WILDCAT SILVER CORPORATION

Management's Discussion and Analysis

For the Three and Six Months Ended June 30, 2012

Introduction

This management's discussion and analysis ("MD&A") of Wildcat Silver Corporation (the "*Company*", "*Wildcat*", "*we*", "*us*", or "*our*") covers the three and six months ended June 30, 2012. This MD&A takes into account information available up to and including August 10, 2012. This MD&A should be read in conjunction with the accompanying unaudited condensed consolidated interim financial statements and notes for the three and six months ended June 30, 2012, which are available on the Company's website at www.wildcatsilver.com and on the SEDAR website at www.sedar.com.

The Company has prepared the consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS").

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

Cautionary Statement 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 statements regarding: expected recovery rates and processing and mining costs assumed in the mineral resource estimate; the timing of completion of an updated PEA; the development and commencement of a new drilling program and permitting in connection therewith; the ability to obtain funding to enable planned activities to continue beyond early 2013; work on the optimization of the metallurgical process; and the statements under "Objectives and Outlook" below. 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 this MD&A.

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 period ended December 31, 2011 and other continuous disclosure documents available at 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 together with a 2% net smelter royalty interest in the whole Hermosa property is held by Diamond Hill Investment Corp. ("Diamond Hill"), which is controlled by a director of the Company. Wildcat 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, although the deposit also includes economic quantities of copper, gold and zinc.

Updated Resource Estimate

On August 9, 2012, the Company announced an updated resource estimate that showed a further increase to the total mineral resource for its Hermosa project. The Company has also upgraded a significant portion of its indicated resource into the measured category. This mineral resource estimate includes drill and assay data up to March 2012 which contains all 212 holes (55,700 metres) completed in the most recent 2011/2012 drill program. A summary of the total resource is provided below and is reported on a 100% basis.

It should be noted that mineral resources are not mineral reserves and do not have demonstrated economic viability.

Hermosa Mineral Resource Estimate								
Zone	**Type**	**Tonnes (000)**	**Ag (g/t)**	**Au (g/t)**	**Mn (%)**	**Zn (%)**	**Cu (%)**	**Contained Silver Ounces (000s)**
Measured Mineral Resource*								
Manto	Oxide	36,744	66.64	0.09	7.12	1.81	0.07	78,725
Upper Silver	Mixed	57,038	29.64	0.07	0.85	0.12	0.02	54,360
Total Measured		**93,782**	**44.14**	**0.07**	**3.31**	**0.78**	**0.04**	**133,085**
Indicated Mineral Resource*								
Manto	Oxide	39,713	41.52	0.06	5.69	1.66	0.06	53,008
Upper Silver	Mixed	60,685	25.36	0.06	0.95	0.16	0.02	49,481
Total Indicated		**100,398**	**31.75**	**0.06**	**2.83**	**0.75**	**0.04**	**102,489**
Measured and Indicated Mineral Resource*								
Manto	Oxide	76,457	53.59	0.07	6.38	1.73	0.06	131,733
Upper Silver	Mixed	117,722	27.44	0.06	0.90	0.14	0.02	103,841
Total Measured & Indicated		**194,180**	**37.73**	**0.07**	**3.06**	**0.77**	**0.04**	**235,574**

Inferred Mineral Resource*								
Zone	**Type**	**Tonnes (000)**	**Ag (g/t)**	**Au (g/t)**	**Mn (%)**	**Zn (%)**	**Cu (%)**	**Contained Silver Ounces (000s)**
Manto	Oxide	21,747	39.56	0.06	7.03	2.79	0.10	27,662
Upper Silver	Mixed	57,764	27.65	0.06	0.85	0.17	0.02	51,346
Total Inferred		**79,510**	**30.91**	**0.06**	**2.54**	**0.89**	**0.04**	**79,008**

* The mineral resource is constrained within a Whittle optimized pit shell based on the following metal prices and recoveries:

Metal	Price	Recovery
Silver	$25.76/oz	90%
Gold	$1,300/oz	85%
Manganese	$0.60/lb	95%
Zinc	$0.93/lb	80%
Copper	$3.21/lb	90%

The mineral resource is based on processing costs of US$27.55/tonne for the Manto Zone. The Upper Silver Zone mineral resource is tabulated using a silver cut-off grade of 8.57 g/t.

Previous mineral resources did not include a resource for gold as no metallurgical test work had been completed to prove its recovery or economic viability. As a result of recent test work the expected recovery included in the above table has been used and gold has been included in the total mineral resource.

In addition to the above mineral resource, Hermosa also has a deep Skarn Sulfide Zone which hosts 3.8 million tonnes of 30.84 g/t silver, 4.68% manganese, 0.07% copper and 2.31% zinc for total contained silver ounces of approximately 4.0 million. This Skarn resource was previously announced in the Company's February 6, 2012 mineral resource press release and included in the NI 43-101 Hermosa Technical Report dated March 21, 2012. The Skarn resource was not affected by the current drilling and therefore was not listed in the updated resource totals as it was not reviewed by Scott E. Wilson Consulting, Inc.

Drill Program

As previously disclosed, the Company filed a plan of operations with the US Forest Service to obtain the necessary approvals to commence a 176 hole drilling program to further test the boundaries of the existing resource and several new exploration targets. Subsequently, the Company has re-assessed its strategic alternatives and has amended the plan of operations to focus on the drilling necessary to move the Hermosa project into the feasibility stage. The drilling envisioned will be approximately one quarter of that in the previously submitted plan of operations and will focus on obtaining geotechnical, groundwater, metallurgical and in-pit exploration information. The Company is working with the United States Forest Service to obtain the required approvals.

Preliminary Economic Assessment ("PEA")

The Company has substantially completed pilot plant test work on both the Manto Oxide and Upper Silver Zone ore at Hazen Research Inc. in Golden, Colorado. Ongoing test work based on the initial results continues. Results are expected to be announced later in the quarter once all results of the test work have been received and analysed. The Company is on track to complete an updated PEA for its Hermosa project in the third quarter of this year. The PEA should incorporate the new mineral resource as well as the results from the updated metallurgical test work.

Project Costs Capitalized

The following shows total costs deferred on the Company's Hermosa property during the respective periods:

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
Drilling	$ -	$ 1,600,793	$ 1,622,483	$ 2,755,492
Drill access and restoration	271,425	760,786	747,222	1,184,929
Assay and analysis	298,334	204,812	798,075	376,468
Salaries and benefits	280,655	167,636	628,684	296,894
Geologic consulting and support	271,408	328,393	652,088	510,672
Engineering & metallurgy	653,854	76,635	965,547	80,535
Environmental baseline studies	298,970	10,067	443,420	10,067
Other	165,376	69,420	404,974	193,964
	$ 2,240,022	$ 3,218,542	$ 6,262,493	$ 5,409,021

During the three and six months ended June 30, 2012 the Company capitalized $2,240,022 and $6,262,493, respectively of expenditures in respect of its Hermosa property compared to $3,218,542 and $5,409,021, respectively for the same periods in 2011. The costs for both periods primarily reflect the exploration drilling program that was initiated in late 2010 and completed in March, 2012 with the final drill-hole assays and analysis announced in June, 2012.

The lower drilling costs in 2012 compared to 2011 reflect the completion of the drilling program in the first quarter of 2012, as noted above. Drill access and restoration costs decreased in the three and six months ended June 30, 2012 compared to the same periods of 2011 as the focus in the second quarter of 2012 was on the restoration of drill pads and certain drill access roads. The comparable period of 2011 included more costly road access and drill pad preparation as the drilling program intensified. Assay and analysis costs are higher in 2012 due to the significantly higher number of drill holes assayed during the period. This work was completed in June, 2012.

The increase in salaries and benefits capitalized to the project in both periods of 2012 primarily reflects the hiring of additional executives during mid-2011 to meet the growing needs of the project, increased stock based compensation with respect to those executives and with respect to stock option grants in June 2011, and to a lesser extent, bonus payments with respect to 2011 paid and capitalized in the first quarter of 2012.

The increased engineering and metallurgical analysis in both periods of 2012 compared to 2011 reflects the metallurgical process optimization studies initiated earlier in the year and pilot plant work whose initial phase is nearing completion.

Environmental baseline studies costs increased in the three and six month periods of 2012 as the Company initiated a number of studies including surveys of a number of endangered and at risk flora and fauna.

Costs Expensed, Net Loss and Comprehensive Loss

	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
Director's 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
Gain on Riva Gold transaction	-	-	-	-
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 income, net of tax:	-			-
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)

For the three and six months ended June 30, 2012, the Company reported a net loss of $1,524,423 and $2,845,501 ($0.01 and $0.02 per common share), respectively compared to a net loss of $1,219,249 and $1,650,747 ($0.01 and $0.02 per common share), respectively in the comparable periods of 2011. After taking account of the mark-to-market loss on the Company's investment in Riva Gold Corporation ("Riva") and the loss for quarter (gain for the six months) on the translation of the financial statements into US dollars that were both reported through other comprehensive income, there was a comprehensive loss of

$1,785,913 (2011 – loss of $2,051,392) in the three months and a comprehensive loss of $2,899,410 (2011 – loss of $2,431,805) in the six months ended June 30, 2012.

Stock based compensation expense decreased by $156,807 in the quarter but increased by $233,415 in the six months ended June 30, 2012 compared to the same periods in 2011. The variation in the expense is primarily a result of the impact of the stock option grants to non-executive directors in June 2011 and March, 2012, as 50% of the options vest on the grant date. In addition, the call value calculated for each option using the Black Scholes option pricing model increased, particularly for the June 2011 grant to directors, officers and employees of the Company, primarily as a result of the increase in the market price of the Company's shares.

Salaries and benefits expense increased by $762,746 for the three months and $1,062,932 for the six months ended June 30, 2012 primarily as a result of severance with respect to the departure of the Company's former President and Chief Executive Officer in May, 2012. In addition, the expense for the six months also includes the bonus payments with respect to 2011 performance, the impact of certain intra-quarter accrual reversals, and increased corporate effort associated with increased exploration and corporate activity.

There was a foreign exchange gain included in income of $108,107 (2011 – gain of $5,673) for the three months and a loss of $63,035 (2011 – gain of $35,269) for the six months ended June 30, 2012 that arose primarily on the Company's US$ cash holdings. The loss is included in income as the parent company's functional currency is Canadian dollars. A loss on the translation of the parent's Canadian dollar financial statements into US dollars for presentation purposes of $147,685 for the three months and a gain of $89,863 for the six months is included in other comprehensive income.

The Company recorded an unrealized loss in other comprehensive income of $113,805 (2011 – unrealized loss of $695,369) for the three months and an unrealized loss of $143,772 (2011 – unrealized loss of $782,736) for the six months ended June 30, 2012 with respect to the mark-to-market of the one million Riva shares the Company still holds. The market value of the Riva shares at June 30, 2012 was $176,626.

Liquidity and Capital Resources

At June 30, 2012, the Company had cash and cash equivalents of $5,895,989 compared to $13,885,594 at December 31, 2011. The decrease in the Company's cash position since December 31, 2011 is attributable to the exploration and associated activities performed on the Hermosa property and general corporate costs, net of cash inflows from the exercise of common share options and funding from non-controlling interests.

Operating activities used cash in the amount of $1,473,585 for the three months and $2,090,718 for the six months ended June 30, 2012 compared to uses of cash of $667,375 and $1,165,281, respectively for the same periods in 2011. The increased use of cash for both periods reflects the impact of higher corporate costs, primarily salaries and benefits, as discussed above, and the timing of cash flows attributable to working capital.

Cash inflow from financing activities of $571,423 for the three months and $827,268 for the six months ended June 30, 2012 compares to $17,375,600 and $19,874,084, respectively for the same periods of 2011. The Company received $562,437 of funding from Diamond Hill in the quarter and $815,858 in the six months ended June 30, 2012 with respect to its share of costs incurred on the Hermosa project, which amounts are included in non-controlling interests. The increase in the funding for the six month period of 2012 compared to 2011 reflects the increase in expenditures on the project and the timing of payments. The three months ended June 30, 2011 also includes $13,695,744 received on the private placement of 10 million common shares at a price of C$1.30 per common share. The quarter and six months ended June 30, 2011 also include $3,501,783 and $5,963,670, respectively with respect to the exercise of share purchase warrants issued in connection with previous private placements and the exercise of employee stock options.

Investing activities used cash, primarily with respect to expenditures on the Company's Hermosa project net of changes in the related accounts payable, of $2,235,754 in the three months and $6,732,174 in the six months ended June 30, 2012 compared to $2,929,713 and $4,633,127, respectively for the same periods in 2011. The decrease in the use of cash in the second quarter of 2012 is a consequence of the completion of the Company's drilling program in the first quarter of 2012. The increased use of cash for the first six months of 2012 reflects the higher level of drilling activity in the first quarter of 2012 compared to the first quarter of 2011 when the program was in its initial phase and the impact of the payment in early 2012 of accounts payable associated with program activities incurred in 2011.

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. 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.

Quarterly Review of Financial Information

The following table is a summary of the Company's results for the eight most recently completed quarters.

Unaudited	Year ended December 31, 2012		Six months ended December 31, 2011[1]		Year ended June 30, 2011			
($000s, unless otherwise stated)	Q2	Q1	Q2	Q1	Q4	Q3	Q2	Q1
Net loss	$ (1,524)	$ (1,321)	$ (1,066)	$ (120)	$ (1,219)	$ (431)	$ (425)	$ (320)
Foreign exchange gain (loss)	$ 108	$ (171)	$ (221)	$ 1,043	$ 6	$ 30	$ (23)	$ (2)
Exploration and evaluation additions	$ 2,240	$ 4,022	$ 4,227	$ 3,840	$ 3,219	$ 2,190	$ 353	$ 286
US$ to C$ Exchange rate - period end	$ 1.0191	$ 0.9991	$ 1.0170	$ 1.0389	$ 0.9643	$ 0.9718	$ 0.9946	$ 1.0298
Basic and diluted net income (loss) per share	$ (0.01)	$ (0.01)	$ (0.01)	$ -	$ (0.01)	$ -	$ -	$ -

(1) The Company changed it fiscal year end to December 31.

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

- The foreign exchange gain of $1,042,470 in the quarter ended September 30, 2011 and loss of $221,403 in the quarter ended December 31, 2011 primarily arising on the parent company's holdings of US dollars. An approximately offsetting amount arising on the translation of the parent company's books for reporting purposes is included in other comprehensive income.
- 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 timing of stock option grants on stock based compensation expense including the higher expense where a portion of the grant vests immediately. The first quarter of the year ended December 31, 2012 and the first and fourth quarters of the year ended June 30, 2011 were particularly impacted.

- The first quarter of the year ended June 30, 2011 includes a gain of $190,907 being a portion of the dilution gain that arose on the Riva transaction.
- The impact on additions to exploration and evaluation expenditures of the commencement of the drilling exploration program late in the second quarter of the year ended June 30, 2011. The drilling was completed in the first quarter of 2012 and the final assays completed in the second quarter of 2012.

Objectives and Outlook

The Company's focus for the balance of 2012 and into 2013 will be on completing the following:

- An updated PEA in the third quarter of 2012.
- Assuming the PEA update warrants, moving forward with the required metallurgical, mine planning, engineering and other studies to progress the Hermosa project towards pre-feasibility and feasibility status.
- Obtaining additional funding to enable the continuation of the exploration and development of the Hermosa project.
- A drilling program targeted at obtaining groundwater, geotechnical, metallurgical and in-pit exploration information.
- Continuing to explore new markets for manganese products.
- Advancing the baseline environmental studies.

Share Capital Information

As at August 10, 2012, the Company had an unlimited number of common shares authorized for issuance with132,615,584 issued and outstanding and an unlimited number of preferred shares authorized with nil outstanding. Also at August 10, 2012, the Company had outstanding 7,274,500 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.

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.

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.

Critical Accounting Policies and Estimates

The Company's accounting policies are described in note 3 to its audited consolidated financial statements for the six months ended December 31, 2011. 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 the consolidated financial statements are as follows:

Judgements:

- Mineral properties and exploration and evaluation expenditures – consideration for impairment. The Company uses its judgement to determine first, whether a triggering event has occurred that may require it to consider if a mineral property should be subject to impairment testing and second, if this is the case, to determine the applicable factors relevant in determining the value of the property.

Estimates:

- Accounts payable and accrued liabilities – estimation of ultimate withholding tax liability, if any, with respect to the Company's acquisition of 80% of the common shares of Arizona Minerals.
- Mineral property and exploration and evaluation expenditures impairment estimation – If it has been determined that a triggering event has occurred requiring the Company to calculate whether an impairment charge is required against its mineral properties and exploration and evaluation expenditures, the Company may consider the resource estimates for that mineral property, if applicable in its calculations. The Company calculates its resources based on information compiled by qualified persons as defined by NI 43-101. There are numerous uncertainties inherent in estimating resources and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of the resource and result in it being revised.

Changes in Accounting Policies

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) that are mandatory for accounting periods beginning on or after January 1, 2013, except for IFRS 9, which has now been extended to periods on or after January 1, 2015. 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 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 at fair value through profit or loss. The Company has not yet assessed the impact of this standard on its financial reporting.

- IFRS 10, *Consolidated Financial Statements* builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company and provides additional guidance where it is difficult to assess. IFRS 10 replaces the consolidated requirements in SIC-12, *Consolidated-Special Purpose Entities*, and IAS 27, *Consolidated and Separate Financial Statements*. There are no substantive changes arising from this standard on the Company's financial reporting.

- IFRS 11, *Joint Arrangements* provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. IFRS 11 supersedes IAS 31, *Interests in Joint Ventures* and SIC-13, *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. There are no substantive changes arising from this standard on the Company's financial reporting.

- IFRS 12, *Disclosures of Interest in Other Entities* provides the disclosure requirements for all forms of interests in other entities, including subsidiaries, joint agreements, associates and consolidated structured entities. This standard will require additional disclosures by the Company with respect to its 80% owned subsidiary, Arizona Minerals, primarily as a result of the 20% non-controlling interest.

- IFRS 13, *Fair Value Measurement* provides a single source of guidance on how to measure fair value where its use is already required or permitted by other IFRS and enhances disclosure requirements for information about fair value measurements. The Company has not yet assessed the impact of this standard on its financial reporting.

Financial Instruments

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 that 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 negated and provides more certainty in terms of the funds available for that purpose.

At June 30, 2012, the Company is exposed to currency risk through the following assets and liabilities denominated in US dollars:

		June 30, 2012		December 31, 2011
Cash and cash equivalents	US$	3,764,919	US$	10,605,412
Due from related party		1,506,130		1,649,312
Accounts payable and accrued liabilities		(1,421,904)		(2,056,414)
	US$	3,849,145	US$	10,198,310

As at June 30, 2012, based on the above net exposures a 10% change in the Canadian-US dollar exchange rate would impact the Company's earnings by approximately $385,000. As the Company reports in US dollars this amount would be offset by an equivalent amount as part of other comprehensive income.

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 six months ended December 31, 2011, which are available on the Company's website at www.wildcatsilver.com and SEDAR at 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.

Evaluation of Disclosure Controls and Procedures

The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting. As required by National Instrument 52-109 issued by the Canadian Securities Administrators, the Company carried out an evaluation of the design and effectiveness of the Company's disclosure controls and procedures and internal controls over financial reporting as of December 31, 2011. The evaluation was carried out under the supervision and with the participation of the CEO and the CFO. Based on the evaluation, the Company's CEO and CFO concluded that the Company's disclosure controls and procedures are effective in providing reasonable assurance that material information relating to the Company and its consolidated subsidiaries is made known to them by others within those entities, particularly during the period in which the interim filings are being prepared. In addition, the Company's CEO and CFO concluded that the Company's internal controls over financial reporting are effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for the Company and its consolidated subsidiaries for the period in which the interim filings are being prepared.

There were no changes in the controls, which materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting during the three months ended June 30, 2012.

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 a using ICP/AA methods and 30 element spectral ICP determined at Inspectorate after 4-acid digestion.

Qualified Persons

The updated mineral resource estimate released on August 9, 2012 was prepared under the guidance of Scott Wilson, President of Scott E. Wilson Consulting, Inc., an independent qualified person as defined by National Instrument 43-101. 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.

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