issued for property	300,000		19,500		-		-		-		-		19,500
Stock based compensation	-		-		-		-		21,196		-		21,196
Net loss	-		-		-		-		-		(241,811)		(241,811)
July 31, 2012	**9,305,000**		**794,245**		**2,500**		**(22,500)**		**48,485**		**(337,235)**		**485,495**
Issued on exercise of warrants	-		-		-		-		-		-		-
Issued for cash	-		-		-		-		-		-		-
Share issue costs	-		-		-		-		-		-		-
Issued for property	-		-		-		-		-		-		-
Stock based compensation	-		-		-		-		-		-		-
Net loss	-		-		-		-		-		(87,930)		(87,930)
January 31, 2013	**9,305,000**	**$**	**794,245**	**$**	**2,500**	**$**	**(22,500)**	**$**	**48,485**	**$**	**(425,165)**	**$**	**397,565**

Zadar Ventures Ltd.

(an Exploration Stage Enterprise)

Interim Statements of Cash Flows

(Unaudited – Prepared by Management)

	Six Months Ended January 31 **2013**	2012
Cash flows from operating activities		
Net loss	**$ (87,930)**	$ (76,542)
Changes in non-cash working capital		
Goods and services tax recoverable	**(6,280)**	(9,841)
Accounts payable and accrued liabilities	**(41,570)**	20,129
	(135,780)	(66,254)
Cash flows from investing activities		
Mineral property costs	**3,928**	-
Cash flows from financing activities		
Proceeds from issuance of common stock	**-**	50,500
Repayment of advances (from) to related parties	**-**	2,400
	-	52,900
Decrease in cash	**(131,852)**	(13,354)
Cash at beginning of the period	**226,525**	62,359
Cash at end of the period	**$ 94,673**	$ 49,005
Supplemental disclosure with respect to cash flows		
Interest paid	**$ -**	$ -
Income taxes paid	**$ -**	$ -

1. Nature of Operations

Zadar Ventures Ltd. ("Zadar" or the "Company") was incorporated on August 6, 2008 under the Business Corporations Act of British Columbia and its principal activity is the exploration of mineral properties. Zadar is a public company with shares listed on the TSX Venture Exchange. The head office, principal address and records office of the Company are located at 475 Howe Street, Suite 609, Vancouver, British Columbia, Canada V6C 2B3.

Going concern of operations

These financial statements have been prepared assuming the Company will continue on a going concern basis. The Company has incurred losses since its inception and the ability of the Company to continue as going-concern depends on its ability to raise adequate financing and to develop profitable operations. This raises substantial doubt about the Company's ability to continue as a going concern.

Management is actively targeting sources of additional financing. Although the Company has been successful in past financings, there is no assurance that future financings will be successful. As the Company is in the exploration and evaluation stage, the Company has not identified a known body of commercial grade mineral on any of its properties. The ability of the Company to realize the costs it has incurred to date on these properties is dependent upon the Company identifying a commercial mineral body, to finance its development costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the property.

2. Basis of Preparation

These interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The interim financial statements should be read in conjunction with the annual financial statements for the year ended July 31, 2012, which have been prepared in accordance with IFRS as issued by the IASB.

The accounting policies adopted are consistent with those of the previous financial year. The interim financial statements were approved by the Board of Directors on April 2, 2013.

All dollar amounts are presented in Canadian dollars unless otherwise specified.

The policies applied in the interim financial statements are presented in Note 3 and are based on IFRS issued and outstanding as of April 2, 2013, the date the Board of Directors approved the financial statements. Any subsequent changes to IFRS that are given effect in our annual financial statements for the year ending July 31, 2013 could result in restatement of the interim financial statements, including the transition adjustments recognized on change-over to IFRS.

(Expressed in Canadian Dollars)

3. Exploration and Evaluation Assets

The Company entered into an option agreement with 1177129 Alberta Ltd., (the "Optionor"), a company controlled by a company having an officer in common with Zadar, in April 2010, subsequently amended May 30, 2011, September 30, 2011 and June 1, 2012, to acquire up to a 75% interest in certain mineral interests located in Alberta, known as the Whiskey Gap Project.

To earn a 60% interest, the Company must pay the Optionor:

a) $12,500 (paid) and issue and allot to the Optionor 100,000 shares of the Company (issued);

b) on or before the first anniversary of the execution of the Agreement, a further $12,500 (paid) and issue and allot to the Optionor a further 200,000 shares (issued);

c) on or before the second anniversary of the execution of the Agreement, a further $25,000 (paid) and issue and allot to the Optionor a further 300,000 shares (issued);

d) on or before the third anniversary of the execution of the Agreement, a further $50,000 and issue and allot to the Optionor a further 500,000 shares;

e) on or before September 30, 2010, the Company shall expend not less than $100,000 on Exploration Expenditures on the Property; (incurred)

f) on or before June 30, 2012, the Company shall pay $100,000 to the Optionor (paid);

g) on or before December 31, 2012, the Company shall pay a further $50,000 and issue and allot to the Optionor a further 500,000 shares.

The Company has a further option to acquire an additional 15% interest in the Property by issuing the Optionor an additional 1,000,000 shares and expending an additional $500,000 for Exploration Expenditures on or before September 30, 2013.

Upon earning either a 60% or 75% interest, the Company and the Optionor will form a joint venture with standard dilution clauses.

Details of mineral property costs for the period ended January 31, 2013 are as follows:

	Acquisition Costs	Exploration Costs	Total
Whisky Gap Project			
Assaying (recovery)	$ -	$ (3,928)	$ (3,928)
Mineral property costs for the period	-	(3,928)	(3,928)
Balance, beginning of period	186,500	135,056	321,556
Balance, end of period	$ 186,500	$ 131,128	$ 317,628

(Expressed in Canadian Dollars)

4. Share Capital

(a) Authorized share capital

100,000,000 common shares without par value

(b) Share purchase options

The Company has an incentive stock option plan (the “Plan”), whereby the Company may grant stock options to directors, officers, employees or consultants. Under the Plan, options are exercisable up to a maximum of 10 years as determined by the Board of Directors and are required to have an exercise price no less than the closing market price of the Company's shares on the trading day immediately preceeding the day on which the Company announces the grant of options. The Plan provides for the issuance of up to 10% of the Company’s issued common shares at the date of the grant.

	Number of options	Weighted average exercise price $
Options outstanding at July 31, 2011	450,000	0.25
Granted	150,000	0.25
Options outstanding at July 31, 2012 and January 31, 2013	600,000	0.25

On October 14, 2010, the Company granted to employees, consultants, directors and officers of the Company options to purchase up to 450,000 common shares of the Company at an exercise price of $0.25 per share. On September 1, 2011 the Company granted an additional 150,000 options with the same terms. The options are exercisable for a period of five years commencing on the date that the Company’s stock is listed on the TSX Venture Exchange and therefore, no stock based compensation was recorded prior to the date of listing (May 28, 2012).The expiry date of the options is May 28, 2017.

The fair value of the stock options was estimated to be $21,196 using the Black-Scholes option pricing model, with the following assumptions:

Expected dividend yield	0.00%
Exected stock price volatility	100.00%
Risk-free interest rate	1.31%
Expected life of options	5 years

Option pricing models require the input of highly subjective assumptions, particularly the expected stock price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company’s stock options.

(Expressed in Canadian Dollars)

4. Share Capital (continued)

(c) Share purchase warrants

As of January 31, 2013, the Company has 2,495,000 share purchase warrants outstanding, which are exercisable at a price of $0.10 per share and which expire on October 10, 2013, and 176,000 Broker Warrants outstanding, which are exercisable at a price of $0.25 per share, and which exire on May 28, 2015.

	Number of warrants	Weighted average exercise price $
Warrants outstanding at July 31, 2011	3,000,000	0.10
Broker Warrants issued in IPO	176,000	0.25
Exercised	(505,000)	0.10
Warrants outstanding at July 31, 2012 and January 31, 2013	2,671,000	0.11

5. Financial Instruments and Risk Management

Fair Values
Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities

Level 2 – Inputs other than quoted prices that are directly or indirectly observable for the asset or liability; and

Level 3 – Inputs that are not based on observable market data.

The carrying values of cash, due from/to related parties, accounts payable and accrued liabilities approximate their fair value due to the short-term nature of these instruments.

Credit risk
Credit risk refers to the risk that another entity will default on its contractual obligations resulting in financial loss to the Company. The Company's only significant financial asset is cash which is on deposit at a high credit-worthy financial institution.

Market risk
Market risk includes currency risk, interest rate risk and price risk. The Company's activities expose it primarily to the financial risks of changes in the price of resources. The Company does not currently hold any financial instruments that mitigate this risk.

(Expressed in Canadian Dollars)

5. Financial Instruments and Risk Management (continued)

Liquidity risk
Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations when they become due, or can only do so at excessive cost. The Company expects to satisfy obligations under accounts payable and accrued liabilities. Management intends to continue to finance its activities by raising funds by private equity investments. Even if it has succeeded in financing its activities in the past, management cannot comment on the success of its future fund raising and believes that liquidity risk is high.

6. Capital Management

The Company includes cash and equity, comprising issued common shares, contributed surplus, accumulated other comprehensive income (loss) and deficit, in the definition of capital.

The Company manages its capital to ensure it will be able to continue as a going concern largely through equity financing. These stock issues depend on numerous factors including a positive mineral exploration environment, positive stock market conditions, a company's track record, and the experience of management. The Company is not exposed to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the period ended January 31, 2013.

7. Related Party Transactions

Certain of the Company's officers and directors render services to the Company through companies in which they are an officer or director.

Key Management	Transactions
622738 BC Ltd.	Management fees
Bua Capital Management Ltd.	Management fees
Bua Group Holdings Ltd.	Office and administration fees

The Company incurred the following fees and expenses in the normal course of operations in connection with related parties.

Six Months Ended January 31		2013		2012
Management fees	$	**15,000**	$	15,000
Office and administration fees		**16,350**		16,650
	$	**31,350**	$	31,650

Amounts due to related parties comprise $4,000 in advances from companies controlled by officers and directors. Such amounts are unsecured, non-interest bearing and without specific repayment terms.