PACIFIC WILDCAT RESOURCES CORP.

a d v a n c e d   a n d   s t r a t e g i c   m i n e r a l s   a n d   m e t a l s

Unaudited condensed Interim Financial Statements of:

PACIFIC WILDCAT RESOURCES CORP.
(An Exploration Stage Company)

(An Exploration Stage Company)

June 30, 2012

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 six months ended June 30, 2012 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.

Pacific Wildcat Resources Corp.
June 30, 2012
(Expressed in Canadian Dollars)

INDEX

Unaudited Condensed Consolidated Financial Statements

- **Unaudited Condensed Consolidated Interim Statement Of Financial Position**
- **Unaudited Condensed Consolidated Interim Statements Of Comprehensive Loss**
- **Unaudited Condensed Consolidated Interim Statements Of Cash Flows**
- **Unaudited Condensed Consolidated Interim Statement Of Changes In Equity**
- **Notes To The Unaudited Condensed Interim Consolidated Financial Statements**

PACIFIC WILDCAT RESOURCES CORP.
(An Exploration Stage Company)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)
Expressed in Canadian Dollars
For the period ended June 30, 2012

	Note		June 30 2012		December 31 2011
ASSETS					
Current					
Cash and restricted cash	4	$	297,794	$	4,331,693
Receivables			162,076		62,658
Prepaids			53,358		431,324
			513,228		4,825,675
Non Current					
Property, plant and equipment	7		2,444,661		2,328,182
Exploration and evaluation assets	5		7,667,863		6,379,558
Deferred acquisition costs	6		28,371,096		14,552,732
		$	38,996,848	$	28,086,147
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current					
Trade and other payables	10	$	553,848	$	669,137
Loan payable	11, 17		250,000		—
			803,848		669,137
Non Current					
Deferred income tax liability			774,000		774,000
Total liabilities			1,577,848		1,443,137
Shareholders' equity					
Share capital			38,949,238		25,098,903
Contributed surplus			5,573,415		5,255,495
Shares reserved to be issued			190,000		190,000
Subscriptions received in advance					2,426,425
Accumulated other comprehensive income			9,117		(3,953)
Deficit			(7,302,771)		(6,323,860)
Total shareholders' equity			37,418,999		26,643,010
		$	38,996,847	$	28,086,147

They are signed on the Company's behalf by:

"David Paull"
David Paull
Director

"Darren Townsend"
Darren Townsend
Director

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 and six months ended June 30, 2012

	Note		Three Months `June 30				Six Months `June 30		
			2012		2011		**2012**		2011
Interest and other income		$	**14,347**	$	340	$	**17,331**	$	644
Expenses									
Administrative and general	12,13		**412,938**		320,673		**944,258**		660,018
Depreciation	7		**8,308**		7,093		**15,178**		14,071
Impairment			**—**		—		**15,970**		—
Loss on foreign exchange			**10,976**		5,459		**20,839**		5,922
Total expenses			**432,222**		333,224		**996,245**		680,011
Net loss			**(417,875)**		(332,884)		**(978,914)**		(679,367)
Other comprehensive loss									
Gain (loss) on reporting currency translation			**(131,776)**		32,919		**(68,143)**		(10,057)
Total other comprehensive loss			**(131,776)**		32,919		**(68,143)**		(10,057)
Total comprehensive loss for the period		$	**(549,651)**	$	(299,965)	$	**(1,047,057)**	$	(689,424)
Loss per common share basic and diluted		$	**(0.00)**	$	(0.00)	$	**(0.01)**	$	(0.01)

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 six months ended June 30, 2012

	Note	Common Shares Amount	Shares to be Issued	Subscriptions Received	Contributed Surplus	Accumulated Deficit	Accumulated Other Comprehensive Income	Total
Balance, January 1, 2011		$ 5,284,647	$ (57,204)	$ —	$ 3,467,689	$ (3,643,515)	$ (83,290)	$ 4,968,326
Loss for the period		—	—	—	—	(679,367)	—	(679,367)
Exercise of warrants		706,242	—	—	—	—	—	706,242
Stock options exercised		205,711	—	—	—	—	—	205,711
Agent compensation options		—	—	—	709,856	—	—	709,856
Share capital issued		5,900,000	—	—	—	—	—	5,900,000
Shares issued for Mineral Property Interest		5,650,000	—	—	—	—	—	5,650,000
Share issue costs		(2,190,392)	—	—	—	—	—	(2,190,392)
Foreign exchange translation		—	—	—	—	—	(10,057)	(10,057)
Balance, June 30, 2011		$ 15,556,208	$ (57,204)	$ —	$ 4,177,545	$ (4,322,882)	$ (93,347)	$ 15,260,319
Balance, January 1, 2012		$ 25,098,903	$ 190,000	$ 2,426,425	$ 5,255,495	$ (6,323,860)	$ (3,953)	$ 26,643,010
Loss for the period	16	—	—	—	—	(978,914)	—	(978,914)
Share capital issued	8	6,000,000	—	(2,426,425)	—	—	—	3,573,575
Exercise of warrants		8,182	—	—	—	—	—	8,182
Agents warrants		—	—	—	327,625	—	—	327,625
Stock options exercised		57,000	—	—	—	—	—	57,000
Shares issued for Mineral Property Interest	6	8,481,803	—	—	—	—	—	8,481,803
Share issue costs		(696,649)	—	—	—	—	—	(696,649)
Foreign exchange translation		—	—	—	(9,705)	—	13,070	3,365
Balance, June 30, 2012		**$ 38,949,239**	**$ 190,000**	**$ —**	**$ 5,573,415**	**$ (7,302,774)**	**$ 9,117**	**$ 37,418,996**

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 six months ended June 30, 2012

	Note		June 30 2012		June 30 2011
Cash flows from operating activities					
Loss for the year		$	(1,047,057)	$	(679,367)
Adjustments to reconcile loss to net cash used in operating activities:					
Depreciation			15,178		14,071
Changes in non-cash working capital balances:					
Trade and other receivables			(99,416)		(7,073)
Trade and other payables			(206,480)		(221,358)
Prepaid expenses			377,966		(22,021)
Total cash outflows from operating activities			(959,809)		(915,748)
Cash Flows From Investing Activities					
Acquisition of property, plant and equipment			(131,657)		(1,158,702)
Investment in exploration and evaluation assets			(1,288,305)		(687,203)
Interest in Mineral Property Option			(5,336,561)		(1,460,613)
Total cash outflows from investing activities			(6,756,523)		(3,306,518)
Cash Flows From Financing Activities					
Loan payable	10		250,000		
Repayments to related parties			91,191		(133,809)
Subscriptions for the issuance of shares			(2,426,425)		(715,978)
Issuance of shares			6,065,181		6,249,557
Share issue costs			(369,025)		
Net cash provided by financing activities			3,610,922		5,399,770
Effect of foreign exchange on cash			71,511		(67,203)
Increase(decrease) in cash			(4,033,899)		1,110,301
Cash and equivalents, beginning of period			4,331,693		1,138,501
Cash and equivalents, end of period		$	297,794	$	2,248,802

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 Stirling Capital Limited and Cortec (Pty Ltd), indirect owners of a 70% interest in the Mrima Hill Niobium and Rare Earth Property, located in Kenya.

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 AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These condensed interim financial statements for the six month period ended June 30, 2012 have been prepared in accordance with IAS 34 Interim Financial Reporting.

These condensed interim financial statements should be read in conjunction with the Company's 2011 annual financial statements which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The condensed interim financial statements have been prepared using accounting policies consistent with those used in the Company's 2011 annual financial statements except for income tax expense which is recognized in each interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial year.

The condensed interim financial statements are presented in Canadian dollars, which is also the Company's functional currency, unless otherwise indicated.

The condensed interim financial statements were authorized for issue by the Board of Directors on August 24, 2012.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

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

(Expressed in Canadian Dollars

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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.

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.

Standards, Amendments and Interpretations Not Yet Effective

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting periods beginning after January 1, 2012 or later periods.

The following new standards, amendments and interpretations that have not been early adopted in these interim financial statements will or may have an effect on the Company's future results and financial position:

IFRS 9 Financial Instruments
IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 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 1, 2015. The Company is in the process of evaluating the impact of the new standard on the accounting for the available-for-sale investment.

• 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. The Company is yet to assess the full impact of IFRS 10 and intends to adopt the standard no later than the accounting period beginning on January 1, 2013.

• IFRS 11 Joint Arrangements
IFRS 11 describes the accounting for joint arrangements in which two or more parties have joint control; IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC 13 Jointly Controlled Entities — Non-Monetary Contributions by Venturers. The Company is yet to assess the full impact of IFRS 11 and intends to adopt the standard no later than the accounting period beginning on January 1, 2013.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

• IFRS 12 Disclosures of Interests in Other Entities
IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Company is yet to assess the full impact of IFRS 12 and intends to adopt the standard no later than the accounting period beginning on January 1, 2013.

•IFRS 13 Fair Value Measurement
IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The Company is yet to assess the full impact of IFRS 13 and intends to adopt the standard no later than the accounting period beginning on January 1, 2013.

•IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine
In IFRIC 20, the IFRS Interpretations Committee sets out principles for the recognition of production stripping costs in the balance sheet. The interpretation recognizes that some production stripping in surface mining activity will benefit production in future periods and sets out criteria for capitalizing such costs. While the Company is not yet in the production phase, the Company is currently assessing the future impact of this interpretation.

• Amendment to IAS 1 Presentation of Financial Statements
The amendments to IAS 1 revise the presentation of other comprehensive income (OCI). Separate subtotals are required for items which may subsequently be recycled through profit or loss and items that will not be recycled through profit or loss. The standard is effective for annual periods beginning on or after July 1, 2012. The Company is in the process of evaluating the impact of the amendments on the presentation of the income statement.

There are no other IFRSs or IFRIC Interpretations that are not yet effective that would be expected to have a material impact on the Company.

3. SIGNIFICANT ACCOUNT JUDGMENT, ESTIMATES AND ASSUMPTIONS

Precious & Other Metals Exploration makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies and sources of estimation uncertainty that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the condensed interim financial statements within the next financial year are the same as those that applied to the Company's 2011 annual financial statements.

(Expressed in Canadian Dollars

4. CASH AND CASH EQUIVALENTS

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

5. EXPLORATION AND EVALUATION ASSETS

		Twigg Licences		TML Licenses		Total
Costs						
Balance at January 1, 2011	$	50,930	$	4,226,018	$	4,276,948
Acquisition costs		—		—		—
Exploration costs		—		2,066,886		2,066,886
Impairment		(50,930)		—		(50,930)
Foreign exchange movement		—		86,654		86,654
Balance at December 31, 2011	$	—	$	6,379,558	$	6,379,558
Acquisition costs		—		—		—
Exploration costs		—		1,276,761		1,276,761
Foreign exchange movement		—		—		11,544
Balance at June 30, 2012	$	—	$	7,656,319	$	7,667,863

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 stipulated the Company will commit to spend US$200,000 on an initial work program to be completed over an 18 month period. The conditions of this agreement have not been met and the license has now expired therefore the carrying value of this asset has been impaired at December 31, 2011.

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 TML (“TML 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

6. INTEREST IN MINERAL PROPERTY OPTION

		Stirling Capital Limited and Cortec (Pty Ltd) Acquisition
Balance January 1, 2011	$	793,144
Cash payments to vendors		3,333,029
Shares issued to vendors		8,170,000
Drilling and exploration		887,725
Legal, professional and consulting costs		1,368,834
Balance December 31, 2011	$	14,552,732
Cash payments to vendors	$	3,212,700
Shares issued to vendors		8,481,803
Drilling and exploration		1,735,161
Legal, professional and consulting costs		388,699
Total June 30, 2012	$	**28,371,095**

(1) Of the cash payments to vendors, $1,256,104 was spent on exploration.

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 100% of Stirling and Cortec UK (the "Acquisition"). Stirling and Cortec UK collectively have a 70% interest in Cortec Mining Kenya ("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 of 7% and 93%.

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 second tranche 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").

On July 3, 2012 the Company and Vendors entered into a further agreement to settle the previously agreed cash consideration of Cdn$10,960,147 (Aus$10,579,830) that is payable to the Vendors on the closing of the Acquisition by a combination of the issuance of common shares and a convertible promissory note. *See Events after the Reporting Date.*

If the Conditions of the final closing are not met and no extension is negotiated then the Company's 7% interest in Stirling and Cortec UK will be forfeited.

(Expressed in Canadian Dollars

7. PROPERTY, PLANT AND EQUIPMENT

	Assets under Construction	Plant & Field Equipment	Furniture & Equipment	Office Equipment	Vehicles	Total
Cost						
Balance at January 1, 2011	$ —	$ 920,834	$ 10,489	$ 9,551	$ 19,955	$ 960,829
Assets acquired	1,418,327	159,674	1,468	45,674	—	1,625,143
Effect of foreign currency translation		(16,281)				(16,281)
Balance December 31, 2011	$ 1,418,327	$ 1,064,227	$ 11,957	$ 55,225	$ 19,955	$ 2,569,691
Assets acquired	27,613	81,569	4,235	17,655		131,073
Effect of foreign currency translation						583
Balance June 30, 2012	**$ 1,445,940**	**$ 1,145,796**	**$ 16,192**	**$ 72,880**	**$ 19,955**	**$ 2,701,347**
Depreciation						
Balance at January 1, 2011	$ —	$ 157,315	2,699	$ 1,793	$ 7,839	169,646
Depreciation for the period	—	86,092	3,515	6,451	5,986	102,044
Effect of foreign currency translation	—	(30,181)	—	—	—	(30,181)
Balance December 31, 2011	$ —	$ 213,226	$ 6,214	$ 8,244	$ 13,825	$ 241,509
Depreciation for the period		306	2,154	2,985	9,732	15,177
Balance June 30, 2012	**$**	**$ 213,532**	**$ 8,368**	**$ 11,229**	**$ 23,557**	**$ 256,686**
Carrying amounts						
Carrying value at January 1, 2011	$ —	$ 763,519	$ 7,790	$ 7,758	$ 12,116	$ 791,183
Carrying value at December 31, 2011	$ 1,418,327	$ 851,001	$ 5,743	$ 46,981	$ 6,130	$ 2,328,182
Carrying value at June 30, 2012	**$ 1,445,940**	**$ 932,264**	**$ 7,824**	**$ 61,651**	**$ (3,602)**	**2,444,661**

(Expressed in Canadian Dollars

8. SHARE CAPITAL AND RESERVES

i. Common Shares

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

The holders of common shares are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company's residual assets.

The following is a summary of changes in common share capital from January 1, 2011 to June 30, 2012:

	Number of Shares	Issue Price	Total
Balance, January 1, 2011	79,015,454	—	5,151,852
Exercise of warrants	904,200	$0.23	207,966
Exercise of finders' warrants	51,123	$0.23	11,758
Exercise of warrants	3,814,578	$0.30	1,144,373
Exercise of agents option	358,800	$0.22	78,936
Exercise of agents warrants	5,650	$0.30	1,695
Fair value of agents options exercised	—	—	94,950
Exercise of stock options	350,000	$0.25	87,500
Exercise of stock options	40,000	$0.12	4,800
Exercise of stock options	75,000	$0.19	13,875
Exercise of stock options	500,000	$0.23	115,000
Exercise of stock options	200,000	$0.30	60,000
Fair value of stock options	—	—	76,883
Private placement	22,727,272	$0.22	5,000,000
Private placement	1,000,000	$0.90	900,000
Private placement	8,570,606	$0.65	5,570,894
Shares issued for Interest in Mineral Property Option	5,000,000	$1.13	5,650,000
Shares issued for Interest in Mineral Property Option	4,000,000	$0.63	2,520,000
Share issue costs	—	—	-1,591,580
Balance, December 31, 2011	126,612,683		25,098,903
Shares issued for Interest in Mineral Property Option	20,194,768	$0.42	8,481,803
Private placement	17,142,857	$0.35	6,000,000
Share issue costs	—	—	-696,649
Exercise of stock options	300,000	$0.19	57,000
Exercise of warrants	27,272	$0.30	8,182
Balance, June 30, 2012	**164,277,580**	**—**	**38,949,238**

8. SHARE CAPITAL AND RESERVES (Cont'd)

a) 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 was comprised of one common share and one half of a non-transferable common share purchase warrant. Each whole warrant entitles the holder to purchase one common share 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. No value has been attributed to the warrants as part of the unit offerings.

   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 was 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.

   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 was 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 $266,541 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 was 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.

b) On January 21, 2011 the Company completed a non brokered private placement for 1,000,000 units at a price of $0.90 per unit for gross proceeds to the Company of $900,000. Each unit was 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.

8. SHARE CAPITAL AND RESERVES (Cont'd)

c) On August 10, 2011 the Company completed a non-brokered private placement for 8,570,606 Units at a price of $0.65 for gross proceeds to the Company of $5,570,894. Each Unit consists of one common share and one half of one common share warrant (each whole warrant a "Warrant"), entitling the holder to acquire one additional common share at a price of $1.00 per share for 18 months from Closing. The Warrants are subject to an accelerated expiry which comes into effect once the shares trade above a weighted average price of $1.25 for any twenty consecutive trading-day period, subsequent to four months and a day from Closing ("Accelerated Expiry"). In the event of an Accelerated Expiry, the expiry date will be the earlier of the regular 18 month expiry date and 30 days from the date the Company advises the placees of the Accelerated Expiry. No value has been attributed to the warrants as part of the unit offerings.

Finders' fees of 6% cash and 6% warrants ("Finders Warrant") were paid on a portion of the Financing, in accordance with the policies of the Exchange. Each Finders Warrant entitles the holder to purchase one common share (a "Finders Share") at a price of $1.00 per Finder Share for a period of 18 months from issuance for aggregate cash payments of $312,856 and 481,317 Finders Warrants.

d) On January 23, 2012 the Company completed a non-brokered private placement which resulted in the issuance of 17,142,857 Units at a price of $0.35 for gross proceeds to the Company of CDN $6,000,000 of which $2,426,425 was received at December 31, 2011. Each Unit consists of one common share, one half of one common share warrant (each whole warrant a "$0.50 Warrant"), entitling the holder to acquire one additional common share at a price of $0.50 for 18 months from Closing and an additional one half of one common share warrant (each whole warrant a "$0.75 Warrant"), entitling the holder to acquire one additional common share at a price of $0.75 for 18 months from Closing. The $0.50 Warrants are subject to an accelerated expiry which comes into effect once the shares trade above a weighted average price of $0.60 for any twenty consecutive trading-day period, subsequent to four months and a day from Closing ("Accelerated Expiry"). The $0.75 Warrants are subject to an accelerated expiry which comes into effect once the shares trade above a weighted average price of $0.85 for any twenty consecutive trading-day period, subsequent to four months and a day from Closing ("Accelerated Expiry"). In the event of an Accelerated Expiry, the expiry date will be the earlier of the regular 18 month expiry date and 30 days from the date the Company advises the placees of the Accelerated Expiry.

Finders' fees of 6% cash and 6% warrants ("Finders Warrant") were paid on a portion of the Financing, in accordance with the policies of the Exchange. Each Finders Warrant entitles the holder to purchase one common share (a "Finders Share") at a price of $0.50 per Finder Share for a period of 18 months from issuance and on the same terms as the Warrants for aggregate cash payments of CDN $327,625 and 936,073 Finders Warrants at a value of $327,625.

Net proceeds from the Private Placement will be used to advance the Mrima Hill Niobium and Rare Earth Project, advance the Muiane Tantalum Project and to make a payment of AUS $ 3,000,000 to the Vendors (paid) of the Mrima Hill Project as part of the Company's move towards closing the Stirling Capital Limited and Cortec (Pty Ltd) Acquisition.

(Expressed in Canadian Dollars

8. SHARE CAPITAL AND RESERVES (Cont'd)

ii. 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 December 31. 2011 and June 30, 2012.

iii. Escrowed Shares:

As at June 30, 2012 3,951,766 (December 31, 2011 – 7,903,531) held in escrow, subject to release by regulatory approval *See Events after the Reporting Date*.

iv. Contributed Surplus:

The following is a summary of changes in contributed surplus from January 1, 2011 – June 30, 2012:

		June 30 2012		December 31 2011
Balance beginning of period	$	5,255,495	$	3,467,689
Warrants - Note 10		327,625		614,906
Share options - Note 10		—		1,172,900
Effect of foreign exchange		(9,705)		—
Balance end of period	$	5,573,415	$	5,255,495

v. Nature and Purpose of Equity and Reserves

The reserves recorded in equity on the Company's Statement of Financial Position include "Contributed Surplus" and "Accumulated Deficit".

"Contributed Surplus" is used to recognize the value of stock option grants and share purchase warrants prior to exercise.

"Accumulated Deficit" is used to record the Company's change in deficit from earnings from year to year.

(Expressed in Canadian Dollars

8. SHARE CAPITAL AND RESERVES (Cont'd)

vi. Share Purchase Warrants:

	Number	Weighted Average Share Price
Balance, January 1, 2011	904,200	$0.23
Issued	16,148,934	$0.51
Exercised	(4,718,778)	$0.29
Balance, December 31, 2011	12,334,356	$0.51
Issued	18,078,931	$0.62
Exercised	(27,272)	$0.30
Balance, June 30, 2012	30,386,015	$0.32

At June 30, 2012 30,386,015 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
500,000[1]	$1.10	July 20, 2012
1,247,128[1]	$0.30	July 10, 2012
6,274,653[1]	$0.30	August 25, 2012
3,902,553	$1.00	February 3, 2013
375,000	$1.00	February 5, 2013
7,750	$1.00	February 8, 2013
9,507,502	$0.50	July 23, 2013
8,571,429	$0.75	July 23, 2013
30,386,015		

[1] *See Events after the Reporting Date*

vii. Agents Options

The following is a summary of changes in Agents Options from January 1, 2011 to June 30, 2012

	Number	Weighted Average Share Price
Balance, January 1, 2011	—	
Issued	1,818,181	$0.22
Exercised	(358,800)	$0.22
Balance, December 31, 2011 and June 30, 2012	1,459,381	$0.22

(Expressed in Canadian Dollars

8. SHARE CAPITAL AND RESERVES (Cont'd)

g) Agents Options

At June 30, 2012 1.459,381 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 8 hereinabove.

Number	Exercise Price	Expiry Date
242,192[1]	$0.22	July 10, 2012
1,217,189[1]	$0.22	August 25, 2012
1,459,381		

[1] *See Events after the Reporting Date*

h) Agents Warrants

	Number	Weighted Average Share Price
Balance, January 1, 2011	51,123	$0.23
Issued	481,317	$1.00
Issued upon exercise of Agents Option	189,400	$0.30
Exercised	(56,733)	$0.24
Balance, December 31, 2011	665,107	$0.81
Issued	936,073	$0.50
Balance, June 30, 2012	1,601,180	$0.63

At June 30, 2012, 1,601,180 Agents Warrants were outstanding. Each Option entitles the holders thereof the right to purchase one common share as follows:

Number	Exercise Price	Expiry Date
163,750[1]	$0.30	July 10, 2012
148,740	$1.00	February 3, 2013
332,577	$1.00	February 4, 2013
936,073	$0.50	July 23, 2013
1,601,140		

[1] *See Events after the Reporting Date*

(Expressed in Canadian Dollars

9. 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, 2011 to June 30, 2012:

			During the period ended June 30, 2012 and 2011						
Grant Date	Expiry Date	Exercise Price	Opening Balance	Granted	Exercised	Expired	Forfeited	Closing Balance	Vested and Exercisable
8/7/2009	8/7/2014	$0.12	1,810,000	—	—	—	—	1,810,000	1,810,000
4/13/2010	4/13/2015	$0.19	75,000	—	—	—	—	75,000	75,000
7/28/2010	7/28/2015	$0.19	1,200,000	—	(300,000)	—	—	900,000	900,000
7/28/2010	7/28/2012	$0.19	300,000	—	—	—	—	300,000	300,000
8/26/2011	8/26/2016	$0.65	3,250,000	—	—	—	—	3,250,000	3,250,000
8/26/2011	8/26/2013	$0.65	500,000	—	—	—	—	500,000	275,000
9/1/2011	9/1/2016	$0.63	300,000	—	—	—	—	300,000	300,000
			7,435,000	—	(300,000)	—	—	7,135,000	6,910,000
Weighted Average Exercise Price			$0.42	—	—	—	—	$0.43	$0.41

10. TRADE AND OTHER PAYABLES

		June 30 2012		December 31 2012
Trade payables	$	323,168	$	669,137
Due to related parties		230,680		—
Total	$	553,848	$	669,137

11. LOANS PAYABLE

The Company on June 7, 2012 entered into an unsecured loan (the "Loan") with a private investor (the "Holder") for CDN$50,000 (the "Principle Sum"). The Principle Sum plus interest of 12% per annum ("Interest") is due on or before December7, 2012 (the "Maturity Date"); and

The Company on June 19, 2012 entered into an unsecured loan (the "Loan") with a private investor (the "Holder") for CDN$200,000 (the "Principle Sum"). The Principle Sum plus interest of 12% per annum ("Interest") is due on or before December 19, 2012 (the "Maturity Date")

(Expressed in Canadian Dollars

12. RELATED PARTY TRANSACTIONS

a) Rental Payments

i. Rental payments of $4,200 (six months end June 30, 2011: $4,200) were paid to Minco Corporate Management Inc. a Company controlled by the Company's Chief Financial Officer;

	June 30 2012	June 30 2011
Key management personnel compensation comprised :		
Consulting fees	$81,229	$175,720
Legal fees	$34,493	—
Salaries	$165,692	—
Total	$330,234	$175,720

b) Key Management Compensation

i) Consulting fees of $81,229 (six months ended June 30, 2011 - $65,321) were paid to a company controlled by Terese Gieselman, Chief Financial Officer and Secretary of the Company;

ii) Salaries and/or consulting fees of $165,692 (six months ended June 30, 2011 - $104,807) were paid to Darren Townsend, President and Chief Executive Officer:

iii) Consulting fees and office administration fees of $48,820 (six months ended June 30, 2012 - $5,591) were paid to DAPRB PTY LTD. a company controlled by David Paull director of the Company

iv) Legal fees of $34,493 (six months ended June 30, 2012 - $nil) were paid to Norton Rose for services provided by Darryl Levitt, a director of the Company.

c) Related party liabilities:

Amounts due to:	Service for:	June 30 2012	December 31 2011
Minco Corporate Management Inc.	Consulting fees	$4,085	$16,708
Terry Lyons	Expenses	$—	7773

Due to related parties includes $225,000 (December 31, 2012 – $Nil) for loans payable to directors or companies controlled by common directors. The loans are unsecured and bear an interest rate at 12% per annum with a six month repayment due date.

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

(Expressed in Canadian Dollars

13. ADMINISTRATIVE AND GENERAL EXPENSES

	Three Months ended June 30 2012	2011	Six Month Ended June 30 2012	2011
General and Administrative				
Consulting fees	$ 140,790	$ 74,623	$ 431,213	$ 131,932
Corporate relations	61,186	53,400	137,735	166,048
Filing fees	3,018	3,058	15,510	15,417
Office	40,994	70,163	96,309	98,329
Professional fees	147,231	88,062	185,511	126,807
Transfer agent fees	1,396	3,981	6,973	10,196
Travel	18,326	27,387	71,007	111,289
	$ 412,940	$ 320,673	$ 944,258	$ 660,018

14. LOSS PER SHARE

Basic loss per share amounts are calculated by dividing the net loss for the year by the weighted average number of ordinary shares outstanding during the year.

Loss Per Share	June 30 2012	June 30 2011
Loss attributable to ordinary shareholders	($1,047,057)	($689,424)
Weighted average number of common shares	161,502,992	101,556,683
Basic and diluted loss per share	($0.01)	($0.01)

Weighted Average Number of Common Shares	June 30 2012	June 30 2011
Issued common shares at January 1	126,612,683	79,015,454
Effect of shares issued in January 2011	—	8,272,153
Effect of shares issued in February 2011	—	14,221,956
Effect of shares issued in March 2011	—	47,119
Effect of shares issued in April 2011	—	377,348
Effect of shares issued in May 2011	—	150,581
Effect of shares issued in June 2011	—	182,613
Effect of shares issued in January 2012	34,766,000	—
Effect of shares issued in February 2012	124,309	—
Weighted average number of common shares (basic and diluted) at June 30	161,502,992	102,267,225

(Expressed in Canadian Dollars

15. 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.

Details of identifiable assets by geographic segments are as follows:

As at June 30, 2012	Canada	Mozambique	Kenya	Total
Current assets	$ 324,180	$ 189,048	$ —	$ 513,228
Property, plant and equipment	1,711,396	733,265	—	2,444,661
Interest in Mineral Property Option	—	—	28,371,096	28,371,096
Exploration and evaluation assets	—	7,667,863	—	7,667,863
	$ 2,035,575	$ 8,590,176	$ 28,371,096	$ 38,996,847

As at December 31, 2011	Canada	Mozambique	Kenya	Total
Property, plant and equipment	$ 68,634	$ 2,259,548	$ -	$ 2,328,182
Interest in Mineral Property Option	-	-	14,552,732	14,552,732
Exploration and evaluation assets	-	6,379,558	-	6,379,558
	$ 68,634	$ 8,639,106	$ 14,552,732	$ 23,260,472

16. 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"). Exchange approval for the Bonus Shares was obtained on April 30, 2010. However, the services were provided from August 7, 2009, the date in which the Company entered into the Townsend Contract and completed the Company's Acquisition (Note 7). The Company has recognized the expense over the periods in which the services are received, as follows:

i) 1,000,000 shares on August 7, 2010 (issued), the first anniversary of the completion of the Company's Acquisition of TML. The shares were valued at the market price of the shares on the Exchange approval date, for an aggregate value of $190,000 with $48,000 expensed as management fees in the year ended December 31, 2009 and the remaining $142,000 being expensed as management fees in the year ended December 31, 2010.

16. COMMITMENTS

ii) 1,000,000 shares on August 7, 2011 (issued *See Events after the Reporting Date*), the second anniversary of the completion of the Company's Acquisition of TML. The shares were valued at the share price on the Exchange approval date for an aggregate value of $190,000, with $24,000 being expensed as management fees in the ended December 31, 2009, $95,000 expensed as management fees during the year ended December 31, 2010 and the remaining $71,000 being expensed as management fees in the year ended December 31, 2011. Shares to be issued were recorded as $119,000 at December 31, 2010 and $190,000 at December 31, 2011.

17. EVENTS AFTER REPORTING DATE

Acquisition of Stirling Capital Limited and Cortec (Pty Ltd)

The Company and Vendors have agreed, subject to the acceptance of the Exchange (conditional acceptance received on July 12, 2012), to amend the terms of the Acquisition Agreement with respect to the Acquisition of the indirect 70% interest in Cortec Mining Kenya to settle the previously agreed cash consideration of Cdn$10,960,147 (Aus$10,579,830) that is payable to the Vendors on the closing of the Acquisition by a combination of the issuance of common shares and a convertible promissory note.

On Closing the Company will issue to the Vendors an aggregate of 92,592,245 common shares of PAW at a deemed price of Cdn$0.11 per share (for a deemed value of Cdn $ 10,185,147). The balance of Cdn$775,000 of the outstanding cash consideration due to the Vendors will be paid by PAW by the issuance of a convertible promissory note repayable at PAW's election at any time up to 12 months from the closing date of the Acquisition in cash. The Loan will bear interest at the rate of 1% per month, compounded monthly and the principal and any interest is convertible at any time by the Vendors into equity at a price of Cdn$0.11. If the Vendor does not elect to convert to equity then any interest and principal only becomes payable 12 months from the Closing date of the Acquisition in cash.

Subject to Exchange approval the Vendors will also be issued 4,507,585 shares within 7 days from approval (issued).

The overall total value of the consideration to be paid to the Vendors by the Company on completion of the Acquisition has not changed.

Remaining Conditions Precedent to Final Closing includes:

1) Final acceptance by the Exchange;

2) Approval of a majority of disinterested PAW shareholders on the creation of a control person ("Control Person") as defined in the policies of the Exchange ; and

3) PAW completing a debt or equity financing to raise proceeds of between Cdn $ 3,000,000 and $ 5,000,000 at a price of no less than CDN $0.11 per share for working capital purposes at Closing.

The Company's shareholder meeting to approve the creation of a Control Person is scheduled for September 10, 2012. The Vendors shall be entitled, at this time, to nominate two Directors to the Board of Directors of the Company. Closing must take place on or before the 12th September 2012.

17. EVENTS AFTER REPORTING DATE (Cont'd)

Bonus Shares

On July 3, 2012 the remaining 1,000,000 bonus shares as described hereinabove were issued to Darren Townsend extinguishing the liability to issue these shares of $190,000. *See Commitments.*

Warrants

Subsequent to June 30, 2012 the following share purchase warrants, Agents Warrants and Agents Options expired without exercise:

1. 500,000 share purchase warrants at an exercise price of $1.10 expired on July 20, 2012;
2. 1,247,280 share purchase warrants at an exercise price of $0.30 expired on July 10, 2012;
3. 183,750 Agents Warrants at an exercise price of $0.22 expired on July 10, 2012;
4. 242,192 Agents Options at an exercise price of $0.22 expired on July 10, 2012; and
5. 1,217,189 Agents Options at an exercise price of $0.22 expired on August 25, 2012.

On July 24, 2012 the Company received Exchange approval on the extension of the expiry dates of 6,247,381 share purchase warrants from August 25, 2012 to August 25, 2013.

On July 24, 2012 the Company received Exchange approval on the extension of the expiry dates of 6,247,381 share purchase warrants from August 25, 2012 to August 25, 2013.

Escrow Shares

On August 7, 2012 the remaining 3,951,765 shares held in escrow were released.

Loans Payable

Subsequent to June 30, 2012 the Company entered into short term loans in the amount of $200,000 payable to a company controlled by a director. The loan is unsecured, bears an interest rate at 12% per annum and repayable within six months.

On July 27, 2012 the Company entered into a short term loan in the amount of AUS$109,156 payable to a vendor for equipment and supplies. The loan is unsecured, bears an interest rate at 12% per annum and repayable within six months.