



WILDCAT SILVER CORPORATION

Management's Discussion and Analysis

For the Three and Nine Months Ended September 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 nine months ended September 30, 2012. This MD&A takes into account information available up to and including November 12, 2012. This MD&A should be read in conjunction with the accompanying unaudited condensed consolidated interim financial statements and notes for the three and nine months ended September 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 the Company's plans for its mineral property in Arizona including, without limitation, the amount of mineral resources; amounts included in the updated preliminary economic evaluation including predicted tonnes mined and processed and silver production in any year, estimated capital and operating costs, expected metal recoveries and metal prices; the preparation and timing of further metallurgical test-work and a pre-feasibility study; the commencement of a drilling program and permitting in connection therewith; the ability to obtain funding to enable planned activities to continue beyond early 2013; 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 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 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 a total of 343 holes (76,630 metres). 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.

Preliminary Economic Assessment ("PEA")

Subsequent to the quarter end, on October 1, 2012 the Company announced the results of an updated PEA on its Hermosa project. The updated PEA has been prepared based on the most recent mineral resource estimate discussed above. In addition, the metallurgical process incorporated into the PEA is based on the recently announced simplified process that produces silver/gold doré. This updated PEA currently considers Hermosa as a predominantly silver project with gold and minor amounts of copper production and does not include the recovery of other base metal by-products (remaining copper, zinc and manganese), which offers potential significant upside. Additional metallurgical test-work for the economic recovery of these by-product metals is currently underway.

Highlights from the Hermosa PEA include:

- Average annual silver production of 15.5 million ounces (first five years), with years one and two producing 23.4 million ounces and 19.8 million ounces, respectively.
- Mine life of 16 years
- Base case* - After-tax NPV (5%) of \$658 million, after-tax IRR of 31.9%, and payback of 1.7 years
- Spot case* - After-tax NPV (5%) of \$1.05 billion, after-tax IRR of 43.4% and payback of 1.4 years
- Average cash costs of \$8.29 per ounce, net of gold and minor copper by-product credits (first five years)
- Average throughput of 14,920 tonnes per day (tpd), or 5.44 million tonnes per annum (tpa)
- Initial capital expenditures of \$627 million (includes 25% contingency of \$96 million)

* Base case assumes a silver price of \$28.75/oz, gold price of \$1,525 and a copper price of \$3.50/lb. Spot case assumes a silver price of \$34.60, gold price of \$1,773 and copper price of \$3.73. NPV = Net Present Value; IRR = Internal Rate of Return.

Economic Analysis

The economics in the updated PEA is based on 60/40 pricing (base case) which is the weighted average of 60% of the three-year historical prices and 40% of two-year forward market prices. For comparison, the economics were also calculated based on spot prices (spot case). Project metrics are calculated on a 100%-ownership basis. A summary of the results are provided below.

| | Base Case | Spot Case |
|-----------------------------|------------------|------------------|
| After-tax NPV (0%) | \$1.027 billion | \$1.586 billion |
| After-tax NPV (5%) | \$658 million | \$1.048 billion |
| After-tax NPV (7.5%) | \$528 million | \$860 million |
| After-tax IRR | 31.9% | 43.4% |
| Payback | 1.7 years | 1.4 years |
| Silver Price (\$ per ounce) | \$28.75 | \$34.60 |
| Gold Price (\$ per ounce) | \$1,525 | \$1,773 |
| Copper Price (\$ per lb) | \$3.50 | \$3.73 |

Mining and Processing

The Hermosa project is based on a conventional open-pit 14,920 tpd operation. This is equivalent to 5.4 million tonnes per annum (tpa), which is comprised of 2.7 million tonnes of Manto Oxide material per year and 2.7 million tonnes of Upper Silver Zone material per year. Average annual production is estimated to be 15.5 million ounces of silver for the first five years, with years one and two producing 23.4 million ounces and 19.8 million ounces, respectively. Average annual life-of-mine ("LOM") silver production is estimated at 7.9 million ounces over a mine life of 16 years.

Wildcat has incorporated the recently discovered Upper Silver Zone, which lies above and adjacent to the Manto Oxide Zone, into the current PEA mine plan. As a result, since this new zone was previously considered as overburden, the waste to ore (strip) ratio has been reduced significantly to 2.8 to 1.

Mineral processing will be through three stage crushing followed by calcining of the Manto Oxide material (manganese hosted silver minerals) followed by traditional agitated cyanide leaching and recovery of silver and gold by standard Merrill-Crowe to produce a silver/gold doré. The calcining, which heats the material in a reducing environment is performed in a direct fired kiln and is similar to the process used in the cement industry to turn limestone into cement, but at a lower temperature for the Manto Oxide material. The Upper Silver Zone material will be crushed and then combined with the calcined Manto Oxide material, allowing for a single, grinding/cyanide leach and Merrill Crowe circuit for all of the material processed.

The Company has completed batch and pilot plant testing on a total of approximately six tonnes of Manto Oxide and Upper Silver Zone material. Silver recoveries have consistently been above 80 percent for the Manto Oxide material, with silver recoveries in some of the batch kiln tests having exceeded 90 percent while those in the continuous direct fired rotary kiln tests have now achieved up to 89 percent. Wildcat has optimized the grind size of the Upper Silver Zone material and developed a grade/recovery curve for incorporating into future mine modeling activities. Testing has returned silver recoveries of up to 52 percent on the Upper Silver Zone material. In the PEA, average silver and gold recoveries are estimated at 82 percent and 90 percent, respectively, for the Manto Oxide Zone and 40 percent and 90 percent, respectively, for the Upper Silver Zone.

Currently, minor amounts of copper are also recovered in the leaching process as a copper sulfide concentrate. In the PEA, average copper recoveries are estimated at 20 percent. The Company has completed preliminary test work for treating the leach tails to recover zinc by flotation and manganese by magnetic separation. Metallurgical test work continues in an effort to further recover the remaining copper, zinc and manganese. The recovery of these by-products would be incorporated into the process should they prove to be economically viable.

A summary of the production and processing metrics from the PEA are summarized below:

| | |
|---|---------------------|
| Average throughput (tonnes per day) | 14,920 tpd |
| Average annual silver production (first five years) | 15.5 million ounces |
| Average annual silver production (LOM) | 7.9 million ounces |
| Average silver recoveries (Manto Oxide Zone) | 82% |
| Average gold recoveries (Manto Oxide Zone) | 90% |
| Average silver recoveries (Upper Silver Zone) | 40% |
| Average gold recoveries (Upper Silver Zone) | 90% |
| Mine life | 16 years |
| Strip ratio | 2.8:1 |

Capital Costs

The initial capital cost for the construction of the Hermosa project is estimated at \$531 million, plus a contingency of \$96 million for a total of \$627 million. Total capital cost also includes \$31 million in mine development capital. A break-down is provided in the table below:

| | |
|---------------------------------------|---------------|
| Mining equipment | \$29 million |
| Mine development | \$31 million |
| Process plant and tailings | \$269 million |
| General site and ancillary facilities | \$43 million |
| Gas and power supply | \$43 million |
| EPCM | \$51 million |
| Owner's costs | \$38 million |
| Other | \$27 million |
| Sub-total | \$531 million |
| Contingency | \$96 million |
| Total initial capital | \$627 million |

The mine plan includes additional mine capital totalling \$40 million in years one through four and sustaining capital is expected to be \$152 million over the life of mine.

Operating Costs

Total operating costs are estimated at \$20.89 per tonne of material processed and include mining, processing, royalties, general and administration (G&A) costs, reclamation and property and severance taxes. The processing costs per tonne for the Manto Oxide material are estimated to be \$16.91 per tonne and \$9.29 per tonne for the Upper Silver Zone for an overall average of \$13.10 per tonne.

The estimated operating costs per tonne of material processed included in the PEA are as follows:

| Operating costs (\$ per tonne processed) | |
|---|----------------|
| Mining (including stripping) | \$4.99 |
| Processing | \$13.10 |
| G&A | \$1.14 |
| Other (including royalties) | \$1.66 |
| Total operating costs (\$ per tonne) | \$20.89 |

Average annual cash costs are estimated to be \$8.29 per ounce of silver over the first five years, net of gold and minor copper by-product credits. LOM average annual cash costs net of by-products are estimated to be \$11.89 per ounce of silver. There is the potential to significantly reduce cash costs per ounce of silver should the recovery of additional copper, zinc and manganese by-products be economically attainable.

Project Costs Capitalized

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

| | Three months ended September 30, | | Nine months ended September 30, | |
|---------------------------------|-------------------------------------|---------------------|------------------------------------|---------------------|
| | 2012 | 2011 | 2012 | 2011 |
| Drilling | \$ 111,774 | \$ 1,839,395 | \$ 1,734,257 | \$ 4,594,887 |
| Drill access and restoration | 273,108 | 700,379 | 1,020,330 | 1,885,308 |
| Assay and analysis | 44,328 | 400,330 | 842,403 | 776,798 |
| Salaries and benefits | 286,286 | 228,528 | 914,970 | 525,421 |
| Geologic consulting and support | 208,884 | 318,730 | 860,972 | 829,402 |
| Engineering & metallurgy | 1,082,330 | 68,880 | 2,047,877 | 149,415 |
| Environmental baseline studies | 308,117 | 153,188 | 751,537 | 163,255 |
| Other | 167,354 | 130,791 | 572,328 | 324,756 |
| | <u>\$ 2,482,181</u> | <u>\$ 3,840,221</u> | <u>\$ 8,744,674</u> | <u>\$ 9,249,242</u> |

During the three and nine months ended September 30, 2012 the Company capitalized \$2,482,181 and \$8,744,674, respectively of expenditures on its Hermosa property compared to \$3,840,221 and \$9,249,242, respectively for the same periods in 2011. The costs for 2012 primarily reflect exploration drilling through to the completion of the drilling program in March, 2012; the updates to the Company's resource estimates that were released in February and August, 2012; engineering and metallurgical test work associated with the new metallurgical process and updated PEA; and baseline environmental studies initiated during the year. The costs for 2011 primarily relate to the exploration drilling program that was initiated in late 2010.

The drilling costs incurred in the third quarter of 2012 relate to a number of holes drilled to obtain material for metallurgical testing and for correlation with previous drilling. The lower drilling, and drill access and restoration costs for both the three and nine months ended September 30, 2012 compared to 2011 reflect the completion of the exploration drilling program in the first quarter of 2012, as noted above. Assay and analysis costs are higher on a year-to-date basis in 2012 due to the time delay in obtaining assay results relative to when the holes are drilled.

Management's Discussion and Analysis for the Three and Nine Months Ended September 30, 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 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 and pilot plant work that resulted in the new process for treating the Manto Oxide Zone material that was announced during the quarter and included in the updated PEA. The costs also include metallurgical work on the recovery of silver from the new Upper Silver zone and engineering and consulting work undertaken for the updated PEA.

Environmental baseline studies costs increased in the three and nine month periods of 2012 as the Company initiated a number of new studies including surveys of a number of potentially endangered and at risk flora and fauna that may occur in the area of the project.

Costs Expensed, Net Loss and Comprehensive Loss

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|----------------------------------|-----------------------|---------------------------------|-----------------------|
| | 2012 | 2011 | 2012 | 2011 |
| Expenses: | | | | |
| Stock based compensation | \$ 413,234 | \$ 357,183 | \$ 1,255,788 | \$ 966,322 |
| Salaries and benefits | 211,651 | 306,349 | 1,633,286 | 665,052 |
| Filing and regulatory | 6,537 | 221,846 | 34,603 | 235,581 |
| Office and administrative | 76,047 | 112,110 | 260,106 | 284,028 |
| Professional services | 37,473 | 86,715 | 128,995 | 253,637 |
| Investor relations | 18,768 | 55,319 | 120,807 | 171,482 |
| Insurance | 20,672 | 18,509 | 65,622 | 32,717 |
| Legal | (184) | 16,313 | 58,804 | 76,892 |
| Recruitment and relocation fees | 1,688 | 8,766 | 1,688 | 11,905 |
| Travel | 7,608 | 5,892 | 14,841 | 66,473 |
| Fiscal and advisory services | 2,750 | 3,936 | 18,498 | 10,236 |
| Directors' fees | 2,763 | - | 8,231 | - |
| Interest and finance charges | 1,702 | 2,797 | 5,288 | 8,411 |
| Depreciation | 2,094 | 1,765 | 7,638 | 10,839 |
| Foreign exchange (gain) loss | 99,206 | (1,042,470) | 162,241 | (1,077,739) |
| Interest and other income | (7,512) | (133,612) | (36,438) | (157,942) |
| Loss before income taxes | (894,497) | (21,418) | (3,739,998) | (1,557,894) |
| Deferred income tax expense | - | 98,144 | - | 212,415 |
| Net loss | (894,497) | (119,562) | (3,739,998) | (1,770,309) |
| Other comprehensive (income) loss: | | | | |
| Unrealized (gain) loss on marketable securities, net of deferred income tax | (80,378) | 687,010 | 63,394 | 1,469,746 |
| Foreign currency translation (gain) loss | (205,393) | 1,148,939 | (295,256) | 1,147,261 |
| | 285,771 | (1,835,949) | 231,862 | (2,617,007) |
| Comprehensive loss | \$ (608,726) | \$ (1,955,511) | \$ (3,508,136) | \$ (4,387,316) |

For the three and nine months ended September 30, 2012, the Company reported a net loss of \$894,497 and \$3,739,998 (\$0.01 and \$0.03 per common share), respectively compared to a net loss of \$119,562 and \$1,770,309 (\$0.00 and \$0.02 per common share), respectively in the comparable periods of 2011. After taking account of the mark-to-market gain for the quarter (loss for nine months) on the Company's investment in Riva Gold Corporation ("Riva") 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 \$608,726 (2011 – loss of \$1,955,511) in the three months and a comprehensive loss of \$3,508,136 (2011 – loss of \$4,387,316) in the nine months ended September 30, 2012.

Stock based compensation expense increased by \$56,051 in the quarter and \$289,466 in the nine months ended September 30, 2012 compared to the same periods in 2011. The variation in the expense results from the timing of stock option grants, particularly for non-executive directors where 50% of the options vest on the grant date. The increased expense also reflects the acceleration of option vesting as a result of the Company's former President and Chief Executive Officer's employment with the Company having been terminated in May, 2012. There were no stock option grants in the third quarter of 2012.

Salaries and benefits expense decreased by \$94,698 to \$211,651 for the three months ended September 30, 2012 compared to the same period in 2011 primarily because the comparative amount included salary for the Company's former President and Chief Executive Officer whose employment with the Company terminated in May, 2012. Conversely, Salaries and benefits expense increased by \$968,234 to \$1,633,286 for the nine months ended September 30, 2012 as the second quarter expense included severance with respect to the same officer. In addition, the expense for the nine months also includes the bonus payments with respect to 2011 performance and increased corporate effort associated with increased exploration and corporate activity.

Filing and regulatory expense decreased to \$6,537 in the three months ended September 30, 2012 compared to \$221,846 in the comparable period of 2011. The higher expense in 2011 was primarily attributable to costs associated with the listing of the Company's shares on the Toronto Stock Exchange in September, 2011.

There was a foreign exchange loss included in income of \$99,206 for the three months and \$162,241 for the nine months ended September 30, 2012 compared to gains of \$1,042,470 and \$1,077,739, respectively in the same periods of 2011. The foreign exchange arises primarily on the Company's US\$ cash holdings. The gain in both periods of 2011 results from the approximately 9% strengthening from June 30, 2011 to September 30, 2011 in the Canadian dollar relative to the US dollar whereas in 2012 the Canadian dollar weakened by approximately 3.5%. In addition, the relative size of exchange gains and losses were also impacted as the US dollar cash balances giving rise to the foreign exchange were significantly larger in 2011. The loss is included in income as the parent company's functional currency is Canadian dollars. A gain on the translation of the parent's Canadian dollar financial statements into US dollars for presentation purposes of \$205,393 (2011 - loss \$1,148,939) for the three months and a gain of \$295,256 (2011 - loss of \$1,147,261) for the nine months is included in other comprehensive income.

The Company recorded an unrealized gain in other comprehensive income of \$80,378 (2011 – unrealized loss of \$687,010) for the three months and an unrealized loss of \$63,394 (2011 – unrealized loss of \$1,469,746) for the nine months ended September 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 September 30, 2012 was \$264,308.

Liquidity and Capital Resources

At September 30, 2012, the Company had cash and cash equivalents of \$3,526,933 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, including work to complete the updated resource estimates and updated PEA, performed on the Hermosa property and for 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 \$434,552 for the three months and \$2,525,270 for the nine months ended September 30, 2012 compared to uses of cash of \$837,596 and \$2,002,877, respectively for the same periods in 2011. The decreased use of cash in the three months ended September 30, 2012 is primarily due to lower corporate costs, as previously discussed, as well as changes in working capital. The increased use of cash for the nine months is primarily due to the increased salaries and benefits, partially offset by lower corporate costs in certain areas, as also discussed above.

Cash inflow from financing activities of \$205,265 for the three months and \$1,032,533 for the nine months ended September 30, 2012 compares to \$304,056 and \$20,178,140, respectively for the same periods of 2011. The Company received \$190,545 of funding from Diamond Hill in the quarter and \$1,006,403 in the nine months ended September 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 nine month period of 2012 compared to the funding received in 2011 of \$557,706 reflects the increase in expenditures on the project and the timing of payments. Cash inflow from financing activities for the nine months ended September 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 and \$5,963,670 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 of \$2,222,370 in the three months and \$8,954,544 in the nine months ended September 30, 2012 compared to \$3,881,537 and \$8,514,664, respectively for the same periods in 2011. The decrease in the use of cash in the third quarter of 2012 compared to 2011 reflects the completion of the Company's drilling program in the first quarter of 2012. The increased use of cash for the first nine 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 late 2011.

At September 30, 2012 the Company had cash and cash equivalents of \$3,526,933, working capital of \$1,449,910 and a deficit of \$23,797,162. Based on anticipated but not committed expenditures, the Company expects that it will require financing within the next six months to meet its ongoing requirements. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern. The Company has historically raised funds principally through the sale of securities. The Company expects that it will obtain funding through equity financing, debt financing or other means depending on market conditions and other relevant factors at the time. However, there can be no assurance that the Company will be able to obtain such additional funding on acceptable terms.

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

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 | | |
|---|------------------------------|------------|------------|--|-----------|--------------------------|-----------|-----------|
| | Q3 | Q2 | Q1 | Q2 | Q1 | Q4 | Q3 | Q2 |
| (\$000s, unless otherwise stated) | | | | | | | | |
| Net loss | \$ (894) | \$ (1,524) | \$ (1,321) | \$ (1,066) | \$ (120) | \$ (1,219) | \$ (431) | \$ (425) |
| Foreign exchange gain (loss) | \$ (99) | \$ 108 | \$ (171) | \$ (221) | \$ 1,043 | \$ 6 | \$ 30 | \$ (23) |
| Exploration and evaluation additions | \$ 2,482 | \$ 2,240 | \$ 4,022 | \$ 4,227 | \$ 3,840 | \$ 3,219 | \$ 2,190 | \$ 353 |
| US\$ to C\$ Exchange rate - period end | \$ 0.9837 | \$ 1.0191 | \$ 0.9991 | \$ 1.0170 | \$ 1.0482 | \$ 0.9645 | \$ 0.9696 | \$ 0.9946 |
| 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 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.

Objectives and Outlook

Following completion of the updated resource estimates and PEA, the Company will work on further optimizing the recovery of metals from the Manto Oxide and Upper Silver Zones and moving the project to pre-feasibility and feasibility status. In particular, for the balance of 2012 and 2013 the Company will focus on:

- Performing additional test-work to determine the economic feasibility of recovering the zinc, manganese and remaining copper from the Manto Oxide Zone. As previously noted, the Company has completed preliminary test work for treating the leach tails to recover zinc by flotation and manganese by magnetic separation. Efforts will be directed at increasing both the recovery and grade of the manganese concentrate to produce a marketable product.
- Performing additional pilot plant studies using a larger scale direct fired kiln to provide parameters for a full scale commercial operation and to further refine the manganese reduction process on the Manto Oxide Zone materials.

- Continuing to assess and test the Upper Silver Zone materials to additional processes in an effort to improve silver recovery.
- Working with the US Forest Service to obtain approval for an approximately 40-hole drill program to generate geotechnical, groundwater, metallurgical, 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 40-hole drill program discussed above, and the National Environmental Protection Act Environmental Impact Statement that will be required to enable the construction and operation of a mine on the Hermosa property.
- Obtaining additional funding to enable the continuation of the exploration and development of the Hermosa project.

The Company has targeted mid-2013 for the completion of the additional metallurgical test-work and the associated pre-feasibility study.

Share Capital Information

As at November 12, 2012, the Company had an unlimited number of common shares authorized for issuance with 132,615,584 issued and outstanding and an unlimited number of preferred shares authorized with nil outstanding. Also at November 12, 2012, the Company had outstanding 7,046,167 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. Accounts receivable includes \$76,029 (December 31, 2011 – \$nil) outstanding from 5348 Investments, and \$58,791 (December 31, 2011 – \$253,421) outstanding from Diamond Hill, both of which were received subsequent to September 30, 2012.

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 nine months ended September 30, 2012 the Company was charged \$276,595 and \$986,271, respectively (September 30, 2011 – \$332,756 and \$878,458) and charged out \$nil and \$2,899 (September 30, 2011 – \$nil and \$8,666) in connection with these arrangements. Included in these

amounts, is \$26,979 and \$85,819, respectively (September 30, 2011 – \$28,213 and \$47,388) with respect to office space owned by a company controlled by a director of Wildcat. At September 30, 2012, accounts receivable includes a balance due from related companies of \$13,177 (December 31, 2011 – \$32,525) and there is an amount due to related companies of \$nil (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 \$115,111 (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 September 30, 2012, the Company is exposed to currency risk through the following assets and liabilities denominated in US dollars:

| | September 30, 2012 | December 31, 2011 |
|--|-----------------------|----------------------|
| Cash and cash equivalents | US\$ 2,275,165 | US\$ 10,605,412 |
| Accounts receivable | 8,125 | - |
| Due from related party | 1,553,820 | 1,649,312 |
| Accounts payable and accrued liabilities | (1,550,403) | (2,056,414) |
| | US\$ 2,286,707 | US\$ 10,198,310 |

As at September 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 \$229,000. 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 September 30, 2012.

Drill Hole 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

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|---|--|
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| Directors | R. Stuart Angus John R. Brodie, FCA Donald B. Clark Gilmour Clausen (Vice Chairman) Robert P. Wares Richard W. Warke (Chairman) |
| 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 44 th Floor, 1 First Canadian Place Toronto, Ontario M5X 1B1 |
| Shares Listed | Toronto Stock Exchange (TSX) Trading symbol ~ WS |
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