



WILDCAT SILVER CORPORATION

Management's Discussion and Analysis

For the Year Ended December 31, 2012

Introduction

This management's discussion and analysis ("MD&A") of Wildcat Silver Corporation (the "*Company*", "*Wildcat*", "*we*", "*us*", or "*our*") covers the year ended December 31, 2012, with comparative information for the six months ended December 31, 2011 and the year ended June 30, 2011. The Company changed its fiscal year end to December 31 beginning with the six month period ending December 31, 2011. This MD&A takes into account information available up to and including March 14, 2013. This MD&A should be read in conjunction with the accompanying consolidated financial statements and notes 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 consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

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 closing the acquisition of Riva Gold Corporation and the connected \$1 million loan, and progressing the Hermosa project through to pre-feasibility stage by mid-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 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 currently silver and gold with manganese, zinc and copper as potential by-products.

2012 Overview

During 2012 the Company completed the following significant milestones at its Hermosa project:

- In February issued a substantially increased resource estimate that included a new Upper Silver Zone
- Completed the two-year exploration drilling program in March
- In August issued a further increased and upgraded resource estimate
- In September, following metallurgical and pilot plant testing, announced a new simplified processing methodology for recovering silver
- In October issued an updated Preliminary Economic Assessment ("PEA") showing significantly more expected annual silver production compared to the 2010 PEA and robust project economics
- Initiated work on a prefeasibility study including additional metallurgical testing

Drill program and Updated Resource Estimate

The Company completed its drill program, which was initiated in December 2010, during the first quarter of 2012 with a total of 216 holes representing approximately 55,900 metres drilled on its patented claims. Following completion of the assaying and analysis of the drilling program, 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 also upgraded a significant portion of the indicated resource into the measured category. This mineral resource estimate includes the results of drilling up to March 2012, when the current program was completed, which contains a total of 343 holes (approximately 77,300 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

On October 1, 2012 the Company announced the results of an updated PEA on its Hermosa project. The updated PEA was prepared based on the most recent mineral resource estimate discussed above. In addition, the metallurgical process incorporated into the PEA is based on the 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 to determine the feasibility 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.

The PEA is preliminary in nature and includes Inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the PEA based on these mineral resources will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

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.

	<u>Base Case</u>	<u>Spot Case</u>
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.

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.

Metallurgical Testing and Pre-Feasibility Study

Following completion of the PEA on the Hermosa project, the Company immediately initiated work on a prefeasibility study, which is being led by M3 Engineering and Technology Corporation of Tucson, Arizona. The prefeasibility study is scheduled for completion in the second quarter of 2013.

As a result of drilling six confirmatory holes during the late summer, approximately five tonnes of Manto Oxide Zone and ten tonnes of Upper Silver Zone material were collected for additional prefeasibility metallurgical testwork, which is primarily focused on optimizing silver and by-product recoveries. Testwork is currently underway and being conducted by Hazen Research, Inc. in Golden, Colorado and Kemetco Laboratories of Richmond, in B.C., Canada.

Project Costs Capitalized

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

	Year ended December 31, 2012	Six months ended December 31, 2011	Year ended June 30, 2011
Drilling	\$ 1,631,903	\$ 3,574,909	\$ 2,837,796
Drill access and restoration	1,764,808	1,337,527	1,244,878
Assay and analysis	851,589	750,786	377,067
Salaries, benefits and stock based compensation	1,101,568	523,974	484,921
Geologic consulting and support	1,061,200	683,610	629,554
Engineering and metallurgy	2,623,400	390,700	183,514
Environmental baseline studies	951,645	255,227	10,067
Other	892,873	550,063	280,728
	\$ 10,878,986	\$ 8,066,796	\$ 6,048,525

During the year ended December 31, 2012 the Company capitalized expenditures of \$ 10,878,986 on its Hermosa property compared to \$8,066,796 in the six months ended December 31, 2011 and \$6,048,525 in the year ended June 30, 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 the six months ended December 31, 2011 and for the year ended June 30, 2011 primarily relate to drilling and other costs associated with the exploration drilling program that was initiated in late 2010.

The drilling costs in 2012 were substantially lower than the previous two periods presented as the exploration drill program was completed in the first quarter of 2012, as previously noted, whereas drilling was undertaken throughout the other two periods. Six holes were also drilled in the third quarter of 2012 to obtain material for metallurgical testing and for correlation with previous drilling. For the same reason, drill access and restoration cost for 2012 decreased, on a time adjusted basis, compared to the six months ended December 31, 2011. Assay and analysis costs continued into mid-2012 at similar levels to the previous six months ended December 31, 2011 reflecting the impact of the time delay in obtaining assay results relative to when the holes are drilled.

Salaries and benefits capitalized to the project in 2012 are consistent with the six months ended December 31, 2011 on a time adjusted basis. The increase compared to the year ended June 30, 2011 primarily reflects the hiring of additional executives during mid-2011 to meet the growing needs of the project and increased stock based compensation with respect to those executives.

The increased engineering and metallurgical analysis in 2012 compared to the two prior periods reflects the metallurgical process optimization studies and pilot plant work that resulted in the new process for treating the Manto Oxide Zone material. 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. Subsequent to completion of the PEA metallurgical studies continued and are ongoing on the potential to recover by-products and to increase the optimization of the silver recoveries. The 2012 costs also include initial engineering and consulting on the prefeasibility study, which is underway.

Environmental baseline studies costs were higher in 2012 as the Company initiated a number of new studies including flora and fauna surveys.

Costs Expensed, Net Loss and Comprehensive Loss

	Year ended December 31, 2012	Six months ended December 31, 2011	Year ended June 30, 2011
Expenses:			
Stock based compensation	\$ 1,407,522	\$ 646,833	\$ 949,758
Salaries and benefits	1,839,942	591,983	730,328
Filing and regulatory	41,121	241,190	23,241
Office and administrative	358,735	205,777	270,764
Professional services	168,357	140,857	288,502
Investor relations	189,391	110,368	151,798
Insurance	84,919	38,253	27,124
Legal	97,979	102,812	120,589
Recruitment and relocation fees	1,688	14,673	3,139
Travel	32,118	22,250	75,677
Fiscal and advisory services	20,594	22,809	19,747
Director's fees	11,006	-	-
Interest and finance charges	6,725	4,260	8,492
Depreciation	10,421	3,463	13,567
Gain on Riva Gold transactions	-	-	(190,907)
Foreign exchange (gain) loss	146,812	(821,068)	68,988
Interest and other income	(40,420)	(138,480)	(28,376)
Loss before income taxes	(4,376,910)	(1,185,980)	(2,532,431)
Deferred income tax recovery	-	-	(137,309)
Net loss	(4,376,910)	(1,185,980)	(2,395,122)
Other comprehensive loss (income):			
Unrealized loss (gain) on marketable securities, net of deferred income tax of \$nil (June 30, 2011 expense of \$137,309)	144,096	858,453	(762,683)
Foreign currency translation (gain) loss	(263,057)	791,310	(125,252)
	118,961	(1,649,763)	887,935
Comprehensive loss	\$ (4,257,949)	\$ (2,835,743)	\$ (1,507,187)

For the year ended December 31, 2012, the Company reported a net loss of \$4,376,910 (\$0.033 per common share) compared to a net loss of \$1,185,980 (\$0.009 per common share) for the six months ended December 31, 2011 and a net loss of \$2,395,122 (\$0.022 per common share) for the year ended June 30, 2011. After taking account of the mark-to-market loss for the year on the Company's investment in Riva Gold Corporation ("Riva") and the gain on the translation of the financial statements into US dollars that were both reported through other comprehensive income, there was a comprehensive loss of \$4,257,949 in the year ended December 31, 2012 compared to a comprehensive loss of \$2,835,743 in the six months ended December 31, 2011 and a comprehensive loss of \$1,507,187 in the year ended June 30, 2011.

The increase in stock based compensation expense in 2012 compared to the annualized six months ended December 31, 2011 reflects the acceleration of stock option vesting as a result of the Company's former President and Chief Executive Officer's employment with the Company being terminated in May, 2012. On an annualized basis, stock based compensation expense increased in the six months ended December 31, 2011 compared to the year ended June 30, 2011 primarily as a result of the impact of the stock option grants in December, 2010 and June, 2011. In addition, the call value calculated for each option using the Black Scholes model increased significantly for the June 2011 grant as a result of the increase in the market price of the Company's shares.

Salaries and benefits expense increased by \$655,976 to \$1,839,942 for the year ended December 31, 2012 compared to the annualized six months ended December 31, 2011 primarily as a result of severance with respect to the departure of the Company's former President and Chief Executive Officer in May, 2012. The relative increase in the expense from the year ended June 30, 2011 to the six months ended December 31, 2011 on an annualized basis is primarily as a result of the increased exploration and corporate activity. A number of the Company's employees provide services to Wildcat and other related companies and to the extent the level of activity in the Company increases so does the amount of time and cost charged to the Company.

Filing and regulatory expense decreased to more normal levels in 2012 as the expense in the six months ended December 31, 2011 reflects the 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 \$146,812 for the year ended December 31, 2012 compared to a gain of \$821,068 for the six months ended December 31, 2011 and a loss of \$68,988 for the year ended June 30, 2011. The foreign exchange arises primarily on the Company's US\$ cash holdings and reflects movements in the US to Canadian dollar exchange rates and the relative size of the US\$ holdings during the respective periods. 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 \$263,057 (December 31, 2011 loss of \$791,310; June 30, 2011 gain of \$125,252) is included in other comprehensive income.

Interest and other income primarily relates to interest earned on the Company's cash and cash equivalents. The higher income in the six months ended December 31, 2011 primarily relates to amounts received on the termination of a lease by a previously related company.

The Company recorded an unrealized loss in other comprehensive income of \$144,096 for the year ended December 31, 2012 with respect to the mark-to-market of the one million Riva shares the Company still holds. This compares to a loss of \$858,453 in the six months ended December 31, 2011 and a gain of \$762,683 in the year ended June 30, 2011. The Company also recorded a gain through the statement of operations of \$190,907 and a gain of \$990,083 through equity in the year ended June 30, 2011 with respect to the dilution of its ownership interest in Riva. The dilution arose as a result of the completion of a private placement by Riva on July 19, 2010 and the July 19, 2010 acquisition, in exchange for Riva common shares, of Mammoth Minerals Inc., a private company with mineral exploration properties in Guyana, South America. Income tax expense relates to the impact on the Company's tax loss carry forwards of taxes arising on increases in the fair value on the mark-to-market of the Riva shares. The market value of the Riva shares at December 31, 2012 was \$180,923.

Liquidity, Capital Resources and Going Concern

At December 31, 2012, the Company had cash and cash equivalents of \$1,136,193 compared to \$13,885,594 at December 31, 2011. The decrease in the Company's cash position since December 31, 2011 is attributable to expenditures on exploration and associated activities on the Company's Hermosa project, including work to complete the updated resource estimates and updated PEA, 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 \$3,100,572 in the year ended December 31, 2012 compared to uses of cash of \$1,279,714 in the six months ended December 31, 2011 and \$2,014,076 in the year ended June 30, 2011. The increased use of cash in the year ended December 31, 2012 compared to the annualized six months ended December 31, 2011 is primarily due to the previously discussed higher corporate costs, as well as the increased use of cash for working capital purposes. The increased use of cash from operating activities for the six months ended December 31, 2011 on an annualized basis compared to the year ended June 30, 2011 also reflects higher corporate costs partially offset by a decreased use of cash for working capital purposes.

Cash inflow from financing activities of \$1,267,124 for year ended December 31, 2012 is primarily attributable to the funding received from non-controlling interests of \$1,235,071 with respect to their share of costs incurred on the Hermosa project. Cash inflow from financing activities for the six months ended December 31, 2011 of \$4,390,185 compares to \$24,832,653 for the year ended June 30, 2011. The six month period includes the receipt of funds on the exercise of 5 million share purchase warrants at C\$0.75 per common share. In addition, the Company received \$798,850 (June 30, 2011 – \$305,345) funding from non-controlling interests. The year ended June 30, 2011 includes \$18,613,132 received from two private placements and \$5,978,481 received on the exercise of share purchase warrants issued in connection with previous private placements and the exercise of employee stock options.

Investing activities for the year ended December 31, 2012 used cash of \$10,992,255 compared to \$7,533,370 for the six months ended December 31, 2011 and \$5,100,585 for the year ended June 30, 2011. The increase in the use of cash relates to the increase in expenditures on the Company's Hermosa project, as previously discussed.

At December 31, 2012 the Company had cash and cash equivalents of \$1,136,193, negative working capital of \$965,479 and a deficit of \$24,428,808. The Company expects that it will require financing before the end of the first quarter of 2013 to meet its ongoing requirements.

On March 4, 2013 the Company announced that it had entered into a letter of intent with Riva Gold Corporation ("Riva") providing for the acquisition by the Company of all of the outstanding common shares of Riva in consideration for one common share of Wildcat for each 4.7 Riva common shares. Riva is a Canadian-based mineral exploration company that had been assessing strategic alternatives and evaluating potential opportunities and currently has a cash balance of approximately C\$8.1 million and does not hold any mineral properties. In connection with the acquisition, Riva also agreed to provide a C\$1 million secured term loan to Wildcat. Interest payable on the loan is equal to the prime rate plus 4% and the loan matures on December 31, 2013. The proposed acquisition remains subject to, among other things, the negotiation and execution of a definitive agreement and applicable shareholder and regulatory approvals.

There can be no assurance that a definitive agreement will be entered into or that the proposed acquisition will be consummated. Should the proposed transaction not be consummated, the Company expects that it will obtain alternative 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. Accordingly, these material uncertainties may cast significant doubt about the Company's ability to continue as a going concern. 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.

At December 31, 2012 the Company had contractual cash flow commitments as follows (\$000's):

	< 1 Year	1-3 Years	3-5 Years	> 5 Years	Total
Accounts payable and accrued liabilities	\$ 2,537	\$ -	\$ -	\$ -	\$ 2,537
Due to related parties	8	-	-	-	8
Operating lease obligations	209	316	189	92	806
	<u>\$ 2,754</u>	<u>\$ 316</u>	<u>\$ 189</u>	<u>\$ 92</u>	<u>\$ 3,351</u>

Selected Financial Information

Information for the year ended December 31, 2012, six months ended December 31, 2011 and year ended June 30, 2011, as extracted from the Company's audited financial statements, is presented as follows:

	December 31, 2012		December 31, 2011		June 30, 2011
Net Loss	\$	(4,376,910)	\$	(1,185,980)	\$ (2,395,122)
Net Loss per share (basic and diluted)	\$	(0.03)	\$	(0.01)	\$ (0.02)
Exploration and evaluation additions	\$	10,878,986	\$	8,066,796	\$ 6,048,525
Total Assets	\$	61,784,532	\$	63,699,121	\$ 60,983,502

Quarter Ended December 31, 2012

For the quarter ended December 31, 2012 the Company recorded a net loss of \$636,912 (\$0.00 per common share) compared to a net loss of \$1,066,414 (\$0.01 per common share) in the same period of 2011. The decrease in the loss is primarily due to the Company recording a foreign exchange gain of \$15,429 compared to a loss of \$221,403 in 2011. The loss in 2011 results from the Company having converted the majority of its cash balances into US dollars in July, 2011. While there is a foreign exchange gain for the six months ended December 31, 2011 on these holdings there was a loss in the quarter as a result of the strengthening of the Canadian dollar during the quarter.

The decrease in the loss was also attributable to salaries and benefits being \$78,978 lower in the fourth quarter of 2012 compared to the fourth quarter of 2011 due to the balance in 2011 including the salary for the former President and Chief Executive Officer whose salary was fully expensed whereas only a portion of the current President is expensed. Stock based compensation expense is also \$137,916 lower in the fourth quarter of 2012 compared to the fourth quarter of 2011 reflecting the timing of the vesting of non-executive director's stock options.

The Company capitalized \$1,708,612 of exploration and evaluation expenditures during the quarter ended December 31, 2012 compared to \$4,226,575 in the comparable quarter of 2011. The higher amount in 2011 reflected the drill exploration program that was being undertaken at that time whereas the costs in 2012 were for relatively less costly consulting work in connection with the completion of the Company's PEA and initiation of prefeasibility work.

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 ended December 31, 2012				Six months ended December 31, 2011 ⁽¹⁾		Year ended June 30, 2011	
	Q4	Q3	Q2	Q1	Q2	Q1	Q4	Q3
Net loss	\$ (637)	\$ (894)	\$ (1,524)	\$ (1,321)	\$ (1,066)	\$ (120)	\$ (1,219)	\$ (431)
Foreign exchange gain (loss)	\$ 15	\$ (99)	\$ 108	\$ (171)	\$ (221)	\$ 1,043	\$ 6	\$ 30
Exploration and evaluation additions	\$ 2,135	\$ 2,482	\$ 2,240	\$ 4,022	\$ 4,227	\$ 3,840	\$ 3,219	\$ 2,190
US\$ to C\$ Exchange rate - period end	\$ 0.9949	\$ 0.9837	\$ 1.0191	\$ 0.9991	\$ 1.0170	\$ 1.0482	\$ 0.9645	\$ 0.9696
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

The Company's focus for 2013 will be to build on the success of 2012 and move the Hermosa project through pre-feasibility to the feasibility stage. In particular:

- Completing additional test-work to determine the economic feasibility of recovering the manganese, zinc 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 45-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 45-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.
- Closing the recently announced acquisition of Riva, including the C\$1 million loan.

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

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 March 14, 2013, the Company had an unlimited number of common shares authorized for issuance with 132,627,251 issued and outstanding and an unlimited number of preferred shares authorized with nil outstanding. Also at March 14, 2013, the Company had outstanding 6,924,500 stock options held by directors, officers, consultants and employees.

Proposed Transactions

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

Off-Balance Sheet Arrangements

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

Related Party Transactions

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

Non-controlling interest represents the 20% interest in the common shares of Arizona Minerals held by 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 \$120,451 (December 31, 2011 – \$nil) outstanding from 5348 Investments, and \$nil (December 31, 2011 – \$253,421) outstanding from Diamond Hill, which were subsequently received by the Company.

The Company acquired its 80% interest in the common shares of Arizona Minerals from Diamond Hill in May 2006. Based on the purchase consideration and related tax filings, at December 31, 2012, the Company has an estimated withholding tax obligation with respect to the acquisition of \$1,427,000 (December 31, 2011 – \$1,396,000), including penalties and interest, which has been included in accounts payable and accrued liabilities. Diamond Hill and 5348 Investments have provided indemnification to the Company in the event the Company is required to pay the withholding tax, which is secured against 5348 Investments' 20% ownership interest in Arizona Minerals. As a consequence of the indemnification the Company has recorded an amount due from related party for \$1,427,000 (December 31, 2011 – \$1,396,000).

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 year ended December 31, 2012 the Company was charged \$1,291,608 (six months ended December 31, 2011 – \$629,507 and year ended June 30, 2011 – \$933,797) and charged out \$3,326 (six months ended December 31, 2011 – \$2,654 and year ended June 30, 2011 – \$8,377) in connection with these arrangements. Included in these amounts is \$110,959 (six months ended December 31, 2011 – \$55,522 and year ended June 30, 2011 – \$76,976) with respect to office space owned by a company controlled by a director of the Company. The Company also recorded income of \$121,144 during the six months ended December 31, 2011 with respect to the termination of a lease by a previously related company. At December 31, 2012, accounts receivable includes a balance due from related companies of \$49,921 (December 31, 2011 – \$32,525) and there is an amount due to related companies of \$8,559 (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 \$92,710 (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 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 – see "Related Party Transactions", above for further details.
- 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*. No substantive changes are expected to arise 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*. No substantive changes are expected to arise 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. No substantive changes are expected to arise from this standard on the Company's financial reporting.

Financial Instruments

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

Category	Measurement	December 31, 2012	December 31, 2011
Cash and cash equivalents	Loans and receivables	\$ 1,136,193	\$ 13,885,594
Accounts receivable	Loans and receivables	\$ 310,891	\$ 304,457
Due from related party	Loans and receivables	\$ 1,427,000	\$ 1,396,000
Investment in marketable securities	Available for sale	\$ 180,923	\$ 319,567
Accounts payable and accrued liabilities	Other financial liabilities	\$ 2,111,008	\$ 3,029,097
Due to related parties	Other financial liabilities	\$ 8,559	\$ 20,835

The Company's financial instruments carried at fair value on the balance sheet comprise the investment in marketable securities, classified as Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities. The carrying values of the other financial instruments in the table above approximate their fair values as a result of their short-term nature.

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 December 31, 2012, the Company is exposed to currency risk through the following assets and liabilities denominated in US dollars held by the parent company:

	December 31, 2012		December 31, 2011
Cash and cash equivalents	US\$ 281,688	US\$	10,605,412
Accounts receivable	8,125		-
Due from related party	1,547,451		1,649,312
Accounts payable and accrued liabilities	(1,434,565)		(2,056,414)
	US\$ 402,699	US\$	10,198,310

As at December 31, 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 \$40,000 (December 31, 2011 – \$1,020,000). 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's investment in marketable securities, which is carried on the balance sheet at December 31, 2012 at \$180,923 (December 31, 2011 – \$319,567), is subject to price risk as the quoted price of the security fluctuates.

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 manages its liquidity risk by maintaining sufficient readily available cash in order to meet its liquidity requirements at any point in time (see discussion on going concern under "Liquidity, Capital and Going Concern").

c) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. Credit risk arises for the Company from cash and cash equivalents held with banks and financial institutions, as well as credit exposure on outstanding 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 participate. An investor should carefully consider the risks described below and the other information filed with the Canadian securities regulators before investing in the Company's common shares. The risks described below are not the only ones faced. Additional risks that the Company currently believes are immaterial may become important factors that affect the Company's business. If any of the following risks occur, or if others occur, the Company's business, operating results and financial condition could be seriously harmed and investors may lose part or all of their investment.

Dependence on one principal exploration stage project.

The Company is dependent upon its one mineral project, the Hermosa Project. The project may never develop into a commercially viable ore body, which would have a materially adverse affect on the Company's potential mineral resource production, profitability, financial performance and results of operations.

The Company has no proven or probable mineral reserves and may never discover sufficient mineral deposits to justify commercial production from any of its properties.

The Company has no proven or probable mineral reserves on its property and has not completed a feasibility study. It cannot be certain that minerals will be discovered in sufficient quantities and grade to justify commercial operations. Mineral exploration is highly speculative in nature, involves many risks and is frequently non-productive. Unusual or unexpected geologic formations and the inability to obtain suitable or adequate machinery, equipment or labour are risks involved in the conduct of exploration programs. The success of mineral exploration is determined in part by the availability of exploration permits, the identification of potential mineralization based on analysis, the quality of management and geological and technical expertise; and the availability of capital for exploration.

Substantial expenditures are required to establish proven and probable reserves through drilling and analysis. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade, metallurgical recovery and proximity to infrastructure; metal prices, which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. If the Company is unable to establish proven and probable mineral reserves in sufficient quantities to justify commercial operations, it will be unable to develop a mine and its financial condition and results of operations could be adversely affected.

The Company has no history of developing properties into production.

The Company's property is not in commercial production, and the Company has not recorded any revenues from mining operations. Mineral exploration and development involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. The future development of any properties found to be economically feasible will require obtaining permits and financing and the construction and operation of mines, processing plants and related infrastructure. As a result, in the event the Company is successful in identifying mineralization on its properties sufficient to justify commercial operations, it will be subject to all of the risks associated with establishing new mining operations including: the timing and cost of the construction of mining and processing facilities; the availability and cost of skilled labour and mining equipment; the availability and costs of suitable refining and smelting arrangements; the need to obtain necessary environmental and other governmental approvals and permits, and the timing of those approvals and permits; the availability of funds to finance the development and construction activities; the impact of any opposition to the developmental activities from

non-governmental, environmental, local or other groups that may delay or prevent development; potential increases in construction or operating costs due to changes in the cost of supplies and materials and changes in foreign exchange rates.

The Company will require various permits to enable it to conduct its current and anticipated future operations.

The Company's current and anticipated future operations, including further exploration and development activities and commencement of any production from the Company's property in Arizona require permits from various United States federal, state and local authorities. The granting, continuing validity and enforcement of the terms of such permits are, as a practical matter, often subject to the discretion of the applicable governments or government officials. There can be no assurance that all permits that the Company requires will be obtainable on reasonable terms, or at all, or will continue to be valid. Further, delays or failure to obtain such permits, the withdrawal, expiry or non-renewal of existing permits, or failure to comply with the terms of such permits could have a material adverse impact on the Company.

The Company is subject to government regulation.

The Company's mineral exploration is, and any development activities will be, subject to various United States laws governing exploration, development, production, taxes, labour standards and occupational health, mine safety, environmental protection, toxic substances, land use, water use and other matters. Failure to comply with applicable laws and regulations may result in civil or criminal fines or penalties or enforcement actions, including orders issued by regulatory authorities curtailing the Company's operations or requiring corrective measures, any of which could result in the Company incurring substantial expenditures. At present, there is no royalty payable to the United States on production from unpatented mining claims, although legislative attempts to impose a royalty have occurred in recent years. Amendments to current laws and regulations governing operations and activities of mining and milling or more stringent implementation thereof could have a material adverse impact on our business and financial condition. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail exploration or development.

The Company's business activities are subject to environmental laws and regulations.

The Company's operations are subject to United States federal, state and local laws and regulations regarding environmental matters. These laws address, among other things, emissions into the air, discharges into water, management of waste, management of hazardous substances, protection of natural resources, antiquities and endangered species, and reclamation of lands disturbed by mining operations. Environmental laws and regulations change frequently, and are generally becoming more stringent. Amendments to current laws, regulations and permits governing operations and activities of exploration companies, or more stringent implementation thereof, could have a material adverse impact on our business and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production, when producing, or require abandonment or delays in development of our mining properties.

The Company will require external financing or may need to enter into a strategic alliance to develop its mineral property.

The Company expects to incur net cash outlays until such time as its property enters into commercial production and generates sufficient revenues to fund its continuing operations, if at all. The development of mining operations will require the commitment of substantial resources for operating expenses and capital expenditures, which may increase in subsequent years as needed consultants, personnel and equipment associated with advancing exploration, development and commercial production of our properties are added. The amounts and timing of expenditures will depend on the progress of ongoing exploration and development, the results of consultants' analysis and recommendations, the rate at which operating losses are incurred, the acquisition of additional properties, and other factors, many of which are beyond the Company's control. The sources of financing the Company may use for these purposes

include project or bank financing, or public or private offerings of equity or debt. Historically, the Company has raised funds principally through the sale of its securities. Additional equity financing may cause dilution to Wildcat's existing shareholders. In addition, the unrestricted resale of outstanding shares from the exercise of dilutive securities may have a depressing effect on the market for the Company's common shares. In addition, the Company may enter into a strategic alliance, sell certain of its assets or utilize a combination of all of these alternatives. There can be no assurance that financing will be available on acceptable terms, if at all (see discussion on going concern under "Liquidity, Capital and Going Concern" earlier in this MD&A).

The Company may be subject to risks relating to the global economy.

Market events and conditions, including disruptions in the international credit markets and other financial systems and the deterioration of global economic conditions, could impede Wildcat's access to capital or increase the cost of capital.

The Company is also exposed to liquidity risks in meeting its operating and capital expenditure requirements in instances where its cash position is unable to be maintained or appropriate financing is unavailable. These factors may impact the ability of the Company to obtain loans and other credit facilities in the future and, if obtained, on terms favourable to the Company. Increased market volatility may impact the Company's operations which could adversely affect the trading price of the Company's common shares.

Title to the Company's property may be subject to other claims.

Although the Company believes it has exercised commercially reasonable due diligence with respect to determining title to properties it owns, controls or has the right to acquire by option, there is no guarantee that title to such properties will not be challenged or impugned. The Company's mineral property interests may be subject to prior unrecorded agreements or transfers or other land claims and title may be affected by undetected defects. There may be valid challenges to the title of the Company's properties, which, if successful, could impair development and/or operations. In addition, mineral properties may be leased and may be subject to defects in title.

Exploration, development and mining activities can be hazardous and involve a high degree of risk.

The Company's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of base or precious metals, including, without limitation, unusual and unexpected geologic formations, seismic activity, rock bursts, pit-wall failures, cave-ins, flooding, fires and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and legal liability. Milling operations, if any, are subject to various hazards, including, without limitation, equipment failure and failure of retaining dams around tailings disposal areas, which may result in environmental pollution and legal liability.

The Company may be adversely affected by fluctuations in silver, manganese and other metal prices.

The value and price of the Company's common shares, the Company's financial results, and exploration, development and mining activities of the Company, if any, may be significantly adversely affected by declines in the price of silver, manganese and other metals. Mineral prices fluctuate widely and are affected by numerous factors beyond the Company's control such as interest rates, exchange rates, inflation or deflation, global and regional supply and demand, and the political and economic conditions of mineral producing countries throughout the world.

Mineralized material calculations and life-of-mine plans using significantly lower metal prices could result in material write-downs of the Company's investments in mining properties and increased amortization, reclamation and closure charges should a mine be developed. In addition to adversely affecting

mineralized material estimates, declining metal prices can impact operations by requiring a reassessment of the commercial feasibility of a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays in development or may interrupt operations, if any, until the reassessment can be completed.

The Company has a history of losses and anticipates that it will continue to incur losses for the foreseeable future.

The Company has historically incurred losses as evidenced by the consolidated statements of operations and deficit, which can be found on SEDAR at www.sedar.com. The Company incurred a net loss of \$4,376,910 for the year ended December 31, 2012 and has an accumulated deficit of \$24,428,808 as at December 31, 2012.

The Company's efforts to date have been focused on acquiring and exploring its mineral property. The property is in the exploration stage and does not have mineral reserves. The Company does not anticipate that it will earn any revenue from operations or other means unless and until its property is placed into production, which is not expected to be for several years, if at all, or is sold to a third party.

Inadequate infrastructure may delay or prevent the Company's operations.

Exploration, development and ultimately mining and processing activities depend, to one degree or another, on the availability of adequate infrastructure. Reliable air service, roads, bridges, power sources and water supply are significant contributors in the determination of capital and operating costs. Inadequate infrastructure could significantly delay or prevent the Company exploring and developing its project and could result in higher costs.

The Company does not and likely will not insure against all risks.

The Company's insurance will not cover all the potential risks associated with a mining company's operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. The Company might also become subject to environmental liability or other hazards which may not be insured against or which we may elect not to insure against because of premium costs or other reasons. Losses from these events may cause Wildcat to incur significant costs that could have a material adverse effect upon its financial condition and results of operations.

The Company's common shares may be subject to price and volume fluctuations and the market price for the common shares of the Company may drop below the price at which such common shares were purchased.

Securities markets experience considerable price and volume volatility, and the market prices of securities of many companies may be subject to wide fluctuations not necessarily related to the operating performance, underlying asset values, exploration success or prospects of such companies. The market price of a publicly traded stock, especially a junior resource issuer, may be affected by many variables including the market for junior resource stocks, the strength of the economy generally, commodity prices, the availability and attractiveness of alternative investments, and the breadth of the public market for the stock. The effect of these and other factors on the market price of securities on the stock exchanges on which Wildcat trades, suggest the trading price of the common shares will continue to be volatile. There can be no assurance that such fluctuations will not affect the price of Wildcat's common shares and that the price of such common shares may decline below the purchase price paid for such common shares.

In the past, following periods of volatility in the market price of a company's securities, shareholders have often instituted class action securities litigation against those companies. Such litigation, if instituted,

could result in substantial costs and diversion of management attention and resources, which could significantly harm the Company's profitability and reputation.

Litigation may adversely affect the Company.

The Company may be involved in disputes with other parties in the future, which may result in litigation or arbitration. The results of litigation or arbitration cannot be predicted with certainty. If the Company is unable to resolve these disputes favourably, it may have a material adverse impact on the Company.

The Company competes with larger, better-capitalized competitors in the mining industry.

The mining industry is competitive in all of its phases. The Company faces strong competition from other mining companies in connection with the acquisition of properties producing, or capable of producing, precious or other metals. Many of these companies have greater financial resources, operational experience and technical capabilities than Wildcat. As a result of this competition, the Company may be unable to maintain or acquire attractive mining properties on terms it considers acceptable or at all.

The Company is dependent on key personnel.

The Company's success depends in part on its ability to recruit and retain qualified personnel. Due to its relatively small size, the loss of the services of one or more of such key management personnel could have a material adverse effect on the Company. In addition, despite its efforts to recruit and retain qualified personnel, even when those efforts are successful, people are fallible and human error could result in a significant uninsured loss to the Company.

The Company's officers and directors may have potential conflicts of interest.

Wildcat's directors and officers may serve as directors and/or officers of other public and private companies and devote a portion of their time to manage other business interests. This may result in certain conflicts of interest. To the extent that such other companies may participate in ventures in which the Company is also participating, such directors and officers may have a conflict of interest in negotiating and reaching an agreement with respect to the extent of each company's participation. However, applicable law requires the directors and officers to act honestly, in good faith, and in the best interests of the Company and in the case of directors, to refrain from participating in the relevant decision in certain circumstances.

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, 2012. 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 annual 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 annual 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 December 31, 2012.

Assays and Quality Assurance/Quality Control

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