



PACIFIC WILDCAT RESOURCES CORP.

advanced and strategic minerals and metals

**MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS
FOR THE SIX MONTHS ENDED**

June 30, 2013

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 June 30, 2013 and in comparison to the same period ended in 2012. This MD&A should be read in conjunction with the un-audited condensed interim consolidated financial statements for the periods ended June 30, 2013 and June 30, 2012 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 August 22, 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 data; 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 AND RESULTS OF OPERATIONS

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

As described in the Company's Annual MD&A dated for reference April 30, 2013, on September 12, 2012 the Company completed the acquisition of the UK Subsidiaries which collectively have a 70% interest in CMK a private Kenyan company that holds three prospecting licences in Kenya referred to as the Mrima Hill Property for total acquisition costs of \$56,135,662.

Exploration

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.

On May 21, 2013 the Company commenced assaying work on the first holes of 3,482 metres of Reverse Circulation drilling undertaken in 2012. Assaying is being undertaken in two stages with stage one focusing on ten holes for a total of 976 metres (completed). The purpose of this drilling was to focus on defining high grade Total Rare Earth zones to be used as part of the Company's planned completion of a National Instrument 43-101 compliant Total Rare Earth Resource estimate (the "Technical Report"). On July 29, 2013 the Company reported the updated independent Niobium and inaugural Total Rare Earth Mineral Resource estimate. Completion of the Technical Report will be filed on or before September 13, 2013.

On August 2, 2013 the Company as a result of a review by the British Columbia Securities Commission issued a news release to clarify and retract certain technical disclosure which was disclosed prior to the Company's press release dated July 29, 2013 as noted above. *See News Release of August 2, 2013 filed on www.SEDAR.com and the Company's website.*

On August 7, 2013 the Company become aware of a recent press statement (the "Press Statement") made on 5 August 2013 by the Honourable Najib Balala, Cabinet Secretary of Mining in Kenya (the "Kenyan Ministry Cabinet Secretary"), on the purported revocation of all licences (Prospecting, Exploration and Mining), issued in Kenya between 14th January 2013 and 15th May 2013 and related unverified reports with respect to this issue from news media outlets in Kenya.

The Press Statement discloses that a task force has been appointed to undertake a comprehensive review of all prospecting, exploration and mining licences issued between January 2003 to August 2013. The purpose is to assess the validity of such licences, draft recommendations and provide a report to enable the Kenyan Ministry Cabinet Secretary to take necessary action within sixty days.

From media sources it appears as if the 21 year Special Mining Licence granted to Cortec Mining Kenya Limited ("CMK") (PAW indirect 70% ownership) on 7th March 2013, is affected by the Kenyan Ministry Cabinet Secretary's decision. The Company has not received any formal notification from the Kenyan Ministry of Mining on this matter and CMK's Managing Director and PAW Director Mr. David Anderson is currently making enquiries to the Ministry of Mining to confirm the status of the licence held by CMK.

CMK, who begun its special mining license application process in early 2012 is confident it has complied with all applicable rules and regulations and went through a thorough process in support of its application and is currently seeking legal advice to protect its interests.

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

Mozambique

Muiane Project – Mozambique

As previously reported, the Company did not complete the anticipated sale of 100% of the shares of the Company's Mozambique subsidiary Tantalum Mineracao e Prespeccao Limitada ("TML") to Muscadine the owner of the gemstone rights on all TMP Licenses.

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. As at June 30, 2013 the carrying value of \$1,991,573 is the estimated fair value and no further impairments have been made.

During the period ended June 30, 2013 the Company focused on completing work associated with the Mining License application in Kenya and associated Environmental Impact Assessments and as a result carried out minimal exploration expenditures in comparison to it prior year ended December 31, 2012 as is worked to settle various outstanding loans payable and looked to increase its working capital through the completion of a non-brokered financing.

Expenditures in relation to the Company's projects for the three month period ended March 31, 2013 included:

Exploration and Evaluation Expenditures

	TML Licenses		Mrima Hill		Total
Balance December 31, 2012	\$	1,624,396	\$	56,528,643	58,153,039
Foreign exchange movement		2,433		—	\$ 2,433
Assaying		33,312		6,088	39,401
Geological fees and consulting		—		195,729	195,729
Salaries		81,861		—	81,861
Fieldwork		—		210,960	210,960
Holding and administrative costs		22,364		111,640	134,004
Site costs		209,579		15,340	224,919
Transport and rentals		4,321		—	4,321
Legal		13,306		—	13,306
Balance June 30, 2013	\$	1,991,573	\$	57,068,400	\$ 59,059,973

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

	Twigg Licenses	TML Licenses	Mrima Hill	Total
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)

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Balance December 31, 2012	\$	—	\$	1,624,396	\$	56,528,643	\$	58,153,039
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Financial Condition

	June 30	December 31
	2013	2012
Financial position:		
Cash and cash equivalents	96,993	124,775
Property, plant and equipment	2,403,194	2,409,833
Exploration and evaluation assets	59,059,973	58,153,039
Total Assets	61,716,217	60,846,080
Shareholders' equity	57,304,896	55,791,570

Changes to the Company's financial condition at June 30, 2013 from the Company year ended December 31, 2012 included the receipt of subscriptions pursuant to the non-brokered private placement for gross proceeds of \$1,200,000 completed on April 23, 2013 resulting in the issuance of 19,983,332 units at a purchase price of \$0.06. Each unit is comprised 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.

Additionally on April 25, 2013 the Company announced subject to Exchange approval, that it will conduct a non-brokered private placement financing ("Private Placement") 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. As at the date of this report the Company as of August 12, 2013 closed the first tranche (the "First Tranche") of the Private Placement for 1,849,285 Units for gross proceeds to the Company of \$129,450. Each Unit consists of one common share (a "Share") in the capital of the Company and one-half of one non-transferable common share purchase warrant (a "Warrant"). Each whole Warrant entitles the holder thereof to purchase one additional common share (a "Warrant Share") of the Company at an exercise price of \$0.10 per Warrant Share for a period of 12 months from the closing date of the First Tranche.

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

A note payable and accrued interest totaling \$55,138 due to Terry Lyons a director of the Company, was settled by the issuance of 735,173 common shares at a price of \$0.075 per share.

Outlook

The Company remains focused on the Mrima Hill project and the completion of the Technical Report as described hereinabove. 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.

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.

Financial Results for the three and six months ended June 30, 2013 and June 30, 2012

The focus of the Company during the three months and six months ended June 30, 2013 was focused on the settlement of its non-related loans through the settlement of debt which was completed on April 26, 2013 and

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completion of its Technical Report on Mrima Hill. In support of these activities, the Company reported a \$694,099 comprehensive loss or \$0.00 basic and diluted loss per share for the six months ended June 30, 2013 compared to a \$1,047,057 net comprehensive loss or \$0.01 basic and diluted loss per share for the six months ended June 30, 2012.

During the three months ended June 30, 2013 the Company reported a \$445,663 comprehensive loss or \$0.00 basic and diluted loss per share compared to \$549,651 net comprehensive loss or \$0.01 basic and diluted loss per share for the three months ended June 30, 2012.

The decrease in comprehensive loss was primarily attributed to the decrease in general and administrative expenditures in connection with the scale back of operations to reserve the Company's treasury whilst it worked to complete its shares for debt transaction and non-brokered financing. In addition the Company recorded interest expense on its outstanding loans and convertible notes payable of \$161,047 (June 30, 2012 - \$Nil)

Decreases to note in general and administration included:

	Three Months Ended June 30		Six Months Ended June 30	
	2013	2012	2013	2012
General and Administrative				
Consulting fees	\$ 63,199	\$ 140,790	\$ 79,949	\$ 431,213
Corporate relations	44,378	61,186	46,778	137,735
Filing fees	9,387	3,018	16,057	15,510
Office	32,369	40,994	75,455	96,309
Professional fees	75,504	147,231	102,813	185,511
Transfer agent fees	2,021	1,396	3,146	6,973
Travel	12,523	18,326	14,949	71,007
Wages	67,036	—	159,750	—
	\$ 306,418	\$ 412,940	\$ 498,898	\$ 944,258

Significant variances to note include:

Consulting fees in the prior year included corporate development fees of \$139,493 paid to a corporate financial advisory firm. During the period ended June 30, 2013 the Company had reduced its overhead to minimal consultants in order to reduce overhead costs.

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

SUMMARY OF QUARTERLY RESULTS

	June 30, 2013	March 31, 2013	Dec. 31, 2012	Sept. 30, 2012
Total revenues	\$0	\$0	\$0	\$0
Comprehensive Loss for the period	(445,663)	(248,437)	(6,767,885)	\$(263,717)
Basic and diluted loss per share	\$(0.00)	\$(0.00)	\$(0.04)	\$(0.00)

	June 30, 2012	Mar. 31, 2012	Dec. 31, 2011	Sept. 30, 2011
Total revenues	\$0	\$0	\$0	\$0
Comprehensive Income (loss) for the period	\$(549,641)	\$(497,406)	\$(438,144)	\$(2,042,068)
Basic and diluted loss per share	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.02)

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Significant variances to note for the quarters include:

The increase in reported loss for June 30, 2013, related to the recording of interest expenses of \$70,174 and loss on foreign exchange of \$67,716.

The Company during the three months ended December 31, 2012 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.

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 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.

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.

Comparison of Cash Flows

For the six months ended June 30, 2013 cash used in operations was \$503,639 (Six months ended June 30, 2012 - \$959,809). The primary component is the net loss of \$768,981 (Six months ended June 30, 2012 - \$1,047,057). The cash flows provided from financing activities of \$1,380,358 for the six months ended June 30, 2013, included primarily \$1,199,000 proceeds received from a non-brokered private placement in addition to \$122,450 received from the First Tranche closing of the additional financing as described hereinabove. For the comparative prior quarter cash flow provided of \$3,610,922 was from the proceeds received from a non-brokered private placement, net of share issue costs, subscriptions received from the prior year and repayment of related party amounts. Cash outflows from investing activities included expenditures on the Company's Muaine and Mrima Hill projects of \$904,501 in comparison to the Company's prior six months ended June 30, 2012 of \$1,288,305 on Muaine and \$5,336,561 in connection with the acquisition of Mrima Hill.

Use of Proceeds from Private Placement

During the period ended June 30, 2013 the Company on January 23, 2012 completed a private placement financing for gross proceeds of \$6,000,000 of which \$2,426,425 was received at December 31, 2011 (\$5,630,975 net share issue costs of \$369,025) through the issuance of 17,142,857 units price of \$0.35 per Share (the "Financing").

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

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.

In accordance with the Canadian securities legislation currently in effect, the securities issued pursuant to the Financing will have a restricted "hold" period in Canada expiring on August 24, 2013.

On April 25, 2013 the Company announced subject to Exchange approval, that it will conduct a non-brokered private placement financing (the "Private Placement") 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.

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On August 12, 2013 the Company closed the first tranche (the "First Tranche") of the private placement (the "Private Placement") of up to 21,428,572 units (each a "Unit") to raise aggregate gross proceeds to the Company of up to \$1,500,000, which was originally announced in the Company's news release dated April 25, 2013. A total of 1,849,285 Units were issued in closing of the First Tranche, for gross proceeds to the Company of \$129,450.

The Company further financed its operations through various loans provided from private investors and related parties as follows:

Shares for debt settlement

- a) On April 26, 2013 the Company settled the various notes payable (the "Debt Settlement") as noted herein below under Loans Payable 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.

Loans Payable

As of June 30, 2013 the Company has loans owing of \$59,362 to related parties.

i) Non-related parties

- a) On June 7, 2012, the Company entered into an unsecured loan with a private investor for \$52,971 (December 31, 2102 - \$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 settled the debt through the issuance of units, see Note 23 (c)(i) for events after the reporting date.
- 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 received Exchange approval and 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 received the Exchange approval and settled the debt through the issuance of units.
- d) On June 19, 2012, the Company obtained an unsecured loan of \$250,000 from Red Island Resources, a private company a former director of the Company, had 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 received Exchange approval and settled the debt through the issuance of units.
- e) On July 27, 2012, the Company entered into an unsecured loan with a private investor for \$115,641 (December 31, 2102 - \$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 received Exchange approval and settled the debt through the issuance of units.
- f) On September 6, 2012, the Company entered into an unsecured loan with a private investor for \$52,971 (December 31, 2012 - \$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 received Exchange approval and settled the debt through the issuance of units.
- g) 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 loan was re-paid in full during the period ended June 30, 2013

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- h) 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 received the Exchange approval and settled the debt through the issuance of units.
- i) The Company on January 24, 2013 entered into an unsecured loan with a private investor for \$51,970(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 received the Exchange approval and 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. The loan was re-paid in full during the period ended June 30, 2013.
- b. During the months of September and October, 2012, the Company obtained several unsecured loans totalling \$59,362 (December 31, 2012 -\$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 pay the principal plus interest payable when available funds are available.

The Company further financed its activities through the securing of a convertible debt financing and settling a portion of the acquisition costs of \$775,000 to the Vendors of Mrima Hill in convertible notes as follows:

Convertible Notes Payable

As of June 30, 2013 the Company has \$1,775,000 convertible notes payable (December 31, 2012 - \$1,775,000) as follows:

	March 31 2013	December 31 2012
Credit facility:		
Principal, due on September 12, 2013 plus interest at 15% per annum	\$ 500,000	\$ 500,000
Principal, due on November 26, 2013, plus interest at 15% per annum	500,000	500,000
	<u>1,000,000</u>	<u>1,000,000</u>
Vendors convertible notes:		
Due on September 12, 2013 plus interest at 12.68% per annum	\$ 387,500	387,500
Due on September 12, 2013 plus interest at 12.68% per annum	387,500	387,500
	<u>775,000</u>	<u>775,000</u>
Balance, at the end of the period	\$ 1,775,000	\$ 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 noted the equity component was immaterial.

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2013 the Company had working capital deficiency of \$2,131,484 (December 31, 2012 - \$2,858,016). The Company has not generated revenue from operations. The Company incurred a net loss of \$694,099 during the six months ended June 30, 2013, and as at June 30, 2013 has a working capital deficiency of \$2,131,484 and has accumulated deficit of \$15,199,374 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.

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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.

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 June 30, 2013.

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 \$4,200 (June 30, 2012 - \$4,200) were paid to Minco Corporate Management Inc. a Company controlled by the Company's Chief Financial Officer;

b) Key Management Compensation

	June 30	June 30
	2013	2012
<hr/> Key management personnel compensation comprised :		
Consulting fees	\$51,798	\$81,229
Salaries	\$159,750	\$165,692
Legal fees	—	\$34,493
	\$211,548	\$246,921

- i) Wages of \$159,750 (June 30, 2012 - \$165,692) were paid to Darren Townsend, President and Chief Executive Officer;
- ii) Consulting fees of \$51,798 (June 30, 2012 - \$81,229) 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; and
- iii) Legal fees of \$Nil (June 30, 2012 - \$34,493) were paid to a legal firm for services provided by a former director.

c) Related party liabilities:

			June 30		December 31
Amounts due to:	Service For		2013		2012
Darren Townsend	Salaries	\$	46,574	\$	17,268
Minco Corporate Management Inc.	Consulting fees	\$	—	\$	3,128
Minco Corporate Management Inc.	Expenses	\$	47	\$	—
David Anderson	Consulting fees	\$	—	\$	15,504
Terry Lyons	Expenses	\$	—	\$	508

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 \$2,026,786 to CMK (See note 4 Acquisition of Subsidiary) 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.

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Six Months Ended June 30, 2013**

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 June 30, 2013:

	Canadian dollar \$	US dollar \$	Australian dollar \$	Kenyan Shilling \$	Total \$
Financial assets:					
Cash	16,014	60,573	—	20,406	96,993
Financial liabilities:					
Trade and other liabilities	414,236	—	—	135,936	550,172
Loans payable		—	—	—	—
Convertible notes payable	1,775,000	—	—	—	1,775,000
Loans payable to related parties	—	—	59,362	2,026,786	2,086,148

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.

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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 June 30, 2013, the Company has a working capital deficiency of \$2,131,484 which is not sufficient to cover funding requirements for operations as currently planned for at least the next twelve months.

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, 296,131,981 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:

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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	300,000	\$0.63	September 1, 2016
Stock option	2,500,000	\$0.405	February 22, 2017
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
Warrants	924,643	\$0.10	August 12, 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.