



WILDCAT SILVER CORPORATION

Management's Discussion and Analysis

For the Three and Six Months Ended June 30, 2013

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, 2013. This MD&A takes into account information available up to and including August 2, 2013. This MD&A should be read in conjunction with the accompanying condensed consolidated interim financial statements and notes for the three and six months ended June 30, 2013, and management's discussion and analysis for the year ended December 31, 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 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 contained in the Company's resource estimate and Preliminary Economic Assessment regarding: expected annual silver production, mine life, silver, gold and copper recoveries, capital and operating costs, metal grades and other information; and the statements under "Objectives and Outlook" later in this document including progressing the Hermosa project through to pre-feasibility stage by the end of the third quarter of 2013. 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, 2012 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 Silver Corporation is a mineral exploration company engaged in the exploration and development 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 a director of the Company. Diamond Hill also has a 2% net smelter royalty interest in the Hermosa property. 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 gold with manganese, zinc, lead and copper as potential by-products. During 2012, the Company completed updated resource estimates and an updated Preliminary Economic Assessment ("PEA") for the Hermosa project, which documents are available at www.sedar.com. The Company is currently working towards completing a pre-feasibility study.

Pre-Feasibility Study

The Company is continuing to work on a pre-feasibility study for its Hermosa project, which is being led by M3 Engineering and Technology Corporation of Tucson, Arizona.

A significant input into the pre-feasibility study is the metallurgical test-work that has been primarily focused on optimizing silver recoveries and ascertaining the economic recoverability of the manganese, zinc, lead and copper by-products. In addition, the Company has been exploring the magnetic attributes of the Manto Oxide Zone material to determine if the process plant feed can be concentrated through magnetic separation. If successful, this would result in the magnetic fraction of the material, which would contain the significant majority of the silver, going forward for processing in the kiln and the non-magnetic fraction being discarded as waste to tails. The resulting lower volume of material being processed through the kiln and subsequent process circuits should translate into lower capital and operating costs compared to what they would otherwise have been. The Company has also been exploring the potential to recover manganese, zinc, lead and copper by-products through various separation methods after the material has been reduced in the kiln.

Test-work has been primarily conducted by Hazen Research, Inc. in Golden, Colorado and is nearing completion for this phase of the project. This test-work and associated analysis has taken longer than anticipated and as a result the prefeasibility study is now expected to be completed in the third quarter of 2013.

Financing Through Acquisition of Riva Gold Corporation

On May 6, 2013, the Company closed its previously announced acquisition of all of the outstanding common shares of Riva Gold Corporation ("Riva"), a company related to Wildcat through certain common directors and officers. Riva was a Canadian-based mineral exploration company that had been assessing strategic alternatives and evaluating potential opportunities and did not hold any mineral properties. As a result of the acquisition, the Company acquired Riva's cash balance of \$7.1 million, which is net of the C\$1.0 million loan that was previously advanced to the Company in March 2013 and is now eliminated.

Consideration for the acquisition consisted of 9,871,492 common shares of the Company based on the agreed share exchange ratio of one common share of Wildcat for each 4.7 Riva common shares. The acquisition has been accounted for as an acquisition of assets and assumption of liabilities at fair values as follows:

Assets acquired:	
Cash and cash equivalents	\$ 7,068,311
Loan due from Wildcat Silver Corporation	992,556
Accounts receivable	19,234
Prepays and other	5,463
Other assets (non-current)	69,768
	<u>8,155,332</u>
Liabilities assumed:	
Accounts payable and accrued liabilities	(645,158)
Due to related parties	(3,429)
Net assets acquired	<u>7,506,745</u>
Less: existing investment in Riva Gold Corporation	<u>(129,032)</u>
Value ascribed to common shares issued as consideration for the acquisition	<u>\$ 7,377,713</u>

Accounts payable and accrued liabilities assumed include change of control payments and associated withholdings due to certain of Riva's former management totaling \$491,648, of which \$295,437 was subsequently settled through the issuance of 767,037 Wildcat common shares.

In accordance with the terms of the acquisition agreement, Riva's 1,790,000 stock options outstanding at the date of the acquisition vested on the change of control and may be converted into 380,851 Wildcat

common shares based on the exchange ratio of one Wildcat common share for each 4.7 Riva stock options.

The Company's costs associated with completing the transaction of \$165,495 have been included in share issue costs. Included in this amount is \$9,991 with respect to the fair value of the Riva options.

Project Costs Capitalized

The following shows total costs deferred on the Company's Hermosa property during the three and six months ended June 30, 2013 and 2012:

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Drilling	\$ -	\$ -	\$ -	\$ 1,622,483
Drill access and restoration	165,281	271,425	224,898	747,222
Assay and analysis	13,409	298,334	18,198	798,075
Salaries and benefits	294,742	280,655	794,701	628,684
Geologic consulting and support	107,370	271,408	360,161	652,088
Engineering & metallurgy	1,347,737	653,854	2,439,944	965,547
Environmental baseline studies	294,083	298,969	628,881	443,419
Other	203,613	165,377	332,274	404,975
	<u>\$ 2,426,235</u>	<u>\$ 2,240,022</u>	<u>\$ 4,799,057</u>	<u>\$ 6,262,493</u>

During the three and six months ended June 30, 2013 the Company capitalized expenditures of \$2,426,235 and \$4,799,057, respectively on its Hermosa property compared to \$2,240,022 and \$6,262,493 in the same periods of 2012. The costs for 2013 primarily reflect engineering and metallurgical test-work associated with the pre-feasibility study as well as ongoing environmental baseline studies. The costs for 2012 relate to exploration drilling through to the completion of the drilling program in March 2012, the first update to the Company's resource estimate that was released in February 2012, finalization of drill-hole assays and pilot plant test-work.

The increase in salaries, benefits and stock based compensation capitalized to the project in the first six months of 2013 compared to 2012 is primarily due to bonus incentives for 2012 performance together with hiring additional personnel.

Engineering and metallurgy costs increased in 2013 compared to 2012 reflecting the work being undertaken to determine the economic recoverability of the manganese, zinc, lead and copper by-products and process optimization of the silver recoveries. These costs also include resource estimation, mine planning, engineering and similar costs associated with the ongoing work on 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 June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Expenses:				
Stock based compensation	\$ 149,626	\$ 306,675	\$ 306,279	\$ 842,554
Salaries and benefits	219,602	1,011,590	657,336	1,421,635
Filing and regulatory	7,195	8,395	27,029	28,066
Office and administrative	77,692	91,176	147,319	184,059
Professional services	29,629	39,981	80,957	91,522
Investor relations	23,880	75,569	73,780	102,039
Insurance	16,816	24,770	35,787	44,950
Legal	12,602	56,205	20,269	58,988
Travel	14,503	6,689	18,768	7,233
Fiscal and advisory services	14,530	13,074	16,689	15,748
Directors' fees	17,268	2,721	19,995	5,468
Interest and finance charges	8,250	1,760	11,653	3,586
Depreciation	2,314	3,828	4,790	5,544
Foreign exchange (gain) loss	(11,687)	(108,107)	(14,430)	63,035
Interest and other income	(3,527)	(9,903)	(4,600)	(28,926)
Impairment of marketable securities (note 4)	-	-	289,454	-
Net loss	(578,693)	(1,524,423)	(1,691,075)	(2,845,501)
Other comprehensive loss (income):				
Unrealized loss on marketable securities	-	113,805	-	143,772
Impairment of marketable securities transferred to the income statement (note 4)	-	-	(239,866)	-
Foreign currency translation (gain) loss	204,563	147,685	224,099	(89,863)
	(204,563)	(261,490)	15,767	(53,909)
Comprehensive loss	\$ (783,256)	\$ (1,785,913)	\$ (1,675,308)	\$ (2,899,410)

For the three and six months ended June 30, 2013, the Company reported a net loss of \$578,693 (\$0.004 per common share) and \$1,691,075 (\$0.012 per common share), respectively compared to a net loss of \$1,524,423 (\$0.012 per common share) and \$2,845,501 (\$0.022 per common share) for the same periods in 2012. The decrease in the loss for the three and six months ended June 30, 2013 is primarily because the 2012 comparatives include costs associated with the departure of the Company's former President and CEO. The decrease also reflects reduced stock based compensation expense and an overall reduced level of corporate activity.

The decrease in stock based compensation expense in both periods of 2013 compared to 2012 primarily reflects the impact of the grant of stock options to the Company's non-executive directors, which vest 50% on the date of the grant and 50% one year from the grant date. The stock options granted in June 2011 and March 2012 when the Company's share price was higher resulted in a higher Black-Scholes valuation compared to the options granted to the non-executive directors in March 2013 when the share price was lower. The higher valued options would have been expensed in the 2012 periods and the lower valued options expensed in 2013.

The decrease in the salary and benefits expense in both periods of 2013 compared to 2012 is primarily due to the 2012 comparatives including the severance costs associated with the departure of the Company's former President and CEO, as noted above.

As a consequence of the previously discussed acquisition of Riva, the Company recorded an unrealized permanent impairment loss of \$49,588 in the income statement in the three months ended March 31, 2013 with respect to the mark-to-market of the one million Riva 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.

After taking account of the transfer of this unrealized loss and the loss on the translation of the financial statements into US dollars that were both reported through other comprehensive income, there was a comprehensive loss of \$1,675,308 in the six months ended June 30, 2013 compared to a comprehensive loss of \$2,899,410 in 2012. The comprehensive loss for the three months ended June 30, 2013 of \$783,256 includes the loss on the translation of the Company's Canadian dollar financial statements into US dollars of \$204,563 as a result of the weakening in the Canadian dollar and compares to a comprehensive loss of \$1,785,913 in the same period of 2012.

Liquidity, Capital Resources and Going Concern

At June 30, 2013, the Company had cash and cash equivalents of \$3,048,080 compared to \$1,136,193 at December 31, 2012. The increase in the Company's cash position since December 31, 2012 is attributable to the cash acquired with the acquisition of Riva during the period, the loan from Riva received prior to its acquisition together with funding from non-controlling interests. These cash inflows were partially offset by expenditures on exploration and associated activities on the Company's Hermosa project, the reduction in current liabilities and for general corporate costs during the period.

Operating activities used cash in the amount of \$1,260,051 in the three months and \$1,611,561 in the six months ended June 30, 2013 compared to a use of cash of \$1,473,585 and \$2,090,718 in the same periods of 2012. The decreased use of cash in both periods is primarily attributable to the lower corporate cash costs as discussed under "Costs Expensed, Net Loss and Comprehensive Loss" above, partially offset by the use of cash for working capital purposes.

Cash inflow from financing activities of \$7,261,377 for three months and \$8,390,777 for the six months ended June 30, 2013 reflects the closing of the acquisition of Riva on May 6, 2013 that contributed \$7,068,311 less associated cash transaction costs of \$155,504. The six months ended June 30, 2013 also includes the loan the Company obtained from Riva prior to its acquisition of C\$1.0 million that was drawn down in March, 2013. Following the closing of the acquisition of Riva, the loan eliminates on the consolidation of Riva with the Company. The Company also received funding from non-controlling interests of \$348,570 in the three months and \$504,639 in the six months ended June 30, 2013 with respect to its share of costs incurred on the Hermosa project. Cash inflow from financing activities for the comparable periods of 2012 primarily relates to funding from non-controlling interests.

Investing activities for the three and six months ended June 30, 2013 used cash of \$3,351,381 and \$4,786,013, respectively compared to \$2,235,754 and \$6,732,174 in the same periods of 2012. The increased use of cash in the three months ended June 30, 2013 compared to the same period of 2012 primarily reflects the use of cash to pay down Hermosa project related payables that had arisen in the first quarter of 2013. The decrease in the use of cash for the six months relates to the overall decrease in expenditures on the Company's Hermosa project, as previously discussed under "Projects Costs Capitalized", above.

At June 30, 2013 the Company had cash and cash equivalents of \$3,048,080, working capital of \$2,523,367 excluding the provision for estimated withholding taxes and a deficit of \$26,110,352. Based on anticipated but not committed expenditures, the Company will require financing by the end of the current fiscal year 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 or obtain it on acceptable terms.

At June 30, 2013 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	\$ 2,501	\$ -	\$ -	\$ -	\$ 2,501
Due to related parties	1	-	-	-	1
Operating lease obligations	114	417	368	146	1,045
	<u>\$ 2,616</u>	<u>\$ 417</u>	<u>\$ 368</u>	<u>\$ 146</u>	<u>\$ 3,547</u>

Quarterly Review of Financial Information

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

Unaudited (\$000s, unless otherwise stated)	Year ending December 31, 2013		Year ended December 31, 2012				Six months ended December 31, 2011 ⁽¹⁾	
	Q2	Q1	Q4	Q3	Q2	Q1	Q2	Q1
Net loss	\$ (579)	\$ (1,112)	\$ (637)	\$ (894)	\$ (1,524)	\$ (1,321)	\$ (1,066)	\$ (120)
Foreign exchange gain (loss)	\$ 12	\$ 3	\$ 15	\$ (99)	\$ 108	\$ (171)	\$ (221)	\$ 1,043
Exploration and evaluation additions	\$ 2,426	\$ 2,373	\$ 2,135	\$ 2,482	\$ 2,240	\$ 4,022	\$ 4,227	\$ 3,840
US\$ to C\$ Exchange rate - period end	\$ 1.0512	\$ 1.0156	\$ 0.9949	\$ 0.9837	\$ 1.0191	\$ 0.9991	\$ 1.0170	\$ 1.0482
Basic and diluted net income (loss) per share	\$ -	\$ (0.01)	\$ -	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ -

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

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

- The loss of \$289,454 on the impairment of the Company's one million shares in Riva recorded in the first quarter of 2013.
- 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 fourth quarter of the year ended June 30, 2011 were particularly impacted.
- The impact on additions to exploration and evaluation expenditures on 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. Additions in the second and third quarters of 2012 primarily reflect engineering and metallurgical work associated with the new process and updated PEA and environmental base-line studies. Additions for the fourth quarter of 2012 forward primarily reflect engineering and metallurgical work with respect to the ongoing pre-feasibility study work and environmental base-line studies.

Objectives and Outlook

The Company's immediate focus is to complete the pre-feasibility study on its Hermosa project, secure additional financing and advance the project through feasibility and initiate permitting for construction and operation, if warranted. Significant tasks currently being undertaken to accomplish this include:

- Finalizing the current test-work to determine the economic feasibility of recovering the manganese, zinc, lead and copper from the Manto Oxide Zone for incorporation into the pre-feasibility study.
- Finalizing the results of the pilot plant studies to provide parameters for a full scale commercial operation and to further refine the manganese reduction process on the Manto Oxide Zone materials.
- Working with the US Forest Service to obtain approval for an approximately 48-hole drill program to generate geotechnical, groundwater and in-pit exploration information that will be required to complete a feasibility study for the Hermosa project.
- Continuing to advance the environmental base-line studies that have been progressing through the year. These studies are necessary, to differing degrees, for both the permitting of the 48-hole drill program discussed above, and the National Environmental Protection Act ("NEPA") Environmental Impact Statement that will be required for the potential construction and operation of a mine on the Hermosa property.

The Company expects the pre-feasibility study to be completed in the third quarter of 2013.

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.

Share Capital Information

As at August 2, 2013, the Company had an unlimited number of common shares authorized for issuance with 143,399,836 issued and outstanding and an unlimited number of preferred shares authorized with nil outstanding. Also at August 2, 2013, the Company had outstanding 7,330,351 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 5348 Investments, a wholly-owned subsidiary of 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 5348 Investments with a 10% carried interest. The Shareholders' Agreement provides for dilution of 5348 Investments' equity interest in the event it fails to fund its share of any equity funding for approved programs. Non-controlling interest increased by \$471,209 in the six months ended June 30, 2013 (June 30, 2012-\$642,803) as a result of \$480,740 (June 30, 2012 - \$649,442) of contributions less

the non-controlling interest share of Arizona Minerals loss for the period of \$9,521 (June 30, 2012 - \$6,639). Accounts receivable includes \$96,552 (December 31, 2012 - \$120,451) outstanding from 5348 Investments, which was subsequently received by the Company.

The Company shares office space, equipment, personnel and various administrative services with other companies related by virtue of certain common directors and management. These services have been mainly provided through a management company equally owned by the related companies. Costs incurred by the management company are allocated between the related companies based on time incurred and use of services and are charged at cost. In addition, certain other professional administrative services have been provided by other related companies and charged at cost. During the three and six months ended June 30, 2013 the Company was charged \$496,376 and \$822,247, respectively (June 30, 2012 - \$301,696 and \$709,676) and charged out \$1,065 and \$1,065 (June 30, 2012 - \$1,735 and \$2,899) in connection with these arrangements. Included in these amounts is \$15,800 and \$32,196, respectively (June 30, 2012 - \$28,465 and \$58,840) with respect to office space owned by Diamond Hill. At June 30, 2013, accounts receivable includes a balance due from related companies of \$92,097 (December 31, 2012 - \$49,921) and there is an amount due to related companies of \$1,042 (December 31, 2012 - \$8,559) with respect to these arrangements. Amounts are due on demand, unsecured, and have no terms of repayment.

Other assets of \$191,210 (December 31, 2012 - \$92,710) 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 consolidated financial statements for the year ended December 31, 2012. 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 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 and IAS 36, which is effective for years beginning on or after January 1, 2014. 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*. The Company determined that the adoption of IFRS 10 did not result in any change in the consolidation status of its subsidiary.
- 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*. The Company has determined that the adoption of IFRS 11 did not result in any changes in the disclosure in its financial statements.
- 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. The Company adopted IFRS 12 effective January 1, 2013. The adoption of IFRS 12 will result in incremental disclosures in our annual consolidated financial statements.
- 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 assessed its financial instruments on January 1, 2013 and determined that the adoption of IFRS 13 did not result in any significant changes in the disclosure of its financial statements.
- IAS 36, *Impairment of Assets* provides for additional disclosures that may be required in the event the Company recognises an impairment loss or the reversal of an impairment loss.

Financial Instruments

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

Category	Measurement	June 30, 2013	December 31, 2012
Cash and cash equivalents	Loans and receivables	\$ 3,048,080	\$ 1,136,193
Accounts receivable	Loans and receivables	\$ 251,579	\$ 310,891
Due from related party	Loans and receivables	\$ 1,443,000	\$ 1,427,000
Investment in marketable securities	Available for sale	\$ -	\$ 180,923
Accounts payable and accrued liabilities	Other financial liabilities	\$ 2,297,293	\$ 2,111,008
Due to related parties	Other financial liabilities	\$ 1,042	\$ 8,559

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 except for the investment in marketable securities at December 31, 2012, which were carried at fair value and were classified as Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.

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

At June 30, 2013, the Company is exposed to currency risk through the following assets and liabilities denominated in US dollars held by the parent company:

	June 30, 2013	December 31, 2012
Cash and cash equivalents	US\$ 235,079	US\$ 281,688
Accounts receivable	-	8,125
Due from related party	1,539,552	1,547,451
Accounts payable and accrued liabilities	(1,443,036)	(1,434,565)
	<u>US\$ 331,595</u>	<u>US\$ 402,699</u>

As at June 30, 2013, based on the above net exposures a 10% change in the Canadian-US dollar exchange rate would impact the Company's earnings by approximately \$33,000 (December 31, 2012 –

\$40,000). 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 rate 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.

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 accounts 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, 2012, 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.

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 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 is recorded, processed, summarized and reported in a timely and appropriate manner. 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 June 30, 2013.

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.

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.

The results of the updated Hermosa PEA, which were released on October 1, 2012 were prepared by an integrated team led by M3 Engineering and Technology Corporation ("M3") of Tucson, Arizona, under the supervision of Joshua Snider, PE. Other significant contributors to the PEA include Tetra Tech Inc., NewFields, Scott E. Wilson Consulting Inc, and Easton Process Consulting. In addition, pilot plant test-work was completed by Hazen Research Inc. in Golden, Colorado. Joshua Snider, PE, an independent Qualified Person under the standards set forth by NI 43-101, reviewed the information in relation to the PEA contained in the October 1, 2012 press release and included in this MD&A. Mr. Snider is a Civil Engineer with M3 and has over 15 years of experience in the engineering and mining industry. Metallurgical test results were reviewed, verified, and interpreted by Christopher Easton, BSc., a Qualified Person under the standards set forth by NI 43-101. Mr. Easton is the President of Easton Process Consulting Inc. has 23 years of mineral processing and metallurgical engineering experience, and is a Qualified Professional Member in Metallurgy of MMSA.

WILDCAT SILVER CORPORATION
Corporate Information

Head Office	#600 – 837 West Hastings Street Vancouver, BC, Canada V6C 3N6 Telephone: (604) 484-3597 Facsimile: (604) 687-1715
Directors	R. Stuart Angus Donald B. Clark Gilmour Clausen (Vice Chairman) Robert P. Wares Richard W. Warke (Chairman) Donald Young
Officers	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 William J. Pennstrom, Jr. – Vice President, Technical Services
Registrar and Transfer Agent	Computershare Investors Services Inc. #401 - 510 Burrard Street Vancouver, BC V6C 3B9
Auditors	PricewaterhouseCoopers LLP Chartered Accountants 250 Howe Street, Suite 700 Vancouver, BC V6C 3S7
Solicitors	Davies Ward Phillips & Vineberg LLP 155 Wellington Street West Toronto, Ontario M5V 3J7
Shares Listed	Toronto Stock Exchange (TSX) Trading symbol ~ WS
Investor Relations	Info@wildcatsilver.com (416) 860-6310