



WILDCAT SILVER CORPORATION

Condensed Consolidated Interim Financial Statements

For the Three Months Ended September 30, 2011

Notice to Reader

These unaudited condensed consolidated interim financial statements have been prepared by management and have not been reviewed by the Company's auditors.

Wildcat Silver Corporation

Condensed Consolidated Interim Statements of Financial Position (Unaudited – in U.S. dollars)

	September 30, 2011	June 30, 2011 (note 13)	July 1, 2010 (note 13)
Assets			
Current assets:			
Cash and cash equivalents	\$ 13,842,733	\$ 18,327,596	\$ 489,852
Accounts receivable (note 4)	389,700	340,496	134,575
Deferred acquisition costs	-	-	134,786
Prepays and other	94,429	54,112	31,727
	<u>14,326,862</u>	<u>18,722,204</u>	<u>790,940</u>
Due from related party (note 5)	1,388,000	1,427,979	2,155,384
Investment in marketable securities (note 6)	385,023	1,213,316	-
Property, plant and equipment	109,242	72,406	38,237
Other assets (note 10)	121,422	93,626	-
Mineral properties (note 7)	26,682,786	26,682,786	26,682,786
Exploration and evaluation expenditures (note 7)	16,611,406	12,771,185	6,722,660
	<u>\$ 59,624,741</u>	<u>\$ 60,983,502</u>	<u>\$ 36,390,007</u>
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities (note 8)	\$ 2,498,582	\$ 2,714,063	\$ 2,610,730
Due to related parties (note 10)	21,645	5,231	93,783
Total liabilities	<u>2,520,227</u>	<u>2,719,294</u>	<u>2,704,513</u>
Equity			
Equity attributable to shareholders of the Company:			
Common shares (note 9)	70,971,237	70,971,237	45,504,946
Reserves	3,003,452	4,389,523	3,299,820
Deficit	(19,009,107)	(18,894,031)	(16,354,189)
	<u>54,965,582</u>	<u>56,466,729</u>	<u>32,450,577</u>
Non-controlling interest (note 5)	2,138,932	1,797,479	1,234,917
Total equity	<u>57,104,514</u>	<u>58,264,208</u>	<u>33,685,494</u>
	<u>\$ 59,624,741</u>	<u>\$ 60,983,502</u>	<u>\$ 36,390,007</u>

Nature of operations (note 1)

Subsequent event (note 9 (b))

APPROVED BY THE DIRECTORS

/s/ John R. Brodie

John R. Brodie – Director

/s/ Christopher M. Jones

Christopher M. Jones – Director

November 21, 2011

See accompanying notes to the condensed consolidated interim financial statements.

Wildcat Silver Corporation

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss (Unaudited – in U.S. dollars)

	Three months ended September 30,	
	2011	2010 (note 13)
Expenses:		
Stock based compensation	\$ 357,183	\$ 234,657
Salaries and benefits	306,349	162,743
Filing and regulatory	221,846	2,103
Office and administrative	112,110	40,376
Professional services	86,715	28,409
Investor relations	55,319	20,356
Insurance	18,509	6,814
Legal	16,313	1,429
Recruitment and relocation fees	8,766	-
Travel	5,892	2,400
Fiscal and advisory services	3,936	4,999
Interest and finance charges	2,797	1,756
Depreciation	1,765	3,089
Gain on Riva Gold transactions	-	(190,907)
Foreign exchange (gain) loss (note 11)	(1,042,470)	1,771
Interest and other income	(133,612)	(146)
Loss before income taxes	(21,418)	(319,849)
Deferred income tax expense	98,144	-
Net loss	(119,562)	(319,849)
Other comprehensive loss (income):		
Unrealized loss on marketable securities, net of deferred income tax	687,010	-
Foreign currency translation (gain) loss (note 11)	1,148,939	(8,254)
	(1,835,949)	8,254
Comprehensive loss	\$ (1,955,511)	\$ (311,595)
Net loss attributable to:		
Shareholders of the Company	\$ (115,076)	\$ (317,099)
Non-controlling interest	(4,486)	(2,750)
	\$ (119,562)	\$ (319,849)
Comprehensive loss attributable to:		
Shareholders of the Company	\$ (1,951,025)	\$ (308,845)
Non-controlling interest	(4,486)	(2,750)
	\$ (1,955,511)	\$ (311,595)
Basic and diluted net loss per share attributable to shareholders of the Company	\$ (0.001)	\$ (0.003)
Weighted average number of shares outstanding	126,751,798	95,533,881

See accompanying notes to the condensed interim consolidated financial statements.

Wildcat Silver Corporation

Condensed Consolidated Interim Statements of Changes in Equity (Unaudited – in U.S. dollars)

	Share Capital		Reserves					Non-controlling interest	Total equity
	Number of Shares	Amount	Accumulated other comprehensive income	Options and warrants	Total	Deficit			
Balance, July 1, 2011	126,751,798	\$ 70,971,237	\$ 887,935	\$ 3,501,588	\$ 4,389,523	\$ (18,894,031)	\$ 1,797,479	\$ 58,264,208	
Stock based compensation expense	-	-	-	357,183	357,183	-	-	357,183	
Stock based compensation applied to exploration and evaluation expenditures	-	-	-	92,695	92,695	-	-	92,695	
Required contributions for project costs	-	-	-	-	-	-	345,939	345,939	
Comprehensive loss	-	-	(1,835,949)	-	(1,835,949)	(115,076)	(4,486)	(1,955,511)	
Balance, September 30, 2011	126,751,798	\$ 70,971,237	\$ (948,014)	\$ 3,951,466	\$ 3,003,452	\$ (19,009,107)	\$ 2,138,932	\$ 57,104,514	

	Share Capital		Reserves					Non-controlling interest	Total equity
	Number of Shares	Amount	Accumulated other comprehensive income	Options and warrants	Total	Deficit			
Balance, July 1, 2010	95,533,881	\$ 45,504,946	\$ -	\$ 3,299,820	\$ 3,299,820	\$ (16,354,189)	\$ 1,234,917	\$ 33,685,494	
Stock based compensation expense	-	-	-	234,657	234,657	-	-	234,657	
Stock based compensation applied to exploration and evaluation expenditures	-	-	-	31,987	31,987	-	-	31,987	
Required contributions for project costs	-	-	-	-	-	-	24,004	24,004	
Comprehensive loss	-	-	8,254	-	8,254	(317,099)	(2,750)	311,595	
Gain on Riva Gold transaction	-	-	-	-	-	990,083	-	990,083	
Dividends-in-kind	-	-	-	-	-	(1,153,951)	-	(1,153,951)	
Balance, September 30, 2010	95,533,881	\$ 45,504,946	\$ 8,254	\$ 3,566,464	\$ 3,574,718	\$ (16,835,156)	\$ 1,256,171	\$ 33,500,679	

See accompanying notes to the condensed consolidated interim financial statements.

Wildcat Silver Corporation

Condensed Consolidated Interim Statements of Cash Flows (Unaudited – in U.S. dollars)

	Three months ended September 30,	
	2011	2010
		(note 13)
Cash provided by (used in):		
Operating activities:		
Net loss	\$ (119,562)	\$ (319,849)
Items not affecting cash:		
Stock based compensation	357,183	234,657
Unrealized foreign exchange gain	(1,035,589)	(983)
Gain on Riva Gold transaction	-	(190,907)
Future income tax expense	98,144	-
Depreciation	1,765	3,089
	<u>(698,059)</u>	<u>(273,993)</u>
Net changes in non-cash working capital items:		
Accounts receivable	(7,321)	81,222
Prepaid and other	(40,317)	(7,162)
Accounts payable and accrued liabilities	(108,313)	43,321
Due to related parties	16,414	41,641
	<u>(837,596)</u>	<u>(114,971)</u>
Financing activities:		
Contributions from non-controlling interest	304,056	27,691
	<u>304,056</u>	<u>27,691</u>
Investing activities:		
Purchase of property, plant and equipment	(44,128)	(6,308)
Other assets	(27,796)	-
Deferred acquisition costs	-	(51,809)
Additions to exploration and evaluation expenditures	(3,809,613)	(280,508)
	<u>(3,881,537)</u>	<u>(338,625)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(69,786)</u>	<u>9,236</u>
Decrease in cash and cash equivalents	(4,484,863)	(416,669)
Cash and cash equivalents, beginning of period	<u>18,327,596</u>	<u>489,852</u>
Cash and cash equivalents, end of period	<u>\$ 13,842,733</u>	<u>\$ 73,183</u>
Supplementary information:		
Cash and cash equivalents, end of period comprise:		
Cash and balances with banks	\$ 225,156	\$ 73,183
Short-term investments	13,617,577	-
	<u>\$ 13,842,733</u>	<u>\$ 73,183</u>
Change in accounts payable as a result of investing activities	\$ (67,189)	\$ (26,773)
Non-cash transactions:		
Dividends-in-kind	\$ -	\$ (1,153,951)

See accompanying notes to the condensed interim consolidated financial statements.

Wildcat Silver Corporation

Notes to Condensed Consolidated Interim Financial Statements
For the three months ended September 30, 2011 and 2010
(Unaudited – in U.S. dollars unless otherwise noted)

1. Nature of Operations

Wildcat Silver Corporation (the “Company” or “Wildcat”) is incorporated in British Columbia, Canada and holds a majority ownership interest in the Hermosa property in Arizona, United States, through its ownership of 80% of the common shares of Arizona Minerals Inc. (“Arizona Minerals”), the holder of the property. The remaining 20% of the common shares of Arizona Minerals together with a 2% net smelter royalty interest are held by Diamond Hill Investment Corp. (“Diamond Hill”), a private British Columbia company, which is controlled by a director of the Company. The Company’s registered office is located at Suite 400-837 West Hastings Street, Vancouver, British Columbia, V6C 3N6 and its shares are listed on the Toronto Stock Exchange.

The Company is engaged in mineral exploration and is considered to be an exploration stage enterprise as it has yet to generate revenue from operations. The Company is in the process of exploring its mineral resource properties and has not yet determined whether its mineral resource property interests contain reserves that are economically recoverable. The amounts shown as mineral properties and exploration and evaluation expenditures represent acquisition and exploration costs and do not necessarily represent present or future values. Recoverability of the amounts shown for mineral properties and exploration and evaluation expenditures is dependent upon the discovery of economically recoverable mineral reserves, maintaining title and beneficial interest in the properties, the ability of the Company to obtain financing necessary to complete the exploration and development of its mineral properties, and on future profitable production or proceeds from the disposition of the mineral properties.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company’s title.

2. Basis of Presentation

a) *Statement of compliance*

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* (“IAS 34”) using accounting policies consistent with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These are the Company’s first condensed consolidated interim financial statements prepared in accordance with IFRS and IFRS 1, *First Time Adoption of International Financial Reporting Standards*, has been applied. The accounting policies applied in these interim financial statements are based on IFRS effective for the year ending December 31, 2011, the Company’s first annual IFRS reporting date, as issued and outstanding as of November 21, 2011, the date the Board of Directors approved the statements. Any subsequent changes to IFRS or IFRIC interpretations that are given effect in the Company’s annual financial statements could lead to these interim financial statements being amended.

Previously, the Company prepared its interim and annual consolidated financial statements in accordance with Canadian General Accepted Accounting Principles (“GAAP”) with a June 30 fiscal year end. Note 13 provides the impact of the transition to IFRS on the Company’s reported equity as at July 1, 2010, September 30, 2010 and June 30, 2011 and on comprehensive income for the three months ended September 30, 2010 and year ended June 30, 2011. These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and accordingly they should be read in conjunction with the Company’s Canadian GAAP annual consolidated financial statements for the year ended June 30, 2011.

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b) *Basis of measurement*

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for financial instruments classified as fair value through profit and loss which are stated at their fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

c) *Basis of consolidation*

These condensed consolidated interim financial statements include the accounts of the Company and its 80% owned subsidiary, Arizona Minerals Inc. ("Arizona Minerals"), a Nevada corporation that holds the Hermosa property. All inter-company balances and transactions are eliminated on consolidation.

d) *Presentation and functional currency*

These condensed consolidated interim financial statements are presented in United States dollars, which is the Company's presentation currency. The Company's presentation currency was previously the Canadian dollar. The change in presentation currency has been applied effective July 1, 2011 on a retrospective basis in accordance with IAS 21, *The Effects of Changes in Foreign Exchange Rates*. The functional currency of the parent is the Canadian dollar and its financial statements have been translated into US dollars in accordance with IAS 21. These guidelines require that assets and liabilities be translated using the exchange rate at period end, and income, expenses and cash flow items are translated using the exchange rate at the dates of the transactions. All resulting exchange differences are reported as a separate component of reserves in shareholders equity entitled "Accumulated Other Comprehensive Income". The functional currency of the Company's 80% owned subsidiary, Arizona Minerals, is the United States dollar.

Transactions in foreign currencies are initially recorded into the functional currency by applying the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the balance sheet date. Non-monetary assets and liabilities are translated at historical exchange rates, unless the item is carried at fair value, in which case it will be translated at the exchange rate in effect at the date when the fair value was determined. Resulting foreign exchange gains and losses are recognized in the income statement.

e) *Use of estimates and judgements*

The preparation of these condensed consolidated interim 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.

Areas of judgement and estimation uncertainty that have the most significant risk of causing a material adjustment to the amounts recognized in the financial statements are as follows:

- Exploration and evaluation expenditures – capitalization and consideration for impairment
- Accounts payable and accrued liabilities – estimation of ultimate withholding tax liability
- Share capital – assumptions in Black-Scholes model for measurement of share based payments

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Notes to Condensed Consolidated Interim Financial Statements
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3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented and in preparation of the opening IFRS statement of financial position as at July 1, 2010.

a) *Cash and cash equivalents*

Cash and cash equivalents include amounts held in banks and short-term investments with maturities at point of purchase of 90 days or less or are cashable after 30 days at the option of the Company. Interest from cash and cash equivalents is recorded on an accrual basis.

b) *Property, plant and equipment*

Property, plant and equipment are stated at cost, net of accumulated depreciation.

Depreciation is calculated using the straight-line method, based on the estimated useful lives of the assets as follows:

Vehicles	5 years straight-line
Furniture and equipment	5 years straight-line
Computer hardware	3 years straight-line
Computer software	3 years straight-line

c) *Mineral properties and exploration and evaluation expenditures*

Mineral property acquisition costs and resource exploration and development costs are capitalized on an individual project basis until such time as the Company begins commercial production on the prospect or the prospect is sold, abandoned, allowed to lapse, or determined to be impaired.

Exploration and evaluation expenditures for properties placed into production will be amortized on a unit-of-production basis, based on proven and probable reserves. Costs for prospects that are abandoned are written off at the time a decision is made not to continue exploration and development. Payments received by the Company when a property is optioned to another party are recorded as an offset to acquisition costs until those payment exceed expenditures, at which point they are recognized in net income.

Recoverability of the amounts shown for mineral properties and exploration and evaluation expenditures is dependent upon the discovery of economically recoverable mineral reserves, maintaining title and beneficial interest in the properties, the ability of the Company to obtain financing necessary to complete the exploration and development of its mineral properties, and on future profitable production or proceeds from the disposition of the mineral properties.

The Company reviews and evaluates its mineral properties and exploration and evaluation expenditures for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable. Where such indications exist the recoverable amount is estimated by calculating the higher of the asset's fair value less cost to sell and its value in use. Where information is available estimated future net cash flows are calculated using estimated future prices, proven and probable reserves, resources and operating and capital costs on a discounted basis. If the estimated discounted future net cash flows are less than the carrying value of the asset, an impairment charge is recorded. Where estimated future cash flows are not available the carrying value is written down to its estimated fair value.

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(Unaudited – in U.S. dollars unless otherwise noted)

Although the Company has taken steps to verify title to mineral properties in which it has an interest in accordance with industry standards for the current stage of exploration or development of such properties, these procedures do not guarantee a clear title. Property title may be subject to unregistered prior agreements and regulatory requirements. The Company is not aware of any undisputed claims of title.

d) *Share capital*

Proceeds from share issuances are recorded net of issue costs. Share capital issued as non-monetary consideration is recorded at an amount based on fair market value.

e) *Loss per share*

Basic loss per share calculations are based on the net loss attributable to common shareholders for the period divided by the weighted average number of common shares issued and outstanding during the respective periods.

Diluted loss per share calculations are based on the net loss attributable to common shareholders for the period divided by the weighted average number of common share outstanding during the period plus the effects of dilutive common share equivalents. The Company uses the treasury stock method to determine the dilutive effect of stock options and other dilutive instruments. The treasury stock method assumes that proceeds received from the in-the-money options and other dilutive instruments are used to repurchase common shares at the prevailing market rate.

f) *Share-based payments*

The Company has established a share-based payment plan (stock options) for eligible directors, officers, employees and contractors and accounts for this plan using the fair value method of accounting. Under this method, the grant date fair value of an award under the plan is recognized as an expense or addition to exploration and evaluation expenditures, with a corresponding increase in reserves. The Company estimates the grant date fair value of the award using the Black-Scholes option pricing model. The number of options expected to vest are estimated at the grant date and reviewed at least annually thereafter. Where the stock options are exercised, the proceeds are credited to share capital and the associated fair value at the date of grant is reclassified from reserves to share capital.

For awards subject to vesting, the Company recognizes an expense or addition to exploration and evaluation expenditures over the period that the holder becomes unconditionally entitled to the awards. Awards not subject to vesting are recognized as an expense or addition to exploration and evaluation expenditures at the grant date.

Non-employee stock options are re-valued at each period end reporting date. Any change in value is charged to earnings or added to exploration and evaluation expenditures at the measurement date, with the offset recorded against reserves.

g) *Financial assets*

Upon initial recognition all financial assets are initially recorded at fair value and designated into one of the following four categories: held to maturity, available-for-sale, loans and receivables, or at fair value through profit or loss ("FVTPL"). The designation depends on the purpose for which the financial assets were acquired.

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Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. The Company has not designated any financial assets upon initial recognition as FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. The Company's cash and cash equivalents, accounts receivable and due from related party are classified as loans and receivables.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains or losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in earnings. At September 30, 2011 and June 30, 2011, the Company has designated its investments in marketable securities as available-for-sale.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

h) Financial liabilities

All financial liabilities are initially recorded at fair value as FVTPL unless they are designated at inception as other financial liabilities. The Company has not designated any financial liabilities upon initial recognition as FVTPL.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, to, where appropriate, a shorter period. The Company's accounts payable and accrued liabilities and due to related parties are classified as other financial liabilities.

i) Income taxes

Income tax is recognized in net income (loss) for the period except to the extent that it relates to items recognized either in other comprehensive income or directly in equity, in which case it is recognized in other comprehensive income or equity, respectively.

Deferred tax is provided using the balance sheet method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they are realized or settled, based on the laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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j) *New accounting standards, amendments and interpretations not yet effective*

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for accounting periods beginning after January 1, 2013, or later periods. 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.
- 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*.
- 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*.
- 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.
- 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 is currently evaluating the impact of these standards, if any, on its consolidated financial statements.

4. Accounts Receivable

	September 30, 2011	June 30, 2011	July 1, 2010
Due from Diamond Hill (Note 5)	\$ 345,939	\$ 304,056	\$ 27,691
Due from related party (Note 10)	-	5,848	83,596
GST/HST receivable	41,884	26,427	12,570
Other	1,877	4,165	10,718
	<u>\$ 389,700</u>	<u>\$ 340,496</u>	<u>\$ 134,575</u>

All accounts receivable are current and the Company does not have any allowance for doubtful accounts. Due to their short-term maturities, the fair value of accounts receivable approximates their carrying value.

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5. Non-Controlling Interest

Non-controlling interest represents the 20% interest in the common shares of Arizona Minerals held by Diamond Hill.

Pursuant to a shareholders' agreement (the "Shareholders' Agreement") governing the affairs of Arizona Minerals, the Company controls the affairs of Arizona Minerals and acts as the operator of the Hermosa property. Funding expenditures on the property are in accordance with the Shareholders' Agreement, which provides Diamond Hill with a 10% carried interest. The Shareholders' Agreement provides for a dilution of Diamond Hill's interest in the event of failure to fund its share of approved programs. Accounts receivable includes \$345,939 (June 30, 2011 – \$304,056) outstanding from Diamond Hill, which was received in November 2011.

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 September 30, 2011, the Company has an estimated withholding tax obligation with respect to the acquisition of \$1,388,000 (June 30, 2011 - \$1,427,979), including penalties and interest, which has been included in accounts payable. Diamond Hill has provided an indemnification to the Company in the event the Company is required to pay the withholding tax, which is secured against Diamond Hill's 20% ownership interest in Arizona Minerals. As a consequence of the indemnification the Company has recorded an amount due from related party for \$1,388,000 (June 30, 2011 - \$1,427,979). The relevant tax regulations are complex and any tax obligation of the Company is dependent on Diamond Hill's actual tax calculations and may be further reduced or eliminated once those taxes are finalized.

6. Investment in Marketable Securities

Investment in marketable securities represents the Company's remaining investment in Riva Gold Corporation ("Riva") of 1,000,000 common shares which will be released from escrow over three years. The investment is carried at fair value and at September 30, 2011, had a market value of \$385,023 (June 30, 2011 – \$1,213,316).

An unrealized loss of \$785,154 less deferred income tax of \$98,144 was recorded in other comprehensive loss in the condensed consolidated interim statements of operations during the three months ended September 30, 2011 in respect of the mark-to-market (September 30, 2010 - \$nil).

7. Mineral Properties and Exploration and Evaluation Expenditures

Mineral properties and exploration and evaluation expenditures relate to the Company's interest in the Hermosa property, in Arizona, United States.

The following is a summary of changes in exploration and evaluation expenditures for the three months ended September 30:

	2011	2010
Balance, start of period	\$ 12,771,185	\$ 6,722,660
Additions	3,840,221	285,721
Balance, end of period	<u>\$ 16,611,406</u>	<u>\$ 7,008,381</u>

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(Unaudited – in U.S. dollars unless otherwise noted)

8. Accounts Payable and Accrued Liabilities

	September 30, 2011	June 30, 2011	July 1, 2010
Trade payables	\$ 748,861	\$ 1,069,634	\$ 213,210
Accrued liabilities (Note 5)	1,749,721	1,644,429	2,193,098
Payroll liabilities	-	-	204,422
	<u>\$ 2,498,582</u>	<u>\$ 2,714,063</u>	<u>\$ 2,610,730</u>

9. Share Capital

a) Common shares

Authorized: Unlimited common shares and unlimited preferred shares, with no par value

Issued and fully paid: 126,751,798 (June 30, 2011 – 126,751,798)

b) Warrants

The following summarizes the Company's share purchase warrants at September 30, 2011:

Date of Issue	Exercise Price in (CAD)	Expiry Date	Balance, June 30, 2011	Issued	Exercised	Balance, September 30, 2011
October 5, 2010	\$0.75	October 5, 2011	5,000,000	-	-	5,000,000

All of the warrants were exercised subsequent to September 30, 2011 for total proceeds of Canadian \$3,750,000.

c) Stock options

The Company has a stock option plan providing for the issuance of options that shall not at any time exceed 10% of the total number of issued and outstanding common shares of the Company as at the date of grant of the options. The Company may grant options to directors, officers, employees, consultants and other personnel of the Company or any of its subsidiaries. The exercise price of each option cannot be lower than the previous day's closing market price of the Company's shares on the date of grant less any applicable discounts pursuant to the stock option plan. The options vest rateably over periods of up to five years and expire within 5 years from the date of grant as determined by the Board of Directors.

For the three months ended September 30, 2011 the Company recognized a stock-based compensation charge against income of \$357,183 (September 30, 2010 - \$234,657) and a further \$92,695 (September 30, 2010 - \$31,987) was capitalized to exploration and evaluation expenditures.

The assumptions used in the Black-Scholes option-pricing model for the options granted during the three months ended September 30, were as follows:

Weighted average:	2011	2010
Expected term (years)	5	5
Volatility	120%	117%
Expected dividend yield	-	-
Risk-free interest rate	1.9%	2.08%

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Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in assumptions can significantly affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options.

The following table shows the change in the Company's stock options during the three months ended September 30:

	2011		2010	
	Number of Options	Weighted Average Exercise Price (in CAD)	Number of Options	Weighted Average Exercise Price (in CAD)
Balance, start of period	8,667,000	\$0.75	5,875,500	\$0.61
Granted	150,000	\$2.09	600,000	\$0.35
Forfeited	(50,000)	\$1.58	(37,500)	\$0.44
Balance, end of period	8,767,000	\$0.77	6,438,000	\$0.59

The following table provides information on outstanding and exercisable stock options at September 30, 2011:

Grant Date	Exercise Price (in CAD)	Options Outstanding		Options Exercisable	
		Number of Options	Weighted average remaining contractual life (years)	Number of Options	Weighted average remaining contractual life (years)
December 19, 2006	\$1.58	665,000	0.22	665,000	0.22
July 3, 2008	\$0.33	750,000	1.76	750,000	1.76
July 28, 2008	\$0.56	1,000,000	1.83	1,000,000	1.83
December 15, 2008	\$0.10	35,000	2.21	23,334	2.21
September 4, 2009	\$0.49	2,385,500	2.93	1,744,669	2.93
December 9, 2009	\$0.44	325,000	3.19	108,331	3.19
June 1, 2010	\$0.46	440,000	3.67	146,666	3.67
August 25, 2010	\$0.35	600,000	3.90	600,000	3.90
October 1, 2010	\$0.41	125,000	4.01	-	4.01
December 29, 2010	\$0.54	1,065,000	4.25	-	4.25
February 25, 2011	\$0.70	35,000	4.41	-	4.41
March 30, 2011	\$2.11	100,000	4.50	-	4.50
June 14, 2011	\$1.81	1,091,500	4.71	169,500	4.71
July 11, 2011	\$2.18	75,000	4.78	-	4.78
August 14, 2011	\$2.00	75,000	4.85	-	4.85
		8,767,000	3.06	5,207,500	2.40

10. Related Party Transactions

Compensation of key management

Key management includes the Company's directors and senior management. Key management compensation for the three months ended September 30, comprised:

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	2011	2010
Salaries and benefits ¹	\$ 219,885	\$ 163,894
Stock based compensation ¹	\$ 295,671	\$ 264,153

¹ Amounts are expensed or allocated to exploration and evaluation expenditures depending on the nature of the services provided

Related party transactions

In addition to the related party transactions or balances disclosed in notes 4, 5 and 6 to these consolidated interim financial statements the Company had the following related party transactions.

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. In addition, certain other professional administrative services have been provided by other related companies and charged at cost. 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. During the three months ended September 30, 2011 the Company was charged \$332,756 (September 30, 2010 – \$155,644) and charged out \$nil (September 30, 2010 – \$8,105) in connection with these arrangements. Included in these amounts is \$28,213 (September 30, 2010 – \$26,071) with respect to office space owned by a company controlled by a director of Wildcat. The Company also recorded income of \$121,144 during the three months ended September 30, 2011 with respect to the termination of a lease by a previously related company. At September 30, 2011, accounts receivable includes a balance due from related companies of \$nil (June 30, 2011 - \$5,848) and there is an amount due to related companies of \$21,645 (June 30, 2011 - \$5,231) with respect to these arrangements. Amounts are due on demand, unsecured, and have no terms of repayment.

Other assets of \$121,422 (June 30, 2011 - \$93,626) relate to the Company's share of assets held by the management company.

11. 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, 2011, the Company is exposed to currency risk through the following assets and liabilities denominated in US dollars:

	September 30, 2011	June 30, 2011
Cash and cash equivalents	US\$ 11,968,066	US\$ 5,787,266
Due from related party	1,733,939	1,427,979
Accounts payable and accrued liabilities	(1,701,455)	(2,511,076)
Due to related parties	-	(5,231)
	US\$ 12,000,550	US\$ 4,698,938

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As at September 30, 2011, based on the above net exposures a 10% change in the Canadian-US dollar exchange rate would impact the Company's earnings by approximately \$1,200,000. As the Company reports in US dollars this amount would be offset by an equivalent amount as part of other comprehensive income.

12. Segment Information

The Company operates in one industry segment, being mining. Geographic information is as follows:

	United States	Canada	Total
Long-term assets as at:			
September 30, 2011	\$ 43,398,138	\$ 1,899,741	\$ 45,297,879
June 30, 2011	\$ 39,519,775	\$ 2,741,523	\$ 42,261,298
Loss before income taxes for the three months ended:			
September 30, 2011	\$ (23,211)	\$ 1,792	\$ (21,418)
September 30, 2010	\$ (79,077)	\$ (240,772)	\$ (319,849)

13. First Time Adoption of IFRS

As stated in note 2, these are the Company's first consolidated interim financial statements for the period covered by the first annual consolidated financial statements prepared in accordance with IFRS. The Company has adopted IFRS with a transition date of July 1, 2010. The guidance for first time adoption to IFRS is set out in IFRS 1. Under IFRS 1, *First Time Adoption of International Financial Reporting Standards*, the IFRS are applied retrospectively at the transition date with all adjustments to assets and liabilities as stated under Canadian GAAP taken to retained earnings unless certain exemptions are applied. IFRS 1 provides for certain mandatory exemptions and optional exemptions for first time adopters of IFRS. The Company is applying the following elections on first-time adoption of IFRS:

- To charge all foreign currency translation differences, previously recognized as a separate component of equity to deficit as at the transition date including those foreign currency differences which arise on adoption of IFRS. This election resulted in \$561,661 of translation gains being reclassified to reduce the deficit at June 30, 2010.
- To apply the requirements of IAS 23, *Borrowing Costs* to capitalize borrowing costs on qualifying assets effective July 1, 2010.

These IFRS 1 elections and the significant accounting policies, set out in notes 2 and 1, have been applied in preparing these condensed consolidated interim financial statements and selected unaudited comparative information presented therein. The following tables reconcile the Company's equity and comprehensive income prepared in accordance with IFRS compared with Canadian GAAP, as previously reported after translation into United States dollars, the Company's new presentation currency. The effects of transition on the consolidated statements of cash flows is not material as there are no reclassifications between operating, financing and investing activities and accordingly a reconciliation has not been provided.

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The Canadian GAAP and IFRS statements of equity have been reconciled as follows:

	Notes - see below	As at June 30, 2011	As at September 30, 2010	As at July 1, 2010
Equity attributable to shareholders of the Company as reported under Canadian GAAP ⁽¹⁾		\$ 63,364,502	\$ 35,714,567	\$ 34,531,025
IFRS adjustments:				
Deferred income taxes	(i)	(1,846,860)	(931,067)	(584,059)
Foreign exchange translation	(ii)	(5,139,088)	(2,589,378)	(1,540,765)
Share based payments	(iii)	88,175	50,386	44,376
		<u>(6,897,773)</u>	<u>(3,470,059)</u>	<u>(2,080,448)</u>
Equity attributable to shareholders of the Company as reported under IFRS		\$ 56,466,729	\$ 32,244,508	\$ 32,450,577
Non-controlling interest		<u>1,797,479</u>	<u>1,256,171</u>	<u>1,234,917</u>
Total equity		<u>\$ 58,264,208</u>	<u>\$ 33,500,679</u>	<u>\$ 33,685,494</u>

⁽¹⁾ Represents net assets under Canadian GAAP as previously reported translated into U.S. dollars at the current rate.

The Canadian GAAP and IFRS statements of total comprehensive income (loss) for the three months ended September 30, 2010 and year ended June 30, 2011 have been reconciled as follows:

	Notes - see below	For the year ended June 30, 2011	For the three months ended September 30, 2010
Comprehensive income (loss) as previously reported under Canadian GAAP, in Canadian dollars		\$ (367,805)	\$ 15,942
Comprehensive income (loss) as previously reported under Canadian GAAP translated to U.S. dollars at average exchange rates		\$ (444,320)	\$ 12,256
Impact of translation of Canadian GAAP financial statements into U.S. dollars		<u>3,804,985</u>	<u>1,071,144</u>
		3,360,665	1,083,400
IFRS adjustments:			
Deferred income taxes	(i)	(1,262,801)	(347,008)
Foreign exchange translation	(ii)	(3,598,323)	(1,048,612)
Share based payments	(iii)	(6,728)	625
Comprehensive loss as reported under IFRS		<u>\$ (1,507,187)</u>	<u>\$ (311,595)</u>

(i) – IAS 12, *Income Taxes*

Under Canadian GAAP, the Company recognized a deferred income tax liability on the acquisition of its Hermosa property based on the difference between the accounting and tax basis of the assets acquired. Under IFRS, as the acquisition did not arise from a business combination nor at the time of the transaction did it affect accounting or taxable income, a deferred tax liability for the initial temporary difference is prohibited from being recognized. The impact of the de-recognition of deferred income taxes on the deferred income tax liability, mineral properties and exploration and

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evaluation expenditures previously reported under Canadian GAAP was to decrease the balance as follows:

	As at June 30, 2011	As at September 30, 2010	As at July 1, 2010
Mineral properties	\$ (13,371,783)	\$ (12,521,276)	\$ (12,157,656)
Exploration and evaluation expenditures	\$ (168,918)	\$ (81,689)	\$ (62,474)
Deferred income tax liability	\$ (11,693,841)	\$ (11,671,898)	\$ (11,636,071)

(ii) – IAS 21, *Foreign Exchange Translation*

Under Canadian CAAP, the Company considered its 80% owned subsidiary, Arizona Minerals, to be fully integrated and accordingly the temporal method was used to translate its financial statements from United States dollars into Canadian dollars for presentation purposes. Under IFRS, the Company determined that the functional currency of Arizona Minerals was the United States dollar. The Company also determined that the presentation currency for its consolidated statements would be United States dollars. The impact of these changes on property, plant and equipment, mineral properties and exploration and evaluation expenditures previously reported under Canadian GAAP was to increase (decrease) the balance as follows:

	As at June 30, 2011	As at September 30, 2010	As at July 1, 2010
Property, plant and equipment	\$ (1,880)	\$ 189	\$ 993
Mineral properties	\$ (4,351,577)	\$ (2,377,649)	\$ (1,533,729)
Exploration and evaluation expenditures	\$ (785,631)	\$ (211,918)	\$ (8,029)

(iii) – IFRS 2, *Share Based Payments*

Under Canadian GAAP, the Company valued each stock option grant using the Black-Scholes option pricing model and amortized the value of the total grant on a straight-line basis over the full vesting period. Under IFRS, the total grant value is allocated to each vesting period as if it were a separate grant based on the proportion that the number of options vesting in each period bears to the total. This value is then amortized on a straight-line basis over the respective vesting period. In addition, under Canadian GAAP, the Company recorded the impact of forfeitures on the amortization of the value as they occurred, whereas under IFRS, forfeitures are estimated on the grant date. The impact of this adjustment was to increase exploration and evaluation expenditures as previously reported under Canadian GAAP at June, 2011, September 30, 2010 and July 1, 2010 by \$88,175, \$50,386 and \$44,376, respectively.