Amended and Restated[

PACIFIC WILDCAT RESOURCES CORP.

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Unaudited condensed Interim Financial Statements of:

PACIFIC WILDCAT RESOURCES CORP.

(An Exploration Stage Company)

(An Exploration Stage Company)

March 31, 2011

110-2300 Carrington Road
West Kelowna, British Columbia
Canada V4T 2N6

Tel 1 888-860-2666
Fax 250 -768-0020

NOTICE TO READER

The accompanying unaudited condensed consolidated interim financial statements of the Company for the three months ended March 31, 2011 have been prepared by and are the responsibility of management in accordance with International Financial Reporting Standards applicable to unaudited condensed interim financial reporting.

The Company's independent auditor has not audited or performed a review of these financial statements, in accordance with standards established by the Canadian Institute of Chartered Accountant for a review of unaudited condensed consolidated interim financial statements by an entity's auditor.

Amended and Restated[

Pacific Wildcat Resources Corp.
March 31, 2011
(Expressed in Canadian Dollars)

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Unaudited Condensed Consolidated Financial Statements

PACIFIC WILDCAT RESOURCES CORP.

(An Exploration Stage Company)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)

Expressed in Canadian Dollars

	Note	March 31 2011	December 31 2010	January 31 2010
ASSETS				
Current				
Cash and restricted cash	5	$ 2,739,732	$ 1,138,501	$ 642,430
Receivables	5	174,743	137,551	3,337
Prepaids		39,856	12,398	13,632
		2,954,331	1,288,451	659,399
Non-current				
Property, plant and equipment	9	1,757,797	791,183	64,925
Exploration and evaluation assets	7	4,258,838	3,909,009	3,211,389
Intangible assets	8	7,719,881	793,144	—
		$ 16,690,846	$ 6,781,786	$ 3,935,713
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Trade and other payables	10	$ 421,896	$ 528,421	$ 133,384
Subscriptions received in advance	10	—	715,978	—
		421,896	1,244,399	133,384
Deferred income tax liability	18	569,061	569,061	105,761
Total liabilities		990,957	1,813,460	239,145
Shareholders' equity				
Share capital	11	14,776,611	5,284,647	2,320,140
Shares reserved to be issued		(57,204)	(57,204)	
Contributed surplus	11	5,132,385	3,467,689	3,323,726
Accumulated other comprehensive income		(139,789)	(83,290)	
Deficit		(4,012,114)	(3,643,515)	(1,947,298)
Total shareholders' equity		15,699,889	4,968,326	3,696,568
		$ 16,690,846	$ 6,781,786	$ 3,935,713

These unaudited condensed consolidated interim financial statements are authorized for issue by the Board of Directors on June 28, 2011. They are signed on the Company's behalf by:

"David Paull"
David Paull
Director

"Darren Townsend"
Darren Townsend
Director

Amended and Restated

PACIFIC WILDCAT RESOURCES CORP.
(An Exploration Stage Company)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS (UNAUDITED)
Expressed in Canadian Dollars
For the three months ended March 31, 2011

	Note		2011		2010
Interest and other income		$	304	$	1,842
Expenses					
Administrative and general	13		382,321		71,198
Depreciation	9		6,979		8,973
Exploration			—		104,747
Loss on foreign exchange			464		3,004
Total expenses			389,764		187,922
Other comprehensive loss					
Foreign exchange differences on translating foreign operations			(42,976)		(55,670)
Total other comprehensive income			(42,976)		(55,670)
Total comprehensive loss for the period		$	(346,484)	$	(130,410)
Loss per common share basic and diluted		$	(0.00)	$	(0.00)
Weighted average number of common shares		$	94,619,837	$	62,471,584

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

PACIFIC WILDCAT RESOURCES CORP.
(An Exploration Stage Company)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
Expressed in Canadian Dollars
For the three months ended March 31, 2011

	Common Shares		Shares to be	Contributed	Accumulated	Accumulated Other Comprehensive	
	Number	Amount	Issued	Surplus	Deficit	Income	Total
Balance, January 1, 2010	62,287,945	$ 2,320,140	$ –	$ 3,323,726	$ (1,947,298)	$ –	$ 3,696,568
Exercise of warrants	890,136	133,520	–	–	–	–	133,520
Share capital issued	512,985	102,597	–	–	–	–	102,597
Share issue costs	–	(1,128)	–	–	–	–	(1,128)
Loss for the period	–		–	–	(186,080)	–	(186,080)
Balance, March 31, 2010	63,691,066	$ 2,555,129	$ –	$ 3,323,726	$ (2,133,378)	$ (55,670)	$ 3,689,807
Exercise of warrants	364,078	85,488	–	–	–	–	85,488
Stock options exercised	265,000	77,711	–	(34,536)	–	–	43,175
Agent compensation options	–	–	–	1,699,233	–	–	1,699,233
Share capital issued	23,727,272	5,913,000	–	–	–	–	5,913,000
Shares issued for intangible assets	5,000,000	5,650,000	–	–	–	–	5,650,000
Share issue costs	–	(2,234,235)	–	–	–	–	(2,234,235)
Fair value of stock options exercised	–	–	–	–	–	–	–
Foreign exchange translation	–	–	–	–	(22,115)	(56,499)	(78,614)
Loss for the period	–	–	–	–	(346,484)	–	(346,484)
Balance, March 31, 2011	108,371,804	14,776,612	(57,204)	5,132,386	(4,012,114)	(139,789)	15,699,891

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

PACIFIC WILDCAT RESOURCES CORP.
(An Exploration Stage Company)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS (UNAUDITED)
Expressed in Canadian Dollars

For the three months ended March 31, 2011

	2011	2010
Cash flows from operating activities		
Total comprehensive loss	$ (346,484)	$ (186,080)
Adjustments to reconcile loss to net cash used in operating activities:		
Depreciation	6,979	8,973
Changes in non-cash working capital balances:		
Trade and other receivables	(37,192)	1,583
Trade and other payables	(27,284)	(111,765)
Prepaid expenses	(27,458)	(37)
Total cash outflows from operating activities	(431,439)	(287,326)
Cash Flows From Investing Activities		
Acquisition of property, plant and equipment	(973,593)	(111,089)
Investment in exploration and evaluation assets	(349,829)	(74,964)
Investment in intangible assets	(1,270,018)	—
Total cash outflows from investing activities	(2,593,439)	(186,053)
Cash Flows From Financing Activities		
Repayments to related parties	(133,809)	—
Subscriptions for the issuance of shares	(715,978)	—
Issuance of shares *(net of share issue costs)*	5,506,660	234,990
Net cash provided by financing activities	4,656,873	234,990
Effect of foreign exchange on cash	(30,764)	(55,670)
Increase(decrease) in cash	1,601,230	(294,059)
Cash and equivalents, beginning of period	1,138,501	642,430
Cash and equivalents, end of period	$ 2,739,731	$ 348,371

1. CORPORATION INFORMATION

Pacific Wildcat Resources Corp. ("PAW" or the "Company") is governed by the Business Corporations Act *(British Columbia)* and is primarily engaged in the acquisition and development of mineral properties located in Africa. The business of exploring for and mining of minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company's principal asset is the TML Licenses located in Mozambique and its acquisition agreement to acquire the Mrima Hill Property, located in Kenya.

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 TMP Licenses (see Note 7).

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 Company is listed on the TSX Venture Exchange, having the symbol PAW.V as a Tier 2 issuer and its corporate office and principal place of business is located at 110 – 2300 Carrington Road, West Kelowna, B.C. Canada, V4T 1G3.

2. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements have been prepared in accordance to IAS 34 *Interim Financial Reporting* using accounting policies consistent with the International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These are the Company's first IFRS interim financial statements for part of the period covered by the Company's first IFRS annual financial statements for the year ended December 31, 2011. Previously, the Company prepared its annual and interim financial statements in accordance with Canadian generally accepted accounting principles ("GAAP"). The Unaudited condensed interim financial statements are presented in Canadian Dollars, which is also the Company's functional currency, unless otherwise indicate.

The Company has not generated revenues from its operations to date. The Company currently does not have sufficient cash resources to meet its obligations to complete the acquisition of the Mrima Hill Project in Kenya. The Company will be required to raise additional funds through equity issuances or exercise of warrants to fund the remaining acquisition costs and provide working capital. As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. The Company has financed its operations to date primarily through the issuance of common shares and exercise of stock options and share purchase warrants. The Company will continue to have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

The unaudited condensed interim consolidated financial statements were authorized for issue by the Board of Directors on June 28, 2011.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below are expected to be adopted for the year-ending December 31, 2011 and have been applied consistently to all periods presented in these unaudited condensed consolidated interim financial statements and in preparing the opening IFRS balance sheet at January 1, 2010 for the purposes of the transition to IFRS, unless otherwise indicated.

Basis of Consolidation

These consolidated financial statements include the accounts of:

	% of Ownership	Jurisdiction	Principal Activity
Tantalum Mineracao e Prespeccao Limitada	100	Mozambique	Exploration

All inter-company transactions and balances including unrealized income and expenses arising from intercompany transactions, are eliminated in preparing condensed consolidated interim financial statements.

Foreign Currency Transactions

Foreign Currencies

The functional and presentation currency of the Company is the Canadian dollar.

Transactions in currencies other than the functional currency are recorded at the rates of the exchange prevailing on dates of transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at each reporting date. Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The Company has determined that the functional currency of its wholly-owned subsidiary in Mozambique is the US dollar.

Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in comprehensive loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Cash and Cash Equivalents

Cash and cash equivalence includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. For cash flow statement presentation purposes, cash and cash equivalents includes bank overdrafts.

Exploration and Evaluation Expenditures

Pre-exploration costs are expensed in the period in which they are incurred.

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures ("E&E") are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciations on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur. At such time as commercial production commences, these E&E costs will be charged to operations on a unit-of-production method based on proven and probable reserves.

When a project if deemed to no longer have commercially viable prospects to the Company, E&E expenditures in respect of that project are deemed to be impaired. As a result, those E&E expenditure costs, in excess of the estimated recoveries, are written off to the statement of comprehensive loss/income.

The Company assesses E&E assets for impairment which facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mines under construction". Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Provision for site restoration

Obligations to retire a noncurrent asset, including dismantling, restoration and similar activities, are provided for at the time they are incurred or an event occurs giving rise to such an obligation. The Company is subject to laws and regulations relating to environmental matters, including land reclamation and discharge of hazardous materials, in all jurisdictions in which it operates. The Company may be found to be responsible for damage caused by prior owners and operators of its unproven mineral interests and in relation to interests previously held by the Company. The Company believes it has conducted its exploration and evaluation activities in compliance with applicable environmental laws and regulations. On initial recognition, the estimated net present value of future site restoration cost estimates is recorded as a liability and a corresponding

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Provision for site restoration (cont'd)

amount is added to the capitalized cost of the related noncurrent asset. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the netpresent value. The liability is increased over time through periodic charges to profit and loss. The provision is evaluated at the end of each reporting period for changes in the estimated amount or timing of settlement of the obligation. The Company is not presently aware of any such obligations.

Risk management and environmental protection practices

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to resource property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental contaminants be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company has not been made aware of any existing or possible environmental concerns related to any of its current and former properties that may result in material liability.

Property, plant and equipment ("PPE")

Depreciation is recognized in profit or loss and is provided on a straight line basis over the estimated useful life of the assets as follows:

Plant and field equipment	20%
Furniture and equipment	20%
Computer equipment	30%
Vehicles	30%

The cost of an item of PPE consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

An item of PPE is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the consolidated statement of comprehensive income or loss.

Minor equipment purchases of less than $500 that are depreciated in full on acquisition.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment of Non-Financial Assets

At the end of each reporting period, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in income or loss.

Financial instruments

Financial assets

Financial assets are classified as into one of the following categories based on a the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

- *Loans and receivables*
  These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

- *Available-for-sale*
  Non-derivative financial assets not included in the above categories are classified as available-for- sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statement of comprehensive loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets (cont'd)

- ***Impairment of Financial Assets***
  At each reporting date the Company assesses whether there is any objective evidence that a financial asset of a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

- ***Financial liabilities***
  Financial liabilities are classified as other financial liabilities, based on the purpose for which the liability was incurred, and comprise of trade payables and accrued liabilities. These liabilities are initially recognized as fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period of repayment is at a constant rate on the balance of the liability carried in the statement of financial position.

  Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

  Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the period which are unpaid. Trade payable amounts are unsecured and are usually paid within 30 days of recognition.

Earnings/Loss per Share

Basic earnings/loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted earnings/loss per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects from the proceeds.

Income Taxes

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and the any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end rate.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Share-based Payments

The share option plan allows the Company's employees and non-employees to acquire shares of the Company. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Standards, Amendments and Interpretations Not Yet Effective

March 31, 2011 is the Company's first reporting period under IFRS. Accounting standards effective for periods beginning on or after January 1, 2011 have been adopted as part of the transition to IFRS.

New Standards and Interpretations Not Yet Adopted

IFRS 9, Financial Instruments: Classification and Measurement

IFRS 9 Financial Instruments is part of the IASB's wider project to replace IA 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 2013. The Company is in the process of evaluating the impact of the new standard on the accounting for the available-for-sale investment.

On May 12, 2011, the IASB issued IFRS 10 Consolidated Financial Statements, which is a replacement of IAS 27, Consolidated and Separate Financial Statements and SIC-12, Consolidation – Special Purpose Entities. Concurrent with the issuance of IFRS 10, the IASB also issued:

IFRS 11, Joint Ventures;

IFRS 12, Disclosures of Involvement with Other Entities;

IAS 27, Separate Financial Statements (revised 2011), has been amended for the issuance of IFRS 10 but retains the current guidance for separate financial statements; and

IAS 28, Investments in Associates and Joint Ventures (revised 2011), has been amended for conforming changes based on the issuance of IFRS 10 and IFRS 11.

IFRS 10, Consolidated Financial Statements

IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

New Standards and Interpretations Not Yet Adopted (cont'd)

IFRS 11, Joint Venturers

IFRS 11 establishes principles for financial reporting by parties to a joint arrangement. The IFRS supersedes IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities—Non-Monetary Contributions by Venturers and is effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted.

IFRS 11 is concerned principally in addressing two aspects of IAS 31: first, that the structure of the arrangement was the only determinant of the accounting and, second, that an entity had a choice of accounting treatment for interests in jointly controlled entities. IFRS 11 improves on IAS 31 by requiring a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations arising from the arrangement.

The disclosure requirements for joint arrangements are specified in IFRS 12 Disclosure of Interests in Other Entities.

IFRS 12, Disclosure of Interests in Other Entities

IFRS 12 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

IFRS 13 Fair Value Measurement

IFRS 13, which is effective from 1 January 2013, defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 does not determine when an asset, a liability or an entity's own equity instrument is measured at fair value. Rather, the measurement and disclosure requirements of IFRS 13 apply when another IFRS requires or permits the item to be measured at fair value (with limited exceptions).

4. SIGNIFICANT ACCOUNT JUDGMENT, ESTIMATES AND ASSUMPTIONS

The preparation of these unaudited condensed consolidated interim financial statements in conformity of IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

In particular, information about significant areas of estimation uncertainty considered by management in preparing the consolidated financial statements is described below:

i) Exploration and Evaluation Expenditure

The application of the Company's accounting policy for E&E expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditures is capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

ii) Title to Mineral Property Interest

Although the Company has taken steps to verify title to mineral properties in which it has interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfer and title may be affected by undetected defect.

iii) Asset Retirement Obligations

The Company recognizes the liability for an asset retirement obligation. The relevant costs in associated with the assets retirement obligations are estimated based on the Company's interpretation of current regulatory requirements. Based on the assessment, the Company did not have any significant asset retirement obligations at the reporting dates.

4. SIGNIFICANT ACCOUNT JUDGMENT, ESTIMATES AND ASSUMPTIONS (cont'd)

iv) Recovery of Deferred Tax Assets

Judgment is required in determining whether deferred tax assets are recognized on the statement of financial position. Deferred tax assets, including those arising from un-utilized tax losses require management to assess the likelihood that the Group will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Company operations could limit the ability of the Company to obtain tax deductions in future periods.

v) Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

vi) Share-based Payment Transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of grant. This estimate also requires determining the most appropriate input to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 9.

5. CASH AND CASH EQUIVALENTS

Cash at banks and on hand earns interest at floating and fixed rates based on daily deposit rates.

(Expressed in Canadian Dollars

6. RECEIVABLES

	March 31 2011	December 31 2010	January 1 2010
Sales taxes receivable	$ 53,584	$ 13,125	$ 3,337
Advances to contractors	121,159	124,426	0
Other			
	$ 174,743	$ 137,551	$ 3,337

HST receivables represent input tax credits arising from sales tax levied on the supply of goods purchased or services received in Canada.

Management considers that the fair values of these receivables, which are expected to be recovered quarterly, are not materially different from their carrying amounts because these amounts have short maturity periods on inception.

7. EXPLORATION AND EVALUATION ASSETS

	Twigg Licenses	TML Licenses	Total
Costs			
Balance at January 1, 2010	32,312	3,179,077	3,211,389
Acquisition costs	18,618		18,618
Exploration costs	–	775,018	775,018
Foreign exchange movement	–	(96,016)	(96,016)
Balance at December 31, 2010	50,930	3,858,079	3,909,009
Acquisition costs	–	–	–
Exploration costs	–	349,829	349,829
Foreign exchange movement	–	–	–
Balance at March 31, 2011	**50,930**	**4,207,907**	**4,258,837**
Accumulated depletion and impairment losses			
Balance at January 1, 2010	–	–	–
Balance at December 31, 2010	–	–	–
Balance at March 31, 2011	–	–	–
Carrying amounts			
Carrying value at January 1, 2010	32,312	3,179,077	3,211,389
Carrying value at December 31, 2010	50,930	3,858,079	3,909,009
Carrying value at March 31, 2011	**50,930**	**4,207,907**	**4,258,837**

7. EXPLORATION AND EVALUATION ASSETS

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. The Company is currently in the process of negotiating a new agreement to extend the term of the initial work program. 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.

TMP Licenses – Mozambique

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"). As a result of the Acquisition 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. For the mining of Tantalum, a royalty of 3% of sales revenue will be payable to the Mozambique Government.

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 are 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

(Expressed in Canadian Dollars

8. INTANGIBLE ASSETS

Costs	**Mrima Hill**
Balance at January 1, 2010	—
Acquisition costs	501,698
Exploration costs	291,446
Foreign exchange movement	—
Balance at December 31, 2010	793,144
Acquisition costs	6,804,775
Exploration costs	121,962
Foreign exchange movement	—
Balance at March 31, 2011	**7,719,880**
Accumulated depletion and impairment losses	
Balance at January 1, 2010	—
Balance at December 31, 2010	—
Balance at March 31, 2011	—
Carrying amounts	
Carrying value at January 1, 2010	—
Carrying value at December 31, 2010	793,144
Carrying value at March 31, 2011	**7,719,880**

Mrima Hill Project, Kenya

On July 22, 2010 the Company entered into a Conditional Purchase Agreement (the "Agreement") with Finebrook Investments Pty Ltd, as trustee for the O'Sullivan Superannuation Fund ("O'Sullivan Fund"), Stirling Capital Limited ("Stirling"), Dunross Capital Ltd ("Dunross") and Cortec (Pty) Ltd. ("Cortec UK") to acquire (the "Acquisition") a 70% interest in CMK, a private Kenyan company that holds three prospecting licences in Kenya, subject to certain conditions precedent The Acquisition will be completed in two tranches.

On February 28, 2011 the Company closed the initial tranche of the Acquisition and acquired 7% of the issued share capital of each of Stirling and Cortec UK (the "Initial Closing"), to be held in escrow pending completion of the final tranche of the Acquisition, with the balance of 93% of the issued share capital of Stirling and Cortec UK to be acquired upon the satisfaction of certain condition precedents (the "Final Closing"). In consideration for the acquisition of the 7% interest in Stirling and Cortec UK, the Company paid to the O'Sullivan Fund and Dunross (the "Vendors") a total of Aus$1,128,000 to be expended by the Vendors by June 30, 2011, or such later date as may be agreed upon by the parties, on a work program on the Project; and issued to the Vendors an aggregate of 5,000,000 common shares in the capital of the Company.

(Expressed in Canadian Dollars

8. INTANGIBLE ASSETS (cont'd)

Mrima Hill Project, Kenya

Upon the Final Closing, in consideration for acquiring the balance of a 93% interest in each of Stirling and Cortec UK, the Company will pay to the Vendors approximately Aus$15,161,528 in cash, which amount is subject to adjustment in accordance with the terms of the Acquisition Agreement and receipt of the acceptance of the Exchange, and will issue to the Vendors up to 28,702,353 common shares of the Company.

9. PROPERTY, PLANT AND EQUIPMENT

	Plant & Field Equipment	Furniture & Equipment	Office Equipment	Vehicles	Total
Cost					
Balance at January 1, 2010	$114,648	$1,305	$4,254	$19,955	$140,162
Assets acquired	806,186	9,184	5,297	–	820,667
Balance at December 31, 2010	920,834	10,489	9,551	19,955	960,829
Assets acquired	969,543	1,468	2,583	–	973,594
Balance March 31, 2011	**$1,890,377**	**$11,957**	**$12,134**	**$19,955**	**$1,934,423**
Depreciation and impairment losses					
Balance at January 1, 2010	$72,908	$81	$395	$1,853	$75,237
Depreciation for the period	84,407	2,618	1,398	5,986	94,409
Balance at December 31, 2010	157,315	2,699	1,793	7,839	169,646
Depreciation for the period	3,793	812	898	1,476	6,979
Balance at March 31, 2011	**$161,108**	**$3,511**	**$2,691**	**$9,315**	**$176,625**
Carrying amounts					
Carrying value at January 1, 2010	$41,740	1,224	3,859	18,102	64,925
Carrying value at December 31, 2010	763,519	7,790	7,758	12,116	791,183
Carry value at March 31, 2011	**$1,729,269**	**$8,445**	**$9,443**	**$10,640**	**$1,757,797**

(Expressed in Canadian Dollars

10. TRADE AND OTHER PAYABLES

		March 31 2011		December 31 2010		January 1 2010
Trade payables	$	404,928	$	393,560	$	132,332
Due to related parties		16,968		134,861		1,052
Subscriptions received in advance		–		715,978		–
Total	$	421,896	$	1,244,399	$	133,384

11. SHARE CAPITAL AND RESERVES

a) Common Shares

The Company's authorized share capital is an unlimited number of common shares with no par value.

The following outlines the changes in common share capital from January 1, 2010 to March 31, 2011:

i) Issued 9,302,862 common shares pursuant to the exercise of share purchase warrants at a price of $0.15 per share;

ii) Issued 1,100,339 common shares pursuant to the exercise of share purchase warrants at a price of $0.23 per share;

iii) Issued 512,985 common shares in conjunction with the acquisition of the Plant (see Note 4);

iv) Issued 500,000 common shares pursuant to the exercise of stock options at a price of $0.12 per share; and

v) Issued 200,000 common shares pursuant to the exercise of stock options at a price of $0.19 per share.

vi) Pursuant to a non-brokered private placement (the "Financing") 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 per share 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 per share until May 11, 2011. The common shares were recorded at a fair value of $0.18 per share and the warrants were valued at $2,403 (Note 8b).

vii) Issued on August 7, 2010 in accordance with the terms of Darren Townsend's, the Company's President, consulting agreement, 1,000,000 common shares as consideration of the Bonus Shares at a fair market value of $190,000 (See Note 15).

11. SHARE CAPITAL AND RESERVES (cont'd)

a) Common Shares (cont'd)

i) The Company issued 639,078 shares at $0.23 per share pursuant to the exercise of warrants outstanding at December 31, 2010.

ii) The Company issued 40,000 shares at $0.12 per share, 75,000 shares at $0.185 per share, 500,000 shares at $0.23 per share, and 150,000 shares at $0.25 per share pursuant to the exercise of stock options outstanding at December 31, 2010.

iii) The Company issued 25,000 shares at $0.30 per share pursuant to the exercise of warrants issued subsequent to December 31, 2010.

iii) On January 10, 2011, the Company completed Tranche one of a brokered private placement (the "Offering"), which included the issuance of 7,262,400 units at a purchase price of $0.22 per unit for gross proceeds of $1,597,728. Each unit comprised of one common share and one half of a non-transferable common share purchase warrant. Each warrant entitles the holder to purchase one common shares of the Company at a purchase price of $0.30 per share, at any time within eighteen months from issuance, subject to an accelerated expiry date in certain circumstances.

Macquarie Private Wealth Inc. ("Macquarie") received consideration for brokerage services provided to the Company in connection with Tranche one of the Offering, including a cash commission of $124,298 as well as an aggregate of 580,992 broker units. Each broker unit entitles Macquarie to purchase, at any time within eighteen months from the closing date of the Offering, one unit at a purchase price of $ 0.22 per unit. Each unit comprised of one common share and one half of a non-transferable common share purchase warrant, which have the same terms as the warrants noted above.

In accordance with Canadian securities legislation currently in effect, the securities issued pursuant to Tranche one of the Offering will have a restricted "hold" period in Canada expiring on May 8, 2011.

On February 25, 2011, the Company closed the balance of the Offering, which included the issuance of a further 15,464,872 units at a purchase price of $0.22 per unit for gross proceeds of $3,402,271. Each unit comprised of one common share and one half of a non-transferable common share purchase warrant, which have the same terms as the warrants noted above.

Macquarie was paid a cash commission of $272,182 in connection with the balance of the Offering, as well as issued an aggregate of 1,237,189 broker units. Each broker unit entitles Macquarie to purchase, at any time within eighteen months from issuance one unit at a purchase price of $ 0.22 per unit. Each unit comprises of one common share and one half of a non-transferable common share purchase warrant, which have the same terms as the warrants noted above.

(Expressed in Canadian Dollars

11. SHARE CAPITAL AND RESERVES (cont'd)

a) Common Shares (cont'd)

In accordance with Canadian securities legislation currently in effect, the securities issued pursuant to the Financing will have a restricted "hold" period in Canada expiring on June 26, 2011.

Pursuant to the Offering, as at December 31, 2010 the Company had received $715,978 in subscriptions.

iv) On January 21, 2011 the Company completed a non brokered private placement for 1,000,000 units at a price of $0.90 for gross proceeds to the Company of $900,000. Each unit is comprised of one common share and one half of a non-transferable common share purchase warrant. Each full warrant entitles the holder to purchase one common share at a purchase price of $1.10 per share, at any time within eighteen months from issuance.

b) Preferred Shares

a. The Company is authorized to issue unlimited preferred shares "Class A" with a par value of $1.00 each

b. The Company is authorized to issue unlimited preferred shares "Class B" without par value

There are no preferred shares outstanding at January 1, 2010, December 31, 2010 and March 31, 2011.

c) Escrowed Shares:

As at March 31, 2011 and 11,855,297 held in escrow, subject to release by regulatory approval.

d) Contributed Surplus:

The following is a summary of changes in contributed surplus from January 1, 2010 – March 31, 2011:

		March 31		December 31		January 1
	$	2011		2010		2010
Warrants - Note 11	$	1,699,233	$	(68,620)	$	–
Share options - Note 11		–		212,583		–
Contributed Surplus	$	1,699,233	$	143,963	$	–

(Expressed in Canadian Dollars

11. SHARE CAPITAL AND RESERVES (cont'd)

e) Share Purchase Warrants:

	Number	Weighted Average Share Price
Balance, January 1, 2010	8,397,653	$0.15
Issued	1,980,544	$0.23
Forfeited	(125,000)	$0.15
Exercised	(9,348,997)	$0.16
Balance, December 31, 2010	904,200	$0.23
Issued	11,863,631	$0.33
Exercised	(300,000)	$0.23
Balance, March 31, 2011	**12,467,831**	**$0.33**

At March 31, 2011 12,467,831 share purchase warrants were outstanding. Each warrant entitles the holders thereof the right to purchase one common share as follows:

Number	Exercise Price	Expiry Date
604,200	$0.23	11-May-11
500,000	$1.10	20-Jul-12
3,631,200	$0.30	10-Jul-12
7,732,431	$0.30	25-Aug-12
12,467,831		

f) Agents Options

The following is a summary of changes in Agents Options from January 1, 2010 to March 31, 2011

	Number	Weighted Average Share Price
Balance, January 1, 2010	—	—
Issued	—	—
Exercised	—	—
Balance, December 31, 2010	—	—
Issued	1,818,181	$0.22
Exercised	—	—
Balance, March 31, 2011	1,818,181	

(Expressed in Canadian Dollars

11. SHARE CAPITAL AND RESERVES (cont'd)

f) Agents Options (cont'd)

During the period ended March 31, 2011, a compensation charge of $1,699,233 associated with the grant of 1,818,191 Agent Options was recorded to share capital. For purposes of these calculations, the following assumptions were used for the Black-Scholes model:

	2011	2010
Risk-free interest rate	1.70%	–
Expected dividend yield	—	–
Expected stock price volatility	93.19% – 94.57%	–
Expected option life	1.6yrs	1.6 yrs

At March 31, 2011 1,818,181 Agents Options were outstanding. Each Option entitles the holders thereof the right to purchase one unit exercisable into one common share and one half of one non-transferable common share purchase warrant, which have the same terms as the warrants as described in Note 10 hereinabove.

Number	Exercise Price	Expiry Date
580,992	$0.22	10-Jul-12
1,237,189	$0.22	8/25/2012
1,818,181		

g) Agents Warrants

	Number	Weighted Average Share Price
Balance, January 1, 2010	1,030,209	$0.15
Issued	75,118	$0.23
Exercised	(1,054,204)	$0.15
Balance, December 31, 2010	51,123	$0.23
Issued	0	$0.00
Exercised	(39,078)	$0.23
Balance, March 31, 2011	**12,045**	**$0.23**

At March 31, 2011 12,045 Agents Warrants were outstanding. Each Option entitles the holders thereof the right to purchase one common share as follows:

Number	Exercise Price	Expiry Date
12,045	0.23	11-May-11

(Expressed in Canadian Dollars

12. SHARE BASED PAYMENTS

The Company has a stock option plan in place under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of five years. Vesting is determined by the Board of Directors.

The following is a summary of changes in options from January 1, 2010 to March 31, 2011:

	Number		Weighted Average Exercise Price
Balance, January 1, 2010	2,700,000	$	0.14
Granted	150,000	$	0.285
Granted	1,700,000	$	0.19
Granted	500,000	$	0.23
Granted	200,000	$	0.30
Exercised	(700,000)	$	0.14
Balance, December 31, 2010	4,550,000	$	0.18
Exercised	(265,000)	$	0.16
Balance, March 31, 2011	4,285,000	$	0.17

At March 31, 2011 4,285,000 stock options were outstanding and exercisable under the Plan as follows:

Number of Options		Exercise Price	Expiry Date
300,000	$	0.25	29-Aug-11
1,710,000	$	0.12	7-Aug-14
75,000	$	0.185	14-Apr-15
1,200,000	$	0.19	28-Jul-15
300,000	$	0.19	28-Jul-12
500,000	$	0.23	13-Sep-13
200,000	$	0.3	19-Oct-11
4,285,000			

The weighted average share price at the date of exercise of options during the period ended March 31, 2011 was $0.17 per share (year end Dec 31, 2010 - $0.16)

(Expressed in Canadian Dollars

13. ADMINISTRATIVE AND GENERAL EXPENSES

	March 31 2011	March 31 2010
General and Administrative		
Consulting fees	5,875	
Corporate relations	112,648	2,878
Filing fees	12,360	5,500
Management fees	51,435	16,164
Office	28,166	4,920
Professional fees	38,745	24,074
Transfer agent fees	6,215	3,849
Travel	126,878	13,813
	382,321	**71,198**

14. RELATED PARTY TRANSACTIONS

a) Rental Payments

Rental payments of $2,100 (three months end March 31, 2011: $Nil) were paid to Minco Corporate Management Inc. a Company controlled by the Company's Chief Financial Officer;

b) Key Management Compensation

	March 31 2011		March 31 2010
Key management personnel compensation comprised :			
Consulting fees	95,771	$	47,021

i) Consulting fees of $38,745 (three months ended March 31, 2010 - $15,005) were paid to a company controlled by Terese Gieselman, Chief Financial Officer and Secretary of the Company;
ii) Consulting fees of $57,435 (three months ended March 31, 2010 - $32,010) were paid to Darren Townsend, President and Chief Executive Officer:
iii) Consulting fees of $5,591 (three months ended March 31, 2010 - $Nil) were paid to a company controlled by David Paull director of the Company

c) Related party liabilities:

Amounts due to:	Service for:		March 31 2011		December 31 2010
Darren Townsend	Advance of funds	$	—	$	132,000
Minco Corporate Management Inc.	Consulting Fees	$	16,992	$	—

(Expressed in Canadian Dollars

15. BASIC AND DILUTED LOSS) PER SHARE

The calculation of basic earnings (loss) per share for the three months ended March 31, 2011 was based on the loss attributable to common shareholders of $346,484 (three months ended March 31, 2010 – $130,410) and the weighted average number of common shares outstanding 44,416,352 (three months ended March 31, 2010 – 32,101,050).

Excluded from the calculation of the diluted loss per share for the three month period ended March 31, 2011 are 4,285,000 stock options, 12,467,831 share purchase warrants, 1,818,181 Agents Options and 12,045 Agents Warrants (three months ended March 31, 2010 – 2,700,000 stock options and 7,537,725 share purchase warrants and 1,000,000 Agents Warrants and 60,417 Agents Options.

16. SEGMENT REPORTING

The Company is organized into business units based on mineral properties and has one reportable operating segment, being that of acquisition and exploration and evaluation activities.

As at March 31, 2011	Canada	Mozambique	Total
Current assets	$ 2,748,432	$ 205,899	2,954,331
Property, plant and equipment	38,282	1,719,515	1,757,797
Intangible assets	7,719,881		7,719,881
Exploration and evaluation assets	0	4,258,838	4,258,838
	$ 10,506,594	$ 6,184,252	16,690,846

As at December 31, 2010	Canada	Mozambique	Total
Current assets	$ 1,103,371	$ 185,079	$ 1,288,450
Property, plant and equipment	37,568	753,615	791,183
Intangible assets	793,144		793,144
Exploration and evaluation assets	0	3,909,009	3,909,009
	$ 1,934,083	$ 4,847,703	$ 6,781,786

As at January 1, 2010	Canada	Mozambique	Total
Current assets	$ 638,771	$ 20,628	$ 659,399
Property, plant and equipment	35,638	29,287	64,925
Exploration and evaluation assets	0	3,211,389	3,211,389
	$ 674,409	$ 3,261,304	$ 3,935,713

17. COMMITMENTS

On May 14, 2009 the Company 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 Company shall pay Mr. Townsend on a monthly basis, a fee of $AUS17,000 for a minimum term of 3 years.

The Townsend Contract provides that Mr. Townsend/DJCA Pty Ltd is to be issued bonus shares wherein the Company granted Mr. Townsend a bonus of 2,000,000 common shares (the "Bonus Shares"). Although the liability for the Bonus Shares was deemed to exist as of August 7, 2009, the date of the completion of the Company's Acquisition as described in Note 3, as per the terms of the Townsend Contract, Exchange approval for the Bonus Shares was obtained on April 30, 2010. As such, the liability for the Bonus Shares has been recorded effective as of the date of Exchange approval. The liability for the Bonus Shares is recognized over the period to which they are payable, as follows:

i) 1,000,000 shares on August 7, 2010 (issued), the first anniversary of the completion of the Company's Acquisition of . The shares were valued at the market price of the shares on the Exchange approval date, for an aggregate value of $190,000 which have been expensed as management fees.

ii) 1,000,000 shares on August 7, 2011, the second anniversary of the completion of the Company's Acquisition of The shares were valued at the share price on the Exchange approval date for an aggregate value of $190,000, with $132,796 expensed as management fees during the year ended December 31, 2010. The remaining $57,204 was recorded as shares to be issued at December 31, 2010 and will be expensed during the year ended December 31, 2011.

18. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Company's financial statements for the year-ending December 31, 2011 are the first annual financial statements that will be prepared in accordance with IFRS. IFRS 1, First Time Adoption of International Financial Reporting Standards, requires that comparative financial information be provided. As a result the first date at which the Company has applied IFRS was January 1, 2010 (the "Transition Date"). IFRS 1 requires first-time adopters to retrospectively apply all effective IFRS standards as of the reporting date, which for the Company will be December 31, 2011. However, it also provides for certain optional exemptions and certain mandatory exceptions for first time IFRS adoption. Prior to transition to IFRS, the Company prepared its financial statements in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP").

In preparing the Company's opening IFRS financial statements, the Company has adjusted amounts reported previously in the financial statements prepared -in accordance with Canadian GAAP.

18. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (cont'd)

Initial Elections Upon Adoption

Set forth below are the IFRS 1 applicable exemptions and exceptions applied in the conversion from Canadian GAAP to IFRS.

Business Combinations

The Company elected not to retrospectively apply IFRS 3 Business Combinations to any business combinations that may have occurred prior to its Transition Date and such business combinations have not been restated.

Share-based Payment Transactions

The Company has elected not to retrospectively apply IFRS 2 to equity instruments that were granted and had vested before the Transition Date. As a result of applying this exemption, the Company will apply the provisions of IFRS 2 only to all outstanding equity instruments that are unvested as at the Transition Date to IFRS.

Compound Financial Instruments

The Company has elected not to retrospectively separate the liability and equity components of compound instruments for which the liability component is no longer outstanding at the date of transition to IFRS.

Mandatory Exceptions

Derecognition of Financial Assets and Liabilities

The Company has applied the derecognition requirements in IAS 39 Financial Instruments: Recognition and Measurement prospectively from the Transition Date. As a result any non-derivative financial assets or non-derivative financial liabilities derecognized prior to the Transition Date in accordance with Canadian GAAP have not been reviewed for compliance with IAS 39.

Estimates

IFRS 1 prohibits use of hindsight to create or revise previous estimates. The estimates the Company previously made under Canadian GAAP have not been revised for application of IFRS.

18. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (Cont'd)

Reconciliation of Canadian GAAP Equity and Comprehensive Income to IFRS

The adoption of IFRS has had no impact on the net cash flows of the Company. The changes made to the consolidated statements of financial position and consolidated statements of comprehensive income have resulted in reclassifications of various amounts on the consolidated statements of cash flows, however as there have been no changes to the net cash flows, no reconciliations have been presented.

Deferred tax liabilities

There are a number of IFRS and Canadian GAAP differences in accounting for income taxes, the most significant related to the calculation of temporary differences on non-monetary items and the initial recognition exemption on an asset acquisition.

Under Canadian GAAP, deferred tax balances are calculated in the currency in which the taxes are denominated and then converted to the accounting presentation currency at the current rate. IFRS requires that deferred taxes be determined in an entity's functional accounting currency. The different treatment under IFRS results in a measurement difference for deferred taxes on monetary items where an entity's tax and accounting functional currencies differ.

IFRS provides an initial recognition exemption such that a deferred tax asset or liability is not recognized in the event that it arises from initial recognition of an asset or liability acquired outside of a business combination. This exemption does not exist in Canadian GAAP.
The Company had a reduction of approximately $367,939 to the carrying value of the Muiane Project – Mozambique as at January 1, 2010 and the related future income taxes payable on conversion to IFRS.

Functional currency and exchange translation – Functional and presentation currency

Accumulated other comprehensive loss consists of the change in the cumulative translation adjustment. Due to a change in the functional currency of the Company's Mozambique subsidiary (from Canadian dollars under Canadian GAAP to US dollars in accordance with IFRS), the translation of the Mozambique operations and balances that are used to calculate the cumulative translation adjustment are different for IFRS than for Canadian GAAP. As a result, the cumulative translation adjustment and other comprehensive income (loss) are different under IFRS than in accordance with Canadian GAAP.

Presentation

The presentation in accordance with IFRS differs from the presentation in accordance with Canadian GAAP.

(Expressed in Canadian Dollars

Reconciliation of Statement of Financial Position as at January 1, 2010 – Transition Date

January 1, 2010	Canadian GAAP	Effect of Transition to IFRS	IFRS
Assets			
Current			
Cash and cash equivalents	$ 642,430	$ —	$ 642,430
Receivables	3,337	—	3,337
Prepaid expenses and advances	13,632	—	13,632
	659,399	—	659,399
Property, plant and equipment	64,925	—	64,925
Exploration and evaluation assets	3,579,328	(367,939)	3,211,389
Total Assets	$ 4,303,652	$ (367,939)	$ 3,935,713
Liabilities			
Current			
Trade and other payables	$ 133,384	$ —	$ 133,384
Deferred income tax liability	473,700	(367,939)	105,761
Total Liabilities	607,084	(367,939)	239,145
Shareholders' equity			
Share capital	2,320,140	—	2,320,140
Contributed surplus	3,323,726	—	3,323,726
Accumulated other comprehensive income	(15,501)	15,501	—
Accumulated deficit	(1,931,797)	(15,501)	(1,947,298)
Total shareholders' equity	3,696,568	—	3,696,568
Total liabilities and shareholders' equity	$ 4,303,652	$ (367,939)	$ 3,935,713

(Expressed in Canadian Dollars

Reconciliation of Statement of Financial Position as at March 31, 2010

March 31, 2010	Canadian GAAP	Effect of Transition to IFRS	IFRS
Assets			
Current			
Cash and cash equivalents	$ 348,371	$ —	$ 348,371
Receivables	1,754	—	1,754
Prepaid expenses and advances	13,669	—	13,669
	363,794	—	363,794
Property, plant and equipment	167,041	—	167,041
Exploration and evaluation assets	3,654,292	(367,939)	3,286,353
Total Assets	$ 4,185,127	$ (367,939)	$ 3,817,188
Liabilities			
Current			
Trade and other payables	$ 21,619	$ —	$ 21,619
Deferred income tax liability	473,700	(367,939)	105,761
Total Liabilities	495,319	(367,939)	127,380
Shareholders' equity			
Share capital	2,555,129	—	2,555,129
Contributed surplus	3,323,725	—	3,323,725
Accumulated other comprehensive income	(71,171)	15,501	(55,670)
Accumulated deficit	(2,117,875)	(15,501)	(2,133,376)
Total shareholders' equity	3,689,808	—	3,689,808
Total liabilities and shareholders' equity	$ 4,185,127	$ (367,939)	$ 3,817,188

(Expressed in Canadian Dollars

Reconciliation of Statement of Financial Position as at December 31, 2010

December 31, 2010	Canadian GAAP	Effect of Transition to IFRS	IFRS
Assets			
Current			
Cash and cash equivalents	$ 1,138,501	$ —	$ 1,138,501
Receivables	137,551	—	137,551
Prepaid expenses and advances	12,398	—	12,398
	1,288,451	—	1,288,451
Property, plant and equipment	791,183	—	791,183
Exploration and evaluation assets	4,276,948	(367,939)	3,909,009
Intangible assets	793,144	—	793,144
Total Assets	$ 7,149,725	$ (367,939)	$ 6,781,786
Liabilities			
Current			
Trade and other payables	$ 528,421	$ —	$ 528,421
Subscriptions received in advance	715,978	—	715,978
	1,244,399	—	1,244,399
Deferred income tax liability	937,000	(367,939)	569,061
Total Liabilities	2,181,399	(367,939)	1,813,460
Shareholders' equity			
Share capital	5,284,647	—	5,284,647
Shares reserved to be issued	(57,204)	—	(57,204)
Contributed surplus	3,467,689	—	3,467,689
Accumulated other comprehensive income	(98,791)	15,501	(83,290)
Accumulated deficit	(3,628,014)	(15,501)	(3,643,515)
Total shareholders' equity	4,968,326	—	4,968,326
Total liabilities and shareholders' equity	$ 7,149,725	$ (367,939)	$ 6,781,786

(Expressed in Canadian Dollars

Reconciliation of the Statement of Comprehensive Loss for the Three Months Ended March 31, 2010:

	Canadian GAAP	Effect of Transition to IFRS	IFRS
Interest and other income	$ 1,842	$ —	$ 1,842
Expenses			
Administrative and general	71,198	—	71,198
Depreciation	8,973	—	8,973
Exploration	104,747	—	104,747
Loss on foreign exchange	3,004	—	3,004
Total expenses	187,922	—	187,922
Loss before other comprehensive loss	(186,080)	—	(186,080)
Other comprehensive loss			
Foreign exchange differences on translating foreign operations	(55,670)	—	(55,670)
Total other comprehensive income	(55,670)	—	(55,670)
Total comprehensive loss for the period	$ (241,750)	$ —	$ (241,750)

(Expressed in Canadian Dollars

Reconciliation of the Statement of Comprehensive Loss for the Year Ended December 31, 2010:

	Canadian GAAP	Effect of Transition to IFRS	IFRS
Interest and other income	$ 10,555	$ —	$ 10,555
		—	
		—	
Expenses		—	
Administrative and general	860,014	—	860,014
Depreciation	94,409	—	94,409
Loss on foreign exchange	11,620	—	11,620
Stock based compensation	277,430	—	277,430
Total expenses	1,243,474	—	1,243,474
Loss before income tax	(1,232,919)	—	(1,232,919)
Income tax expense	(463,300)	—	(463,300)
Loss after income tax	(1,696,219)	—	(1,696,219)
Other comprehensive loss			
Foreign exchange differences on translating foreign operations	(83,290)	(15,501)	(98,791)
Total other comprehensive income	(83,290)	(15,501)	(98,791)
Total comprehensive loss for the period	$ (1,779,509)	$ (15,501)	$ (1,795,010)
Loss per common share basic and diluted	$ (0.03)	—	(0.03)
Weighted average number of common shares	$ 70,317,305	$ —	$ 70,317,305