Consolidated Financial Statements of:

PACIFIC WILDCAT RESOURCES CORP.

(An Exploration Stage Company)

June 30, 2010

(Un-audited prepared by management)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited interim consolidated financial statements of Pacific Wildcat Resources Ltd. for the six months ended June 30, 2010 have been prepared by and are the responsibility of the Company's management.

These interim consolidated financial statements have not been reviewed by Pacific Wildcat Resources Ltd's external auditors.

PACIFIC WILDCAT RESOURCES CORP.

(An Exploration Stage Company)

Consolidated Balance Sheets at June 30, 2010 and December 31, 2009

(un-audited prepared by management)

	June 30 2010	December 31 2009
ASSETS		
Current		
Cash	$ **775,712**	$ 642,430
Receivables	**6,166**	3,337
Prepaids	**7,656**	13,632
	789,534	659,399
Property, plant and equipment *(Note 5)*	**282,192**	64,925
Mineral properties *(Note 6)*	**3,754,032**	3,579,328
	$ **4,825,758**	$ 4,303,652
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	**17,590**	132,332
Due to related parties	**–**	1,052
	17,590	133,384
Future income tax liability	**473,700**	473,700
	491,290	607,084
Shareholders' equity		
Share capital *(Note 7)*	**3,493,637**	2,320,140
Contributed surplus *(Note 8)*	**3,344,736**	3,323,726
Accumulated other comprehensive income	**(7,668)**	(15,501)
Deficit	**(2,496,237)**	(1,931,797)
Total shareholders' equity	**4,334,468**	3,696,568
	$ **4,825,758**	$ 4,303,652

Nature of Operations and Ability to Continue as a Going Concern *(Note 1)*
Commitments – Note 6 and 16
Subsequent event – Note 16

On behalf of the Board:

"David Paull"	*"Darren Townsend"*
David Paull	Darren Townsend
Director	Director

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

PACIFIC WILDCAT RESOURCES CORP.

(An Exploration Stage Company)

Consolidated Statement of Operations and Deficit

(un-audited prepared by management)

	Three Months Ended June 30		Six Months Ended June 30	
	2010	2009	**2010**	2009
General and Administrative				
Corporate relations	$ **9,729**	$ —	$ **12,607**	$ —
Depreciations	**19,981**	4,435	**28,954**	8,994
Interest income	**504**	—	**2,346**	—
Filing fees	**8,947**	—	**14,447**	—
Loss on foreign exchange	**(2,547)**	—	**457**	—
Management fees	**63,467**	—	**79,631**	—
Professional fees	**49,596**	—	**73,670**	—
Office	**11,459**	—	**16,379**	—
Stock based compensation	**18,608**	—	**18,608**	—
Transfer agent fees	**2,443**	—	**6,292**	—
Travel	**21,555**	—	**31,684**	—
Net loss before other items	**(203,742)**	(4,435)	**(285,075)**	(8,994)
Property evaluation costs	**(174,620)**	(58,420)	**(279,367)**	(97,400)
Loss for the period	**(378,362)**	(62,855)	**(564,442)**	(106,394)
Gain (loss) on reporting currency translation	**63,503**	51,915	**7,833**	53,172
Comprehensive loss for the period	$ **(314,859)**	$ (10,940)	$ **(556,609)**	$ (53,222)
Loss per common share	$ **($0.01)**	$ ($0.00)	$ **(0.01)**	$ ($0.00)
Weighted average number of common shares outstanding	**65,426,238**	22,510,000	**64,788,762**	22,510,000

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

PACIFIC WILDCAT RESOURCES CORP.

(An Exploration Stage Company)

Consolidated Statements of Accumulated Other Comprehensive Income

(un-audited prepared by management)

	Three Months Ended June 30		Six Months Ended June 30	
	2010	2009	**2010**	2009
Balance, beginning of period	**$ (71,171)**	$ (82,404)	**$ (15,501)**	$ (83,661)
Gain (loss) on reporting currency translation	**63,503**	51,915	**7,833**	53,172
Accumulated Other Comprehensive Income, end of period	**$ (7,668)**	$ (30,489)	**$ (7,668)**	$ (30,489)

Consolidated Statements of Deficit

(un-audited prepared by management)

	Three Months Ended June 30		Six Months Ended June 30	
	2010	2009	**2010**	2009
Deficit, beginning of period	**$ (2,117,875)**	$ (877,022)	**$ (1,931,795)**	$ (834,740)
Net loss for the period	**(378,362)**	(10,940)	**(564,442)**	(53,222)
Deficit, end of the period	**$ (2,496,237)**	$ (887,962)	**$ (2,496,237)**	$ (887,962)

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

PACIFIC WILDCAT RESOURCES CORP.

(An Exploration Stage Company)

Consolidated Statements of Cash Flows

(un-audited prepared by management)

		Three Months Ended June 30				Six Months Ended June 30		
		2010		2009		**2010**		2009
Cash Flows From Operating Activities								
Loss for the period	$	**(378,362)**	$	(62,855)	$	**(564,442)**	$	(106,394)
Items not affecting cash								
Stockbased compensation		**18,608**		—		**18,608**		
Depreciation		**19,981**		4,435		**28,954**		8,994
Changes in non-cash working capital								
Due to related parties		—		—		**(1,052)**		—
Receivables		**(4,412)**		—		**(2,829)**		—
Prepaids		**6,013**		—		**5,976**		—
Accounts payable and accrued liabilities		**(4,028)**		—		**(114,741)**		—
Net cash used in operating activities		**(342,200)**		(58,420)		**(629,526)**		**(97,400)**
Cash Flows From Investing Activities								
Purchase of capital assets		**(32,535)**		—		**(143,624)**		—
Resource expenditures		**(99,740)**		—		**(174,704)**		—
Net cash used in investing activities		**(132,275)**		—		**(318,328)**		—
Cash Flows From Financing Activities								
Proceeds provided by related parties		—		53,575		—		131,188
Issuance of shares *(net of share issue costs)*		**838,313**		—		**1,073,303**		—
Net cash provided by financing activities		**838,313**		53,575		**1,073,303**		131,188
Effect of foreign exchange on cash		**63,503**		1,756		**7,833**		3,013
Increase(decrease) in cash		**427,341**		(3,089)		**133,282**		36,801
Cash, beginning of period	$	**348,371**	$	58,813	$	**642,430**	$	18,924
Cash, end of period	$	**775,712**	$	55,725	$	**775,712**	$	55,725
Supplemental disclosure of cash flow information:								
Cash paid for:								
Interest	$	—	$	—	$	—	$	—
Income taxes	$	—	$	—	$	—	$	—

Non-cash Transactions (Note 10)

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

1. NATURE OF OPERATIONS AND ABILITY TO CONTINUE AS A GOING CONCERN

Pacific Wildcat Resources Corp. ("PAW" or the "Company") is governed by the Business Corporations Act *(British Columbia)*. On August 7, 2009 the Company completed the acquisition of all of the issued and outstanding securities of Tantalum Mineracao e Prespeccao Limitada ("TMP"). TMP remains a wholly owned subsidiary of PAW and holds the rights to the TML Licenses (see Note 5). Effective August 7, 2009, the Company was transferred from the NEX Board to the TSX Venture Exchange ("Exchange"), Tier 2 and trades under the symbol PAW.

As a result of the transaction, the vendors of TMP obtained a majority interest of the issued and outstanding shares of PAW. Consequently the Company has accounted for the transaction as a reverse takeover with the acquiring entity being TMP and the acquired entity being PAW. The transaction has been accounted for as an issuance of shares by TMP for the net assets of PAW.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles Canadian GAAP.

To date, the Company has not earned significant revenues and is considered to be in the exploration stage. These financial statements have been prepared on the basis of generally accepted accounting principles as applicable to a going concern. Those principles contemplate the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. As at June 30, 2010, the Company has no source of operating cash flow and has an accumulated deficit of $2,496,237. Operations historically have been funded primarily from the issuance of capital stock. The future viability of the Company will depend upon its ability to continue to obtain adequate financing and commence profitable business operations. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they come due.

The Company has not yet determined whether its mineral properties contain reserves that are economically recoverable. The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral properties in accordance with industry practice, the ability of the Company to obtain necessary financing to complete development of its mineral properties and upon future profitable production.

While the Company has been successful in securing financing in the past, there is no assurance that it will be able to do so in the future. Accordingly, these financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used then the adjustments required to report the Company's assets and liabilities on a liquidation basis could be material to these financial statements.

2. BASIS OF PRESENTATION

These interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP").

These unaudited interim consolidated financial statements do not contain all of the information required for annual financial statements and they should be read in conjunction with the Company's annual audited financial statements for the fiscal year ended December 31, 2009. All material adjustments, which in the opinion of management are necessary for a fair presentation of the results of the interim periods, have been reflected.

These consolidated financial statements include the accounts of the Company and its wholly owned Mozambique subsidiary, Tantalum Mineracao e Prespeccao Limitada. All inter-company transactions and balances have been eliminated.

3. SIGNIFICANT ACCOUNTING POLICIES

The results for the six months ended June 30, 2010 are stated utilizing the same accounting policies and methods of application as the most recent annual audited financial statements, but are not necessarily indicative of the results to be expected for the full year.

Comparative Figures

Certain financial statement items from the prior period have been reclassified to conform to the current period's presentation.

Recent Announced Accounting Pronouncements

International financial reporting standards ("IFRS"):

In February 2008, the CICA Accounting Standards Board ("AcSB") confirmed the changeover to IFRS from Canadian GAAP will be required for publicly accountable enterprises effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The eventual changeover to IFRS represents changes due to new accounting standards. The transition from current Canadian GAAP to IFRS is a significant undertaking that may materially affect the Company's reported financial position and results of operations.

The Company is assessing the potential impacts of this changeover and is developing its IFRS changeover plan, which will include project structure and governance, resourcing and training, analysis of key GAAP differences and a phased plan to assess accounting policies under IFRS as well as potential IFRS 1 exemptions.

Business Combinations

In January 2009, the CICA issued Section 1582 – Business Combinations, which replaces Section 1581 – Business Combinations, and Section 1601 – Consolidated Financial Statements and Section 1602 – Non Controlling Interests, which replace Section 1600 – Consolidated Financial Statements. These new sections are effective for years beginning on or after January 1, 2011 with earlier adoption permitted. Section 1582 and 1602 will require net assets, non-controlling interests and goodwill acquired in a business combination to be recorded at fair value and non-controlling interests will be reported as a component of equity. In addition, the definition of a business is expanded and is described as an integrated set of activities and assets that are capable of being managed to provide a return to investors or economic benefits to owners. As well acquisition costs are not part of the consideration and are to be expensed when incurred. These new sections are not expected to have a material impact on the Company's financial condition or operating results.

4. REVERSE TAKEOVER TRANSACTION

On January 15, 2009 the Letter of Intent previously entered into in April 2008 was terminated. PAW entered into a definitive agreement dated April 7, 2009 and under the terms of the agreement PAW acquired 100% of the issued capital in TMP ("TMP Shares") from Bolan (the "Acquisition").

4. REVERSE TAKEOVER TRANSACTION (Continued)

As consideration PAW issued to Bolan's designates 22,510,000 common shares of PAW of which 18,008,000 are subject to an escrow agreement (the "Escrowed Shares"). The Escrowed Shares will be subject to a three year staged release escrow commencing August 7, 2009 being the date of which the Exchange issued its final acceptance bulletin in respect of the acquisition. The escrowed securities will be released in stages with 10% of Escrowed Shares being released from escrow immediately and the balance being released in six equal installments every six months thereafter.

PAW also granted Bolan (or such parties as assigned by Bolan) the right to explore and mine Gemstones on the TMP Property as defined by the Gemstone Right in the Definitive Agreement.

The Acquisition has been accounted for as a reverse takeover with the acquiring entity being TMP and the acquired entity being PAW. Under reverse takeover accounting, the purchase consideration paid by TMP is an amount equal to the fair value of PAW and is allocated to the fair values of the identifiable assets and liabilities of PAW. The fair value has been estimated by management to be the fair value of the net assets of PAW on the date of acquisition. The transaction has been accounted for as the acquisition of assets.

As a result of the reverse take-over transaction, in accordance with EIC-10, these financial statements are a continuation of the financial statements of the legal subsidiary, TMP and accordingly the comparative financial statements are those of TMP. The prior year comparatives have been translated from US Dollars to Canadian Dollars for reporting currency presentation purposes. As a result of the comparatives being restated from US Dollars to Canadian Dollars for reporting currency presentation purposes the accumulated deficit was debited by $7,668 (2009 - $15,501) with a corresponding credit/debit to accumulated other comprehensive income as a result of a currency translation adjustment for the period ended June 30, 2010.

The fair value of the net assets of PAW acquired is as follows:

Receivables	$	7,582
Prepaid expenses and deposits		841
Deferred resource properties expenditures		1,149,810
Accounts payable and accrued liabilities		(150,487)
Due to shareholder		(870,909)
Future income tax liability		(367,939)
Net value of assets acquired	$	(231,102)
Consideration		
22,510,000 common shares	$	(231,102)

As the amount represents a net asset deficiency it has been charged to deficit

5. EQUIPMENT

						June 30 2010
		Cost		**Accumulated Depreciation**		**Net Book Value**
Plant & Equipment[(1)]	$	349,914	$	95,802	$	254,112
Vehicle		19,955		4,822		15,133
Office Furniture		10,489		769		9,720
Computer		4,254		1,028		3,226
	$	**384,612**	**$**	**102,420**	**$**	**282,192**

(1) On March 1, 2010 the Company purchased a nominal 20 to 30 dry tonne per hour tantalum treatment plant ("the Plant") and associated spare parts and accessories. The Company plans to move the plant from Western Australia to Mozambique during the second half of calendar 2010. The consideration for the purchase of the Plant is the issuance of 512,985 fully paid shares (issued) at a price of $0.20 (CDN $ 102,597) in the Company to Avenger Investments Pty Ltd ("Avenger") an unlisted Australian company.

						December 31, 2009
		Cost		**Accumulated Amortization**		**Net Book Value**
Field equipment	$	114,648	$	72,908	$	41,740
Furniture and equipment		1,305		81		1,224
Computer equipment		4,254		395		3,859
Vehicles		19,955		1,853		18,102
Total	**$**	**140,162**	**$**	**75,237**	**$**	**64,925**

6. MINERAL PROPERTIES

	Twigg Licenses	TML Licenses	Total
Balance December 31, 2008	$ –	$ 2,415,817	$ 2,415,817
Effect of foreign currency translation	–	(348,107)	(348,107)
Acquisition Note 4	32,312	1,117,498	1,149,810
Geological fees and consulting	–	172,522	172,522
Salaries	–	79,395	79,395
Holding and administrative costs	–	7,239	7,239
Site visits	–	7,917	7,917
Freight and Transport	–	33,205	33,205
Environmental	–	5,595	5,595
Drilling	–	31,367	31,367
Licenses	–	17,681	17,681
Maps miscellaneous	–	3,352	3,352
Legal fees	–	3,535	3,535
Balance December 31, 2009	$ 32,312	$ 3,547,016	$ 3,579,328
Effect of foreign currency translation		2,825	2,825
Assaying	–	32,391	32,391
Geological fees and consulting	–	91,266	91,266
Salaries	–	40,423	40,423
Holding and administrative costs	–	3,117	3,117
Site visits	–	1,060	1,060
Freight and Transport	–	–	–
Environmental	–	–	–
Drilling	–	–	–
Licenses	–	–	–
Maps miscellaneous	–	2,224	2,224
Legal fees	–	1,398	1,398
Balance June 30, 2010	$ **32,312**	$ **3,721,720**	$ **3,754,032**

TMP Licenses – Mozambique

The Company has five licenses (the “TMP Licenses”) on the Alto Lingonha belt of the Zambezi province in Mozambique which are all five year exploration licenses with the option of renewal for an additional five years upon application to the Mozambique Department of Mines. As disclosed in Note 4 another party has the right to explore for and mine gemstones on the property. For the mining of Tantalum, a royalty of 3% of sales revenue will be payable to the Mozambique Government.

6. MINERAL PROPERTIES (Continued)

Twigg License - Mozambique

In June 2008 the Company signed a heads of agreement with African Eagle Resources plc (“AFE”) covering the rights to a 145 square kilometer exploration license in northern Mozambique (the “Twigg Agreement”). This license area, which is currently held in the name of AFE’s wholly-owned subsidiary, Twigg Resources Ltd. (the “Twigg License”), is located immediately adjacent to TMP Licenses.

The Twigg Agreement stipulates the Company will commit to spend US$200,000 on an initial work program to be completed over an 18 month period. Following completion of this work program (the “Initial Program”), the Company and AFE shall have the right but not the obligation to conduct further exploration programs within the Twigg License, either independently or jointly. To the extent that any such further exploration is conducted jointly, each party shall contribute 50% of the exploration expenditure.

At any time after completion of the Initial Program:

a) The Company may, by giving notice to AFE, identify any part of the Twigg License area as a Company target zone (an area in which tantalum, niobium, lithium and other associated minerals are the dominant value commodities) and thereafter the Company shall bear all expenditure in such target zone (including the costs of any bankable feasibility study) up to the commencement of any mine construction. The construction and operation of any mine of any Company target zone shall be carried out by a mining company in which the Company’s initial equity is 80% and AFE’s initial equity is 20%. The joint venture will be subject to a 1% net smelter royalty payable to AFE, and;

b) AFE may, by giving notice to the Company, identify any part of the Twigg License area as an AFE target zone and thereafter AFE shall bear all expenditure in such target zone (including the costs of any bankable feasibility study) up to the commencement of any mine construction. The construction and operation of any mine of any AFE target zone shall be carried out by a mining company in which AFE’s initial equity is 80% and the Company’s initial equity is 20%.

In the event that either party wishes to proceed with the construction of a mine which is wholly or partially within an area over which both parties have identified target zones, then both parties will negotiate in good faith the means by which the minerals contained in the common zone may be exploited on fair terms.

7. SHARE CAPITAL AND CONTRIBUTED SURPLUS

a) Authorized: Unlimited common shares without par value

Unlimited preferred shares “Class A” with a par value of $1.00 each
Unlimited preferred shares “Class B” without par value

7. SHARE CAPITAL AND CONTRIBUTED SURPLUS (Continued)

b) Common Shares Issued:

	Capital Stock		Contributed Surplus
Balance December 31, 2008	Number of Shares	Amount	Amount
PAW Shares prior to reverse takeover	18,711,309	$11,607,149	$58,414
Purchase consideration - common shares previously recorded by PAW	—	(11,607,149)	(58,414)
Shares previously recorded by TMP	—	2,587	—
Purchase consideration	22,510,000	—	—
Private placement	16,795,303	2,015,436	—
Finders' fee common shares	60,417	7,250	—
Finders' fee warrants	—	—	64,080
Shares for debt	4,210,916	505,309	—
Share issue costs	—	(210,442)	—
Stockbased compensation	—	—	219,255
Forgiveness due to related parties	—	—	3,040,391
Balance as at December 31, 2009	62,287,945	$2,320,140	$3,323,726
Exercise of warrants	2,440,137	366,021	—
Issuance for plant	512,985	102,597	—
Private placement	3,961,088	712,996	—
Finders fees	150,235	27,042	2,402
Share issue costs	—	(35,159)	—
Stockbased compensation	—	—	18,608
Balance as at June 30, 2010	69,352,390	3,493,637	3,344,736

During the period ended June 30, 2010 the Company:

i) Issued 2,440,137 common shares pursuant to the exercise of share purchase warrants at a price of $0.15 per share; and

ii) Issued 512,985 common shares in conjunction with the acquisition of the Plant see Note 5.

iii) Pursuant to a non-brokered private placement issued 3,961,088 units at a price of $0.18 per unit. Each unit is comprised of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire an additional common share at a price of $0.23 until May 11, 2011.

The Company issued 150,235 units in connection with services rendered in respect of the financing. Each unit is comprised of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire an additional common share at a price of $0.23 until May 11, 2011. The common shares were recorded at a deemed value of $0.18 and the warrants were valued at $2,448.

7. SHARE CAPITAL AND CONTRIBUTED SURPLUS (Continued)

b) Common Shares Issued (continued):

During the period ended December 31, 2009 the Company:

In conjunction with the Acquisition the Company issued 22,510,000 common shares to Bolan's designates, see Note 4.

In conjunction with the completion of the acquisition, the Company issued 16,795,303 units at a price of $0.12 per unit for gross proceeds to the Company of $2,015,436 pursuant to a private placement. Each unit is comprised of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at a price of $0.15 per share exercisable to August 7, 2010.

The Company paid a fee of $150,000 in cash and issued 1,000,000 common share purchase warrants in connection with services rendered in respect of the financing. The warrants have the same terms as the private placement warrants. An additional fee of 60,417 units (having the same terms as the private placement units) was also paid in connection with services rendered in respect of the financing. The warrants were valued at $64,080.

Also in conjunction with the completion of the acquisition, the Company issued 4,210,916 common shares to settle $505,309 in debt.

c) Escrow

During the period ended June 30, 2010 20,095,829 (December 31, 2009 - 26,944,105) were held in escrow. Of this amount 337,000 common shares are subject to an 18 month release and the remainder a 3 year release pursuant to the policies of the Exchange.

8. STOCK OPTIONS AND WARRANTS

a) Stock Options Outstanding

On February 4, 2010, the Company re-adopted its stock option plan whereby directors are authorized to grant up to 10% of the outstanding common shares in stock options to directors, officers, consultants and employees to acquire common shares. The exercise price of the options is no less than the average price for the preceding ten trading days of issuance with each stock option having a maximum term of five years. The board of directors has the exclusive power over the granting of options and their vesting provisions.

During the period ended June 30, 2010, a compensation charge associated with the granting of stock options under the Plan in the amount of $18,608 (2009 - $Nil) was recognized in the financial statements. For purposes of these calculations, the following assumptions were used for the Black-Scholes model:

	June 30 2010	June 30 2009
Risk-free interest rate	2.83%	—
Expected dividend yield	0%	—
Expected stock price volatility	82.91%	—
Expected option life	5 years	—

8. STOCK OPTIONS AND WARRANTS (Continued)

	Number	Weighted Average Exercise Price
Balance, December 31, 2008	350,000	$0.25
Granted	2,350,000	$0.12
Balance, December 31, 2009	2,700,000	$0.14
Granted	150,000	$0.285
Balance, June 30, 2010	2,850,000	$0.16

As at June 30, 2010 the Company had fully vested, outstanding stock options enabling the holders to acquire common shares as follows:

Number of Options		Exercise Price	Expiry Date
350,000	$	0.25	August 29, 2011
2,350,000	$	0.12	August 7, 2014
150,000	$	0.285	April 13, 2015
2,850,000			

The weighted average life of the stock options outstanding for the period ended June 30, 2010 was 3 years (2009 – none).

b) Warrants

	Number	**Weighted Average Exercise Price**
Balance, December 31, 2008	0	$0.00
Issued	9,427,862	$0.15
Balance, December 31, 2009	9,427,862	$0.15
Exercised	(2,440,137)	$0.15
Issued	2,055,662	$0.23
Balance, June 30, 2010	9,043,387	$0.23

8. STOCK OPTIONS AND WARRANTS (Continued)

At June 30, 2010 9,043,387 share purchase warrants were outstanding. Each warrant entitles the holders thereof the right to purchase one common share as follows:

Number	Price per Share	Expiry Date
6,987,725	$0.15	August 7, 2010
2,055,662	$0.23	May 11, 2011
9,043,387		

Subsequent to June 30, 2010, 6,862,725 warrants at a price of $0.15 were exercised and 125,000 warrants at a price of $0.15 expired without exercise.

During the period ended June 30, 2010, a compensation charge of $2,402 associated with the grant of 75,118 share purchase warrants for finders' fees was recorded to share capital and contributed surplus. For purposes of these calculations, the following assumptions were used for the Black-Scholes model:

	2009	2009
ɜk-free interest rate	1.75%	—
pected dividend yield	0%	—
pected stock price volatility	65.32%	—
pected option life	1 year	—

9. RELATED PARTY TRANSACTIONS

The Company has conducted transactions with officers, directors and persons or companies related to directors as follows:

a) Paid or accrued professional fees of $39,369 (2009 - $Nil) to a company controlled by an officer of the Company;

b) Incurred consulting expenses of $107,597 (2009 - $Nil) to a company controlled by the president of the Company for management fees;

c) Paid rent of $4,200 (2009 - $Nil) to a company controlled by an officer of the Company.

These transactions were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

10. NON-CASH TRANSACTIONS

Investing and financing activities that do not have a direct impact on cash flows are excluded from the statements of cash flows. During the period ended June 30, 2010, the following transactions were excluded from the statements of cash flows:

The Company issued 512,985 common shares to settle $102,597 purchase price for the acquisition of the Plant as described in Note 5.

During the period ended June 30, 2009 the Company did not record any non-cash transactions.

11. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, accounts payable and accrued liabilities and due to related parties. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash is exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness. As at June 30, 2010 the Company is not exposed to any significant credit 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. Included in the loss for the period in the financial statements is interest income on Canadian dollar cash. As at June 30, 2010, the Company's cash is subject to or exposed to interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash balances to enable settlement of transactions on the due date. Accounts payable and accrued liabilities and amounts due to related parties are current. The Company addresses its liquidity through equity financing obtained via the issuance of common shares and the exercise of warrants and options.

Currency Risk

The Company is exposed to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

12. CAPITAL DISCLOSURE

The Company manages and adjusts its capital structure based on available funds in order to support its operations and the acquisition and exploration of mineral properties. The Company's primary objectives in managing capital are to:

- Safeguard the entity's ability to continue as a going concern
- Maintain an optimal capital base in order to support the capital requirements of its operations, including growth opportunities and maintaining investor confidence.

The capital of the Company consists of shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company is not subject to any externally imposed capital requirements. The Company relies on capital markets to support continued growth.

13. SEGMENTED DISCLOSURE

The Company conducts mineral exploration activities in Canada and Mozambique and maintains its head office and cash reserves in Canada. As the Company is in the exploration stage, there is no segmented revenue or operating results to report. The Company's total assets are segmented geographically as follows:

As at June 30, 2010		Canada		Mozambique		Total
Equipment	$	28,080	$	254,112	$	282,192
Mineral properties		1,683,497		2,070,535		3,754,032
Total	$	1,711,577	$	2,324,647	$	4,036,224

As at December 31, 2009		Canada		Mozambique		Total
Equipment	$	35,638	$	29,287	$	64,925
Mineral properties		1,511,619		2,067,709		3,579,328
Total	$	1,547,257	$	2,096,996	$	3,644,253

14. COMMITMENTS

a) On May 14th 2009, the Company entered into a consulting agreement with Enable Mining PTY Ltd. The term of the agreement is a minimum of 12 months, commencing on August 7, 2009, with an option to extend the term for a further period. The Company shall pay the consultant a daily fee of $800 excluding GST, for a minimum of 5 days per month.

b) The Company previously entered into a consulting agreement (the "Townsend Contract") with Darren Townsend and DJCA Pty Ltd. (an Australian corporation of which Mr. Townsend is a director and beneficial owner) pursuant to which the Company has engaged the services of Mr. Townsend as the Company's President, Chief Executive Officer and a director of the Company.

The Townsend Contract also provides that Mr. Townsend/DJCA Pty Ltd is to be issued certain stock appreciation rights wherein the Company granted Mr. Townsend a bonus of 2,000,000 common shares (the **"Bonus Shares")** payable as follows:

(a) 1,000,000 shares on August 7, 2010, the first anniversary of the completion of the Company's Acquisition as described in Note 4 hereinabove (issued See Note 15); and

(b) 1,000,000 shares on August 7, 2011, the second anniversary of the completion of the Acquisition.

The grant of the Bonus Shares was approved by the shareholders at its annual general meeting held on February 4, 2010 and Exchange approval on April 30, 2010.

15. SUBSEQUENT EVENTS

- On July 22, 2010 the Company entered into an acquisition agreement (the "Agreement") pursuant to which the Company has agreed to acquire, subject to the fulfillment of certain conditions precedent, 100% of the issued capital of two private United Kingdom companies that between them are the legal and registered owners of 70% of the issued capital of Cortec Mining Kenya Limited ("Cortec"), a private company incorporated in Kenya. Cortec holds three prospecting licenses in Kenya (two exclusive prospecting licenses and one special prospecting license covering an aggregate area of 1,180 km^2 that is referred to as the "Mrima Hill Project" (the "Project"). The Project is an advanced exploration stage mineral property with the principally targeted resources being niobium and rare earth metals.

  The Agreement is among PAW, Finebrook Investments Pty Ltd as trustees for the O'Sullivan Superannuation Fund (a trust formed under the laws of Australia) (the "O'Sullivan Fund"), Dunross Capital Limited (a private company incorporated under the laws of Hong Kong) ("Dunross"), Stirling Capital Limited (a private company incorporation under the laws of the United Kingdom) ("Stirling") and Cortec (Pty) Ltd. (a private company incorporation under the laws of the United Kingdom) ("Cortec UK"). The O'Sullivan Fund holds 100% of the issued capital of Stirling and Dunross holds 100% of the issued capital of Cortec UK. Stirling and Cortec UK hold, in the aggregate, 70% of the issued capital of Cortec. Pursuant to the Agreement, PAW has agreed to acquire 100% of the issued capital of Stirling from the O'Sullivan Fund and 100% of the issued capital of Cortec UK from Dunross. For the purposes of this news release, the O'Sullivan Fund and Dunross are collectively referred to as the "Owners". The Owners are at arm's length to the Company.

  The consideration payable by PAW, to the Owners, is to be paid in three stages on the satisfaction of certain condition precedents.

  Stage 1 - Pre Due Diligence Consideration

  The Company has paid AUS $120,000 as an advance to facilitate ongoing work on the Project during the due diligence period. This includes work preparing for the Exploration Program (as defined below).

  Stage 2 - Initial Consideration and Initial Interest

  Subject to:

  1) satisfactory completion of the Company's preliminary due diligence on the business and operations of each of Stirling, Cortec UK and Cortec Kenya within 30 days of the date of the Agreement,
  2) the preparation of an initial National Instrument 43-101 compliant technical report on the Project,
  3) the approval of TSX Venture Exchange ("TSXV") to the payment of the Initial Consideration (as defined below),
  4) the Company having raised not less than AUS $1.5 M within 30 days of signing the Agreement (the "Initial Financing"),

  the Company shall pay to the Owners:

  a) the sum of AUS $1,128,000, the entire amount of which shall be used to complete a prescribed exploration program on the Project (the "Exploration Program") which includes not less than 1,500 metres of reverse circulation drilling on the Project,
  b) 5,000,000 common shares in the capital of the Company (the "Initial Shares"),

  and the Company shall receive a 7% interest in each of Stirling and Cortec UK (the "Initial Interest").

15. SUBSEQUENT EVENTS (Continued)

The Initial Shares and the Initial Interest shall be held in escrow pending the completion of the Exploration Program and verification of the Resource Condition (as defined below) and the Company having completed equity financings between the date of the Agreement and October 31, 2010 for aggregate gross proceeds of not less than AUS $3,500,000 (inclusive of the gross proceeds of the Initial Financing) (the "Financing Condition"). In the event that the Resource Condition and/or Financing Condition is not satisfied or waived, PAW shall have the right to terminate the Agreement with the Initial Shares being returned to PAW for cancellation and the Initial Interest being returned to the Owners.

Stage 3 – Closing Consideration

Subject to the satisfaction of the following conditions (the "Closing Conditions"):

1) the completion of the Exploration Program,
2) the completion of a National Instrument 43-101 compliant technical report (the "Resource Report") on the Project which takes into account the results of the Exploration Program and provides a resource estimate for the Project,
3) the resource estimate provided by the Resource Report shall be comprised of: (i) a resource of no less than 45 million tonnes of Nb_2O_5 at a Nb_2O_5 grade no less than 0.70%; and (ii) a resource of Nb_2O_5 of no less than 13 million tonnes an Nb_2O_5 grade no less than 1.30% (the "Resource Condition"),
4) the satisfactory completion of the Company's due diligence,
5) the Owners having obtained a mining license for the Project covering the general area of the resource,
6) the Company having obtained all necessary regulatory approval for the completion of the transaction including TSXV approval,

then, the Company has the right to complete the acquisition to acquire from the Owners 100% of the issued capital of Stirling and Cortec UK: by

a) issue to the Owners an aggregate of 28,702,353 common shares in the capital of the Company (the "Closing Shares"),
b) make a cash payment to the Owners of the equivalent of CDN $13,492,000 (based on an exchange rate of CDN $0.93 = AUS $1.00) subject to an adjustment depending on the exchange rate prevailing between AUS $ and CDN $ at Closing (the "Closing Cash Payment"),

   and the Company shall receive the remaining 93% interest in each of Stirling and Cortec UK such that it holds a 100% interest in each such corporation. The Owners shall be entitled, at this time, to nominate a director to the board of directors of the Company and if at any stage PAW has a rights issue to shareholders, the Owners shall be offered the opportunity to take up their proportionate entitlements.

   The number of Closing Shares shall be limited such that when aggregated with the Initial Shares, the Owners will not collectively hold greater than 19.9% of the post-closing non-diluted number of issued and outstanding common shares of PAW. In the event that the number of Closing Shares is required to be reduced to less than 28,702,353 PAW Shares to comply with this limitation, the Owners shall be paid the difference in cash. This cash payment shall be separate and apart from the Closing Cash Payment.

15. SUBSEQUENT EVENTS (Continued)

- The Company entered into a Letter of Engagement accepted by the Company on July 23rd, 2010 (the "LOE") with Macquarie Private Wealth Inc ("Macquarie") to raise up to $5 million through a private placement (the "Offering"). These funds will be used for general working capital as well as to progress resource confirmation work on the Mrima Hill Rare Earth and Niobium Project as described above.

  The LOE provides that, subject to the completion and execution of a definitive Agency Agreement between the Company and Macquarie, completion of due diligence to the satisfaction of Macquarie, completion of an acceptable National Instrument 43-101 report for the Property, and other relevant conditions customary for similar transactions, Macquarie will be appointed as the financial advisor and lead agent for the Offering.

  The material provisions of the LOE are as follows:

  - A private placement of units (each a "Unit") on a commercially reasonable efforts basis to raise gross proceeds of between $1.5M and $5M at a purchase price of $0.22 per Unit.

  - Each Unit will comprise of one (1) common share and one half (1/2) of a non-transferable common share purchase warrant. Each full warrant (a "Warrant") shall entitle a purchaser to purchase one Common Share at a purchase price of $0.30 per share, at any time within eighteen months from the Closing Date of the Offering, subject to acceleration. If on any 20 consecutive trading days occurring after four months and one day has elapsed following the Closing Date of the Offering the closing price of PAW's common shares (or the closing bid, if no sales were reported on a trading day) as quoted on the TSXV is greater than $0.50 per share, PAW may accelerate the expiry date of the Warrants to the 30th day after the date on which PAW gives notice to the subscribers in accordance with the Warrant of such acceleration.

  - Macquarie will be paid a fee in cash equal to 8% of the gross proceeds received by the Company from the sale of all Units pursuant to the Offering.

  - Macquarie will also receive broker units (each a "Broker Unit") equal in number to 8% of the aggregate number of Units sold pursuant to the Offering. Each Broker Unit shall entitle Macquarie to purchase, at any time within eighteen months from the Closing Date of the Offering, one Unit at a price of $0.22.

  - Macquarie received a non refundable corporate finance fee payable in cash of $15,000 plus HST upon signing the LOE with a further $15,000 plus HST due upon Closing.

  - In accordance with Canadian securities legislation currently in effect, the securities issued pursuant to the Offering will have a restricted "hold" period of four months plus one day from the date of Closing of the Offering.

  - The Offering is subject to the acceptance of the TSX Venture Exchange.

15. SUBSEQUENT EVENTS (Continued)

- On August 7, 2010 in accordance with the terms of Darren Townsend, the Company's President's, consulting agreement, issued 1,000,000 common shares as consideration of the Bonus Shares.

- On July 28, 2010 the Company retained Brisco Capital Partners Corp. ("Brisco") as its investor relations "IR" and corporate communications service provider. Brisco will receive $4,000 (plus H.S.T) per month in remuneration and be reimbursed for all approved expenses. The Company also granted an option to purchase up to 300,000 common shares of the company at an exercise price of $0.19 for a period of 18 months.

- On July 28, 2010 the Company granted 1,400,000 stock options at a price of 0.19 per common share for a period of five years to Directors, Officers and Consultants of the Company.

- On August 23, 2010 the Company amended the Acquisition Agreement dated July 22, 2010, to extend the dates of the Closing and the Initial Financing to August 31, 2010 or such later date as may be agreed upon. All other provisions of the Agreement continue to be in full force and effect.