



WILDCAT SILVER CORPORATION

Condensed Consolidated Interim Financial Statements

For the Three Months Ended March 31, 2012

Notice to Reader

These unaudited condensed consolidated interim financial statements have been prepared by management and have not been reviewed by the Company's auditors.

Wildcat Silver Corporation

Condensed Consolidated Interim Statements of Financial Position (Unaudited – in U.S. dollars)

	March 31, 2012	December 31, 2011
Assets		
Current assets:		
Cash and cash equivalents	\$ 9,084,638	\$ 13,885,594
Accounts receivable (note 6)	457,154	304,457
Prepays and other	65,579	59,162
	<u>9,607,371</u>	<u>14,249,213</u>
Due from related party (note 3)	1,403,000	1,396,000
Investment in marketable securities	295,266	319,567
Property, plant and equipment	119,770	102,233
Other assets (note 6)	113,336	111,341
Mineral properties (note 4)	26,682,786	26,682,786
Exploration and evaluation expenditures (note 4)	24,860,452	20,837,981
	<u>\$ 63,081,981</u>	<u>\$ 63,699,121</u>
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities (note 3)	\$ 2,399,086	\$ 3,029,097
Due to related parties (note 6)	82,407	20,835
Total liabilities	<u>2,481,493</u>	<u>3,049,932</u>
Equity		
Equity attributable to shareholders of the Company:		
Common shares	74,703,663	74,695,934
Reserves	4,338,910	3,487,572
Deficit	(21,386,389)	(20,070,779)
	<u>57,656,184</u>	<u>58,112,727</u>
Non-controlling interest (note 3)	2,944,304	2,536,462
Total equity	<u>60,600,488</u>	<u>60,649,189</u>
	<u>\$ 63,081,981</u>	<u>\$ 63,699,121</u>

Nature of operations (note 1)

APPROVED BY THE DIRECTORS

/s/ John R. Brodie

John R. Brodie – Director

/s/ Richard W. Warke

Richard W. Warke – Director

May 4, 2012

See accompanying notes to the condensed consolidated interim financial statements.

Wildcat Silver Corporation

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss (Unaudited – in U.S. dollars)

	Three months ended March 31,	
	2012	2011
Expenses:		
Stock based compensation	\$ 535,879	\$ 145,657
Salaries and benefits	410,045	109,859
Filing and regulatory	19,671	2,729
Office and administrative	92,883	66,385
Professional services	51,541	25,037
Investor relations	26,470	49,216
Insurance	20,180	6,322
Legal	2,783	1,679
Recruitment and relocation fees	-	3,139
Travel	544	31,429
Fiscal and advisory services	2,674	2,362
Directors' fees	2,747	-
Interest and finance charges	1,826	2,896
Depreciation	1,716	4,253
Foreign exchange (gain) loss	171,142	(29,596)
Interest and other income	(19,023)	(4,075)
Loss before income taxes	(1,321,078)	(417,292)
Deferred income tax expense	-	14,206
Net loss	(1,321,078)	(431,498)
Other comprehensive loss (income):		
Unrealized loss on marketable securities, net of deferred income tax of \$nil (March 31, 2011 – recovery of \$14,206)	29,967	87,367
Foreign currency translation gain	(237,548)	(138,452)
	207,581	51,085
Comprehensive loss	\$ (1,113,497)	\$ (380,413)
Net loss attributable to:		
Shareholders of the Company	\$ (1,315,610)	\$ (426,694)
Non-controlling interest	(5,468)	(4,804)
	\$ (1,321,078)	\$ (431,498)
Comprehensive loss attributable to:		
Shareholders of the Company	\$ (1,108,029)	\$ (375,609)
Non-controlling interest	(5,468)	(4,804)
	\$ (1,113,497)	\$ (380,413)
Basic and diluted net loss per share attributable to shareholders of the Company	\$ (0.010)	\$ (0.004)
Weighted average number of shares outstanding	131,757,585	107,128,214

See accompanying notes to the condensed consolidated interim financial statements.

Wildcat Silver Corporation

Condensed Consolidated Interim Statements of Changes in Equity (Unaudited – in U.S. dollars)

	Share Capital		Reserves				Non-controlling interest	Total equity
	Number of Shares	Amount	Accumulated other comprehensive income	Options and warrants	Total	Deficit		
Balance, January 1, 2012	131,751,798	\$ 74,695,934	\$ (761,828)	\$ 4,249,400	\$ 3,487,572	\$ (20,070,779)	\$ 2,536,462	\$ 60,649,189
Stock based compensation expense	-	-	-	535,879	535,879	-	-	535,879
Stock based compensation applied to exploration and evaluation expenditures	-	-	-	113,183	113,183	-	-	113,183
Issued on exercise of stock options	13,333	6,483	-	-	-	-	-	6,483
Share issue costs	-	(4,059)	-	-	-	-	-	(4,059)
Fair value of stock options exercised	-	5,305	-	(5,305)	(5,305)	-	-	-
Required contributions for project costs	-	-	-	-	-	-	413,310	413,310
Comprehensive loss	-	-	207,581	-	207,581	(1,315,610)	(5,468)	(1,113,497)
Balance, March 31, 2012	131,765,131	\$ 74,703,663	\$ (554,247)	\$ 4,893,157	\$ 4,338,910	\$ (21,386,389)	\$ 2,944,304	\$ 60,600,488

See accompanying notes to the condensed consolidated interim financial statements.

Wildcat Silver Corporation

Condensed Consolidated Interim Statements of Changes in Equity (Unaudited – in U.S. dollars)

	Share Capital		Reserves					Non-controlling interest	Total equity
	Number of Shares	Amount	Accumulated other comprehensive income	Options and warrants	Total	Deficit			
Balance, January 1, 2011	105,583,881	\$ 50,282,722	\$ 1,668,993	\$ 3,828,448	\$ 5,749,020	\$ (17,256,872)	\$ 1,289,958	\$ 39,813,249	
Stock based compensation expense	-	-	-	145,657	145,657	-	-	145,657	
Stock based compensation applied to exploration and evaluation expenditures	-	-	-	47,389	47,389	-	-	47,389	
Issued on exercise of warrants	4,481,250	2,461,887	-	-	-	-	-	2,461,887	
Fair value of warrants exercised	-	424,507	-	(424,507)	(424,507)	-	-	-	
Required contributions for project costs	-	-	-	-	-	-	217,053	217,053	
Comprehensive loss	-	-	51,085	-	51,085	(426,694)	(4,804)	(380,413)	
Balance, March 31, 2011	110,065,131	\$ 53,169,116	\$ 1,720,078	\$ 3,596,987	\$ 5,317,065	\$ (17,683,566)	\$ 1,502,207	\$ 42,304,822	

See accompanying notes to the condensed consolidated interim financial statements.

Wildcat Silver Corporation

Condensed Consolidated Interim Statements of Cash Flows (Unaudited – in U.S. dollars)

	Three months ended March 31,	
	2012	2011
Cash provided by (used in):		
Operating activities:		
Net loss	\$ (1,321,078)	\$ (431,498)
Items not affecting cash:		
Stock based compensation	535,879	145,657
Unrealized foreign exchange (gain) loss	175,021	(41,137)
Deferred income tax expense	-	14,206
Depreciation	1,716	4,253
	<u>(608,462)</u>	<u>(308,519)</u>
Net changes in non-cash working capital items:		
Accounts receivable	7,192	(15,664)
Prepaid and other	(6,417)	1,735
Accounts payable and accrued liabilities	(71,018)	(168,031)
Due to related parties	61,572	(7,427)
	<u>(617,133)</u>	<u>(497,906)</u>
Financing activities:		
Exercise of share warrants and options	6,483	2,461,887
Contributions from non-controlling interest	253,421	36,597
Other	(4,059)	-
	<u>255,845</u>	<u>2,498,484</u>
Investing activities:		
Purchase of property, plant and equipment	(24,169)	3,636
Other assets	(1,995)	(817)
Deferred acquisition costs	-	(88)
Additions to exploration and evaluation expenditures	(4,470,256)	(1,706,145)
	<u>(4,496,420)</u>	<u>(1,703,414)</u>
Effect of exchange rate changes on cash and cash equivalents	56,752	131,271
Increase (decrease) in cash and cash equivalents	(4,800,956)	428,435
Cash and cash equivalents, beginning of period	13,885,594	4,192,812
Cash and cash equivalents, end of period	<u>\$ 9,084,638</u>	<u>\$ 4,621,247</u>
Supplementary information:		
Cash and cash equivalents, end of period comprise:		
Cash and balances with banks	\$ 106,439	\$ 2,574,849
Short-term investments	8,978,199	2,046,398
	<u>\$ 9,084,638</u>	<u>\$ 4,621,247</u>
Change in accounts payable as a result of investing activities	\$ (565,993)	\$ 436,944

See accompanying notes to the condensed consolidated interim financial statements.

Wildcat Silver Corporation

Notes to Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2012

(Unaudited – in U.S. dollars unless otherwise noted)

1. Nature of Operations

Wildcat Silver Corporation (the “Company” or “Wildcat”) is incorporated in British Columbia, Canada and holds a majority ownership interest in the Hermosa property in Arizona, United States, through its ownership of 80% of the common shares of Arizona Minerals Inc. (“Arizona Minerals”), the holder of the property. The remaining 20% of the common shares of Arizona Minerals together with a 2% net smelter royalty interest are held by Diamond Hill Investment Corp. (“Diamond Hill”), a private British Columbia company, which is controlled by a director of the Company. The Company’s registered office is located at Suite 400-837 West Hastings Street, Vancouver, British Columbia, V6C 3N6 and its shares are listed on the Toronto Stock Exchange.

The Company is engaged in mineral exploration and is considered to be an exploration stage enterprise as it has yet to generate revenue from operations. The Company is in the process of exploring its mineral resource properties and has not yet determined whether its mineral resource property interests contain reserves that are economically recoverable. The amounts shown as mineral properties and exploration and evaluation expenditures represent acquisition and exploration costs and do not necessarily represent present or future values. Recoverability of the amounts shown for mineral properties and exploration and evaluation expenditures is dependent upon the discovery of economically recoverable mineral reserves, maintaining title and beneficial interest in the properties, the ability of the Company to obtain financing necessary to complete the exploration and development of its mineral properties, and on future profitable production or proceeds from the disposition of the mineral properties.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company’s title.

2. Basis of Presentation

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* (“IAS 34”) using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). Accordingly, they do not include all of the information and notes to the consolidated financial statements required by IFRS for complete financial statements and should be read in conjunction with the Company’s most recent audited consolidated financial statements. These unaudited condensed consolidated interim financial statements follow the same accounting policies and methods of application used in the Company’s audited consolidated financial statements as at and for the six months ended December 31, 2011. The Board of Directors authorized these financial statements for issuance on May 4, 2012.

3. Non-Controlling Interest

Non-controlling interest represents the 20% interest in the common shares of Arizona Minerals held by Diamond Hill.

Pursuant to a shareholders’ agreement (the “Shareholders’ Agreement”) governing the affairs of Arizona Minerals, the Company controls the affairs of Arizona Minerals and acts as the operator of the Hermosa property. Funding expenditures on the property are in accordance with the Shareholders’ Agreement, which provides Diamond Hill with a 10% carried interest. The Shareholders’ Agreement provides for dilution of Diamond Hill’s equity interest in the event of failure to fund its share of any equity funding for approved programs. Accounts receivable includes \$413,310 (December 31, 2011 – \$253,421) outstanding from Diamond Hill.

Wildcat Silver Corporation

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(Unaudited – in U.S. dollars unless otherwise noted)

The Company acquired its 80% interest in the common shares of Arizona Minerals from Diamond Hill in May 2006. Based on the purchase consideration and related tax filings, at March 31, 2012, the Company has an estimated withholding tax obligation with respect to the acquisition of \$1,403,000 (December 31, 2011- \$1,396,000), including penalties and interest, which has been included in accounts payable and accrued liabilities. Diamond Hill has provided indemnification to the Company in the event the Company is required to pay the withholding tax, which is secured against Diamond Hill's 20% ownership interest in Arizona Minerals. As a consequence of the indemnification the Company has recorded an amount due from related party for \$1,403,000 (December 31, 2011 - \$1,396,000). The relevant tax regulations are complex and any tax obligation of the Company may be reduced or eliminated dependent on Diamond Hill's tax filings and assessments.

4. Mineral Properties and Exploration and Evaluation Expenditures

Mineral properties and exploration and evaluation expenditures relate to the Company's interest in the Hermosa property, in Arizona, United States.

The following is a summary of changes in exploration and evaluation expenditures:

	Three months ended March 31, 2012	Six months ended December 31, 2011
Balance, start of period	\$ 20,837,981	\$ 12,771,185
Additions	4,022,471	8,066,796
Balance, end of period	<u>\$ 24,860,452</u>	<u>\$ 20,837,981</u>

5. Stock Options

For the three months ended March 31, 2012 the Company recognized a stock-based compensation charge against income of \$535,879 (March 31, 2011 – \$145,657) and a further \$113,183 (March 31, 2011 – \$47,389) was capitalized to exploration and evaluation expenditures.

The following table shows the change in the Company's stock options during the three months ended March 31, 2012:

	Number of Options	Weighted Average Exercise Price (in CAD)
Balance, start of period	8,102,000	\$0.70
Granted	300,000	\$2.16
Exercised	(13,333)	\$0.49
Balance, end of period	<u>8,388,667</u>	<u>\$0.75</u>

On March 2, 2012, 300,000 stock options with an exercise price of \$2.16 per share were granted to the independent directors of the Company. The fair value of the options was estimated using the Black-Scholes option-pricing model. The assumptions used in the pricing model were: an expected life of 5 years; annualized volatility of 118%; a risk free interest rate of 1.4%; and zero expected dividend yield.

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Notes to Condensed Consolidated Interim Financial Statements

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(Unaudited – in U.S. dollars unless otherwise noted)

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in assumptions can significantly affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options.

6. Related Party Transactions

In addition to the related party transactions or balances disclosed in note 3 to these condensed consolidated interim financial statements, the Company had the following related party transactions.

The Company shares office space, equipment, personnel and various administrative services with other companies related by virtue of certain common directors and management. These services have been mainly provided through a management company equally owned by the related companies. Costs incurred by the management company are allocated between the related companies based on time incurred and use of services and are charged at cost. In addition, certain other professional administrative services have been provided by other related companies and charged at cost. During the three months ended March 31, 2012 the Company was charged \$418,088 (March 31, 2011 – \$159,592) and charged out \$4,434 (March 31, 2011 – \$13,069) in connection with these arrangements. Included in these amounts is \$30,374 (March 31, 2011 – \$13,069) with respect to office space owned by a company controlled by a director of Wildcat. At March 31, 2012, accounts receivable includes a balance due from related companies of \$nil (December 31, 2011 – \$32,525) and there is an amount due to related companies of \$82,407 (December 31, 2011 – \$20,835) with respect to these arrangements. Amounts are due on demand, unsecured, and have no terms of repayment.

Other assets of \$113,336 (December 31, 2011 – \$111,341) relate to the Company's share of jointly owned assets held by the management company.

7. Segment Information

The Company operates in one industry segment, being mining. Geographic information is as follows:

	United States	Canada	Total
Long-term assets as at:			
March 31, 2012	\$ 51,657,557	\$ 1,817,053	\$ 53,474,610
December 31, 2011	\$ 47,616,826	\$ 1,833,082	\$ 49,449,908