



WILDCAT SILVER CORPORATION

Condensed Consolidated Interim Financial Statements

For the Three and Six Months Ended June 30, 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)

	June 30, 2012	December 31, 2011
Assets		
Current assets:		
Cash and cash equivalents	\$ 5,895,989	\$ 13,885,594
Accounts receivable (notes 3 and 6)	173,349	304,457
Prepays and other	72,675	59,162
	<u>6,142,013</u>	<u>14,249,213</u>
Due from related party	1,411,000	1,396,000
Investment in marketable securities	176,626	319,567
Property, plant and equipment	110,817	102,233
Other assets (note 6)	111,112	111,341
Mineral properties (note 4)	26,682,786	26,682,786
Exploration and evaluation expenditures (note 4)	27,100,474	20,837,981
	<u>\$ 61,734,828</u>	<u>\$ 63,699,121</u>
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 2,266,437	\$ 3,029,097
Due to related parties (note 6)	4,455	20,835
Total liabilities	<u>2,270,892</u>	<u>3,049,932</u>
Equity		
Equity attributable to shareholders of the Company:		
Common shares	75,440,848	74,695,934
Reserves	3,753,464	3,487,572
Deficit	(22,909,641)	(20,070,779)
	<u>56,284,671</u>	<u>58,112,727</u>
Non-controlling interest (note 3)	3,179,265	2,536,462
Total equity	<u>59,463,936</u>	<u>60,649,189</u>
	<u>\$ 61,734,828</u>	<u>\$ 63,699,121</u>

Nature of operations and going concern (note 1)

APPROVED BY THE DIRECTORS

/s/ John R. Brodie

John R. Brodie – Director

/s/ Richard W. Warke

Richard W. Warke – Director

August 10, 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 June 30,		Six months ended June 30,	
	2012	2011	2012	2011
Expenses:				
Stock based compensation	\$ 306,675	\$ 463,482	\$ 842,554	\$ 609,139
Salaries and benefits	1,011,590	248,844	1,421,635	358,703
Filing and regulatory	8,395	11,006	28,066	13,735
Office and administrative	91,176	105,533	184,059	171,918
Professional services	39,981	141,885	91,522	166,922
Investor relations	75,569	66,947	102,039	116,163
Insurance	24,770	7,886	44,950	14,208
Legal	56,205	58,900	58,988	60,579
Recruitment and relocation fees	-	-	-	3,139
Travel	6,689	29,152	7,233	60,581
Fiscal and advisory services	13,074	3,938	15,748	6,300
Directors' fees	2,721	-	5,468	-
Interest and finance charges	1,760	2,718	3,586	5,614
Depreciation	3,828	4,821	5,544	9,074
Foreign exchange (gain) loss	(108,107)	(5,673)	63,035	(35,269)
Interest and other income	(9,903)	(20,255)	(28,926)	(24,330)
Loss before income taxes	(1,524,423)	(1,119,184)	(2,845,501)	(1,536,476)
Deferred income tax expense	-	100,065	-	114,271
Net loss	(1,524,423)	(1,219,249)	(2,845,501)	(1,650,747)
Other comprehensive loss (income):				
Unrealized loss on marketable securities, net of deferred income tax	113,805	695,369	143,772	782,736
Foreign currency translation (gain) loss	147,685	136,774	(89,863)	(1,678)
	(261,490)	(832,143)	(53,909)	(781,058)
Comprehensive loss	\$ (1,785,913)	\$ (2,051,392)	\$ (2,899,410)	\$ (2,431,805)
Net loss attributable to:				
Shareholders of the Company	\$ (1,523,252)	\$ (1,210,465)	\$ (2,838,862)	\$ (1,637,159)
Non-controlling interest	(1,171)	(8,784)	(6,639)	(13,588)
	\$ (1,524,423)	\$ (1,219,249)	\$ (2,845,501)	\$ (1,650,747)
Comprehensive loss attributable to:				
Shareholders of the Company	\$ (1,784,742)	\$ (2,042,608)	\$ (2,892,771)	\$ (2,418,217)
Non-controlling interest	(1,171)	(8,784)	(6,639)	(13,588)
	\$ (1,785,913)	\$ (2,051,392)	\$ (2,899,410)	\$ (2,431,805)
Basic and diluted net loss per share attributable to shareholders of the Company				
	\$ (0.012)	\$ (0.010)	\$ (0.022)	\$ (0.015)
Weighted average number of shares outstanding				
	132,188,970	118,515,534	131,973,278	112,853,331

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	-	-	-	842,554	842,554	-	-	842,554
Stock based compensation applied to exploration and evaluation expenditures	-	-	-	210,751	210,751	-	-	210,751
Issued on exercise of stock options	830,453	15,469	-	-	-	-	-	15,469
Share issue costs	-	(4,059)	-	-	-	-	-	(4,059)
Fair value of stock options exercised	-	733,504	-	(733,504)	(733,504)	-	-	-
Required contributions for project costs	-	-	-	-	-	-	649,442	649,442
Comprehensive loss	-	-	(53,909)	-	(53,909)	(2,838,862)	(6,639)	(2,899,410)
Balance, June 30, 2012	132,582,251	\$ 75,440,848	\$ (815,737)	\$ 4,569,201	\$ 3,753,464	\$ (22,909,641)	\$ 3,179,265	\$ 59,463,936

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	\$ 5,497,441	\$ (17,256,872)	\$ 1,289,958	\$ 39,813,249	
Issued on private placements	10,000,000	13,695,744	-	-	-	-	-	13,695,744	
Stock based compensation expense	-	-	-	609,139	609,139	-	-	609,139	
Stock based compensation applied to exploration and evaluation expenditures	-	-	-	132,082	132,082	-	-	132,082	
Issued on exercise of stock options	16,667	8,277	-	-	-	-	-	8,277	
Issued on exercise of warrants	11,151,250	5,955,393	-	-	-	-	-	5,955,393	
Share issue costs	-	(38,980)	-	-	-	-	-	(38,980)	
Fair value of stock options exercised	-	6,512	-	(6,512)	(6,512)	-	-	-	
Fair value of warrants exercised	-	1,061,569	-	(1,061,569)	(1,061,569)	-	-	-	
Required contributions for project costs	-	-	-	-	-	-	521,109	521,109	
Comprehensive loss	-	-	(781,058)	-	(781,058)	(1,637,159)	(13,588)	(2,431,805)	
Balance, June 30, 2011	126,751,798	\$ 70,971,237	\$ 887,935	\$ 3,501,588	\$ 4,389,523	\$ (18,894,031)	\$ 1,797,479	\$ 58,264,208	

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 June 30,		Six months ended June 30,	
	2012	2011	2012	2011
Cash provided by (used in):				
Operating activities:				
Net loss	\$ (1,524,423)	\$ (1,219,249)	\$ (2,845,501)	\$ (1,650,747)
Items not affecting cash:				
Stock based compensation	306,675	463,482	842,554	609,139
Unrealized foreign exchange (gain) loss	(92,016)	(74,608)	83,005	(115,745)
Deferred income tax expense	-	100,065	-	114,271
Depreciation	3,828	4,821	5,544	9,074
	<u>(1,305,936)</u>	<u>(725,489)</u>	<u>(1,914,398)</u>	<u>(1,034,008)</u>
Net changes in non-cash working capital items:				
Accounts receivable	(42,500)	45,581	(35,308)	29,917
Prepaid and other	(7,096)	(8,941)	(13,513)	(7,206)
Accounts payable and accrued liabilities	(40,101)	24,123	(111,119)	(143,908)
Due to related parties	(77,952)	(2,649)	(16,380)	(10,076)
	<u>(1,473,585)</u>	<u>(667,375)</u>	<u>(2,090,718)</u>	<u>(1,165,281)</u>
Financing activities:				
Proceeds from private placements	-	13,695,744	-	13,695,744
Exercise of share warrants and options	8,986	3,501,783	15,469	5,963,670
Contributions from non-controlling interest	562,437	217,053	815,858	253,650
Other	-	(38,980)	(4,059)	(38,980)
	<u>571,423</u>	<u>17,375,600</u>	<u>827,268</u>	<u>19,874,084</u>
Investing activities:				
Purchase of property, plant and equipment	-	(37,804)	(24,169)	(34,168)
Other assets	2,224	(57,987)	229	(58,804)
Deferred acquisition costs	-	(4,157)	-	(4,245)
Additions to exploration and evaluation expenditures	(2,237,978)	(2,829,765)	(6,708,234)	(4,535,910)
	<u>(2,235,754)</u>	<u>(2,929,713)</u>	<u>(6,732,174)</u>	<u>(4,633,127)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(50,733)</u>	<u>(72,163)</u>	<u>6,019</u>	<u>59,108</u>
Increase (decrease) in cash and cash equivalents	(3,188,649)	13,706,349	(7,989,605)	14,134,784
Cash and cash equivalents, beginning of period	<u>9,084,638</u>	<u>4,621,247</u>	<u>13,885,594</u>	<u>4,192,812</u>
Cash and cash equivalents, end of period	<u>\$ 5,895,989</u>	<u>\$ 18,327,596</u>	<u>\$ 5,895,989</u>	<u>\$ 18,327,596</u>

Supplemental cash flow information (note 8)

See accompanying notes to the condensed consolidated interim financial statements.

Wildcat Silver Corporation

Notes to Condensed Consolidated Interim Financial Statements
For the Three and Six Months Ended June 30, 2012
(Unaudited – in U.S. dollars unless otherwise noted)

1. Nature of Operations and Going Concern

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.

At June 30, 2012 the Company had cash and cash equivalents of \$5,895,989, working capital of \$3,871,121 and a deficit of \$22,909,641. Based on anticipated but not committed expenditures, the Company expects that it will require financing within the next 12 months to meet its ongoing requirements. These material uncertainties may cast significant doubt about the Company’s ability to continue as a going concern. The Company has historically raised funds principally through the sale of securities. The Company expects that it will obtain funding through equity financing, debt financing or other means depending on market conditions and other relevant factors at the time. However, there can be no assurance that the Company will be able to obtain such additional funding on acceptable terms.

These financial statements have been prepared on the basis of a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of operations. These financial statements do not reflect the adjustments to carrying values of assets and liabilities that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

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

Wildcat Silver Corporation

Notes to Condensed Consolidated Interim Financial Statements
For the Three and Six Months Ended June 30, 2012
(Unaudited – in U.S. dollars unless otherwise noted)

statements as at and for the six months ended December 31, 2011. The Board of Directors authorized these financial statements for issuance on August 10, 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 \$87,005 (December 31, 2011 – \$253,421) outstanding from Diamond Hill.

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 for the six months ended:

	June 30, 2012	December 31, 2011
Balance, start of period	\$ 20,837,981	\$ 12,771,185
Additions	6,262,493	8,066,796
Balance, end of period	<u>\$ 27,100,474</u>	<u>\$ 20,837,981</u>

5. Stock Options

For the three and six months ended June 30, 2012, the Company recognized a stock-based compensation charge against income of \$306,675 and \$842,554, respectively (June 30, 2011 – \$463,482 and \$609,139). A further \$210,751 (June 30, 2011 – \$132,082) was capitalized to exploration and evaluation expenditures during the six months ended June 30, 2012.

The following table shows the change in the Company's stock options during the six months ended June 30, 2012:

	Number of Options	Weighted Average Exercise Price (in CAD)
Balance, start of period	8,102,000	\$0.70
Granted	820,000	\$1.51
Exercised	(1,559,999)	\$0.52
Forfeited	(25,834)	\$1.30
Balance, end of period	<u>7,336,167</u>	<u>\$0.83</u>

During the quarter, 1,500,000 options with an average exercise price of \$0.535 were exercised under

Wildcat Silver Corporation

Notes to Condensed Consolidated Interim Financial Statements
For the Three and Six Months Ended June 30, 2012
(Unaudited – in U.S. dollars unless otherwise noted)

the cashless exercise provisions of the Company's stock option plan. These provisions enable an optionee to exercise their options without any cash consideration and acquire that number of Common Shares in the Company represented by the difference between the current market price and the exercise price of their options multiplied by the number of options exercised.

On May 28, 2012, 200,000 stock options with an exercise price of \$0.90 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 120%; a risk free interest rate of 1.3%; and zero expected dividend yield.

On May 4, 2012, 320,000 stock options with an exercise price of \$1.27 per share were granted to officers and employees 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 119%; a risk free interest rate of 1.5%; and zero expected dividend yield.

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.

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, office space and certain other professional administrative services have been provided by other related companies and charged at cost. During the three and six months ended June 30, 2012 the Company was charged \$301,696 and \$709,676, respectively (June 30, 2011 – \$386,030 and \$545,702) and charged out \$1,735 and \$2,899 (June 30, 2011 – \$8,666 and \$8,666) in connection with these arrangements. Included in these amounts, is \$28,465 and \$58,840, respectively (June 30, 2011 – \$6,100 and \$19,175) with respect to office space owned by a company controlled by a director of Wildcat. At June 30, 2012, accounts receivable includes a balance due from related companies of \$35,000 (December 31, 2011 – \$32,525) and there is an amount due to related companies of \$4,455 (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 \$111,112 (December 31, 2011 – \$111,341) relate to the Company's share of jointly owned assets held by the management company.

Wildcat Silver Corporation

Notes to Condensed Consolidated Interim Financial Statements
For the Three and Six Months Ended June 30, 2012
(Unaudited – in U.S. dollars unless otherwise noted)

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:						
June 30, 2012	\$	53,889,551	\$	1,703,264	\$	55,592,815
December 31, 2011	\$	47,616,826	\$	1,833,082	\$	49,449,908

8. Supplemental Cash Flow Information

	For the three and six months ended June 30,			
	2012		2011	
Cash and cash equivalent balances, end of period comprise:				
Cash and balances with banks	\$	774,175	\$	849,401
Short-term investments		5,121,814		17,478,195
Total cash and cash equivalents	\$	5,895,989	\$	18,327,596

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
Change in accounts payable as a result of investing activities	\$ (100,548)	\$ 304,083	\$ (666,541)	\$ 741,027