



WILDCAT SILVER CORPORATION

Management's Discussion and Analysis

*For the Three Months Ended March 31, 2014*

## Introduction

This management's discussion and analysis ("MD&A") of Wildcat Silver Corporation (the "*Company*", "*Wildcat*", "*we*", "*us*", or "*our*") covers the three months ended March 31, 2014. This MD&A takes into account information available up to and including May 12, 2014. This MD&A should be read in conjunction with the accompanying condensed consolidated interim financial statements and notes for the three months ended March 31, 2014, and MD&A for the year ended December 31, 2013, which are available on the Company's website at [www.wildcatsilver.com](http://www.wildcatsilver.com) and on the SEDAR website at [www.sedar.com](http://www.sedar.com).

The Company has prepared the condensed consolidated interim financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements including IAS 34, *Interim Financial Reporting*.

All dollar amounts reported herein are in US dollars unless indicated otherwise.

## Cautionary Note Regarding Forward-Looking Information

Certain information contained in this document constitutes forward-looking statements. All statements, other than statements of historical facts, are forward looking statements, including without limitation, statements with respect to the Company's expectations for obtaining funding, the amount of mineral resources and mineral reserves, and statements with respect to the Company's pre-feasibility study including without limitation, expected future mineral production, expected metal grades and metal recoveries, expected future capital and operating costs, expected realizable metal prices, expected markets for EMM and the statements under "Objectives and Outlook" later in this document including expected timing for future metallurgical and other work and expected timing for the completion of a feasibility study. Forward-looking statements are often, but not always, identified by the use of words such as *may*, *will*, *seek*, *anticipate*, *believe*, *plan*, *estimate*, *budget*, *schedule*, *forecast*, *project*, *expect*, *intend*, or similar expressions.

The forward-looking statements are based on a number of assumptions which, while considered reasonable by the Company, are subject to risks and uncertainties. The Company cautions readers that forward-looking statements involve and are subject to known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements to differ materially from those expressed in or implied by such forward-looking statements and forward-looking statements are not guarantees of future results, performance or achievement. These risks, uncertainties and factors include general business, economic, competitive, political, regulatory and social uncertainties; actual results of exploration activities and economic evaluations; fluctuations in currency exchange rates; changes in project parameters; changes in costs, including labour, infrastructure, operating and production costs; future prices of silver and other minerals; variations of mineral grade or recovery rates; operating or technical difficulties in connection with exploration, development or mining activities, including the failure of plant, equipment or processes to operate as anticipated; delays in completion of exploration, development or construction activities; changes in government legislation and regulation; the ability to maintain and renew existing licenses and permits or obtain required licenses and permits in a timely manner; the ability to obtain financing on acceptable terms in a timely manner; contests over title to properties; employee relations and shortages of skilled personnel and contractors; the speculative nature of, and the risks involved in, the exploration, development and mining business; and the factors discussed in the section entitled "Risks and Uncertainties" in the MD&A for the year ended December 31, 2013.

Although the Company has attempted to identify important risks, uncertainties and other factors that could cause actual performance, achievements, actions, events, results or conditions to differ materially from those expressed in or implied by the forward-looking information, there may be other risks, uncertainties and other factors that cause performance, achievements, actions, events, results or conditions to differ from those anticipated, estimated or intended. Unless otherwise indicated, forward-looking statements contained herein are as of the date hereof and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as required by applicable law.

## About Reserves and Resources

This MD&A uses the terms measured, indicated and inferred resources as a relative measure of the level of confidence in the resource estimate. Readers are cautioned that: (a) mineral resources are not economic mineral reserves; (b) the economic viability of resources that are not mineral reserves has not been demonstrated; and (c) it should not be assumed that further work on the stated resources will lead to mineral reserves that can be mined economically. In addition, inferred resources are considered too geologically speculative to have any economic considerations applied to them. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies or economic studies except for preliminary economic assessments as defined under NI 43-101. Readers should also refer to the Company's Annual Information Form for the year ended December 31, 2013 and other continuous disclosure documents available at [www.sedar.com](http://www.sedar.com), which is subject to the qualifications and notes set forth therein.

## Description of Business

Wildcat is a mineral exploration company engaged in the exploration of the Hermosa property, which is located in Santa Cruz County, Arizona. The Company is incorporated in British Columbia, Canada with one primary operating subsidiary: Arizona Minerals Inc. ("Arizona Minerals"), which is 80% owned. The remaining 20% interest in Arizona Minerals is held by 5348 Investments Ltd. ("5348 Investments"), a wholly owned subsidiary of Diamond Hill Investment Corp. ("Diamond Hill"), which is controlled by R. Stuart Angus, a director of the Company. Diamond Hill also has a 2% net smelter royalty interest in the approximately 152 acres of patented claims and approximately 478 acres of the total 13,516 acres of unpatented mining claims held by the Company. The Company's common shares trade under the symbol WS on the Toronto Stock Exchange.

The Hermosa property is a polymetallic mineral exploration project located approximately 100 kilometres southeast of Tucson, Arizona and about 15 kilometres north of the US – Mexico border. The primary metals at Hermosa are silver and manganese with gold, zinc and copper as by-products. During 2013, the Company completed an updated resource estimate, issued its first mineral reserve estimate and completed a pre-feasibility study for the Hermosa project, which documents are available at [www.sedar.com](http://www.sedar.com).

## Objectives and Outlook

As discussed under "Going Concern" below, the Company's immediate priority is to secure financing to fund ongoing operations and enable the advancement of its Hermosa project. Following such financing, the Company's next step for Hermosa is to advance the project into the feasibility stage. The Company believes there are many key opportunities to further enhance the results of the pre-feasibility study and as a consequence work contributing to the feasibility study will focus primarily on:

- Open pit mine optimization including potentially expanding the resource and reserve through additional drilling of in-pit inferred resources;
- Metallurgical testing to further optimize plant operating efficiency and metal recoveries.

The Company will also be assessing the geotechnical and hydrologic characterization for the area around the proposed project and continuing its base-line environmental studies. A feasibility study for Hermosa is expected to be completed in 2015 depending on obtaining financing and the necessary drilling permits.

In addition to the work program to advance the Hermosa project highlighted above, the Company is also evaluating other opportunities and strategies to increase shareholder value including potentially extending exploration to existing and new targets outside the resource area and strategic transactions. As announced on April 9, 2014 the Company signed a letter of intent with Regal Resources Inc. with respect to earning up to a 70% interest in Regal's Sunnyside project. Following due diligence on the project and a review of its other internal opportunities the Company has decided not to pursue this opportunity at this time.

## Going Concern

At March 31, 2014 the Company had cash and cash equivalents of \$41,951, negative working capital of \$840,294 excluding other liabilities, a net loss for the three months ended March 31, 2014 of \$407,526, and a deficit of \$26,100,179. Subsequent to the quarter end the Company received loan advances totaling CAD\$211,100 from the Company's Chairman and CEO. The loan advances are unsecured, bear interest at 7% and are repayable on the Company completing a financing for in excess of CAD\$1 million or on a change of control. The Company is actively pursuing financing to meet its ongoing requirements and to fund the advancement of its Hermosa project. In the interim, the Company expects to continue to receive financial support from Company insiders. This material uncertainty casts 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 or obtain it on acceptable terms.

The Company's 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 should the going concern assumption prove to be inappropriate, and these adjustments could be material.

## Pre-Feasibility Study, Reserves and Resources

The Company announced the results of the pre-feasibility study including an initial reserve estimate and updated resource estimate for its Hermosa project in December, 2013. The pre-feasibility study includes the contribution from the projects' two primary metals, silver and electrolytic manganese metal (EMM), and three by-product metals, gold, zinc and copper.

### Highlights<sup>(1)</sup>

- After-tax NPV (5%) of \$830 million, after-tax IRR of 21.3%, and payback of 2.8 years<sup>(2)</sup>
- Average silver production of 12.2 million ounces per year for the first five years and 5.7 million ounces per year for the life of mine (LOM)
- Average EMM production of 110 million pounds per year for the LOM
- Average cash costs of \$4.35 per ounce silver and \$0.74 per pound of EMM for the first five years and \$4.45 per ounce of silver and \$0.73 per pound of EMM for the LOM<sup>(2,3)</sup>
- Average silver cash costs, considering all other metals as by-products<sup>(2)</sup>, of \$(4.37) per ounce for the LOM
- Mine life of 18 years
- Initial capital expenditures of \$834.6 million including \$189.3 million for a 55,000 tons per annum EMM plant
- The mineral resource includes a proven and probable mineral reserve of 59.7 million tons averaging 2.43 ounces per ton (opt) silver, containing 145 million ounces. The proven and probable mineral reserve also includes 43.5 million tons averaging 8.31% manganese, containing 7.2 billion pounds
- Measured and indicated mineral resource of 189.6 million tons averaging 1.29 opt silver, containing 245 million ounces. The measured and indicated mineral resource also includes 91.2 million tons averaging 5.67% manganese, containing 10.3 billion pounds
- Inferred mineral resource of 49.6 million tons averaging 1.02 opt silver, containing 50 million ounces. The inferred resource also includes 16.3 million tons averaging 3.80% manganese, containing 1.2 billion pounds

1) Results are reported on a 100% ownership basis (Wildcat's interest in Hermosa is 80%). All dollars are U.S. dollars and all tons are short tons unless noted otherwise.

2) Based on metal prices of: \$23.50/oz Ag, \$1,250/oz Au, \$1.19/lb EMM, \$0.92/lb Zn, \$3.25/lb Cu.

3) Cash costs are calculated on a co-product basis whereby production costs are allocated to silver and manganese based on the relative revenues of each metal. Silver cash costs are net of gold, zinc and copper by-products.

The December 10, 2013 press release announcing the results of the pre-feasibility study and the complete NI 43-101 Technical Report are available on SEDAR ([www.sedar.com](http://www.sedar.com)) and the Company's website ([www.wildcatsilver.com](http://www.wildcatsilver.com)).

### About Manganese

Manganese is the world's fourth most heavily consumed metal with a global output of approximately 18 million tons annually, of which more than 90% is used in the manufacture of steel. Consumption of manganese ore has more than doubled since 2000 with China consuming just over half of all output. There are currently no North American producers of manganese ore, a strategically important metal. Most manganese used in steel making is consumed in the form of alloys such as silicomanganese and ferromanganese. Consumption of EMM, a pure manganese product produced electrolytically, is also used in steel production as well as in aluminum alloys. EMM consumption grew approximately five-to-six fold since 2000 to an estimated 1.3 million tons annually representing approximately 8% of the global manganese alloy market. Approximately 97% of the world's EMM is produced in China, with North America importing 100% of the EMM it consumes.

EMM in North America is primarily used as an alloy in the aluminum and steel industries. In aluminum it is used both in commercial and defense applications. Many aerospace aluminum alloys require EMM as an alloy. Also, for strength, aluminum beverage cans require EMM as an alloy. Increasingly high-grade steels require the purity of EMM relative to other lower grade ferromanganese alloys. In addition to the growth of EMM being used in steelmaking, EMM adoption is growing due to the use of 200 series stainless, where manganese as EMM substitutes nickel to produce a lower cost stainless steel, which is used primarily in consumer products. Another growing and relatively new source of demand for manganese is the use of EMM in lithium batteries for hybrid vehicles for some of the Hybrid battery designs.

### Mineral Reserve and Resource Estimate

The mineral reserve and resource estimates include drill and assay data up to June 2013 and are summarized below. *It should be noted that mineral resources that are not mineral reserves do not have demonstrated economic viability. Mineral resources are inclusive of mineral reserves.*

Hermosa Mineral Reserve Estimate (1) (3) (4)								
Ore Type	Tons (000s)	Ag (opt)	Au (opt)	Mn (2) %	Zn (2) %	Cu (2) %	Contained Ag Ounces (000s)	Contained Mn lbs (000s)
Proven Mineral Reserve								
Manto Oxide	22,262	2.97	0.004	8.83	1.85	0.07	66,164	3,933,000
Upper Silver	7,454	2.19	0.003	N/A	N/A	N/A	16,314	N/A
Hardshell	1,351	1.67	0.002	4.37	0.63	0.05	2,259	118,000
Total Proven	31,067	2.73	0.003	8.58	1.78	0.07	84,737	4,051,000
Probable Mineral Reserve								
Manto Oxide	18,773	2.17	0.003	8.25	1.88	0.07	40,713	3,097,000
Upper Silver	8,687	2.05	0.003	N/A	N/A	N/A	17,782	N/A
Hardshell	1,130	1.63	0.002	3.78	0.57	0.05	1,844	85,000
Total Probable	28,589	2.11	0.003	7.99	1.80	0.07	60,339	3,182,000
Proven & Probable Mineral Reserve								
Manto Oxide	41,035	2.60	0.003	8.57	1.86	0.07	106,877	7,030,000
Upper Silver	16,140	2.11	0.003	N/A	N/A	N/A	34,096	N/A
Hardshell	2,481	1.65	0.002	4.10	0.61	0.05	4,103	203,000
Total Proven & Probable	59,656	2.43	0.003	8.31	1.79	0.07	145,076	7,233,000

(1) Tons are reported to the nearest thousand (1,000). Gold and silver are reported in ounces per ton, all other metals are reported in percentages. Therefore, different totals may be calculated due to rounding errors.

(2) Average grade is based only on material processed for the specific product.

(3) Metal Prices Used: \$22.00/oz Ag, \$0.82/lb Mn, \$1,250/oz Au, \$0.82/lb Zn, \$3.00/lb Cu.

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(4) Based on Hermosa Mineral Reserve Criteria as follows:

Hermosa Mineral Reserve Criteria							
Ore Type	Recovery					Process Cost	
	Ag	Au	Mn	Zn	Cu	Process	G&A
Manto Oxide	80.2%	90.0%	28.3%	7.4%	61.1%	\$13.78/t	\$1.44/t
Upper Silver	46.0%	90.0%	0.0%	0.0%	0.0%	\$10.97/t	\$3.03/t
Hardshell	56.0%	90.0%	22.4%	25.0%	64.0%	\$25.08/t	\$2.41/t

*The unit cost of operating the EMM plant has been netted from the manganese price.*

Hermosa Mineral Resource Estimate (Inclusive of Reserve) (1)(3)(4)(5)(6)									
Ore Type	Tons (000s)	Ag (opt)	Au (opt)	Mn (2) %	Zn (2) %	Cu (2) %	Pb (2) %	Contained Ag Ounces (000s)	Contained Mn lbs (000s)
Measured Mineral Resource									
Manto Oxide (Inc. Hardshell)	37,136	2.06	0.003	6.60	1.55	0.06	N/A	76,569	4,898,000
Upper Silver	38,978	1.07	0.003	N/A	N/A	N/A	N/A	41,551	N/A
Skarn	2,398	1.25	0.001	N/A	1.70	0.07	1.49	2,996	N/A
<b>Total Measured</b>	<b>78,512</b>	<b>1.54</b>	<b>0.003</b>	<b>6.60</b>	<b>1.56</b>	<b>0.06</b>	<b>1.49</b>	<b>121,115</b>	<b>4,898,000</b>
Indicated Mineral Resource									
Manto Oxide (Inc. Hardshell)	54,067	1.24	0.002	5.03	1.59	0.06	N/A	67,010	5,443,000
Upper Silver	51,501	0.97	0.002	N/A	N/A	N/A	N/A	50,033	N/A
Skarn	5,488	1.18	0.001	N/A	1.75	0.07	1.46	6,496	N/A
<b>Total Indicated</b>	<b>111,056</b>	<b>1.11</b>	<b>0.002</b>	<b>5.03</b>	<b>1.60</b>	<b>0.06</b>	<b>1.46</b>	<b>123,539</b>	<b>5,443,000</b>
Measured & Indicated Mineral Resource									
Manto Oxide (Inc. Hardshell)	91,202	1.57	0.002	5.67	1.57	0.06	N/A	143,579	10,341,000
Upper Silver	90,479	1.01	0.002	N/A	N/A	N/A	N/A	91,584	N/A
Skarn	7,886	1.20	0.001	N/A	1.74	0.07	1.47	9,492	N/A
<b>Total Measured &amp; Indicated</b>	<b>189,568</b>	<b>1.29</b>	<b>0.002</b>	<b>5.67</b>	<b>1.59</b>	<b>0.06</b>	<b>1.47</b>	<b>244,654</b>	<b>10,341,000</b>

Hermosa Inferred Mineral Resource Estimate									
Ore Type	Tons (000s)	Ag (opt)	Au (opt)	Mn(2) %	Zn(2) %	Cu(2) %	Pb (2) %	Contained Ag Ounces (000s)	Contained Mn lbs (000s)
Manto Oxide (Inc. Hardshell)	16,304	1.09	0.001	3.80	1.65	0.06	N/A	17,811	1,238,000
Upper Silver	28,847	0.94	0.003	N/A	N/A	N/A	N/A	27,257	N/A
Skarn	4,471	1.20	0.001	N/A	1.88	0.07	1.60	5,369	N/A
<b>Total Inferred</b>	<b>49,622</b>	<b>1.02</b>	<b>0.002</b>	<b>3.80</b>	<b>1.70</b>	<b>0.06</b>	<b>1.60</b>	<b>50,437</b>	<b>1,238,000</b>

(1) Tons are reported to the nearest thousand (1,000). Gold and silver are reported in ounces per ton, all other metals are reported in percentages. Therefore, different totals may be calculated due to rounding errors.

(2) Average grade is based only on material processed for the specific material.

(3) Mineral resources are inclusive of mineral reserves.

(4) Mineral resources are constrained to a whittle pit shell demonstrating the potential for economic extraction.

(5) Metal Prices Used: \$27.06/oz Ag, \$0.82/lb Mn, \$1,468/oz Au, \$0.92/lb Zn, \$3.54/lb Cu, \$0.90/lb Pb.

(6) Based on Hermosa Mineral Resource Criteria as follows:

Hermosa Mineral Resource Criteria							
Ore Type	Recovery						Process Cost
	Ag	Au	Mn	Zn	Cu	Pb	
Manto Oxide	85%	90%	35%	35%	85%	0%	\$9.00/t
Upper Silver	60%	90%	0%	0%	0%	0%	\$9.00/t
Skarn	80%	90%	0%	85%	80%	90%	\$5.00/t

**Project Costs Capitalized**

The following shows total costs deferred on the Company's Hermosa property during the three months ended March 31, 2014 and 2013:

	March 31, 2014	March 31, 2013
Drilling	\$ -	\$ -
Property access, restoration and maintenance	60,312	59,617
Assay and analysis	-	4,789
Salaries, benefits and stock based compensation	201,006	499,958
Geologic consulting and support	64,132	252,792
Engineering and metallurgy	332,157	1,092,208
Environmental baseline studies	17,458	334,798
Permitting	191,024	33,890
Claims maintenance	6,790	13,930
Other	91,147	80,840
	<u>\$ 964,026</u>	<u>\$ 2,372,822</u>

During the three months ended March 31, 2014 the Company capitalized expenditures of \$964,026 on its Hermosa property compared to \$2,372,822 in the same period of 2013. The decrease in 2014 reflects the reduction in overall activity following release of the pre-feasibility results in late 2013 while the Company seeks additional financing. The costs for 2014 primarily reflect work to finish the NI 43-101 Technical Report and associated reports for the Company's pre-feasibility study together with permitting costs for the Company's proposed drilling program on United States Federal lands, normal ongoing site maintenance work and personnel costs. The costs for 2013 primarily reflect engineering and metallurgical test-work associated with pre-feasibility work as well as ongoing environmental baseline studies.

The decrease in salaries, benefits and stock based compensation capitalized to the project in 2014 compared to 2013 is primarily due to 2013 including bonus incentives for 2012 performance. Due to the Company's financial situation no bonuses were declared or paid with respect to 2013 activities. In addition, the Company had fewer employees working on the project in 2014 compared to 2013.

Engineering and metallurgy costs decreased in 2014 compared to 2013 as 2013 included the work being undertaken to determine the economic recoverability of the manganese, zinc and copper by-products and process optimization of the silver recoveries. These costs also included resource estimation, mine planning, engineering and similar costs associated with the ongoing work on the pre-feasibility study. As previously noted, the 2014 costs primarily related to completing various reports associated with the pre-feasibility study.

Environmental baseline studies costs were higher in 2013 as a result of the higher number of studies being undertaken.

**Costs Expensed, Net Loss and Comprehensive Loss**

	Three months ended March 31,	
	2014	2013
Expenses:		
Salaries and benefits	\$ 145,939	\$ 437,734
Office and administrative	74,128	69,627
Stock based compensation	63,412	156,653
Professional services	40,240	51,328
Investor relations	26,350	49,900
Directors' fees	19,374	2,727
Filing and regulatory	15,710	19,834
Insurance	11,757	18,971
Legal	4,450	7,667
Depreciation	2,273	2,476
Fiscal and advisory services	2,085	2,159
Travel	1,765	4,265
Loss from operations	(407,483)	(823,341)
Impairment of marketable securities	-	(289,454)
Interest and finance charges	(991)	(3,403)
Foreign exchange gain	822	2,743
Interest and other income	126	1,073
Net loss	(407,526)	(1,112,382)
Other comprehensive loss (income):		
Items that may be reclassified to profit or loss:		
Impairment of marketable securities reclassified to loss	-	(239,866)
Foreign currency translation loss	34,952	19,536
	(34,952)	220,330
Comprehensive loss	\$ (442,478)	\$ (892,052)

For the three months ended March 31, 2014, the Company reported a net loss of \$407,526 and comprehensive loss of \$442,478 (\$0.003 per common share) compared to a net loss of \$1,112,382 and comprehensive loss of \$892,052 (\$0.008 per common share) for the same period in 2013. The decrease in the net loss in 2014 compared to 2013 is primarily due to 2013 including bonus payments and an impairment loss on the Company's former holding of Riva Gold Corporation shares. Overall costs have also decreased as a result of the general reduction in activity on the Hermosa project, as discussed previously.

As noted above, the decrease in salaries and benefits expense in 2014 results from the 2013 comparatives including bonus payments with respect to 2012 performance. As discussed under "Project Costs Capitalized" no bonuses have been awarded or paid with respect to 2013. In addition, overall salary costs decreased in 2014 as a number of employees who allocate their time between several public companies spent less time on the Company's affairs.

The decrease in stock based compensation expense in 2014 compared to 2013 is primarily due to the timing of the vesting of stock options that were granted when the Company's stock price was higher. The Company uses the Black-Scholes option pricing model to determine the value of stock options, which is then amortized as an expense over the vesting period. In addition, 2013 includes a grant of stock options that included the Company's non-executive directors. These stock options vest as to 50% on the date of the grant and 50% one year from the grant date. There were no such grants in 2014.

In 2013, the Company recorded an unrealized permanent impairment loss of \$49,588 in the income statement with respect to the mark-to-market of the one million Riva Gold Corporation shares the Company held at that time. The Company also transferred the unrealized loss of \$239,866 previously recorded in accumulated other comprehensive loss to the income statement.

**Liquidity and Capital Resources**

At March 31, 2014, the Company had cash and cash equivalents of \$41,951 compared to \$650,347 at December 31, 2013. The decrease in the Company's cash position since December 31, 2013 is attributable to expenditures on exploration and associated activities on the Company's Hermosa project, general corporate costs and the timing of the payment for such services.

Operating activities used cash in the amount of \$236,317 in the three months ended March 31, 2014 compared to a use of cash of \$351,510 in the same period of 2013. The decreased use of cash is attributable to the reduction in corporate costs noted above, partially offset by movements in working capital.

Cash inflow from financing activities of \$106,592 for the three months ended March 31, 2014 results from contributions by the non-controlling interest for their share of costs incurred on the Hermosa project. For the same period in 2013 the cash inflow was attributable to the loan the Company obtained from Riva Gold Corporation of C\$1.0 million that was drawn down in March, 2013. The Company also received funding from non-controlling interests of \$156,069.

Investing activities for the three months ended March 31, 2014 used cash of \$458,437 compared to \$1,434,632 in the same period of 2013. The decrease in the use of cash relates to the decrease in expenditures on the Company's Hermosa project, as previously discussed as well as the impact of the relative change in accounts payable associated with the project at March 31, 2014 as compared to March 31, 2013.

At March 31, 2014 the Company had cash flow commitments as follows (\$000's):

	< 1 Year	1-3 Years	3-5 Years	> 5 Years	Total
Accounts payable and accrued liabilities	\$ 999	\$ -	\$ -	\$ -	\$ 999
Other liabilities	1,468	-	-	-	1,468
Due to related parties	77	-	-	-	77
Operating lease obligations	209	375	251	-	835
	<u>\$ 2,753</u>	<u>\$ 375</u>	<u>\$ 251</u>	<u>\$ -</u>	<u>\$ 3,379</u>

**Quarterly Review of Financial Information**

The following table is a summary of the Company's results for the eight most recently completed quarters for the years ending December 31:

Unaudited	2014	2013				2012		
(\$000s, unless otherwise stated)	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Net income (loss)	\$ (408)	\$ 986	\$ (469)	\$ (579)	\$ (1,112)	\$ (637)	\$ (894)	\$ (1,524)
Exploration and evaluation assets additions	\$ 964	\$ 1,037	\$ 1,936	\$ 2,426	\$ 2,373	\$ 2,135	\$ 2,482	\$ 2,240
US\$ to C\$ Exchange rate - period end	\$ 1.1033	\$ 1.0636	\$ 1.0285	\$ 1.0512	\$ 1.0156	\$ 0.9949	\$ 0.9837	\$ 1.0191
Basic and diluted net income (loss) per share	\$ -	\$ 0.01	\$ -	\$ -	\$ (0.01)	\$ -	\$ (0.01)	\$ (0.01)

The most significant factors influencing the Company's quarterly results over the last eight quarters are:

- The gain of \$1,459,151 recorded in the fourth quarter of 2013 with respect to 117,246 common shares of Ventana Gold Corp. held by the Company.
- The loss of \$289,454 on the impairment of the Company's one million shares in Riva Gold Corporation recorded in the first quarter of 2013.

- The increase in salaries and benefits expense associated with severance paid on the departure of the Company's former President and Chief Executive Officer in the second quarter of 2012.
- The impact of the timing of stock option grants on stock based compensation expense including the higher expense where a portion of the grant vests immediately.
- Additions to exploration and evaluation assets in the second and third quarters of 2012 primarily reflect engineering and metallurgical work associated with the updated Preliminary Economic Assessment that was released in October, 2012 and environmental base-line studies. Additions for the fourth quarter of 2013 forward primarily reflect engineering and metallurgical work with respect to the pre-feasibility study that was released in December, 2013 and ongoing environmental base-line studies. Additions for the first quarter of 2014 primarily reflect work associated with the pre-feasibility technical report, permitting and ongoing property maintenance.

### **Share Capital Information**

As at May 12, 2014, the Company had an unlimited number of common shares authorized for issuance with 143,510,075 issued and outstanding and an unlimited number of preferred shares authorized with nil outstanding. Also at May 12, 2014, the Company had outstanding 5,816,160 stock options held by directors, officers, consultants and employees.

### **Proposed Transactions**

There are no undisclosed proposed transactions that will materially affect the performance of the Company.

### **Off-Balance Sheet Arrangements**

The Company does not have any material off-balance sheet arrangements.

### **Related Party Transactions**

In addition to the related party transactions or balances disclosed elsewhere in this MD&A, the Company had the following related party transactions.

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 is provided to Arizona Minerals in accordance with the Shareholders' Agreement and is by way of advances, which are subsequently converted to preference shares. The preference shares have priority over the common shares with respect to distributions and repayment. The Shareholders' Agreement generally requires 5348 Investments to fund 10% of Arizona Minerals costs and provides 5348 Investments with a 10% carried interest in the approximately 152 acres of patented claims and approximately 3,100 acres of the unpatented claims on the Hermosa property. The Shareholders' Agreement provides for dilution of 5348 Investments' non-carried equity interest in the event it fails to fund its share of any funding for approved programs.

Non-controlling interest increased by \$17,258 in the three months ended March 31, 2014 (March 31, 2013 – \$124,274) as a result of \$21,727 (March 31, 2013 – \$128,428) of required contributions less the non-controlling interest share of Arizona Minerals loss for the period of \$4,469 (March 31, 2013 – \$4,154). Due to related parties includes \$18,472 (December 31, 2013 – \$nil) due to 5348 Investments and amounts receivable includes \$nil (December 31, 2013 – \$66,393) outstanding from 5348 Investments with respect to these arrangements.

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. The Company was charged for the following with respect to these arrangements in the three months ended:

	March 31, 2014		March 31, 2013
Salaries and benefits	\$ 129,404	\$	199,457
Office and administrative	118,140		126,414
	<u>\$ 247,544</u>	\$	<u>325,871</u>

At March 31, 2014, amounts receivable includes a balance due from related companies of \$73,420 (December 31, 2013 – \$42,493) and there is an amount due to related companies of \$77,494 (December 31, 2013 – \$11,261) with respect to these arrangements. Amounts are due on demand, unsecured, and have no terms of repayment.

Other assets of \$318,367 (December 31, 2013 – \$330,849) relate to the Company's share of jointly owned assets (primarily security deposits, leasehold improvements, and furniture and equipment) held by the management company.

### **Critical Accounting Policies and Estimates**

The Company's accounting policies are described in its consolidated financial statements for the year ended December 31, 2013. The preparation of its consolidated financial statements requires management to make judgements, estimates and assumptions in the process of applying the Company's accounting policies that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Estimates and assumptions are continually evaluated. However, actual outcomes could materially differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected. Information about critical judgements and estimates in applying accounting policies that have the most significant effect on amounts recognized in these condensed consolidated interim financial statements are as follows:

- Exploration and evaluation assets impairment estimation – The Company assesses its exploration and evaluation assets on a periodic basis to determine whether any indication of impairment exists. Where an indicator of impairment exists, an estimate is made of the recoverable amount, which is the higher of the fair market value less costs to sell and its value in use. In determining the value in use the Company will develop an estimated cash flow for the mineral property, which will be based on the Company's estimates of ore reserves and mineral resources. The Company estimates its ore reserves and mineral resources based on information compiled by qualified persons as defined in accordance with Canadian Securities Administrators' National Instrument 43-101 Standards of Disclosure for Mineral Projects requirements. The estimation of mineral reserves and resources is based upon the results, assumptions and interpretation of various exploration techniques and information and includes additional factors such as metallurgical assumptions, expected commodity prices, capital requirements and operating costs that will also be used to develop the cash flow model. The Company must also determine an appropriate discount rate at which to discount the cash flows to determine the net present value. Changes in any of these assumptions, interpretations and estimates may have a significant impact on the net present value and therefore may impact the carrying value of the exploration and evaluation assets.
- Stock based compensation – In determining the fair value of stock based compensation, which the Company both expenses and capitalizes to exploration and evaluation assets, the Company uses the Black-Scholes option pricing model. The Black-Scholes option pricing model requires the input of highly subjective assumptions such as the expected life of the options, estimates of interest rates and share price volatility that can materially affect the fair value estimate.
- Other liabilities – estimation of ultimate withholding tax liability with respect to the Company's acquisition of 80% of the common shares of Arizona Minerals.

## Changes in Accounting Policies

### a) New accounting policies adopted during the period

Effective January 1, 2014, the Company adopted IAS 36, *Impairment of Assets*, which provides for additional disclosures that may be required in the event the Company recognises an impairment loss or the reversal of an impairment loss. The adoption of IAS 36 did not result in any changes in the disclosure in the Company's financial statements.

### b) New accounting standards, amendments and interpretations

Certain new standards, interpretations and amendments to existing standards have been issued by the International Accounting Standards Board (IASB) or International Financial Reporting Interpretations Committee (IFRIC). Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

IFRS 9, *Financial Instruments: Classification and Measurement* is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is measured at fair value through profit or loss. The IASB has deferred the mandatory effective date to no earlier than January 1, 2018 and has left it open pending the finalization of the impairment and classification and measurement requirements. The Company has not yet assessed the impact of this standard on its financial reporting.

## Financial Instruments

The Company's financial instruments are classified into the following categories of financial assets and liabilities (shown at carrying value):

Category	Measurement	March 31, 2014	December 31, 2013
Cash and cash equivalents	Loans and receivables	\$ 41,951	\$ 650,347
Amounts receivable	Loans and receivables	\$ 81,717	\$ 122,737
Due from related party	Loans and receivables	\$ 1,468,000	\$ 1,459,000
Accounts payable and accrued liabilities	Other financial liabilities	\$ 998,823	\$ 453,046
Other liabilities	Other financial liabilities	\$ 1,468,000	\$ 1,459,000
Due to related parties	Other financial liabilities	\$ 77,494	\$ 11,261

The carrying values of the Company's financial instruments in the table above approximate their fair values as a result of their short-term nature. Due from related party, which is not classified as a current asset, is carried in the consolidated financial statements at the same amount as the Company's other liabilities and accordingly, approximates its fair value.

## Financial risk management

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure and attempts to manage the risk, where possible. These risks include market risk, liquidity risk and credit risk.

### a) Market risk

Market risk represents the risk that the fair value of cash flows of a financial instrument will fluctuate because of changes in market prices. In particular:

*Foreign exchange risk*

Foreign exchange risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate.

The Company incurs expenditures in Canadian and US dollars with the majority of the expenditures being incurred in US dollars exploring on its Hermosa property. The parent company has adopted a policy of converting the majority of its cash balances into US dollars, except to the extent Canadian dollars are required to fund corporate operations. As the functional currency of the parent company is Canadian dollars, foreign exchange risk arises because the amount of the US dollar cash and cash equivalents will vary in Canadian dollar terms due to changes in exchange rates. However, to the extent the US dollar balances will be used to fund future exploration expenditures on the Hermosa property the risk is mitigated and provides more certainty in terms of the funds available for that purpose.

At March 31, 2014, the Company is exposed to currency risk through the following assets and liabilities denominated in US dollars held by the Canadian parent company:

		March 31, 2014		December 31, 2013
Cash and cash equivalents	US\$	5,956	US\$	40,099
Due from related party		1,468,000		1,525,393
Accounts payable and accrued liabilities		(13,035)		(457)
Other liabilities		(1,468,000)		(1,459,000)
Due to related parties		(18,472)		-
	US\$	(26,118)	US\$	106,035

As at March 31, 2014, based on the above net exposures a 10% change in the Canadian-US dollar exchange rate would impact the Company's earnings by approximately \$3,000 (December 31, 2013 – \$11,000). As the Company reports in US dollars this amount would be offset by an approximately equivalent amount as part of other comprehensive income.

*Price and Interest rate risk*

Price risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate because of changes in market prices other than those arising from interest rate and currency risk. The Company is not materially exposed to price risk at this time.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not materially exposed to interest rate risk at this time.

b) Liquidity risk

Liquidity risk represents the risk that the Company will be unable to meet its obligations associated with its financial liabilities. The Company endeavours to manage its liquidity risk by maintaining sufficient readily available cash in order to meet its liquidity requirements at any point in time (see discussion on going concern in "Going Concern").

c) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. Credit risk arises for the Company from cash and cash equivalents held with banks and financial institutions, as well as credit exposure on outstanding amounts receivable and amounts due from a related party. The maximum exposure to credit risk is equal to the carrying value of the financial assets.

The Company manages its exposure to credit risk by holding its cash and cash equivalents through Canadian or US chartered banks, with short-term investments held in high-interest bank accounts and GIC's.

### **Risks and Uncertainties**

An investment in the Company's common shares is highly speculative and subject to a number of risks and uncertainties. Only those persons who can bear the risk of the entire loss of their investment should invest in the Company's common shares. An investor should carefully consider the risks referred to below and the other information filed with the Canadian securities regulators before investing in the Company's common shares. Wildcat's business is subject to a number of risks and uncertainties including those described in the Company's Annual Information Form and Management's Discussion and Analysis for the year ended December 31, 2013, which are available on the Company's website at [www.wildcatsilver.com](http://www.wildcatsilver.com) and SEDAR at [www.sedar.com](http://www.sedar.com). Any of the risks and uncertainties described in the above-noted documents could have a material adverse effect on the Company's business and financial condition and accordingly, should be carefully considered in evaluating the Company's business.

### **Disclosure Controls and Procedures and Internal Control over Financial Reporting**

The Company's management, under the supervision of the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), has designed disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in National Instrument 52-109, *Certification of Disclosure in Issuers' Annual and Interim Filings*, based on the original 1992 control framework developed by the Committee of Sponsoring Organizations of the Treadway Commission.

The DC&P have been designed to provide reasonable assurance that material information relating to the Company is made known to the CEO and CFO, particularly during the period in which the interim filings are prepared and the information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified. The ICFR have been designed to provide reasonable assurance regarding the reliability of financial reporting for external purposes in accordance with international financial reporting standards. Due to the inherent limitations associated with any such controls and procedures, management recognizes that, no matter how well designed and operated, they may not prevent or detect misstatements on a timely basis.

### **Changes in Internal Control over Financial Reporting**

NI 52-109 also requires Canadian public companies to disclose any changes in ICFR during the most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, ICFR. No material changes were made to internal controls in the three months ended March 31, 2014.

### **Assays and Quality Assurance/Quality Control**

To ensure reliable sample results, the Company has a rigorous QA/QC program in place that monitors the chain-of-custody of samples and includes the insertion of blanks, duplicates, and certified reference standards in each batch of samples. Core is photographed and split in half with one-half retained in a secured facility for verification purposes. Sample preparation (crushing and pulverizing) is performed at Skyline Laboratories, an ISO/IEC accredited lab located in Tucson, Arizona. Skyline Laboratories prepares two pulps of all samples and completes analysis of one pulp sample by ICP for Cu% (copper), Pb% (lead), Zn% (zinc) and Mn% (manganese). The second pulp is shipped to Inspectorate Labs, an ISO: 9001-2008 accredited laboratory in Reno, Nevada, where the duplicate pulp is analyzed for Au (gold) and Ag (silver). Silver values are determined by gravimetric fire assay (1 AT) with gold values determined by an AA finish from the same dore bead: Final silver value is the weight of the dore bead minus the AA gold value. In certain drill holes Skyline completes analyses of pulps for gold (FA-1AT/AA) and silver is determined by multi-acid digestion/AA finish. If the silver value is greater than 150 gpt the sample is redone by gravimetric FA (1AT) with the gravimetric gold value subtracted. At both labs if the FA/AA Au value is greater than 3 gpt the Au assay is repeated by FA gravimetric methods. Certain

duplicate pulps have gold-silver QA/QC checks run at Skyline by the above methods. Also certain duplicate pulps also have Cu, Pb, Zn, Mn QA/QC checks using ICP/AA methods and 30 element spectral ICP determined at Inspectorate after 4-acid digestion.

### **Pre-feasibility Study Contributors and Qualified Persons**

The Hermosa pre-feasibility study was completed by M3 Engineering & Technology Corporation (M3) of Tucson, Arizona, with the support of Metal Mining Consultants of Highlands Ranch, Colorado (Mineral reserve and mineral resource); Newfields Inc., Denver Colorado (Tailings/Coarse Rock storage); Hazen Research Inc., Golden, Colorado (processing and metallurgy); Easton Process Consulting Inc., Highlands Ranch, Colorado (metallurgy); and Mine Mappers LLC (geology/wire framing). The information contained in the December 10, 2013 press release announcing the results of the pre-feasibility study, resource update and reserve statement, which are replicated in this MD&A were reviewed by Joshua Snider and the relevant contributors.

M3 Engineering and Technology Corporation of Tucson, Arizona worked under the supervision of Joshua Snider, PE, an independent Qualified Person under the standards set forth by NI 43-101. Mr. Snider is a Civil Engineer with M3 and has over 15 years of experience in the engineering and mining industry.

Metallurgical test results have been reviewed, verified, and interpreted by Christopher Easton, BSc. Chemical Engineering, a Qualified Person under the standards set forth by NI 43-101. Mr. Easton is the president of Easton Process Consulting Inc. has 24 years of mineral processing and metallurgical engineering experience, and is a Qualified Professional Member in Metallurgy of MMSA.

Scott Wilson, President of Metal Mining Consultants, is an independent qualified person as defined by National Instrument 43-101 and approved and verified the information in relation to the Hermosa mineral reserve and mineral resource estimates. Mr. Wilson is a Certified Professional Geologist and member of the American Institute of Professional Geologists (CPG #10965) and a Registered Member (#4025107) of the Society of Mining, Metallurgy and Exploration, Inc., a professional association and designation recognized by the Canadian regulatory authorities.

Timothy George, PE, an independent Qualified Person under the standards set forth by NI 43-101, reviewed the information in relation to the Hermosa reserve determination and mine plan. Mr. George is a Mining Engineer with Metal Mining Consultants.

Process design criteria and cost estimates for the EMM facility have been reviewed by Terry McNulty, D Sc, PE., a Qualified Person under the standards set forth by NI 43-101. Dr. McNulty is President of T. P. McNulty and Associates, Inc., has over 50 years of experience in mineral processing and extractive metallurgical engineering, and is a Registered Member of SME.

WILDCAT SILVER CORPORATION  
Corporate Information

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<b>Officers</b>	Richard W. Warke – Chief Executive Officer Donald R. Taylor – President and Chief Operating Officer Paul J. Ireland – Chief Financial Officer Letitia Cornacchia – Vice President, Investor Relations and Corporate Communications Gregory F. Lucero – Vice President, Sustainable Development Charles J. Magolske – Vice President, Corporate Development Purni Parikh – Vice President, Corporate Secretary
<b>Registrar and Transfer Agent</b>	Computershare Investors Services Inc. #401 - 510 Burrard Street Vancouver, BC V6C 3B9
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