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

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS YEAR ENDED

December 31, 2012

MANAGEMENT DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") is intended to assist the reader to assess material changes in financial condition and results of operations of Pacific Wildcat Resources Corp. (the "Company") as at December 31, 2012 and for the year then ended in comparison to the same year ended in 2011. This MD&A should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2012 and December 30, 2011 and related notes.

All financial results presented in this MD&A are expressed in Canadian dollars unless otherwise indicated. The effective date of this MD&A is April 30, 2013.

Throughout the report we refer to PAW, the "Company", "we", "us", "our" or "its". All these terms are used in respect of Pacific Wildcat Resources.

Cautionary Statement on Forward-Looking Information

Certain statements contained in this MD&A may contain forward-looking statements. Use of any of the words 'anticipate', 'continue', 'estimate', 'expect', 'may', 'will', 'project', 'should', 'believe' and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A reflect the current expectations, assumptions or beliefs of PAW based on information currently available to the Company. With respect to forward-looking statements contained in this MD&A, assumptions have been made regarding, among other things, the Company's ability to generate sufficient cash flow from operations and capital markets to meet its future obligations, the regulatory framework in Mozambique and Kenya with respect to, among other things, permits, license's authorizations, royalties, taxes and environmental matters, the ability of management to establish a commercial mining operation on its property in Mozambique, and the Company's ability to continue to obtain qualified staff and equipment in a timely and cost-efficient manner to meet the Company's demand. PAW believes the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct as actual results and future events could differ materially from those anticipated in such statements and such forward-looking statements included in this MD&A and should not be relied upon. Factors that could cause actual results or events to differ materially from current expectations include, but are not limited to: uncertainty of estimates of capital and operating costs, production estimates and estimated economic return; the possibility that actual circumstances will differ from the estimates and assumptions used in the preliminary assessment and mine plans in respect of the Company's properties; failure to establish estimated mineral resources; fluctuations in tantalum, niobium and rare earth prices and currency exchange rates; inflation; metal recoveries being less than those indicated by the testwork carried out to date (there can be no assurance that metal recoveries in small scale laboratory tests will be duplicated in large tests under on-site conditions and during production); political developments in Mozambique and Kenya; changes to regulations affecting the Company's activities; uncertainties relating to the availability and costs of financing needed in the future; the uncertainties involved in interpreting drilling results and other geological date; and the other risks described in this report. These forward-looking statements speak only as of the date of this MD&A. PAW assumes no obligation to update these forward-looking statements except as may otherwise be required pursuant to applicable laws.

OVERALL PERFORMANCE

The Company is incorporated under the Business Corporations Act (British Columbia) and is primarily engaged in mineral exploration company with a focus on becoming a producer of strategic and rare earth metals with its Muiane Tantalum Project in Mozambique and the Mrima Hill Niobium and Rare Earth Project in Kenya. To date, the Company has not earned significant revenues and is considered to be in the exploration stage and 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 is listed on the TSX Venture Exchange, having the symbol PAW.V as a Tier 2 issuer and its corporate office located at Suite 2001 - 1177 West Hastings Street Vancouver, British Columbia Canada, V6E 2K3

Exploration and Development

Mrima Hill Project - Kenya

Acquisition of Stirling Capital Limited and Cortec (Pty Ltd)

The Company completed acquisition of 100% of the issued and outstanding shares of Stirling Capital Limited. and Cortec (PTY) Ltd. (the "Acquisition") on September 12, 2012 (collectively referred to as the "UK Subsidiaries"). The acquisition was made pursuant to the July 22, 2010 Conditional Purchase Agreement (the "Acquisition Agreement") with Finebrook Investments Pty Ltd, as trustee for the O'Sullivan Superannuation Fund ("O'Sullivan Fund ") and Dunross Capital Ltd ("Dunross"). The UK Subsidiaries collectively have a 70% interest in Cortec Mining Kenya, a private Kenyan company that holds two prospecting licences and one mining licence in Kenya. The Acquisition was 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"). As at December 31, 2011 costs incurred were recorded as an interest in a mineral property option as noted herein below).

On December 14, 2011 and April 22, 2012 the Company and the Owners executed Amending Agreements wherein the parties agreed to revise the schedule and timing of the payments to be made on the final closing of the Acquisition. The overall total consideration to be paid to the Owners by PAW did not change.

The key terms of the Amended Agreements, which received acceptance of the TSX Venture Exchange on January 5, 2012, were as follows:

1) PAW will make cash payment of AUS$3,000,000 (paid) to the Owners on the earlier of:
    - two business days after the completion by PAW of a financing to raise minimum gross proceeds of $4,000,000 (completed) and January 31, 2012.
2) The issuance to the Owners on January 3, 2012 of such number of common shares of PAW which when aggregated with the shares already issued to the Owners in connection with the Acquisition, does not exceed 19.9% of the non-diluted number of the issued and outstanding PAW shares as at that date, provided such Closing Shares issued does not exceed the aggregate number of 24,702,352 shares (issued 20,194,768 on January 5, 2012).
3) The final closing will take place on May 7, 2012.

Upon meeting all the remaining closing conditions, which the parties shall use their best endeavors to achieve, the parties have agreed to complete the Acquisition by May 7, 2012 (extended by further amendment) through the issue of the balance of the Closing Shares of approximately 4,500,000 shares and the balance of cash due of approximately $10,960,147 to the Owners on the final closing in accordance with the terms and conditions of the Acquisition Agreement.

On July 3, 2012, subject to Exchange approval the Company and Vendors entered into a further agreement ("Amending Agreement") to settle the previously agreed cash consideration of $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 July 12, 2012 The Company received the Exchange's conditional acceptance to amend the terms of the Acquisition Agreement. Accordingly the Company issued to the Vendors 4,507,584 PAW Shares in accordance with the Acquisition Agreement. The overall total value of the consideration paid to the Vendors by the Company on completion of the Acquisition did not change. The Amending Agreement remained subject to the Company's shareholders approval (received on September 10, 2012).

On September 12, 2012 the Company completed the Final Closing of the Acquisition of the remaining 93% of the issued share capital of the UK Subsidiaries by issuing to the Vendors an aggregate of 92,592,244 common shares of valued at $8,333,302 and issued to the Vendors a convertible promissory notes in the aggregate amount of $775,000. All securities issued to the Vendors on the final closing were subject to a hold period expired on January 13, 2013.

The Company determined that the UK Subsidiaries and CMK did not meet the definition of a business pursuant to IFRS and accordingly the purchase has been accounted for as an asset acquisition, with the primary asset acquired being a 70% interest in mineral properties located in Kenya.

The following sets forth the purchase price allocation to the assets acquired and liabilities assumed:

Purchase Price		
Cash	$	6,650,813
Convertible note payable		775,000
Common shares		25,345,711
Subtotal		32,771,524
Drilling and exploration		2,748,714
Legal, professional and consulting costs		1,898,579
Total additional cost		4,647,293
Total consideration	**$**	**37,418,817**

Net assets acquired:		
Cash	$	72,602
Receivables		104,553
Property, plant and equipment		4,765
Exploration and evaluation assets*		56,135,662
Trade Payables		(129,303)
Loans due to related parties		(1,835,457)
Non-controlling interest		16,036,636)
Due PAW		(897,369)
Total-net assets acquired		37,418,817

***Exploration and evaluation assets include:**

Exploration and evaluation costs (CMK)	$3,007,688
Purchase price	$37,418,817
Adjustment for non-controlling interest	$16,036,636
Adjust for net assets acquired	$ (327,479)
	$56,135,662

As at December 31, 2011 the Company accounted for its 7% interest in the two UK entities as a derivative financial asset carried at cost. On September 12, 2012 the Company purchased the remaining 93% interest and has included all of their assets and liabilities in its consolidated financial statements effective from that date.

		Mrima Hill 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	$	3,987,700
Shares issued to vendors		17,175,711
Drilling and exploration		1,569,543
Legal, professional and consulting costs		133,131
Subtotal	$	37,418,817
Adjust to acquisition costs		(37,418,817)
Balance at December 31, 2012	**$**	**—**

Exploration

On May 11, 2012 the Company reported its Niobium and Rare Earth assay results from the first 1,462 meters (14 holes) of reverse circulation ("RC") drilling from a recently completed 4,941 metres program at Mrima Hill Niobium and Rare Earth project, in Kenya.
Assay results delineating, thick, high grade Niobium and Total Rare Earth Oxide ("TREO") intercepts have been received from RC drilling in the south west of Mrima Hill.

Highlights:

- Wide zones of TREO intercepts from surface and at depth. Intercepts include 23m at 14.80% TREO from 77m (open at depth), 65m at 4.02% TREO from surface and 91m at 4.78% TREO from 21m

- Niobium mineralisation intersected by this drilling has yielded 62m at 1.07% Nb_2O_5 from surface (including 10m at 2.08% Nb_2O_5 from 25m), 93m at 0.88% Nb_2O_5 from 10m (including 38m at 1.28% Nb_2O_5 from 21m), 23m at 1.44% Nb_2O_5 from 77m, 12m at 1.30% Nb_2O_5 from 22m, 14m at 1.35% Nb_2O_5 from 15m, 11m at 1.65% Nb_2O_5 from 46m, and 12m at 1.66% Nb_2O_5 from 97m.

- New intrusive system identified on the south western ridge on Mrima Hill (named "Camp Hill").

A total of 51 RC holes for 4,941m from the 2012 drilling program have now been completed, targeting TREO and Niobium mineralisation on the southern half of Mrima Hill. For further details regarding these drill results are included in the Company's news release dated May 11, 2012 and filed on the Company's website and SEDAR.

On March 25, 2013 CMK received its Special Mining License (the "**License**") from the Republic of Kenya, Mines and Geology Department. The License, which has a term of 21 Years, is for the exploration, development and mining of Niobium and Rare Earth Elements at Mrima Hill. Key Aspects of the License include:

- Area of the License of 142 hectares (area includes key High Grade Niobium and associated High Grade Rare Earth Oxide mineralisation zones);
- Gross Sales Value Royalty (Free on Board) of 3% for Niobium and 5% for Rare Earth Elements payable to the Government of the Republic of Kenya;
- CMK at the appropriate time to put in place mineral ore processing facility to produce Ferro Niobium and to extract Rare Earth Elements; and
- All activities to comply with laws of the Republic of Kenya, including but not limited to, the Environmental Management and Coordination Act No 8, Wildlife Conservation and Management Act CAP 376 and Forest Act No 7.

See the Company's website www.pacificwildcat.com and SEDAR for further details in news releases as described above.

Mozambique

Muiane Project – Mozambique

On September 14, 2012 the Company entered into an agreement (the "Sale Agreement") with Muscadine Limited ("Muscadine") or its duly appointed Nominee, for the sale of 100% of the shares of TML. Muscadine is the owner of the gemstone rights on all TMP Licenses and will now acquire the tantalum rights. The transaction is scheduled to close no later than November 15, 2012, or such other date as may be agreed upon by the parties.

Under the terms of the Sale Agreement, Muscadine will purchase the TML Shares and associated tantalum rights in consideration of the payment to PAW on closing of:

1) a cash payment of US $3,000,000, and

2) the transfer and delivery to PAW of an aggregate of 8,872,727 PAW shares currently owned by Muscadine.

On November 15, 2012 the Company and Muscadine agreed to an extension of the Closing Date of the Sales Agreement until the December 15, 2012 to allow for completion of the Conditions Precedent including applicable regulatory approvals.

On December 14, 2012 the Company was advised by Muscadine they were unable to close the transaction on the 15th December 2012, accordingly the Acquisition Agreement was terminated.

The Company engaged BlueMount Capital Pty Ltd to facilitate divestiture of the Mozambican tantalum assets. As at the date of this report the Company maintains ownership and continues to develop the asset as working capital allows. Operations have been scaled back until such time as the Company has the required capital to improve and facilitate the operation to commercial production.

During the year ended December 31, 2012, the Company has completed an assessment on the TMP licenses and determined that the carrying amount exceeded the recoverable value, and wrote down the carrying the carrying value to its estimated fair value of $1,624,396 and recorded an impairment charge of $6,347,080 in the year.

Exploration and Evaluation Expenditures

	Twigg Licences	TMP Licenses	Mrima Hill	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	—	—	56,135,662	56,135,662
Exploration costs	—	1,533,547	392,981	1,926,528
Foreign exchange movement	—	58,371	—	58,371
Write-down of impairment	—	(6,347,080)	—	(6,347,080)
Balance at December 31, 2012	**$ —**	**$ 1,624,396**	**$ 56,528,643**	**$ 58,153,039**

During the year ended December 31, 2012 and December 31, 2011 exploration expenditures in relation to the Company's projects included:

	Twigg Licenses	TML Licenses	Mrima Hill	Total
Balance December 31, 2010	$ 50,930	$ 4,226,018	$ —	$ 4,276,948
Foreign exchange movement	—	86,654	—	86,654
Assaying	—	40,156	—	40,156
Geological fees and consulting	—	276,767	—	276,767
Salaries	—	462,614	—	462,614
Camp site costs and visits	—	1,242,158	—	1,242,158
Maps miscellaneous	—	12,126	—	12,126
Legal fees	—	33,065	—	33,065
Impairment of mineral properties	(50,930)	—	—	(50,930)
Balance December 31, 2011	$ —	$ 6,379,558	$ —	6,379,558
Foreign exchange movement	—	58,371	—	$ 58,371
Acquisition Costs	—	—	56,135,662	56,135,662
Assaying	—	65,326	7,198	72,524
Geological fees and consulting	—	155,443	286,948	442,391
Salaries	—	836,499	—	836,499
Holding and administrative costs	—	114,191	—	114,191
Site costs	—	336,774	93,605	430,379
Transport and rentals	—	—	—	—
Legal fees	—	25,314	5,230	30,544
Impairment of exploration and evaluation assets	—	(6,347,080)	—	(6,347,080)
Balance December 31, 2012	**$ —**	**$ 1,624,396**	**$ 56,528,643**	**$ 58,153,039**

Outlook

The Company remains focused on the Mrima Hill project and the completion of additional resource definition work including the preparation of an inaugural National Instrument 43-101 compliant total rare earth resource and advancing metallurgical work. The Company will continue the development of the TMP Licenses as resources allow and will look for alternatives sources of funding such as securing an off-take agreement for the Tantalum concentrate, joint venture partner or a sale of the asset.

Selected Annual Information

The following table summarizes selected financial data reported by the Company for the years ended December 31, 2012, December 31, 2011 and December 31, 2010. The following annual results are compliant with International Financial Reporting Standards ("IFRS").

	December 31		
	2012	2011	**2010**
Total revenue	$ —	$ —	$
Loss before other items and future income tax provision	$ (8,880,532)[1,2]	$ (2,802,384)[3]	$ (1,242,620)[4]
Loss per share	$ (0.04)	$ (0.03)	$ (0.02)
Loss after income tax	$ (8,106,532)	$ (3,205,998)	$ (1,696,217)
Loss and comprehensive loss	$ (8,076.649)	$ (3,126,661)	$ (1,779,507)
Total assets	$ 60,846,080	$ 28,086,147	$ 7,149,725
Working capital (deficiency)	$ (2,858,016)	$ 4,156,538	$ 760,031

Significant variances include:

(1) Includes stock based compensation of $639,220 and general and administrative costs of $1,718,417 (see Results of Operations);
(2) Includes impairment of exploration and evaluation assets of $6,347,080 with respect to the TMP Licenses in Mozambique;
(3) Includes stock based compensation of $1,249,783 and general and administrative costs of $1,388,325 (see Results of Operations) and an income tax expense of $406,061); and
(4) Includes stock based compensation of $277,430 and general and administration costs of $831,420.

RESULTS OF OPERATIONS

The Company has no operating revenues and relies on external financings to generate capital for its continued operations. As a result of its activities, PAW continues to incur annual net losses.

The focus of the Company during the year ended December 31, 2012 was the completion of the Acquisition of the Stirling and Cortec UK shares and development of its Muiane project in Mozambique. In support of these activities, for the year ended December 31, 2012, the Company reported a $8,078,649 comprehensive loss or $0.04 basic and diluted loss per share compared to a $3,126,661 net comprehensive loss or $0.03 basic and diluted loss per share for the year ended December 31, 2011. The increase in comprehensive loss was primarily attributed to the impairment of the Company's TMP Licenses in Mozambique of $6,347,080. Decreases to note were share-based payments of $639,220 a decrease from $1,249,783 as well as tax recovery of $774,000 for the current year ended 2012 compared to a tax expense for the 2011 comparative year of $406,061. The deferred income tax recovery adjustment was the result of the impairment of the TMP Licenses.

Administrative and general expenses for the years ended December 31, 2012 and December 31, 2011 consisted of:

		December 31 2012		December 31 2011
Administrative and General Expenses include:				
Consulting fees	$	**203,725**	$	481,795
Corporate relations		**178,284**		318,116
Filing fees		**25,626**		24,746
Financing charges		**245,908**		—
Office		**263,503**		164,511
Professional fees		**386,445**		122,110
Transfer agent fees		**15,573**		24,752
Travel		**74,103**		252,295
Wages		**325,250**		—
	$	**1,718,417**	$	1,388,325

Significant variances to note for the year ended December 31, 2012 include:

The decrease in consulting fees and relative increase in wages was the change in classification of the CEO"s compensation and increase in fees related thereto.

The decrease in corporate development fees and travel was the result of scaling back on marketing to reserve capital resources.

The increase in professional fees relates the review of financing options to complete the Mrima Hill closing and the proposed sale of the TML Licenses.

Financing charges related cash payments of $100,000 and the fair values of the finder's warrants of $145,908 in connection with the Convertible Note financing completed during the year.

Office expenses include expenses related to its subsidiary TML of $50,883 for the year ended December 31, 2012 compared to a credit adjustment of $72,000 in the prior year which primarily relates to the increase in offices fees. Other increases included an increase in administrative fees in relation to the hire of an executive assistant mid-year 2011 ($78,564 including a recruiting charge of $15,672) and 2012 ($101,178) includes a full 12 months of fees.

Significant variances to note for the year ended December 31, 2011 include:

Increase in expenditures for travel and corporate relations for the current period related to concentrated marketing efforts and included a twelve month strategic online program with Stockhouse.

Management fees were capitalized to the Company's Muiane Project.

Increase in office expenditure were the result of increased activities and administrative costs associated with same. Professional fees included accounting and tax work for the Company's Mozambique subsidiary for 2010 year end audit work.

SUMMARY OF QUARTERLY RESULTS

	Dec. 31, 2012	Sept. 30, 2012	June 30, 2012	Mar. 31, 2012
Total revenues	$0	$0	$0	$0
Comprehensive Loss for the period	(6,767,885)	$(263,717)	$(549,641)	$(497,406)
Basic and diluted loss per share	$(0.04)	$(0.00)	$(0.00)	$(0.00)

	Dec. 31, 2011	Sept. 30, 2011	June 30, 2011	Mar. 31, 2011
Total revenues	$0	$0	$0	$0
Comprehensive Income (loss) for the period	$(438,144)	$(2,042,068)	$(299,965)	$(346,484)
Basic and diluted loss per share	$(0.00)	$(0.02)	$(0.00)	$(0.00)

Fourth Quarter

The Company during the three months ended December 31, 2013 reported a loss of $6,767,885 ($0.04 loss per share). The primary component of the operating expense included the impairment of TMP Licenses located in Mozambique of $6,347,080 with an adjustment to income tax recovery of $774,000 in connection with this impairment. In addition the Company recorded financing charges of $245,908 in connection with the completion of the Convertible Note.

During the three months ended December 31, 2011 the Company reported a loss of $438,144 ($0.00 loss per share). A primary component of the operating expenses related to the Mrima Hill acquisition.

Significant variances to note for the 2012 – 2011 quarters include:

The reduction in expenses for the September 30, 2012 quarter related to the scale back of investor relations, employees, office administration to conserve cash on hand.

During the quarter ended September 30, 2011 the Company recorded stock-based compensation expense of $1,397,542. In addition an increase in expenditures for corporate relations of $110,429 related to concentrated marketing efforts and included a twelve month strategic online program with Stockhouse. Additional office expenditures and an increase in wages were also incurred as a result of the increased activity in relation to the Kenya transaction.

FINANCINGS

On July 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 $6,000,000 of which $2,426,425 was already received at the year end. 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 $327,625 and 937,573 Finders Warrants at a value of $14,095.

Net proceeds from the Private Placement were used to advance the Mrima Hill Niobium and Rare Earth Project, 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.

The Company issued 300,000 common shares pursuant to the exercise of stock options for proceeds of $57,000.

The Company issued 27,272 common shares pursuant to the exercise of share purchase warrants for proceeds of $8,182.

On April 24, 2013 the Company completed a non-brokered private placement (the "Financing") which resulted in the issuance of 19,983,332 units at a purchase price of $0.06 per unit for gross proceeds of $1,200,000. Each unit comprise of one common share of the Company and one-half of one non-transferable common share purchase warrant. Each whole warrant will entitle the holder thereof to purchase one additional common share of the Company at an exercise price of $0.10 per share for a period of 12 months from the closing date of the private placement.

On April 25, 2013 the Company announced subject to Exchange approval, that it will conduct a non-brokered private placement financing to raise aggregate gross proceeds of up to $1,500,000 through the issuance of up to 21,428,572 units at a price of $0.07 per unit. Each unit will consist of one common share of the Company and one-half of one non-transferable common share purchase warrant. Each whole warrant will entitle the holder thereof to purchase one additional common share of the Company at an exercise price of $0.10 per share for a period of 12 months from the closing date of the private placement.

Loans Payable

i) <u>Non-related parties</u>

a) On June 7, 2012, the Company entered into an unsecured loan with a private investor for $51,689 (AUS$50,000). The principal plus interest of 12% per annum was due on or before December 7, 2012. The Company intends to settle the principal plus interest payable by the issue of units. On April 26, 2013 the Company received Exchange approval and has settled the debt through issuance of units.

b) On June 12, 2012, the Company entered into an unsecured loan with a private investor for $50,000. The principal plus interest of 12% per annum was due on or before December 12, 2012. The Company intends to settle the principal plus interest payable by the issue of units. On April 26, 2013, the Company has received the Exchange approval and has settled the debt through the issuance of units.

c) On June 19, 2012, the Company entered into an unsecured loan with a private investor for $200,000. The principal plus interest of 12% per annum was due on or before December 19, 2012. The Company intends to settle the principal payable by the issue of units and the interest from available funds. On April 26, 2013, the Company has received the Exchange approval and has settled the debt through the issuance of units.

d) On July 27, 2012, the Company entered into an unsecured loan with a private investor for $112,821(AUS$109,156). The principal plus interest of 12% per annum was due on or before December 27, 2012. The Company intends to settle the principal payable by the issue of units and the interest from available funds. On April 26, 2013, the Company has received the Exchange approval and has settled the debt through the issuance of units.

e) On September 6, 2012, the Company entered into an unsecured loan with a private investor for $51,689 (AUS$50,000). The principal plus interest of 12% per annum was due on or before December 6, 2012. The Company intends to settle the principal payable by the issue of units and the interest from available funds. On April 26, 2013, the Company has received the Exchange approval and has settled the debt through the issuance of units.

ii) Related parties

a) On June 5, 2012, the Company obtained an unsecured loan of $75,000 from Townsend Family Trust, a trust owned by the CEO of the Company. The loan bears interest of 12% compounded monthly and was due 6 months from the date of the loan agreement. Subsequent to the year ended December 31, 2012, the Company repaid the principal and accrued interest owing.

b) On June 19, 2012, the Company obtained an unsecured loan of $250,000 from Red Island Resources, a private company a director of the Company, David Paull has an interest in. The loan bears interest of 12% compounded monthly and was due 6 months from the date of the loan agreement. The Company intends to settle the principal payable and the interest from available funds. On April 26, 2013, the Company has received the Exchange approval and has settled the debt through the issuance of units

c) On June 7, 2012, the Company obtained an unsecured loan of $50,000 from Terry Lyons, a director of the Company. The loan bears interest of 12% compounded monthly and was due 6 months from the date of the loan agreement. The Company intends to settle the principal plus interest payable by the issue of units. On April 26, 2013 the Company received Exchange approval and has settled the debt through issuance of the units.

d) During the months of September and October, 2012, the Company obtained several unsecured loans total $63,889 (AUS$61,813) from DJCA Pty, a company owned by Darren Townsend, the CEO of the Company. The loans bear interest at 12% per annum compounded monthly and were due 6 months from the date of the loan agreement. The Company intends to repay the principal plus interest payable when funds are available.

Shares for debt settlement

a) On April 3, 2013 the Company has agreed to settle various notes payable (the "Debt Settlement") of $839,009 with arm's length parties by the issuance of 11,186,783 units at a price of $0.075 per unit. Each unit consists of one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company for a period of 12 months of issuance exercisable at a price of $0.10.

b) A $55,138 of a note payable paid to Terry Lyons, a director of the Company has settled the note by the issuance of 735,173 common shares at a price of $0.075 per share.

The Company received Exchange approval on April 26, 2013. The securities issued pursuant to the Debt Settlement will be subject to a four-month hold period from the date of issuance.

Convertible Notes Payable

a) Credit Facility

The Company has arranged financing by way of a non-revolving secured credit facility (the "Facility") in the aggregate amount of $2,100,000.

Under the terms of the Facility, an aggregate of $2,100,000 can be drawn down by the Company in 3 tranches of $500,000 each and a final tranche of $600,000 at specific drawdown dates over a period of nine months as follows:

(i) September 12, 2012 (drawn down on September 12, 2012);
(ii) December 31, 2012 (drawn down on November 26, 2012) or such earlier pursuant to the terms of the Facility;
(iii) March 31, 2013; and
(iv) June 12, 2013;

Each drawdown under the Facility plus accrued interest at 15% per annum will mature on the earlier of 12 months from the date of such drawdown and the date that the Company completes the sale of assets at a deemed value of not less than $3,000,000. Any amounts not drawn down on a drawdown date will bear a standby fee equal to 3% of the undrawn portion of drawdown amount is payable to the Lender on such applicable drawdown date. The Facility is secured by a charge on the physical assets of TMP and by a pledge of 100% of the shares in TMP.

The amounts drawn down under the Facility plus unpaid accrued interest are convertible into units of the Company at the option of the Lender, at any time prior to their respective maturity date. The conversion rate is fixed on the day immediately preceding the drawdown date, at the greater of $0.11 per unit and the closing market price of the common shares of the Company.

Each unit will consist of one common share of the Company and one share purchase warrant. Each warrant will entitle the holder to purchase one additional common share of the Company at a purchase price equal to the greater of $0.11 per unit and the closing market price of the common shares of the Company on the Exchange as of the date immediately preceding the date of issuance of such warrant, for a period of 12 months from the date of the issuance of the warrants.

The Company has agreed to pay to a finder (the "Finder") at arm's length to the Company and the Lender, a finder's fee on the date of each drawdown in cash equal to 10% of each respective amount drawdown, and will issue to the Finder such number of finder's options which entitle the Finder to purchase such number of common shares of the Company as is equal to 25% of the number of common shares that may be issued on conversion of each amount drawdown at an exercise price equal to the greater of $0.11 per share and the market price of the common shares of the Company on the Exchange as at the closing on the day immediately preceding the date of the drawdown, exercisable for a period of five years from the date of the respective drawdown. Upon the First Drawdown, the Company will pay to the Finder $50,000 in cash (paid) and issue to the Finder an aggregate of 1,136,363 finder's warrants (issued) exercisable at $0.11 per unit until September 12, 2017. The fair value of the finder's warrants was $78,234 and was estimated using Black-Scholes pricing model with the following assumptions:

Grant Date	Expiry Date	Share Price at Grant Date	Exercise Price	Risk-Free-Interest Rate	Expected Life	Volatility Factor	Dividend Yield
Sept. 12/12	Sept. 12/17	$0.09	$0.11	2.68%	5	108%	0%

Upon the Second Drawdown, the Company will pay to the Finder $50,000 in cash (paid) and issue to the Finder an aggregate of 1,136,363 finder's warrants (issued) exercisable at $0.11 per unit until November 26, 2017. The fair value of the warrants was $67,674 and was estimated using Black-Scholes pricing model with the following assumptions:

Grant Date	Expiry Date	Share Price at Grant Date	Exercise Price	Risk-Free-Interest Rate	Expected Life	Volatility Factor	Dividend Yield
Nov. 26/12	Nov. 26/17	$0.08	$0.11	2.30%	5	107%	0%

On November 26, 2012 the Company executed an amendment to the non-revolving credit facility agreement ("Amended and Restated Credit Agreement"). Under the terms of the Amended and Restated Credit Agreement PAW received the second drawdown amount of $500,000.

The total cash payments of $100,000 and the fair values of the finder's warrants of $145,908 was recorded as financing charges and included in the general and administrative costs. The Company has credited the fair values of the finder's warrants to contributed surplus for the year ended December 31, 2012 (2011 - $Nil).

The key terms of the Amended and Restated Credit Agreement are:

1. The requirement to repay the convertible note by the December 17, 2012 if PAW's Tantalum Assets in Mozambique are sold prior to this date.
2. If the Tantalum Asset sale does not close by December 17, 2012 then PAW shall release the convertible note provider from any further obligations with respect to the outstanding instalments (Tranche 3 and 4) of the convertible note, and
3. If the Tantalum Asset sale does not close by December 17, 2012 then PAW and its subsidiaries shall, within a period no later than 3 weeks after the December 17, 2012, provide the convertible note provider and holder with security and charge over the Mozambican Tantalum Assets.

The Company did not complete the sale the Tantalum Assets in accordance with the Agreement, as such Tranche 3 and 4 of the convertible note are not available to the Company. The Company and the provider will look to complete the security charge over the Mozambican Tantalum Assets.

b) Vendors Convertible Note

On September 12, 2012 the Company issued to the Vendors convertible promissory notes in the aggregate amount of $775,000 (the "Vendors Loan").

The notes bear interest at 1% per month, compounded monthly and the principal and the interest is convertible at any time by the Vendors into common shares of PAW at a price of $0.11 per share. If the Vendors do not elect to convert the Vendors Loans into common shares, then the principal and interest becomes due in cash on September 12, 2013. The notes are repayable at the Company's election at any time up to September 12, 2013 in cash.

As of December 31, 2012, the Company has $1,775,000 convertible notes payable (2011 - $Nil) as follows:

		December 31 2012		December 31 2011
Credit facility:				
Principal, due on September 12, 2013 plus interest at 15% per annum	$	500,000	$	—
Principal, due on November 26, 2013, plus interest at 15% per annum		500,000		—
		1,000,000		—
Vendors convertible notes:				
Due on September 12, 2013 plus interest at 12.68% per annum	$	387,500		—
Due on September 12, 2013 plus interest at 12.68% per annum		387,500		—
		775,000		—
Balance, at the end of the year	$	1,775,000	$	—

The Company has estimated the fair values of the credit facility and vendors convertible note using a valuation model with a discount rate of 20% and allocated the residual values to the equity component.

Subsequent to the Company's year end December 31, 2012 and as at the date of this report:

Additional Loans Payable

i) The Company on January 22, 2013 entered into an unsecured loan with a former director of the Company for $19,950. The principal plus interest of 12% per annum is due on or April 22, 2013. The Company intends to repay the principal plus interest payable when available funds are available.

ii) The Company on January 23, 2013 entered into an unsecured loan with a private investor for $50,000. The principal plus interest of 12% per annum is due on or April 23, 2013. The Company intends to settle the principal payable by issuance of units and interest from funds available. On April 26, 2013, the Company has received the Exchange approval and has settled the debt through the issuance of units.

iii) iii) The Company on January 24, 2013 entered into an unsecured loan with a private investor for $51,868 (AUD$50,000). The principal plus interest of 12% per annum is due on or April 24, 2013.The Company intends to settle the principal payable by issuance of units and interest from funds available. On April 26, 2013, the Company has received the Exchange approval and has settled the debt through the issuance of units.

Non-Brokered Private Placement

On April 23, 2013 the Company completed a non-brokered private placement (the "Financing") which resulted in the issuance of 19,983,332 units at a purchase price of $0.06 per unit for gross proceeds of $1,200,000. Each unit comprise of one common share of the Company and one-half of one non-transferable common share purchase warrant. Each whole warrant will entitle the holder thereof to purchase one additional common share of the Company at an exercise price of $0.10 per share for a period of 12 months from the closing date of the private placement.

On April 25, 2013 the Company announced subject to Exchange approval, that it will conduct a non-brokered private placement financing to raise aggregate gross proceeds of up to $1,500,000 through the issuance of up to 21,428,572 units at a price of $0.07 per unit. Each unit will consist of one common share of the Company and one-half of one non-transferable common share purchase warrant. Each whole warrant will entitle the holder thereof to purchase one additional common share of the Company at an exercise price of $0.10 per share for a period of 12 months from the closing date of the private placement.

Shares for Debt Settlement

On April 3, 2013 the Company agreed to settle short term debts (the "Debt Settlement") with arm's length parties of up to an aggregate of $839,009 by the issuance of up to an aggregate of 11,186,792 Units of the Company at a deemed issue price of $0.075 per Unit (the "Unit"). Each Unit will consist of one common share and one half of one common share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share of the Company for a period of 12 months of issuance exercisable at a price of $0.10.

An aggregate of $55,138 of additional debt owed to a Director has been settled by the issuance of 735,171 common shares at a issue price of $0.075 per share.

The debt involved in the Debt Settlement was incurred to provide the Company with working capital over the last 9 months.

The securities issued pursuant to the Debt Settlement will be subject to a four-month hold period from the date of issuance. The Company received Exchange approval on April 26, 2013 and the Company has settled certain notes payable by issuance of units and shares.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2012 the Company had working capital deficiency of $2,858,016 (December 31, 2011 - $4,156,538). The Company has not generated revenue from operations. The Company incurred a net loss of $8,078,649 during the year-ended December 31, 2012, and has accumulated deficit of $14,430,392 and is expected to continue to incur losses. These conditions indicate the existence of material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern.

The Company will be required to raise additional funds through equity issuances, or convertible note or exercise of warrants to fund any further exploration costs and provide working capital to meet its ongoing cash requirements for the next 12 months. The Company does not have any exploration work commitments and has scaled back on employees and operations to conserve cash while it works to obtain additional equity financings. With the granting of the Mining Licence at Mrima Hill the Company whilst confident it can raise additional equity there can be no assurance.

Subsequent to December 31, 2012 the Company completed a financing for $1,200,000 and announced a second financing for $1,500,000 and has settled certain loans outstanding through shares for debt transaction (See Financings) to improve the working capital deficiency.

Although the Company has been successful in raising capital in the past, there is no assurance it will be able to do so in the current market place.

The Company's policy is to invest its cash in highly liquid, short term, interest bearing investments with maturities of 90 days or less from the date of acquisition or over for period longer that may be redeemable after 30 days. The Company is not subject to externally imposed capital requirements. There has been no change in the Company's approach to capital management during the period ended December 31, 2012.

OFF BALANCE-SHEET ARRANGEMENTS

The Company has no off balance-sheet arrangements.

RELATED PARTY TRANSACTIONS

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

a) Rental Payments

i. Rental and administration payments of $8,400 (year end December 31, 2011 - $8,400) were paid to Minco Corporate Management Inc. a Company controlled by the Company's Chief Financial Officer;

ii. Office administration fees of $79,262 (year ended December 31, 2012 - $101,002) were paid to Aspire Mining and/or DAPRB PTY LTD. a company controlled by David Paull director of the Company as reimbursement for shared office space in relation to the Muaine operations and capitalized under Exploration and Evaluation expenditures.

	December 31 2012	December 31 2011
Key management personnel compensation comprised :		
Consulting fees	$177,398	$369,649
Professional fees	$79,107	$105,174
Wages	$325,250	—
Share based payments	—	817,759
	$581,755	$1,292,582

b) Key Management Compensation

i) Wages of $325,250 (2011 - $211,778 consulting fees) were paid to Darren Townsend, President and Chief Executive Officer;
ii) Consulting fees of $122,730 (2011 - $157,871) were paid to a Minco Corporate Management Inc. ("Minco") a company controlled by Terese Gieselman, Chief Financial Officer ("CFO") and Secretary of the Company, providing accounting services, administration staff, corporate compliance services and CFO consulting fees;
iii) Professional fees of $79,107 (2011 - $Nil) were paid to Norton Rose and/or McLeod Dixon for legal services provided by Darryl Levitt, a director of the Company; and
iv) Professional fees of $Nil (2011 - $50,721) were paid to Yunis Shaik Attorneys, a company controlled by Yunis Shaik, a director of the Company.

c) Related party liabilities:

Amounts due to:	Service For		December 31 2012		December 31 2011
Darren Townsend	Consulting fees	$	17,268	$	—
Minco Corporate Management Inc.	Consulting fees	$	3,128	$	16,708
David Anderson	Consulting fees	$	15,504	$	—
Terry Lyons	Expenses	$	508	$	7,773

The related party liabilities are unsecured, non-interest bearing and due on demand.

d) Non-current loans payable

The non-current loans payable to related parties includes loans of $1,913,286 to CMK due to directors or companies controlled by directors of CMK. The advances are unsecured non-interest bearing wherein the lenders have agreed such loans will be not called for repayment before January 1, 2014.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The company is exposed through its operations to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in the note.

General Objectives, Policies and Processes:

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's management. The effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets are reviewed periodically by the Board of Directors if and when there are any changes or updates required.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of interest rate, commodity price risk and foreign currency risk.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company has cash balances and interest-bearing liabilities. The Company's current policy is to invest excess cash in interest bearing accounts of major Canadian chartered banks and other reputable financial institutions. The Company considers this risk to be immaterial. The Company regularly monitors compliance to its cash management policy.
The Company is not subject to interest rate risk on its loans payable and convertible loans payable as the instruments have fixed interest rates.

Cash is subject to floating interest rates.

Commodity Price Risk

The Company's ability to raise capital to fund exploration or development activities may be subject to risks associated with fluctuations in the market prices of the relevant commodities. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

Foreign Currency Risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and US dollar or other foreign currencies will affect the Company's operations and financial results. The Company is in exploration stage and has operations in Mozambique, U.K. and Kenya and transactions are denominated in US dollars, Australian dollars and Kenyan Shilling. As such the Company has exposure to foreign currency exchange rate fluctuations. The Company has not entered into any agreements or purchased any instruments to hedge possible foreign currency risks.

The following table reflects the Company's foreign currency exposure as of December 31, 2012:

	Canadian dollar	US dollar	Australian dollar	Kenyan Shilling	Total
	$	$	$	$	$
Financial assets:					
Cash	37,939	59,338	—	27,498	124,775
Financial liabilities:					
Trade and other liabilities	450,003	—	11,133	—	461,136
Loans payable	250,000	—	216,788	—	466,788
Convertible notes payable	1,775,000	—	—	—	1,775,000
Loans payable to related parties	375,000		63,300	1,913,286	2,531,586

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or a counter party to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash. Cash is maintained with financial institutions of reputable credit and may be redeemed upon demand.

The carrying amount of financial assets represents the maximum credit exposure. Credit risk exposure is limited through maintaining cash with high-credit quality financial institutions and management considers this risk to be minimal for all cash assets based on changes that are reasonably possible at each reporting date.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days. To achieve this objective, the Company would prepare annual capital expenditure budgets, which are regularly monitored and updated as considered necessary. Further, when required the Company utilizes authorizations for expenditures on exploration projects to further manage expenditure. The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other payables, loans payable, convertible notes payable and loans payable to related parties. The Company does not maintain any trade payables beyond a 30 day period to maturity. As of December 31, 2012, the Company has a working capital deficiency of $2,858,016 which is not sufficient to cover funding requirements for operations as currently planned for at least the next twelve months. Subsequent to December 31, 2012, the Company has received $121,818 from the issuance of notes payable and $1,200,000 from the closing of a private placement. In addition, the Company is currently settling certain notes payable with the creditors by issuing common shares of the Company.

Determination of Fair Value

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The Statements of Financial Position carrying amounts for cash, receivables and trade and other payables, notes payable, convertible notes payable and notes payable to related parties approximate fair value due to their short-term nature.

Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

Fair Value Hierarchy

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; and
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

CAPITAL MANAGEMENT

The Company considers its cash, common shares, warrants and stock options as capital. The Company's objectives when maintaining capital are to maintain a sufficient capital base in order to meet its short-term obligations and at the same time preserve investor's confidence required to sustain future development and production of the business.

ADDITIONAL INFORMATION

Outstanding Share Data

PAW's authorized capital is unlimited common shares without par value, unlimited preferred shares "Class A" with a par value of $1.00 and unlimited preferred shares "Class B" without par value. As at the date of this report, 294,282,696 common shares were issued and outstanding. The Company as at the date of this report had the following outstanding options, warrants and convertible securities as follows:

Type of Security	Number	Exercise Price	Expiry Date
Stock option	1,810,000	$0.12	August 7, 2014
Stock option	75,000	$0.185	April 14. 2015
Stock option	1,200,000	$0.19	July 28, 2015
Stock option	3,250,000	$0.65	August 26, 2016
Stock option	500,000	$0.65	August 26, 2013
Stock option	300,000	$0.63	September 1, 2016
Stock option	2,500,000	$0.405	February 22, 2017
Warrants[1]	6,247,381	$0.30	August 25, 2013
Warrants	8,571,429	$0.50	July 23, 2013
Warrants	8,571,429	$0.75	July 23, 2013
Agents Warrants	937,573	$0.50	July 23, 2013
Finders Warrants	1,336,363	$0.11	September 12, 2017
Finders Warrants	1,336,363	$0.11	November 26, 2017
Warrants	4,166,667	$0.10	April 1, 2014
Warrants	5,825,001	$0.10	April 23, 2014
Warrants	5,593,393	$0.10	April 26, 2014

As at the date of this report, there were no shares held in escrow.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Pacific Wildcat is a venture issuer, therefore this section is not applicable. The details of Pacific Wildcat's accounting policies are presented in Note 3 of the audited financial statements for the year ended December 31, 2012. These policies are considered by management to be essential to understanding the processes and reasoning that go into the preparation of the Company's financial statements and the uncertainties that could have a bearing on its financial results.

OTHER REQUIREMENTS

Additional disclosure of the Company's material change reports, news releases and other information can be obtained on SEDAR at www.sedar.com or the Company's website at www.pacificwildcat.com.

Risks and Uncertainties

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. At present, the Company continues to develop the Mrima Hill Property and TMP Licenses. The main operating risk is securing adequate funding to maintain and advance future development of the Mrima Hill property to feasibility and capital expenditures required on the Company's tantalum asset in Muiane in order to reach commercial production and produce tantalum concentrate.

As a mineral exploration company, PAW's performance is affected by a number of industry and economic factors and exposure to certain environmental risks and regulatory requirements. These include metal prices, competition amongst exploration firms for attractive mineral properties, the interest of investors in provided high-risk equity capital to exploration companies, and the availability of qualified staff and equipment such as drilling rigs to conduct exploration.

The Company is subject to the laws and regulations relating to environmental matters in Kenya and Mozambique. The Company conducts its exploration activities in compliance with applicable environmental protection legislation and is not aware of any existing environmental problems related to its properties that may cause material liability to the Company.

In absence of cash flows from operations, the Company relies on capital markets in the junior resource sector, to raises funds. Although the Company has been successful in the past of obtaining such financing through the sale of equity securities, such market is extremely volatile and there is no guarantee that the Company will be able to raise funds as it requires them in the future. Failure to obtain such additional funding could result in the delay or the indefinite postponement of further exploration and the development of the Company's properties.