



## MANAGEMENT PROXY CIRCULAR

INFORMATION PROVIDED AS AT MAY 8, 2012 (*unless otherwise stated*) FOR THE ANNUAL GENERAL MEETING OF SHAREHOLDERS TO BE HELD ON  
**JUNE 11, 2012**

### PERSONS MAKING THE SOLICITATION

**This Management Proxy Circular is furnished in connection with the solicitation of proxies being made by the management of Wildcat Silver Corporation (the "Corporation") for use at the Annual General Meeting of the Corporation's shareholders (the "Meeting") to be held on Monday, June 11, 2012 at the time and place and for the purposes set forth in the accompanying Notice of Meeting. While it is expected that the solicitation will be made primarily by mail, proxies may be solicited personally or by telephone by directors, officers and employees of the Corporation. All costs of this solicitation will be borne by the Corporation.**

Unless otherwise indicated, all dollar amounts in this Management Proxy Circular are in United States dollars.

### APPOINTMENT OF PROXIES

The individuals named as proxyholder in the accompanying form of proxy are the Chief Executive Officer and the President of the Corporation. **A SHAREHOLDER WISHING TO APPOINT SOME OTHER PERSON (WHO NEED NOT BE A SHAREHOLDER) TO ATTEND AND ACT ON HIS OR HER BEHALF AT THE MEETING, OR ANY ADJOURNMENT THEREOF OR POSTPONEMENT THEREOF, HAS THE RIGHT TO DO SO, BY INSERTING THE DESIRED PERSON'S NAME IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY OR BY COMPLETING ANOTHER VALID FORM OF PROXY. A proxy will not be valid unless the completed form of proxy is received by Computershare Investor Services Inc., Proxy Department, 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting or any adjournment thereof.**

### NON-REGISTERED HOLDERS

**Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Most shareholders of the Corporation are "non-registered" shareholders because the shares they own are not registered in their names but are instead registered in the names of a brokerage firm, bank or other intermediary or in the name of a clearing agency. Shareholders who do not hold their shares in their own name (referred to herein as "Beneficial Shareholders") should note that only registered shareholders may vote at the Meeting.** If common shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those common shares will not be registered in such shareholder's name on the records of the Corporation. Such common shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities, which company acts as nominee for many Canadian brokerage firms). Common shares held by brokers (or their agents or nominees) on behalf of a broker's client can only be voted (for or against resolutions) at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the brokers' clients.

**Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their common shares are voted at the Meeting. Often the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided by the Corporation to the registered shareholders. However, its purpose is limited to instructing the registered shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to service companies such as Broadridge. Broadridge typically prepares a machine-readable voting instruction form, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the forms to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of common shares to be represented at the Meeting. **A Beneficial Shareholder who receives a Broadridge voting instruction form cannot use that form to vote common shares directly at the Meeting. The voting instruction form must be returned to Broadridge (or instructions respecting the voting of common shares must be communicated to Broadridge) well in advance of the Meeting in order to have the common shares voted.**

This Management Proxy Circular and accompanying materials are being sent to both registered shareholders and Beneficial Shareholders. Beneficial Shareholders fall into two categories – those who object to their identity being known to the issuers of securities which they own (“Objecting Beneficial Owners”, or “OBOs”) and those who do not object to their identity being made known to the issuers of the securities they own (“Non-Objecting Beneficial Owners”, or “NOBOs”). Subject to the provision of National Instrument 54-101 – Communication with Beneficial Owners of Securities of Reporting Issuers (“NI 54-101”) issuers may request and obtain a list of their NOBOs from intermediaries via their transfer agents. If you are a Beneficial Shareholder, and the Corporation or its agent has sent these materials directly to you, your name, address and information about your holdings of common shares have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding the common shares on your behalf.

The Corporation's OBOs can expect to be contacted by Broadridge or their brokers or their broker's agents as set out above.

Although Beneficial Shareholders may not be recognized directly at the Meeting for the purposes of voting common shares registered in the name of his broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered shareholder and vote the common shares in that capacity. **Beneficial Shareholders who wish to attend the Meeting and indirectly vote their common shares as proxyholder for the registered shareholder should enter their own names in the blank space on the voting instruction form provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker.**

All references to shareholders in this Management Proxy Circular, the accompanying form of proxy and Notice of Annual Meeting of Shareholders are to registered shareholders of record unless specifically stated otherwise.

## REVOCATION OF PROXIES

A shareholder who has given a proxy may revoke it by an instrument in writing executed by the shareholder or by the shareholder's attorney authorized in writing or, if the shareholder is a corporation, by a duly authorized officer or attorney of the corporation, and delivered either to the registered office of the Corporation, at Suite 2600, 595 Burrard Street, Vancouver, British Columbia, V7X 1L3, at any time up to and including the last business day preceding the day of the Meeting or any adjournment of it, or to the chairman of the Meeting on the day of the Meeting or any adjournment of it. A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

## VOTING OF PROXIES

The shares represented by a properly executed proxy in favour of persons designated as proxyholders in the enclosed form of proxy will:

- (a) be voted or withheld from voting in accordance with the instructions of the person appointing the proxyholder on any ballot that may be called for; and

(b) where a choice with respect to any matter to be acted upon has been specified in the form of proxy, be voted in accordance with the specification made in such proxy.

If, however, direction is not made in respect of any matter, the proxy will be voted as recommended by management of the Corporation.

The enclosed form of proxy, when properly completed and delivered and not revoked, confers discretionary authority upon the person appointed proxyholder thereunder to vote with respect to amendments or variations of matters identified in the Notice of the Meeting, and with respect to other matters which may properly come before the Meeting. In the event that amendments or variations to matters identified in the Notice of Annual Meeting of Shareholders are properly brought before the Meeting or any other business is properly brought before the Meeting, it is the intention of the persons designated by management as proxyholders in the enclosed form of proxy to vote in accordance with their best judgment on such matters or business. At the time of the printing of this Management Proxy Circular, management of the Corporation knows of no such amendment, variation or other matter which may be presented to the Meeting.

### VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The directors of the Corporation have set May 7, 2012 as the record date (the "Record Date") for determining which shareholders shall be entitled to receive notice of and to vote at the Meeting.

As at the Record Date, there were a total of 131,765,131 common shares (the "common share(s)") outstanding. Each common share entitles the shareholder(s) thereof to one vote for each common share shown as registered in the shareholders' name on the Record Date. Only shareholders holding common shares at the close of business on the Record Date who either personally attend the meeting or who have completed and delivered a form of proxy in the manner and subject to the provisions described above shall be entitled to vote or to have their shares voted at the Meeting.

On a show of hands, every individual who is present and is entitled to vote as a shareholder or as a representative of one or more corporate shareholders, or who is holding a valid proxy on behalf of a shareholder who is not present at the Meeting, will have one vote, and on a poll every shareholder present in person or represented by a valid proxy and every person who is a representative of one or more corporate shareholders, will have one vote for each share registered in that shareholder's name on the list of shareholders, which is available for inspection during normal business hours at Computershare Investor Services Inc. and will be available at the Meeting. Shareholders represented by proxy holders are not entitled to vote on a show of hands.

To the knowledge of the directors and executive officers, no person or company beneficially owns, controls or directs, directly or indirectly, 10% or more of the voting rights attached to any class of voting securities of the Corporation as of the close of business on May 7, 2012, other than the following:

Name	Number of Shares Beneficially Owned	Percentage of Issued Shares
Diamond Hill Investment Corp. <sup>(1)</sup>	17,287,000	13.12%

(1) Controlled by R. Stuart Angus a director of the Corporation. Mr. Angus also holds directly 1,450,000 common shares of the Corporation. In addition, Diamond Hill Investment Corp. holds 20% of the issued and outstanding shares of Arizona Minerals Inc., a subsidiary of the Corporation.

### ANNUAL FINANCIAL STATEMENTS

The audited consolidated financial statements of the Corporation for the six months ended December 31, 2011, together with the report of the Corporation's auditors thereon, which were filed on SEDAR at [www.sedar.com](http://www.sedar.com) on March 14, 2012, will be presented to the Corporation's shareholders at the Meeting. Shareholders wishing to obtain a copy of the Corporation's financial statements and Management's Discussion and Analysis may obtain a copy, free of charge, from the Corporation's profile on SEDAR, the Corporation's website at [www.wildcatsilver.com](http://www.wildcatsilver.com) or from the Corporation by contacting the Corporation at the following:

Wildcat Silver Corporation  
Suite 400 – 837 West Hastings Street  
Vancouver, British Columbia V6C 3N6

Telephone: (604) 484 3597 Fax: (604) 687-1715  
Email: [info@wildcatsilver.com](mailto:info@wildcatsilver.com)

## INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

No person who has been a director or executive officer of the Corporation at any time since the beginning of the last financial year, nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of any of the foregoing, has any material interest directly or indirectly, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting except with respect to the election of directors.

### ELECTION OF DIRECTORS

At the date of this Management Proxy Circular there were six directors of the Corporation. The present term of office of each of these six directors will expire immediately prior to the election of directors at the Meeting. Management intends to present a resolution at the meeting to fix the number of directors of the Corporation at six (6). Management of the Corporation does not contemplate that any of the nominees will be unable to serve as directors. Each director will hold office until the next annual meeting of the Corporation or until his successor is appointed or elected, unless his office is earlier vacated in accordance with the By-Laws of the Corporation or with the provisions of the *Business Corporations Act (BC)*.

In the following table and notes thereto is stated the name of each person proposed to be nominated by management for election as a director, the country in which he is ordinarily resident, all offices of the Corporation now held by him, his principal occupation, business or employment during the preceding five years, the date he was first appointed as a director of the Corporation and the number of common shares beneficially owned by him, directly or indirectly, or over which he exercises control or direction, as at the date Record Date.

Name, Province/State and Country of Residence	Position with the Corporation and Principal Occupation, Business or Employment During the Past Five Years <sup>(1)</sup>	Date First Appointed as Director of the Corporation	Number of common shares beneficially owned, controlled or directed, directly or indirectly <sup>(2)</sup>
R. Stuart Angus <sup>(3)(5)</sup> Sechelt, BC, Canada	Director of the Corporation; Independent Consultant to the mining industry since January 2006.	May 5, 2006	18,737,000 <sup>(6)</sup>
John R. Brodie <sup>(3)(4)</sup> West Vancouver, BC, Canada	Director of the Corporation; President of John R. Brodie Capital Inc.; Since 2003, Mr. Brodie has served on the Board of various public companies in the resource and manufacturing sector.	July 3, 2008	10,000
Donald B. Clark Richmond, BC, Canada	Director of the Corporation; President and Chief Executive Officer of the Corporation between February 2006 and July 2008. Director of Augusta Resource Corporation since February 1996 and Vice President Administration between May 2006 and January 2010; Director of Riva Gold Corporation since April 2010; President of Ventana Gold Corp. between March 2006 and July 2008 and director between March 2006 and October 2009.	February 27, 2006	6,200,000
Gilmour Clausen <sup>(4)(5)</sup> Denver, Colorado, USA	Director and Vice Chairman of the Corporation; Director, President & Chief Executive Officer of Augusta Resource Corporation since April 2005.	December 20, 2010	1,115,500
Robert P. Wares <sup>(3)(4)(5)</sup> Montreal, Quebec, Canada	Director of the Corporation; Director and Executive Vice President, Exploration and Resource Development for Osisko Mining Corporation since early 2006.	May 5, 2006	1,435,000
Richard W. Warke West Vancouver, BC, Canada	Chairman, Chief Executive Officer and Director of the Corporation; Director of Augusta Resource Corporation since February 1996 and Executive Chairman since August 2005 and held various other offices between 1999 and 2008; Chairman and Director of Ventana Gold Corp. between July 2008 and March 2011; Director, Chairman and Chief Executive Officer of Riva Gold Corporation since July 2010.	July 3, 2008	5,324,929 <sup>(7)</sup>

- (1) The information as to country of residence and principal occupation of the directors has been furnished by the respective directors, individually. The directors listed may be directors of other reporting issuers. Details with respect to other directorships are provided under the heading entitled “*Statement of Corporate Governance Practices*” of the Corporation.
- (2) The information as to common shares beneficially owned or over which a director exercises control or direction, not being within the knowledge of the Corporation, has been furnished by the respective directors individually.
- (3) Denotes member of Audit Committee.
- (4) Denotes member of Compensation Committee.
- (5) Denotes member of Nominating and Corporate Governance Committee.
- (6) 17,287,000 of these are held indirectly through Diamond Hill Investment Corp., a company controlled by Mr. Angus.
- (7) Of these 2,764,652 common shares are indirectly held by the Warke Family Trust of which Richard W. Warke is a beneficiary and there are 150,000 common shares over which Mr. Warke has control and direction.

## **CORPORATE CEASE TRADE ORDERS OR BANKRUPTCIES**

Except for as provided below, no proposed director of the Corporation is, as at the date of this Management Proxy Circular, or was within 10 years before the date of Management Proxy Circular, a director, chief executive officer or chief financial officer of any company (including the Corporation), that (i) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer, or (ii) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer:

Cybercom Systems Inc. (“Cybercom”) was issued a cease trade order on October 23, 2002 due to failure to file comparative annual financial statements and quarterly report for the period ended January 31, 2002. Cybercom’s failure to file the above resulted from its inability to pay filing fees associated with such filing due to a lack of funding. Cybercom is currently inactive and remains under cease trade order. Richard Warke, Chairman and director of the Corporation, and Donald B. Clark, a director of the Corporation, were directors of Cybercom at the time the order was issued.

The Corporation requested and received notice from the British Columbia Securities Commission of the issuance of a management cease trade order (the “MCTO”) on October 30, 2007 in connection with the late filing of its annual audited consolidated financial statements for the fiscal year ending June 30, 2007. Its failure to make the filing within the required time frame was due to the need to clarify potential foreign tax obligations relating to an acquisition it made. The required filing was made on January 7, 2008 and the MCTO was revoked on January 8, 2008. R. Stuart Angus, Donald B. Clark and Robert Wares, directors of the Corporation, were directors of the Corporation at the time the order was issued.

Cross Lake Minerals Limited (“Cross Lake”) filed for protection under the Companies Creditors Arrangement Act on October 14, 2008. On October 24, 2008, John R. Brodie, a director of the Corporation, was appointed to the board of directors of Cross Lake to assist with Cross Lake’s corporate reorganization subsequent to its commencement of insolvency proceedings. Cross Lake required time to develop a reorganization plan with its creditors. PricewaterhouseCoopers was appointed as Monitor of Cross Lake’s business affairs to assist Cross Lake in developing the reorganization plan. Mr. Brodie was appointed to the board of Cross Lake to take advantage of his experience and expertise in corporate restructurings. Upon completion of the successful reorganization Mr. Brodie resigned as a director.

No proposed director of the Corporation is or has within the 10 years before the date of this Management Proxy Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

### **Penalties or Sanctions**

No proposed director of the Corporation has been subject to (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement, with a securities regulatory authority, or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

## **APPOINTMENT OF AUDITORS**

Unless such authority is withheld, the persons named in the accompanying proxy intend to vote to re-elect PriceWaterhouseCoopers LLP, Chartered Accountants, as auditors of the Corporation and to authorize the directors to fix their remuneration. PriceWaterhouseCoopers LLP were first appointed auditors of the Corporation on December 17, 2009.

## **STATEMENT OF EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

The following information describes and explains the significant elements of compensation awarded to, earned by, paid to, or payable to the Corporation's CEO, Chief Financial Officer ("CFO") and to the three most highly compensated executive officers, other than the CEO and CFO who were serving as executive officers at the end of the most recent fiscal year (the "Named Executive Officer(s)" or "NEO(s)"), provided that disclosure is not required for an executive officer whose total salary does not exceed CAD\$150,000. During the six months ended December 31, 2011, the Corporation's NEOs were: Christopher Jones - President and CEO, Paul Ireland - CFO, Gregory F. Lucero – Vice President, Sustainable Development and William J. Pennstrom Jr.– Vice President, Technical Services.

On February 25, 2011 the board of directors (the "Board") of the Corporation formed, for the first time, a Compensation Committee comprised of three independent directors namely: John R. Brodie (Chairman), Gilmour Clausen and Robert P. Wares. The Compensation Committee's mandate is to review and recommend compensation policies and programs with the objective of ensuring the Corporation is able to attract, retain and motivate executives and key personnel to develop and implement the Corporation's strategic goals. Each member of the Compensation Committee has direct experience in executive compensation as members of other Boards which experience assists in making decisions on the suitability of the Corporation's compensation practices and policies.

In consultation with the CEO and based upon his input and recommendations the Compensation Committee will review and approve, on an annual basis, the process for evaluating and determining the various elements of compensation for the Corporation's executive officers. The objective of the Compensation Committee is to assist in attracting, retaining and motivating executives and key personal in view of the Corporation's goals. The Compensation Committee has the authority to engage consultants as necessary to assist it in performing its mandate including assessing the competitiveness of the Corporation's compensation program.

In reviewing the compensation arrangements of the Corporation's executive officers, the Compensation Committee will consider the fairness to shareholders and investors, the Corporation's requirements and market competitiveness in order to attract and retain capable and experienced personnel, and rewarding performance consistent with the success of the Corporation's business.

### **Risk Assessment of the Corporation's Compensation Policies and Practices**

The Compensation Committee considers the implications and risks associated with the Corporation's compensation policies and practices including the various elements of compensation. This risk assessment also considers risks considered by the Corporation's Audit Committee.

It is believed that the Corporation's compensation program discourages or mitigates risk by using an approach which includes fixed and variable pay over a short and long term period incentivized by both performance and time based measures, while maintaining consistency in its approach for all executives.

During fiscal 2011 no risks were identified that were related to the Corporation's compensation policies and practices that are reasonably likely to have a material adverse effect on the Corporation.

### **Independent Compensation Consultant**

To date, the Corporation has not engaged a compensation consultant or advisor and as a result has incurred no fees in

connection with such service for each of the two most recently completed financial periods.

The Compensation Committee plans on engaging a compensation consultant later in 2012 to assess the Corporation's compensation structure including its fairness and market competitiveness. If a compensation consultant is engaged results will be considered for implementation in fiscal 2013.

### **Elements of Compensation**

For fiscal 2011 the compensation for the Corporation's executive officers comprised three elements: base salary, discretionary bonus and a long-term incentive program ("LTIP") comprised of stock options granted pursuant to the Corporation's Stock Option Plan. This compensation structure was largely formulated prior to the establishment of the Compensation Committee and was intended to reward performance and be competitive with the compensation arrangements of other companies of similar size and scope in the industry. The Compensation Committee, in conjunction with the CEO, plans on developing a formalized short-term bonus system based on measurable personal and corporate goals.

#### ***Base Salary***

Base salary for the Corporation's executive officers is established taking into account each executive's responsibilities, performance assessment and career experience. To ensure that the Corporation will continue to attract and retain qualified and experienced executives, base salaries will be reviewed annually by the Compensation Committee and adjusted to ensure that they remain at or above the median for comparable companies. For the six month period ended December 31, 2011 the Board of the Corporation, on the recommendation of the Compensation Committee, maintained salaries for the Corporation's NEOs at the same level as fiscal period ended June 30, 2011. This decision took into account that two of the NEO's had been appointed subsequent to June 30, 2011. Given these and other recent appointments at negotiated compensation levels the Compensation Committee did not feel it was necessary to engage external compensation consultants.

#### ***Bonus (STIP)***

The Board, on recommendation of the Compensation Committee, approved and authorized bonus payments under the STIP, for the first time, to its executive officers for the 2011 calendar year. The bonus payments were made in early 2012 and are reflected in the "Summary Compensation Table" below. All STIP awards are paid in cash and subject to statutory deductions.

The STIP is intended to motivate and reward executives for the achievement of short term goals and contribution to the business during the past year. The amount of bonus payments under the STIP is at the discretion of the Compensation Committee and ultimately the Board. The Compensation Committee reviews and recommends bonus payments based on a percentage of the executive's salary, and a combination of individual and the Corporation's performance. As compared to other executives, the compensation of the CEO is weighted more against the Corporation's performance.

For certain executives, including the NEOs, the bonus payments for the 2011 calendar year were influenced by certain objectives outlined in early 2011. These objectives were comprised of business and personal objectives (increasing the Corporation's resource base, completing or advancing economic assessments, advancing off-take arrangements, developing business and government relationships, developing exploration and marketing plans, permitting, and securing land positions) and capital markets and other objectives (stock exchange listings, increase in institutional investor base, increase in analyst coverage, and completion of the Corporation's conversion to IFRS), in each case that were applicable to the NEO. The objectives formed the basis for a formulaic approach to the bonus payments and the Compensation Committee assigned relative weights to each of the applicable objectives.

The Compensation Committee intends to consider a more formal approach to the STIP with the assistance of an external compensation consultant.

### ***Long Term Incentive Compensation (LTIP)***

The Corporation's long term incentive program is currently comprised of incentive stock option grants pursuant to its amended and restated stock option plan described below.

#### *Amended and Restated Stock Option Plan Summary*

On July 19, 2011 the common shares of the Corporation began trading on the Toronto Stock Exchange (the "TSX") and were delisted from the TSX Venture Exchange. As a result an amended and restated stock option plan (the "Amended and Restated Stock Option Plan") taking into consideration policies of the TSX in addition to current trends was presented for approval to shareholders at the Corporation's Annual and Special Shareholders Meeting held on December 9, 2011.

The Amended and Restated Stock Option Plan authorizes the Corporation to grant options until December 9, 2014.

Capitalized terms used in this section but not otherwise defined in the Management Proxy Circular have the meanings given to them in the Amended and Restated Stock Option Plan.

The purpose of the Amended and Restated Stock Option Plan is to secure for the Corporation and the shareholders the benefits of the incentives inherent to common share ownership by officers, directors and other eligible persons who, in the judgment of the Board, will have a sufficient role in the Corporation's growth and success.

Directors, officers and employees of, and consultants to, the Corporation or any of its Subsidiaries, as well as employees of companies providing management services or support to the Corporation or any of its Subsidiaries, are eligible to receive Option grants under the Amended and Restated Stock Option Plan. Certain grants to citizens or residents of the United States will be considered "Incentive Stock Options" and will qualify as such under U.S. federal income tax laws. The Amended and Restated Stock Option Plan includes the following terms and restrictions:

- The aggregate number of common shares that may be reserved for issuance pursuant to the Amended and Restated Stock Option Plan and all other Share Compensation Arrangements cannot exceed 10% of the number of common shares issued and outstanding from time to time. Of this number, a maximum of 2,200,000 common shares may be granted as Incentive Stock Options.
- Any common shares subject to an Option that expires or terminates without having been fully exercised may be made the subject of a further Option.
- Upon the partial or full exercise of an Option, the common shares issued upon such exercise automatically become available to be made the subject of a new Option, provided that the total number of common shares reserved for issuance under the Amended and Restated Stock Option Plan does not exceed 10% of the number of common shares then issued and outstanding.
- The aggregate number of common shares reserved for issuance pursuant to the Amended and Restated Stock Option Plan or any other Share Compensation Arrangement to any one Participant cannot exceed 5% of the number of common shares issued and outstanding at any time.
- The aggregate number of common shares issuable pursuant to the Amended and Restated Stock Option Plan or any other Share Compensation Arrangement to Insiders cannot exceed 10% of the number of common shares issued and outstanding at any time.
- The aggregate number of common shares issued to Insiders pursuant to the Amended and Restated Stock Option Plan or any other Share Compensation Arrangement in any one-year period cannot exceed 10% of the number of common shares then issued and outstanding.

As of the date hereof, Options to purchase an aggregate of 8,388,667 common shares (representing approximately 6.36% of the issued and outstanding common shares of the Corporation) are available for issuance under the Amended and Restated

Stock Option Plan (based on the number of issued and outstanding common shares as of the date hereof). As of the date hereof, other than the Amended and Restated Stock Option Plan, there are no Share Compensation Arrangements pursuant to which Eligible Persons can be issued common shares.

The Amended and Restated Stock Option Plan provides that the aggregate number of common shares that may be issued upon the exercise of Options cannot exceed 10% of the number of common shares issued and outstanding from time to time. As a result, the number of Options available to be granted under the Amended and Restated Stock Option Plan will automatically increase if the Corporation issues any additional common shares in the future. The TSX rules require that this type of "evergreen" plan must be approved by shareholders every three years in order for the Corporation to be able to continue to make grants thereunder. If Shareholder approval is not obtained every three years, all unallocated entitlements under the Amended and Restated Stock Option Plan will be cancelled, however, all allocated awards, such as Options that have been granted but not yet exercised, will continue unaffected.

The Exercise Price for each common share subject to an Option will be determined by the Board at the time of the Option grant, and may not be lower than the last closing price of a common share on the TSX preceding the time of the Option grant. In addition, the Exercise Price for each common share subject to an Incentive Stock Option granted to a U.S. Participant that is a 10% Shareholder may not be lower than 110% of the last closing price of a common share on the TSX preceding the time of the Incentive Stock Option grant.

Options will vest and become exercisable at such time or times as may be determined by the Board on the date of the Option grant.

Unless the Board determines otherwise and subject to any accelerated termination in accordance with the Amended and Restated Stock Option Plan, each Option will expire on the fifth anniversary of the date on which it was granted. In no event may an Option expire later than the tenth anniversary of the date on which it was granted; provided that in no event will an Incentive Stock Option granted to a U.S. Participant that is a 10% Shareholder expire later than five years after the date on which it was granted. If the date on which an Option is scheduled to expire occurs during, or within ten business days after the last day of, a Black Out Period applicable to the Optionee, then the date on which the Option will expire will be extended to the last day of such ten business day period.

Options are non-assignable and non-transferable, with the exception of an assignment by testate succession or by the laws of descent and distribution upon the death of an Optionee.

If an Optionee ceases to be an Eligible Person (other than by reason of death, permanent disability or termination for cause), the Optionee may exercise any vested Options for a period of 30 days after the Optionee ceases to provide services to the Corporation or any of its Subsidiaries, subject to the earlier expiry of the Options. If an Optionee ceases to be an Eligible Person by reason of death, the Optionee's heir may exercise any vested Options for one-year following the date of the Optionee's death, subject to the earlier expiry of the Options. If an Optionee ceases to be an Eligible Person while on permanent disability, the Optionee or his legal representatives may exercise any vested Options until the expiry of the Options. If an Optionee is dismissed for cause, any Options (whether vested or unvested) held by such Optionee shall terminate immediately upon receipt by the Optionee of notice of such dismissal. In addition, if an Incentive Stock Option is not exercised within certain prescribed periods following the date on which the Optionee ceases to be employed by the Corporation, such Option will no longer qualify as an Incentive Stock Option for U.S. federal income tax purposes.

The Board may from time to time, subject to applicable law and any required approval of the TSX, or any other regulatory authority, suspend, terminate or discontinue the Amended and Restated Stock Option Plan at any time, or amend or revise the terms of the Amended and Restated Stock Option Plan or of any Option granted thereunder; provided that no such amendment, revision, suspension, termination or discontinuance can adversely affect the rights of an Optionee under any previously granted Option except with the consent of that Optionee.

- (a) Shareholder approval is not required for the following amendments, subject to any regulatory approvals, including, where required, the approval of the TSX:

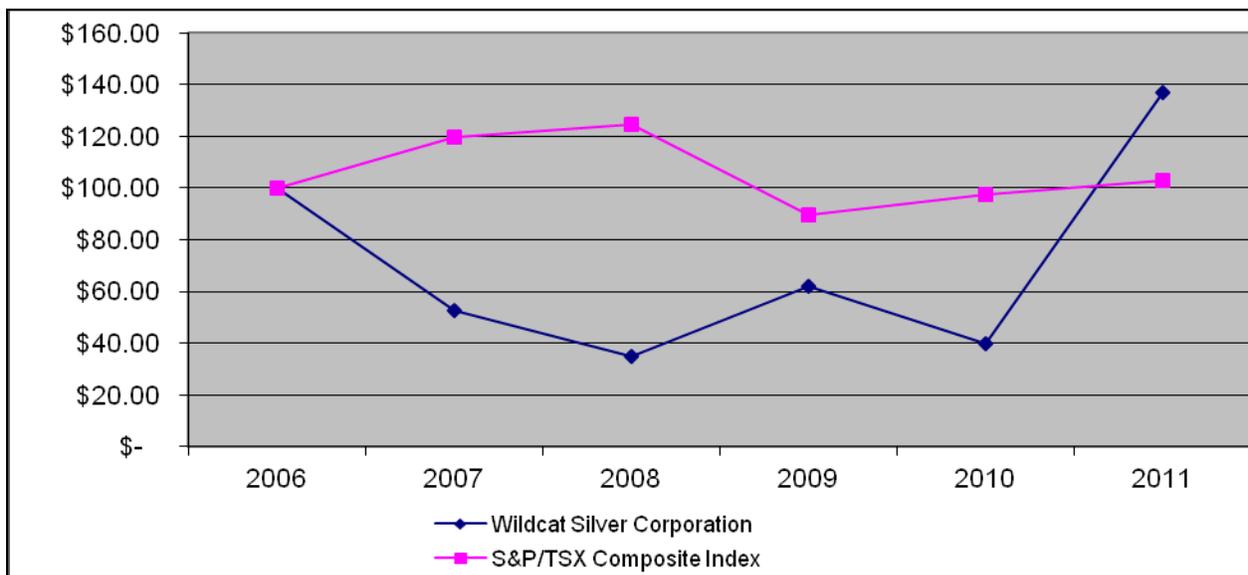
- (i) amendments to the Amended and Restated Stock Option Plan to ensure continuing compliance with applicable laws, regulations, requirements, rules or policies of any governmental or regulatory authority or any stock exchange;
  - (ii) amendments of a "housekeeping", clerical, technical or stylistic nature, which include amendments relating to the administration of the Amended and Restated Stock Option Plan or to eliminate any ambiguity or correct or supplement any provision contained in the Amended and Restated Stock Option Plan which may be incorrect or incompatible with any other provision of the Amended and Restated Stock Option Plan;
  - (iii) changing the terms and conditions governing any Option(s) granted under the Amended and Restated Stock Option Plan, including the vesting terms, the exercise and payment method, the Exercise Price and the effect of the Optionee's death or permanent disability, the termination of the Optionee's employment, term of office or consulting engagement or the Optionee ceasing to be an Eligible Person;
  - (iv) determining that any of the provisions of the Amended and Restated Stock Option Plan concerning the effect of the Optionee's death or permanent disability, the termination of the Optionee's employment, term of office or consulting engagement or the Optionee ceasing to be an Eligible Person shall not apply for any reason acceptable to the Board;
  - (v) amendments to the definition of Eligible Person;
  - (vi) changing the termination provisions of the Amended and Restated Stock Option Plan or any Option which, in the case of an Option, does not entail an extension beyond an Option's originally scheduled expiry date;
  - (vii) changing the terms and conditions of any financial assistance which may be provided by the Corporation to Optionees to facilitate the purchase of common shares under the Amended and Restated Stock Option Plan, or adding or removing any provisions providing for such financial assistance;
  - (viii) amendments to the cashless exercise feature;
  - (ix) the addition of or amendments to any provisions necessary for Options to qualify for favourable tax treatment to Optionees or the Corporation under applicable tax laws or otherwise address changes in applicable tax laws;
  - (x) amendments relating to the administration of the Amended and Restated Stock Option Plan; and
  - (xi) any other amendment, whether fundamental or otherwise, not requiring Shareholder approval under applicable law or the rules or policies of any stock exchange upon which the common shares trade from time to time.
- (b) No amendment requiring the approval of the shareholders under applicable law or the rules or policies of any stock exchange upon which the common shares trade from time to time shall become effective until such approval is obtained. In addition to the foregoing, the approval of the shareholders by ordinary resolution is required for:
- (i) any amendment to the amendment provisions of the Amended and Restated Stock Option Plan that is not an amendment (x) to ensure continuing compliance with applicable laws, regulations, requirements, rules or policies of any governmental or regulatory authority or any stock exchange or (y) of a "housekeeping", clerical, technical or stylistic nature;
  - (ii) any increase in the maximum number of common shares that can be issued under the Amended and Restated Stock Option Plan, except in connection with an adjustment made in accordance with the Amended and Restated Stock Option Plan's adjustment provisions;

- (iii) any reduction in the Exercise Price of an Option granted under the Amended and Restated Stock Option Plan (including the cancellation and re-grant of an Option, constituting a reduction of the Exercise Price of an Option), except in connection with an adjustment made in accordance with the Amended and Restated Stock Option Plan's adjustment provisions;
- (iv) any amendment to extend the expiry of an Option beyond its original Expiry Date;
- (v) any amendment to the provisions of the Amended and Restated Stock Option Plan limiting Insider participation to increase participation by Insiders; and
- (vi) any amendment to the provisions of the Amended and Restated Stock Option Plan that would permit Options to be transferred or assigned other than for normal estate settlement purposes,

provided further that Insiders are not eligible to vote their common shares in respect of the required approval of the shareholders to amend or vary the Amended and Restated Stock Option Plan (I) to increase participation by Insiders, and (II) in certain other cases, if such Insiders will benefit from the proposed amendment or variance.

#### Performance Graph

The following graph compares the annual percentage change in the Corporation's cumulative total shareholder return based on the assumption that Cdn\$100 was invested in the Corporation's common shares on June 30, 2006 against the cumulative total shareholder return of the S&P/TSX Composite Index for the five most recently completed financial years of the Corporation including the six month period ended December 31, 2011.



The recent increase in the Corporation's share price reflects the recent recognition by the marketplace of the potential of the Corporation's Hermosa project in Arizona, USA. The Hermosa project was acquired in 2006 and the Corporation initiated exploration activities and re-interpretation work of the previous owner's exploration results. Details of these activities are more fully described in the Corporation's Annual Information Form dated March 9, 2012. During the 2011 calendar year, various aspects of the work undertaken in prior years began to coalesce and new initiatives were undertaken including:

- Enhancing its treasury by completing a private placements;
- Undertaking a comprehensive drilling program;
- Strengthening its management team; and
- Applying for listing on the TSX, which was successfully completed in July 2011.

These actions along with the encouraging drill results, increased silver prices and better communication of the Corporation's progress resulted in a significant increase in the Corporation's share price and market capitalization.

The Corporation's compensation philosophy over this five year period has been to provide its NEO's with a mid-market base salary with a reward structure based on long-term incentives through the granting of Options. In this manner NEOs have been directly incentivized to create value for the Corporation's shareholders. At the same time the Corporation's cash position has been more focused on direct exploration activities. To remain competitive however, in early 2012, the Corporation paid bonuses for the first time to its executive officers for the 2011 calendar year.

The following table sets forth all annual and long-term compensation awarded, paid to or earned for services in all capacities to the Corporation for the six months ended December 31, 2011 for each NEO of the Corporation:

### Summary Compensation Table

Name and principal position	Year	Salary	Share-based awards (\$)	Option-based awards <sup>(3)</sup>	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation
					Annual incentive plans	Long-term incentive plans			
Christopher Jones President & CEO <sup>(2)</sup>	2011 <sup>(1)</sup>	\$120,000	N/A	\$0	\$30,000	N/A	N/A	N/A	\$150,000
	2011 <sup>(2)</sup>	\$240,000	N/A	\$340,229	N/A	N/A	N/A	N/A	\$580,229
	2010	\$240,000	N/A	\$196,684	N/A	N/A	N/A	N/A	\$436,648
Paul Ireland <sup>(5)</sup> CFO	2011 <sup>(1)</sup>	\$99,840	N/A	\$0	\$25,459	N/A	N/A	N/A	\$125,300
	2011 <sup>(2)</sup>	\$69,909	N/A	\$151,213	N/A	N/A	N/A	N/A	\$221,122
	2010	\$39,065	N/A	\$70,109	N/A	N/A	N/A	N/A	\$109,174
Gregory F. Lucero <sup>(6)</sup> Vice President, Sustainable Development	2011 <sup>(1)</sup>	\$86,226	N/A	\$136,395	\$8,087	N/A	N/A	N/A	\$230,748
	2011 <sup>(2)</sup>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2010	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
William J. Pennstrom Jr. <sup>(7)</sup> Vice President, Technical Services	2011 <sup>(1)</sup>	\$75,782	N/A	\$123,489	3,297	N/A	N/A	N/A	\$202,568
	2011 <sup>(2)</sup>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2010	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(1) On August 30, 2011 the Corporation changed its financial year-end to December 31. The amount reflected is for the six month period July 1 – December 31, 2011.

(2) Previously reported when the Corporation had a June 30 financial year-end.

(3) For the six month period ended December 31, 2011, the fair value of the option based awards were calculated using the Black Scholes model using the following weighted average assumptions: expected life of five years; annualized volatility of 120%; a risk-free interest rate of 1.90%; no dividend payments. For the purposes of this table the Canadian value of the option award is converted into US\$ using the average USD/CAD exchange rate in the date the option was granted as follows: fiscal year ended June 30, 2010 - \$1.0555; fiscal year ended June 30, 2011 - \$1.0013; six month period ended December 31, 2011 - \$1.0016.

(4) Salary amounts for Mr. Jones were paid in US dollars. At December 31, 2011 Mr. Jones was also a director of the Corporation but did not receive compensation for his role as director.

(5) Mr. Ireland was hired as CFO effective December 7, 2009 and the information reported in 2010 reflects the six and a half months of the 2010 fiscal year. Mr. Ireland's salary is paid through a management services company equally owned by the Corporation and other related companies with some common directors and officers. The salary for Mr. Ireland reflects the amount charged to the Corporation and is paid in Canadian dollars. For purposes of this table his salary was converted into US dollars at the average exchange rate for the period over which he was paid as follows: 2010 - \$1.0364; June 30, 2011 - \$1.0013; December 31, 2011 - \$1.0016.

(6) Mr. Lucero was hired on July 5, 2011 and the information reported for the six months ended December 31, 2011 reflects this period only. Salary amounts for Mr. Lucero were paid in US dollars.

(7) Mr. Pennstrom was hired on August 4, 2011 and the information reported for the six months ended December 31, 2011 reflects this period only. Salary amounts for Mr. Pennstrom were paid in US dollars.

### NEO Employment Agreements

The Corporation has entered into an employment or letter agreement with each NEO for an indefinite term. Each NEO agreement provides for a base salary (as may be adjusted annually), a bonus, grant of stock options, vacation time and various standard benefits including life, disability, medical, dental and reimbursement of reasonable expenses. Where applicable, the payment of a bonus is to be tied to corporate, operational and individual performance and the grant of stock

options are at the discretion of the Board. Refer to the Summary Compensation table above for compensation paid to, earned by or accrued for each NEO for fiscal year ending December 31, 2011.

## Incentive Plan Awards

### *Outstanding share-based awards and option-based awards*

To date, the Corporation has granted only option based awards.

The following table sets out all awards outstanding at the end of the most recently completed financial year held by each NEO including awards granted before the most recently completed financial year:

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options		Option exercise price	Option expiration Date	Value of unexercised in-the-money options <sup>(1)</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested
	Unexercisable	Exercisable					
Christopher Jones President & CEO	0	1,000,000	\$0.56	Jul 29, 2013	\$740,000	N/A	N/A
	333,334	166,666	\$0.485	Sep 4, 2014	\$135,832		
	225,000	0	\$1.81	Jun 14, 2016	\$0		
Paul Ireland CFO	66,667	133,333	\$0.44	Dec 9, 2014	\$114,666	N/A	N/A
	100,000	0	\$1.81	Jun 14, 2016	\$0		
Gregory F. Lucero Vice President, Sustainable Development	75,000	0	\$2.18	July 11, 2016	\$0	N/A	N/A
William J. Pennstrom Jr. Vice President, Technical Services	75,000	0	\$2.00	August 4, 2016	\$0	N/A	N/A

(1) On December 31, 2011 the closing price of the Corporation's shares on the TSX was \$1.30. Value is calculated for vested options on December 31, 2011.

## Value Vested or Earned During the Year

The following table represents the aggregate dollar value that would have been realized if the stock options under the option based award had been exercised on the vesting date for each NEO:

Name	Option-based awards – Value vested during the year <sup>(1)</sup> (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Christopher Jones President & CEO	\$687,499	N/A	N/A
Paul Ireland CFO	\$75,333	N/A	N/A
Gregory F. Lucero Vice President, Sustainable Development	Nil	N/A	N/A
William J. Pennstrom Jr. Vice President, Technical Services	Nil	N/A	N/A

(1) Represents the value of stock options vested during the six months ended December 31, 2011 calculated as if stock options had been exercised on their vest date based on market price on the vest date of the stock options.

## Pension Plan Benefits

The Corporation does not provide retirement benefits for its directors or executive officers.

## Termination and Change of Control Benefits

The following describes the arrangements in place as at December 31, 2011 with respect to remuneration payable to each NEO of the Corporation in the event of termination of employment. If the NEO is terminated for Cause no payment or

incremental benefits are due to the NEO. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the respective employment or letter agreements:

- (1) In the event of termination by the Corporation without Cause or by the employee for Good Reason, the Corporation shall pay, at the time of such termination, a lump sum cash amount to each NEO as follows:

Christopher Jones President & CEO	Two (2) times his Annual Salary immediately preceding such termination and two (2) times the Target Bonus that would be payable on such Annual Salary.
Paul Ireland CFO	Two (2) times his Annual Salary immediately preceding such termination and two (2) times the Target Bonus that would be payable on such Annual Salary.
Gregory F. Lucero Vice President, Sustainable Development	One and a half (1.5) times his Annual Salary immediately preceding such termination and One and a Half (1.5) times the Target Bonus that would be payable on such Annual Salary.
William J. Pennstrom Jr. Vice President, Technical Services	One and a half (1.5) times his Annual Salary immediately preceding such termination and One and a Half (1.5) times the Target Bonus that would be payable on such Annual Salary.

In addition, all non-vested securities under any securities compensation plan granted to the NEO shall immediately and fully vest on the effective date of such termination and be redeemable or exercisable for 90 days thereafter.

- (2) In the event that the NEO should resign for any reason after a Change of Control or the Corporation should terminate his employment without cause within six months after a Change of Control, the Corporation shall compensate the NEO with a lump sum cash amount as follows:

Christopher Jones President & CEO	Three (3) times his Annual Salary immediately preceding such termination and three (3) times the Target Bonus that would be payable on such Annual Salary.
Paul Ireland CFO	Two (2) times his Annual Salary immediately preceding such termination and three (2) times the Target Bonus that would be payable on such Annual Salary.
Gregory F. Lucero Vice President, Sustainable Development	One and a half (1.5) times his Annual Salary immediately preceding such termination and One and a Half (1.5) times the Target Bonus that would be payable on such Annual Salary.
William J. Pennstrom Jr. Vice President, Technical Services	One and a half (1.5) times his Annual Salary immediately preceding such termination and One and a Half (1.5) times the Target Bonus that would be payable on such Annual Salary.

In addition, all non-vested securities under any securities compensation plan granted to the NEO shall immediately and fully vest on the effective date of such termination following a Change of Control and be redeemable or exercisable for 90 days thereafter.

*Estimated Payment on Termination without Cause or by NEO for Good Reason*

The following table provides detail regarding the estimated incremental payments and benefits to each NEO on termination without Cause or by the NEO for Good Reason, assuming a triggering event occurred on December 31, 2011.

	<b>Multiple</b>	<b>Base Salary</b>	<b>Bonus</b>	<b>Equity<sup>(1)(2)</sup></b>	<b>Total</b>
Christopher Jones President & CEO	2	\$480,000	\$240,000	\$133,563	\$853,563
Paul Ireland <sup>(1)</sup> CFO	2	\$294,985	\$147,493	\$56,375	\$498,853
Gregory F. Lucero Vice President, Sustainable Development	1.5	\$262,500	\$65,625	\$0	\$328,125
William J. Pennstrom Jr. Vice President, Technical Services	1.5	\$277,500	\$69,375	\$0	\$346,875

(1) Converted from CAD to USD based on the noon exchange rate reported by the Bank of Canada on December 31, 2011 of \$1.0170.

(2) Equity value represents the calculated value of the unvested stock options that would vest at December 31, 2011 as a result of termination and is not impacted by the applicable multiple. At December 31, 2011 the closing price of the Corporation's shares on the TSX was CAD\$1.30.

### Estimated Payment on a Change of Control

The following table provides detail regarding the estimated incremental payments and benefits to each NEO on termination on a change of control, assuming a triggering event occurred on December 31, 2011.

	Multiple	Base Salary	Bonus	Equity <sup>(1)(2)</sup>	Total
Christopher Jones President & CEO	3	\$720,000	\$360,000	\$133,563	\$1,213,563
Paul Ireland <sup>(1)</sup> CFO	2	\$294,985	\$147,493	\$56,375	\$498,853
Gregory F. Lucero Vice President, Sustainable Development	1.5	\$262,500	\$65,625	\$0	\$328,125
William J. Pennstrom Jr. Vice President, Technical Services	1.5	\$277,500	\$69,375	\$0	\$346,875

(1) Converted from CAD to USD based on the noon exchange rate reported by the Bank of Canada on December 31, 2011 of \$1.0170.

(2) Equity value represents the calculated value of the unvested stock options that would vest at December 31, 2011 as a result of termination and is not impacted by the applicable multiple. At December 31, 2011 the closing price of the Corporation's shares on the TSX was CAD\$1.30.

### Director Compensation

For the six months ended December 31, 2011, there was no arrangement, standard or otherwise, pursuant to which directors received cash or non-cash compensation from the Corporation in their capacity as directors, consultants and/or experts other than incentive stock options, which may be granted, from time to time.

All reasonable expenses incurred by a director in attending Board meetings, committee meetings or shareholder meetings, together with all expenses properly and reasonably incurred by any director in the conduct of the Corporation's business or in the discharge of his duties as a director are paid by the Corporation.

The following table sets forth all amounts of compensation provided to the directors of the Corporation for the six months ended December 31, 2011.

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards <sup>(1)</sup> (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
R. Stuart Angus	N/A	N/A	N/A	N/A	N/A	N/A	Nil
John R. Brodie	N/A	N/A	N/A	N/A	N/A	N/A	Nil
Donald B. Clark	N/A	N/A	N/A	N/A	N/A	N/A	Nil
Gilmour Clausen	N/A	N/A	N/A	N/A	N/A	N/A	Nil
Robert Wares	N/A	N/A	N/A	N/A	N/A	N/A	Nil

(1) There were no options granted to non-management directors during the six months ended December 31, 2011.

### Directors' outstanding share based and option-based awards

The following table sets forth, for each director of the Corporation that is not a NEO, all awards outstanding at the end of the six month period ended December 31, 2011 including awards granted before this period. During the six month period ended December 31, 2011 and prior years, the only type of award granted to the Corporation's directors has been incentive stock options.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options		Option exercise price	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup>	Number of shares or units of shares that have not vested	Market or payout value of share-based awards that have not vested
	Unexercisable	Exercisable					
R. Stuart Angus	0	150,000	\$0.33	Jul 3, 2013	\$145,500	N/A	N/A

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options		Option exercise price	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup>	Number of shares or units of shares that have not vested	Market or payout value of share-based awards that have not vested
	Unexercisable	Exercisable					
	0	154,000	\$0.485	Sep 4, 2014	\$125,510		
	0	150,000	\$0.345	Aug 25, 2015	\$143,250		
	42,000	42,000	\$1.81	Jun 14, 2016	\$0		
John R. Brodie	0	200,000	\$0.33	Jul 3, 2013	\$194,000	N/A	N/A
	0	157,000	\$0.485	Sep 4, 2014	\$127,955		
	0	150,000	\$0.345	Aug 25, 2015	\$143,250		
	43,500	43,500	\$1.81	Jun 14, 2016	\$0		
Donald B. Clark	100,000	200,000	\$0.485	Sep 4, 2014	\$163,000	N/A	N/A
	0	150,000	\$0.345	Aug 25, 2015	\$143,250		
	42,000	42,000	\$1.81	Jun 14, 2016	\$0		
Gilmour Clausen	333,334	166,666	\$0.54	Dec 29, 2015	\$126,666	N/A	N/A
Robert Wares	0	200,000	\$0.33	Jul 3, 2013	\$194,000	N/A	N/A
	0	152,000	\$0.485	Sep 4, 2014	\$123,880		
	0	150,000	\$0.345	Aug 25, 2015	\$143,250		
	42,000	42,000	\$1.81	Jun 14, 2016	\$0		

(1) On December 31, 2011 the closing price of the Corporation's shares on the TSX was \$1.30. Value is calculated for vested options at December 31, 2011.

During the year ending December 31, 2011 no directors exercised any of their stock options.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

### Stock Option Plan

The following table sets forth information as at December 31, 2011 concerning the Corporation's Existing Option Plan described under "Stock Option Plan":

Equity compensation plans approved by securityholders	Number of common shares to be issued upon exercise of options	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans
Stock Option Plan	8,102,000 <sup>(1)</sup>	\$0.70	5,073,179 <sup>(2)</sup>

(1) Of these 5,059,165 were exercisable at December 31, 2011.

(2) Based on 10% of the Corporation's issued and outstanding common shares at December 31, 2011 less stock options outstanding at December 31, 2011. This aggregate number of securities will be available for issue under all security based compensation plans of the Corporation.

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES

National Instrument 58-101 – *Disclosure of Corporate Governance Practices*, requires all companies to provide certain annual disclosure of their corporate governance practices with respect to the corporate governance guidelines (the "Guidelines") adopted in National Policy 58-201 – *Corporate Governance Guidelines* ("NP 58-201"). These Guidelines are not prescriptive, but have been used by the Corporation in adopting its corporate governance practices. The Corporation's approach to corporate governance is set out below.

### Board of Directors

Management is nominating six individuals to the Corporation's Board, all of whom are current directors of the Corporation.

The Guidelines suggest that the board of directors of every listed company should be constituted with a majority of individuals who qualify as "independent" directors under NI 52-110, which provides that a director is independent if he or she has no direct or indirect "material relationship" with the Corporation. Of the proposed nominees, Richard W. Warke is considered "inside" or a management director and accordingly such person is considered to be "independent" within the meaning of NI 52-110. Donald B. Clark is also not considered independent given his former status as a management director of the Corporation.

The other four directors, R. Stuart Angus, John R. Brodie, Gilmour Clausen and Robert P. Wares, are considered by the Board to be “independent” within the meaning of NI 52-110.

At the date of this Management Proxy Circular, some of the Corporation’s directors were directors of other reporting issuers as follows:

R. Stuart Angus	Dynasty Gold Corp., Nevsun Resources Ltd., San Marco Resources Inc., Santa Fe Minerals Corp., SouthGobi Resources Ltd., Torex Resources Ltd., YellowHead Mining Inc., and Riva Gold Corporation.
John R. Brodie	Augusta Resource Corporation, Silver Standard Resources Inc., and AG Growth International Inc.
Donald B. Clark	Augusta Resource Corporation and Riva Gold Corporation
Gilmour Clausen	Jaguar Mining Inc., Augusta Resource Corporation and Plata Latina Minerals Corporation
Robert P. Wares	Osisko Mining Ltd., Augusta Resource Corporation and Bowmore Exploration Ltd.
Richard W. Warke	Augusta Resource Corporation, Riva Gold Corporation and Plata Latina Minerals Corporation

The independent directors of the Corporation may hold scheduled meetings at which non-independent directors and members of management are not in attendance. On February 25, 2011 the Board formed a Compensation Committee and a Nominating and Corporate Governance Committee. During the calendar year ended December 31, 2011 the Audit Committee held 4 meetings; the Compensation Committee held 1 meeting and the Nominating and Corporate Governance Committee Meeting held informal sessions during the same period.

During the calendar year ended December 31, 2011 the Board held 5 Board meetings, which were attended as follows:

R. Stuart Angus	attended 5 of the 5 Board meetings
John R. Brodie	attended 5 of the 5 Board meetings
Donald B. Clark	attended 5 of the 5 Board meetings
Gilmour Clausen	attended 4 of the 5 Board meetings
Christopher Jones	attended 5 of the 5 Board meetings
Robert P. Wares	attended 3 of the 5 Board meetings
Richard W. Warke	attended 4 of the 5 Board meetings

***Board Mandate***

The Board does not currently have a formal written mandate. The mandate of the Board, as prescribed by the *Business Corporations Act* (British Columbia), is to manage or supervise the management of the business and affairs of the Corporation and to act with a view to the best interests of the Corporation. In doing so, the Board oversees the management of the Corporation's affairs directly and through its committees. In fulfilling its mandate, the Board, among other matters, is responsible for reviewing and approving the Corporation's overall business strategies and its annual business plan; reviewing and approving significant capital investments; reviewing major strategic initiatives to ensure that the Corporation's proposed actions accord with shareholder objectives; reviewing succession planning; assessing management's performance against approved business plans and industry standards; reviewing and approving the reports and other disclosure issued to shareholders; ensuring the effective operation of the Board; and safeguarding shareholders' equity interests through the optimum utilization of the Corporation's capital resources.

The Board relies on management for periodic reports, and to provide the support and information necessary to enable the Board to fulfill its obligations. Significant matters are analyzed in reports prepared by management and submitted to the Board for its approval at regularly scheduled Board meetings. The Board has delegated certain responsibilities to management but requires transactions and commitments above a certain threshold to be reviewed and approved by the Board prior to execution. Any responsibility not delegated to senior management or a Board committee remains with the full Board. One of the Board's responsibilities is to review and, if thought fit, to approve opportunities as presented by management and to provide guidance to management. The Board expects management to operate the business of the Corporation in a manner that enhances shareholder value and is consistent with the highest level of integrity. Management is expected to execute the Corporation's business plan and to meet performance goals and objectives.

***Position Descriptions***

The Board has not developed formal written position descriptions for the Chairman of the Board, Vice Chairman nor for the Chairmen of the Audit, Compensation, or Nominating and Corporate Governance Committees. However, each committee has a charter governing its function. The majority of the Board members are also directors of other reporting issuers and are therefore knowledgeable and experienced in their capacity as such and the role designated for them. Informal discussions occur at the Board level with respect to their responsibilities.

### ***Orientation and Continuing Education***

The Nominating and Corporate Governance Committee is responsible for ensuring that new directors are provided with an orientation including written information about the duties and obligations of directors, the business and operations of the Corporation, documents from recent Board meetings, and opportunities for meetings and discussion with senior management and other directors. Directors are expected to attend all scheduled Board and committee meetings as applicable either by telephone conference or in person when possible.

The Board recognizes the importance of ongoing director education and the need for each director to take personal responsibility for the process. To facilitate ongoing education of the Corporation's directors the Corporation supports training or education in areas relating to their role as a director of the Corporation; the Corporation arranges visitation by directors to the Corporation's facilities and operations; and encourages presentations by outside experts to the Board or committees on matters of particular importance or emerging significance.

### ***Ethical Business Conduct***

The Board has adopted a Code of Business Conduct and Ethics (the "Code") for its directors, officers and employees. John R. Brodie, the Chairman of the Audit Committee and Paul Ireland, CFO who has been designated as the Ethics Officer, have the responsibility for monitoring compliance with the Code by ensuring all directors, officers and employees receive and become thoroughly familiar with the Code and acknowledge their support and understanding of the Code. Any non-compliance with the Code is to be reported to either Mr. Brodie or Mr. Ireland, or other designated persons. A copy of the Code may be accessed on the Corporation's website at [www.wildcatsilver.com](http://www.wildcatsilver.com) or on SEDAR at [www.sedar.com](http://www.sedar.com).

The Board ensures that directors, officers and employees are familiar with the Code to ensure that they exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest. To encourage and promote a culture of ethical business conduct, the Board has adopted a Disclosure and Share Trading Policy and a Whistleblower Policy. Both of these policies are available on the Corporation's website at [www.wildcatsilver.com](http://www.wildcatsilver.com). In addition, the Board requests from management periodic reports relating to any fraud or unethical behavior.

### ***Nominating Directors***

The process by which the Board anticipates that it will identify new candidates is by keeping itself informed of potential candidates in the industry. Any Board member may suggest a director nominee. The Nominating and Corporate Governance Committee must formally review and consider the background, expertise, qualifications and skill sets, to the needs of the Corporation and recommend the appointment of the potential candidate to the Board as a whole.

All members of the Nominating and Corporate Governance Committee are independent directors in accordance with Corporate Governance Disclosure Rules. The Nominating and Corporate Governance Committee has been established by the Board to (a) identify individuals qualified to become Board members; (b) to assess and report on the effectiveness of the Board and any committees thereof; and (c) develop and recommend to the Board a set of corporate governance policies and principles applicable to the Corporation in light of the corporate governance guidelines published by regulatory bodies having jurisdiction.

### ***Compensation***

Compensation for the Corporation's directors and officers is determined based on the recommendations of the Compensation Committee. The Compensation Committee is entitled to consult with external experts on the adequacy of the compensation paid to the Corporation's directors. The Compensation Committee is comprised entirely of independent

directors in accordance with corporate governance rules of NI 58-101 and the policies of TSX. The Compensation Committee has been established by the Board to review and recommend compensation policies and programs to the Corporation as well as salary and benefit levels for its executives. The objective of the Committee is to assist in attracting, retaining and motivating executives and key personnel in view of the Corporation's goals.

#### ***Other Board Committees***

The Board currently has the following standing committees comprised of independent directors: the Audit Committee; the Compensation Committee; and the Nominating and Corporate Governance Committee. The Board may appoint an Environment, Health and Safety Committee and an Executive Committee when appropriate. All of the existing committees are independent of management and report directly to the Board. The purpose of the Audit Committee is to assist the Board's oversight of the integrity of the Corporation's financial statements; the Corporation's compliance with legal and regulatory requirements; the qualifications and independence of the Corporation's independent auditors; and the performance of the independent auditors and the Corporation's internal audit function. Further information regarding the Audit Committee is contained in the Corporation's annual information form (the "AIF") dated March 14, 2012 under the heading "Audit Committee Information" and a copy of the Audit Committee charter is attached to the AIF as Appendix I. The AIF is available under the Corporation's profile at [www.sedar.com](http://www.sedar.com). The purpose of the Nominating and Corporate Governance Committee and the Compensation Committee has been described above under "Nominating Directors" and "Compensation" respectively.

#### ***Assessment***

The Board currently does not have a formal process in place to assess its committees and individual directors with respect to their effectiveness and contribution. This matter has been discussed among the Board members and it was felt that the current size and constitution of the Board allows for informal discussions regarding the contribution of each director. In addition, each individual director is significantly qualified through their current or previous professions to fulfil their duties as a Board member. A formal process for evaluating the Board, its committees and individual directors may be implemented in the near future.

### **MANAGEMENT CONTRACTS**

On July 1, 2010, the Corporation entered into a Management Services Agreement with 688284 B.C. Ltd. (the "Management Corporation") and certain other reporting issuers. Generally, under the Management Services Agreement, the Management Company provides the Corporation and the other reporting issuers with office space, facilities, equipment and services, including personnel, with respect to the administrative and corporate affairs of the Corporation. The Corporation reimburses the Management Company's cost for the Corporation's pro rata share of estimated expenses on a full cost recovery basis for the services provided. Wage and benefit costs of personnel (including any termination of employment costs) are charged to the Corporation based on the time spent by employees of the Management Company providing the services. The charges are reviewed and adjusted from time to time to reflect actual expenses paid.

### **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

During the Corporation's past fiscal year, no director, executive officer or senior officer of the Corporation, proposed management nominee for election as a director of the Corporation or associate or affiliate of any such director, executive or senior officer or proposed nominee is or has been indebted to the Corporation or any of its subsidiaries or is or has been indebted to another entity where such indebtedness is or has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries, other than routine indebtedness.

### **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Other than as set forth in this paragraph below or elsewhere in this Management Proxy Circular and other than transactions carried out in the ordinary course of business of the Corporation or any of its subsidiaries, no informed person or proposed director of the Corporation and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction since the commencement of the Corporation's most recently completed financial year or in

any proposed transaction which in either of such cases has materially affected or would materially affect the Corporation or any of its subsidiaries. Details with respect to related party transactions can be found in Notes 4, 5 and 10 to the Corporation's consolidated financial statements and Management Discussion and Analysis for the six months ended December 31, 2011 copies of which are available on SEDAR at [www.sedar.com](http://www.sedar.com) and from the Corporation as set out in "Additional Information" below.

#### **OTHER MATTERS**

Management of the Corporation knows of no matters to come before the Meeting other than the matters referred to in the Notice of Meeting accompanying this Management Proxy Circular. However, if any other matters that are not known to management should properly come before the Meeting, it is the intention of the persons named in the form of proxy accompanying this Management Proxy Circular to vote upon such matters in accordance with their best judgement.

#### **GENERAL**

Unless otherwise directed, it is management's intention to vote proxies in favour of the resolutions set forth herein. All ordinary resolutions require, for the passing of the same, a simple majority of the votes cast at the Meeting by the holders of Common shares.

#### **ADDITIONAL INFORMATION**

Additional information concerning the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information concerning the Corporation is provided in the Corporation's comparative financial statements and Management Discussion and Analysis for the financial year ended December 31, 2011. Shareholders wishing to obtain a copy of the Corporation's financial statements and Management's Discussion and Analysis may contact the Corporation at the following:

Wildcat Silver Corporation  
Suite 400 – 837 West Hastings Street  
Vancouver, British Columbia V6C 3N6

Telephone: (604) 484 3597 Fax: (604) 687-1715  
Email: [info@wildcatsilver.com](mailto:info@wildcatsilver.com)

Dated as of May 8th, 2012

#### **BY ORDER OF THE BOARD OF DIRECTORS**

*"Richard W. Warke"*  
RICHARD W. WARKE  
Director and CEO