HULDRA SILVER INC.

(a development stage company)

FINANCIAL STATEMENTS

December 31, 2010 and 2009

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Huldra Silver Inc.

We have audited the accompanying financial statements of **Huldra Silver Inc.**, which comprise the balance sheets as at December 31, 2010 and 2009, and the statements of operations, comprehensive loss and deficit, shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Huldra Silver Inc.** as at December 31, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Ernst & Young LLP

Vancouver, Canada,
April 20, 2011.

Chartered Accountants

HULDRA SILVER INC.
(a development stage company)

Balance Sheets

December 31, 2010 and 2009

ASSETS

	2010	2009
Current		
Cash and cash equivalents	$ 1,998,259	$ 17,268
Short term investments	300,000	-
Accounts receivable	108,687	272
Prepaid expenses	18,857	1,795
	2,425,803	19,335
Equipment, Net (Note 4)	20,454	673
Mineral Interest (Note 6)	86,437	86,437
Restricted Cash (Note 5)	60,000	10,000
	$ 2,592,694	$ 116,445

LIABILITIES

	2010	2009
Current		
Accounts payable and accrued liabilities	$ 51,323	$ 47,182
Due to a director (Note 9)	64	5,362
	51,387	52,544
Site Restoration Liability	25,000	25,000
	76,387	77,544

SHAREHOLDERS' EQUITY

	2010	2009
Share Capital (Note 7)	9,165,723	6,531,388
Contributed Surplus (Note 7)	419,684	81,404
Deficit	(7,069,100)	(6,573,891)
	2,516,307	38,901
	$ 2,592,694	$ 116,445

Nature of operations (Note 1)

Subsequent Events (Note 12)

"On Behalf of the Board"

"Ryan Sharp" Director

"Magnus Bratlien" Director

The accompanying notes are an integral part of these financial statements

HULDRA SILVER INC.
(a development stage company)

Statements of Operations, Comprehensive Loss and Deficit

For the Years Ended December 31, 2010 and 2009

	2010	2009
Interest and Other Income	$ 8,729	$ -
Exploration Costs (Notes 6 and 9)	84,518	69,672
Expenses		
Stock based compensation	249,293	-
Professional fees	70,633	45,330
Management fees (Note 9)	34,000	12,000
Consulting (Note 9)	22,000	-
Office and general (Note 9)	19,775	3,481
Regulatory fees	8,873	8,764
Transfer agent	6,176	9,534
Rent	2,800	-
Vehicle expenses	2,290	-
Amortization	3,580	288
	419,420	79,397
Net loss for the year	(495,209)	(149,069)
Comprehensive Income (Loss)	-	-
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	(495,209)	(149,069)
Deficit at beginning of year	(6,573,891)	(6,424,822)
DEFICIT AT END OF YEAR	$ (7,069,100)	$ (6,573,891)
Net loss per share – basic and diluted	$ (0.04)	$ (0.02)
Weighted average number of common shares outstanding – basic and diluted	12,112,753	8,831,231

The accompanying notes are an integral part of these financial statements

HULDRA SILVER INC.
(a development stage company)

Statements of Cash Flows

For the Years Ended December 31, 2010 and 2009

	2010	2009
Cash provided from (used for)		
OPERATING ACTIVITIES		
Cash receipts from operations	$ 42,238	$ 7,429
Cash paid out to suppliers	(259,300)	(68,006)
Recovery of exploration costs	170,737	-
Exploration costs	(380,832)	(74,391)
	(427,157)	(134,968)
FINANCING ACTIVITIES		
Due to directors	(5,362)	(18,200)
Issuance of common shares	2,786,871	140,000
	2,781,509	121,800
INVESTING ACTIVITIES		
Short term investments	(300,000)	-
Restricted cash	(50,000)	-
Additions to equipment	(23,361)	-
	(373,361)	-
Net increase (decrease) in cash	1,980,991	(13,168)
Cash at beginning of year	17,268	30,436
Cash at end of year	$ 1,998,259	$ 17,268

The accompanying notes are an integral part of these financial statements

HULDRA SILVER INC.
(a development stage company)

Statements of Shareholders' Equity

For the Years Ended December 31, 2010 and 2009

	Share Capital		Contributed		Total Shareholders'
	Shares	Dollars	Surplus	Deficit	Equity
Balance December 31, 2008	8,614,519	$ 6,391,388	$ 81,404	$ (6,424,822)	$ 47,970
Shares issued for cash	700,000	140,000	-	-	140,000
Net loss for 2009	-	-	-	(149,069)	(149,069)
Balance December 31, 2009	9,314,519	6,531,388	81,404	(6,573,891)	38,901
Shares and warrants issued for cash (Note 7)	7,913,980	2,865,326	-	-	2,865,326
Reallocations from contributed surplus on exercise of warrants (Note 7)	-	4,457	(4,457)	-	-
Share issuance costs	-	(235,448)	-	-	(235,448)
Stock Based Compensation (Note 7d)	-	-	249,293	-	249,293
Warrants (Note 7)	-	-	93,444	-	93,444
Net loss for 2010	-	-	-	(495,209)	(495,209)
Balance December 31, 2010	17,228,499	$ 9,165,723	$ 419,684	$ (7,069,100)	$ 2,516,307

The accompanying notes are an integral part of these financial statements

1. NATURE OF OPERATIONS

Huldra Silver Inc. is listed on the TSX Venture Exchange and trades under the symbol "HDA.V". The Company is a development stage junior mining company engaged in the business of identification, acquisition and exploration of mineral property interest.

The recoverability of the amounts shown for resource properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of the properties, and upon future profitable production or proceeds from the disposition thereof.

These financial statements have been prepared on a going concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business. At December 31, 2010, the Company had working capital of $2,374,416 (2009 – working deficiency of $33,209).

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Company have been prepared by management in accordance with Canadian generally accounting principles ("Canadian GAAP") using the following significant accounting policies. These financial statements are prepared in Canadian dollars unless otherwise stated.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the amount of revenues and expenses reported during the year. Management believes the estimates are reasonable; however, actual results may differ from those estimates and could impact future results of operations and cash flows.

Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand and all highly liquid investments that are readily convertible into cash with maturity dates not to exceed 90 days from the date of issuance.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Short Term Investments

The Company holds a GIC maturing on October 11, 2011 (2009 – Nil) which bears interest at a rate of prime minus 1.95%. The carrying value of the GIC is recorded at cost, which approximates fair value.

Restricted Cash

Cash is considered to be restricted as it is subject to rights of a government agency.

Exploration Costs

Exploration costs are charged to operations as incurred. When it has been established that a mineral deposit is commercially mineable and a decision has been made to formulate a mining plan (which occurs upon completion of a positive economic analysis of the mineral deposit), the costs subsequently incurred to develop the mine on the property prior to the start of the mining operations are capitalized. Any recoveries received that relate to exploration costs are recorded as a recovery of such costs.

Mineral Interests

The Company follows the method of accounting for its mineral interests whereby all costs related to acquisition and site restoration are capitalized by project, net of recoveries received. The amounts shown as mineral interests represent costs incurred to date less amounts written off, and do not necessarily represent present or future values. These costs will be amortized against revenue from future production or written off if the interest is abandoned or sold. The carrying values of mineral interests, on a property-by-property basis, are reviewed by management at least annually to determine if they have become impaired. If impairment is deemed to exist, the mineral property will be written down to its net recoverable value. The ultimate recoverability of the amounts capitalized for the mineral interests is dependent upon the delineation of economically recoverable ore reserves, the Company's ability to obtain the necessary financing to complete their development and realize profitable production or proceeds from the disposition thereof. Management's estimates of recoverability of the Company's investment in various mineral interests have been based on current conditions. However, it is reasonably possible that changes could occur in the near term which could adversely affect management's estimates and may result in future writedowns of capitalized property carrying values.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Site Restoration Liability

The Company's asset retirement obligations (referred to as "Site Restoration Liability") result from liabilities related to environmental protection and rehabilitation due to environmental law or contracts. The site restoration obligation is recorded as a liability with a corresponding increase to the carrying amount of the related long-lived asset - mineral interest. The costs capitalized to the related assets are amortized in a manner consistent with the depletion and depreciation of the related asset. As at December 31, 2010 the estimated site restoration cost amounts to $25,000 (2009 - $25,000).

Future obligations to retire an asset, including dismantling, remediation and ongoing treatment and monitoring of the site, are recognized and recorded as a liability at fair value at the time at which they are incurred or the event occurs giving rise to such an obligation. The liability is increased (accreted) over time through periodic changes to net income (loss). The corresponding asset retirement cost is capitalized as part of the asset's carrying value, and is amortized over the asset's estimated useful life. The amount of the liability will be subject to reassessment at each reporting period.

The Company, where possible, has estimated asset retirement obligations based on current best practice. These estimates, made by management of the Company, are subject to change as a result of changes in regulations, the extent of environmental remediation required, the means of reclamation, or cost estimates. Changes in estimates are accounted for prospectively during the period the estimate is revised.

Earnings (Loss) Per Share

Basic earnings (loss) per share is computed using the weighted average number of common shares outstanding during the year. Diluted loss per share amounts are calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares using the treasury stock method. The treasury stock method assumes that proceeds received from the exercise of stock options and warrants are used to repurchase common shares at the prevailing market rate. As the Company incurred net losses in fiscal years 2010 and 2009, the stock options and stock warrants as disclosed in Notes 7(b) and 7(d) respectively, were not included in the computation of loss per share as their inclusion would be anti-dilutive.

Income Taxes

The Company follows the liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities, measured using substantially enacted tax rates and laws that will be in effect when the differences are expected to reverse. Future income tax assets are recognized to the extent that they are considered more likely than not to be realized.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments

The Company's financial instruments consist of cash, short term investments, accounts receivable, restricted cash, accounts payable and amounts due to a director. Sections 3862 and 3863 – Financial Instruments – Disclosure and Presentation places increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The Company has included disclosures recommended by the new Handbook section in Note 10 to these financial statements.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgement, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Subsequent measurements and changes in fair value will depend on their initial classification as follows: held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income or loss and available-for-sale financial assets are measured at fair value with changes in fair value recorded in other comprehensive income or loss until the investment is derecognized or impaired at which time the amounts would be recorded in net income or loss.

Transaction costs directly attributable to the acquisition or issuance of financial instruments are recognized in net income (loss) for the period incurred.

Stock-based Compensation

Stock-based compensation is accounted for at fair value as determined by the Black-Scholes option pricing model using amounts that are believed to approximate the volatility of the trading price of the Company's stock, the expected lives of awards of stock-based compensation, the fair value of the Company's stock and the risk-free interest rate. The estimated fair value of awards of stock-based compensation are charged to expense as awards vest, with offsetting amounts recognized as contributed surplus.

Equipment

Equipment is recorded at cost less amortization. The declining method of amortization is used for vehicle (30%), computer equipment (30%) and office equipment (20%). In the year of acquisition, amortization is taken at one-half of the annual rates.

Impairment of Long-Lived Assets

Long-lived assets of the Company are reviewed annually or when changes in circumstances suggest their carrying value has been impaired. Management considers assets to be impaired if the carrying value exceeds the estimated undiscounted future cash flows expected to result from the use of the assets and their eventual disposition. If impairment is deemed to exist, the assets are written down to fair value.

Comprehensive Income (Loss)

Comprehensive income (loss) represents the change in net equity for the period that arises from unrealized gains and losses on available-for-sale financial instruments, and changes in the fair market value of derivative instruments designed as cash flow hedges. Amounts included in comprehensive income (loss) are shown net of tax. Cumulative changes in comprehensive income (loss) which is presented (if applicable) as a new category in shareholder's equity. For the years ended December 31, 2010 and 2009, comprehensive income (loss) was equal to net loss.

3. FUTURE ACCOUNTING PRONOUNCEMENTS

International Financial Reporting Standards ("IFRS")

In 2008, the Canadian Accounting Standards Board confirmed that the transition to IFRS from Canadian GAAP will be effective for fiscal years beginning on or after January 1, 2011 for publicly accountable enterprises. The Company will therefore be required to present IFRS financial statements for its March 31, 2011 interim financial statements. The effective date will require the restatement for comparative purposes of amounts reported by the Company for the interim periods and for the year ended December 31, 2011.

Accordingly the Company is in the process of putting measures into place to provide extensive training to key finance personnel, to review contracts and agreements and to increase the level of awareness and knowledge amongst management, the Board of Directors and the Audit Committee. Additional resources will be engaged to ensure the timely conversion to IFRS. As at December 31, 2010, the Company has completed an IFRS diagnostic, is in the process of the elections under IFRS "First Time Adoption to IFRS", is in the process of determining accounting policies choices and procedures, internal control over financial reporting, and training of its employees impacted in the IFRS conversion.

4. EQUIPMENT

Details are as follows:

	December 31, 2010			December 31, 2009		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Vehicle	$ 19,120	$ 2,868	$ 16,252	$ -	$ -	$ -
Computer Equipment	3,351	1,404	1,947	1,615	942	673
Office Equipment	2,505	250	2,255	-	-	-
	$ 24,976	$ 4,522	$ 20,454	$ 1,615	$ 942	$ 673

5. RESTRICTED CASH

The Company has in place deposits amounting to $60,000 as at December 31, 2010 (2009 - $10,000) registered in the name of the British Columbia Ministry of Finance as security for its mining permit and for reclamation clean up. As they are restricted from general use, they are excluded from current assets.

6. MINERAL INTERESTS

Upon incorporation in 1980, the Company acquired from two directors in consideration of 750,000 vendor's shares, 100% interest in 38 mineral claims at Treasure Mountain, located 27 km east of Hope, B.C. These 38 mineral claims, or their subsequent conversions, covering the area of the developed vein deposit, the projected vein extensions and several other exploration targets, have been maintained in continuous good standing since 1980.

The Treasure Mountain group of claims consist of the following:

	2010	2009
a) The Company acquired from its directors the Treasure Mountain group of claims located in the Similkameen Mining Division of British Columbia for a consideration of 750,000 vendors' shares at $0.01 per share	$ 7,500	$ 7,500
b) The Company acquired a Crown Grant mineral claim to Lot 1210 in the Yale Mining Division contiguous to the Treasure Mountain Claims known as the "Eureka" for a cash consideration of $14,437.	14,437	14,437
c) The Company acquired the surface rights to Lot 1209 located in the Yale Mining Division of British Columbia known as the "Whynot Fraction" for a consideration of $39,500.	39,500	39,500
d) Provision for reclamation.	25,000	25,000
	$ 86,437	$ 86,437

The realization of the costs of the mineral interests aggregating $86,437 is dependent upon the future commercial success of the properties or proceeds from disposition thereof.

During the year, the Company recognized a recovery of exploration costs in the amount of $262,232 due to the B.C. Mining Exploration Tax Credit ("METC") for the years 2007-2010. The Company had not recognized this credit previously.

6. MINERAL INTERESTS (continued)

Cumulative exploration costs incurred on the Treasure Mountain group of claims are as follows:

	2010	2009
EXPLORATION COSTS, beginning of year	$ 5,799,722	$ 5,730,050
COSTS INCURRED DURING THE YEAR		
Drill program	83,635	-
Fieldwork	43,970	750
Excavation	41,877	658
Supplies and licenses	28,994	1,000
Camp fees	28,274	-
Assessment work	25,463	-
Assay costs	22,635	574
Labour	15,400	-
Site supervision (Note 9)	15,000	-
Fuel	11,495	-
Water sampling	6,885	-
Engineering costs	6,795	55,097
Equipment rentals	5,575	-
Mapping	3,884	-
Vehicle	1,755	-
Travel and meals	1,683	470
Recording fees	1,435	-
Insurance	1,265	1,162
Metallurgical	463	-
Property taxes	267	305
Geotechnical and environmental	-	9,656
Recovery of exploration costs (METC)	(262,232)	-
	84,518	69,672
CUMULATIVE EXPLORATION COSTS, end of year	$ 5,884,240	$ 5,799,722

7. SHARE CAPITAL

(a) Common Shares

Authorized, Issued and Outstanding

During the year the authorized capital stock of the Company was changed from 50,000,000 common shares without par value to unlimited number of common shares without par value.

Details of the issued and outstanding shares are as follows:

	Shares (number)	Amount
Issued and outstanding at December 31, 2008	8,614,519	$ 6,391,388
Private placement (i)	700,000	140,000
Issued and outstanding at December 31, 2009	9,314,519	6,531,388
Private placement (ii)	3,895,000	779,000
Warrants exercised (i)	568,500	170,550
Private placement (iii)	3,424,000	1,910,480
Warrants exercised (ii)	26,480	5,296
Share issue costs	-	(235,448)
Reallocation from contributed surplus on exercise of warrants	-	4,457
Issued and outstanding at December 31, 2010	17,228,499	$ 9,165,723

(i) Private Placement

On September 10, 2009, the Company completed a non-brokered private placement of 700,000 units at a price of $0.20 per unit for net proceeds of $140,000. Each unit consists of one share and one share purchase warrant entitling the holder to purchase an additional common share at $0.30 per share no later than August 31, 2010.

The Company has applied the residual approach and allocated total net proceeds of $140,000 to common shares and a nil value to the attached warrants.

During 2010, 568,500 of the above warrants were exercised at $0.30 per share resulting in proceeds of $170,550 for the Company. The remaining 131,500 warrants were not exercised and have expired.

(ii) Private Placement

On May 5, 2010, the Company completed a non-brokered private placement of 3,895,000 units at a price of $0.20 per unit for gross proceeds of $779,000. Each unit is comprised of one common share and one warrant, with each warrant exercisable into one common share until November 4, 2011 at an exercise price of $0.35 per share. A finder's fee was paid in connection with the offering, consisting of a cash payment of $52,960 and the issuance of 264,800 warrants, exercisable at $0.20 per share until November 4, 2011. The shares and warrants are subject to a hold period expiring on September 5, 2010. Net proceeds to the Company after other administrative fees amounted to $725,740. The finder's fee paid in conjunction with this private placement and other cash issue costs amounting to a total of $63,414 was charged to share issuance costs.

7. SHARE CAPITAL (continued)

(ii) Private Placement (continued)

The Company has applied the residual approach and allocated total net proceeds of $779,000 to common shares and a nil value to the attached warrants.

During the period, 26,480 of the above warrants were exercised at $0.20 per share resulting in proceeds of $5,296 for the Company.

(iii) Private Placement

On December 22, 2010, the Company completed two non-brokered private placements as follows:

a) the issuance of 1,799,000 units at a price of $0.52 per unit for proceeds of $935,480. Each unit consists of one common share of the Company and one share purchase warrant with each warrant entitling the holder to acquire one common share at a price of $0.75 for a period of 18 months.

   The Company has applied the residual approach and allocated total net proceeds of $935,480 to common shares and a nil value to the attached warrants.

b) the issuance of 1,625,000 units at a price of $0.60 per unit for proceeds of $975,000. Each unit consists of one common share of the Company and one share purchase warrant with each warrant entitling the holder to acquire one common share at a price of $0.75 for a period of 2 years.

   The Company has applied the residual approach and allocated total net proceeds of $975,000 to common shares and a nil value to the attached warrants.

   A finder's fee was paid in connection with the two offerings consisting of cash payment of $68,136 and the issuance of 61,800 warrants exercisable at $0.75 for a period of 18 months and the issuance of 60,000 warrants exercisable at $0.75 for a period of two years. Finder's fees paid in conjunction with these private placements and other cash issue costs amounting to a total of $78,590 were charged to share issuance costs.

(b) Warrants

As at December 31, 2010, the following warrants were outstanding:

		Number of Warrants			Value
Expiry	Exercise Price	December 31, 2009	Issued [Exercised] (Expired)	December 31, 2010	Issued [Exercised]
August 31, 2010	$0.30 (i)	700,000	[568,500] (131,500)	-	
November 4, 2011	$0.35 (ii)	-	3,895,000	3,895,000	
November 4, 2011	$0.20 (ii)	-	264,800 [26,480]	238,320	$ 44,574 [4,457]
June 22, 2012	$0.75 (iii)	-	1,799,000	1,799,000	
December 22, 2012	$0.75 (iii)	-	1,625,000	1,625,000	
June 22, 2012	$0.75 (iii)	-	61,800	61,800	24,800
December 22, 2012	$0.75 (iii)	-	60,000	60,000	24,070
		700,000	6,979,120	7,679,120	$ 88,987

7. SHARE CAPITAL (continued)

b) Warrants

i) During the year ended December 31, 2010, the finder fee warrants totaling 386,600 were valued using the Black-Scholes model, using key assumptions of volatility ranging from 115% to 158%, a risk-free interest rate ranging from approximately 1.62% to 1.69%, a term equivalent to the life of the warrant and a dividend rate of zero percent. Total value of $93,444 has been credited to contributed surplus with a corresponding amount charged to issuance costs.

c) Contributed Surplus

As at December 31, 2008 and 2009	**$ 81,404**
Stock based compensation - stock options	249,293
- finder fee warrants	93,444
Reallocation to share capital on exercise of warrants	(4,457)
As at December 31, 2010	**$ 419,684**

d) Stock Option Plan

As at December 31, 2010, the following stock options were outstanding:

Expiry	Price	Outstanding December 31, 2008	Granted	Outstanding December 31, 2009	Granted (Cancelled)	Outstanding December 31, 2010	Wt Av Remaining Contracted Life (yr)	Wt Av Exercise Price
August 16, 2011	$0.95	100,000	-	100,000	(100,000)	-	-	$0.95
March 29, 2015	$0.25	-	-	-	830,000	830,000	4.24	$0.25
May 5, 2015	$0.25	-	-	-	150,000	150,000	4.34	$0.25
June 28, 2015	$0.385	-	-	-	340,000	340,000	4.49	$0.385
December 22, 2015	$0.66	-	-	-	200,000	200,000	4.98	$0.66
		100,000	-	100,000	1,420,000	1,520,000	4.41	$0.33

During the 2006 fiscal year, the Company granted stock options to a director to purchase an aggregate of 100,000 shares at a price of $0.95 per share. The options had a term of five years and were vested immediately. During the year, the stock options have been cancelled.

On March 25, 2010, the Company under its Stock Option Plan issued 830,000 options at $0.25 to directors and consultants of the Company. On May 5, 2010 the Company under its Stock Option Plan issued 150,000 options at $0.25 to a director of the Company. On June 28, 2010, the Company under its Stock Option Plan issued 340,000 options at $0.385 to directors and consultants of the Company. The above options have a term of five years and are vested immediately.

On December 22, 2010, the Company, under its Stock Option Plan, issued 200,000 options at $0.66 to Sequoia Partners Inc. (see Subsequent Events). The options are vested in stages over 12 months with no more than 50,000 options vesting in any three month period. The Company recorded stock-based compensation expense of $4,329 on the portion of stock options that vested during the period. The value of unrecorded stock-based compensation related to non-vested options is $153,671, which will be recognized over the remaining vesting period.

The Company recognized an expense of $249,293 (2009: NIL) relating to the fair value of options granted during the year. The fair value of options granted was calculated using the Black-Scholes model, using key assumptions of volatility ranging from 126.18% to 127.66%, risk-free interest rates ranging from approximately 2.32% to 2.90%, a term equivalent to the life of the option, and a dividend rate of zero percent.

7. SHARE CAPITAL (continued)

Stock Option Plan

The Company's Board of Directors approved the adoption of a Stock Option Plan (the "Plan") in accordance with the policies of the TSX Venture Exchange. The Board of Directors is authorized to grant options to directors, officers, consultants or employees. The exercise price of options granted under the Stock Option Plan shall be as determined by the Board of Directors when such options are granted, subject to any limitations imposed by any relevant stock exchange or regulatory authority.

The Company shall not grant options under the Plan which will, when exercised, exceed 10% of the issued and outstanding Shares, and further subject to the applicable rules and regulations of all regulatory authorities to which the Company is subject, including the TSX Venture Exchange, provided that the number of Shares reserved for issuance, within any twelve month period;

a) to any one option holder shall not exceed 5% of the total number of issued Shares;

b) to any one consultant shall not exceed 2% in the aggregate of the total number of issued Shares, and

c) to all persons employed or engaged to provide investor relations activities shall not exceed 2% in the aggregate of the total number of issued Shares. In addition, options issued to consultants performing investor relations activities must vest in stages over 12 months with no more than ¼ of the options vesting in any three month period.

If any Option expires or otherwise terminates for any reason without having been exercised in full, the number of Shares which would have been acquired on the exercise of such Option shall again be available for the purposes of the Plan.

8. INCOME TAXES

The income tax effects of temporary differences that give rise to significant components of future income tax assets and liabilities are as follows:

	2010	2009
Loss before income taxes	$ (495,209)	$ (149,069)
	(28.5%)	(30.0%)
Expected recovery for income taxes	$ (141,135)	$ (44,721)
Tax rate changes and other	7,839	37,640
Change in valuation allowance	92,619	7,081
True-ups	40,677	-
	$ -	$ -

8. INCOME TAXES (continued)

Future income taxes arise from temporary differences in the recognition of income and expenses for financial reporting and tax purposes. The significant components of future income tax assets and liabilities at December 31 are as follows:

	2010	**2009**
Resource properties	$638,212	$ 617,082
Tax loss carry forwards	129,357	86,751
Equipment	1,020	125
Unclaimed share issuance costs	28,691	703
Total gross future income tax assets	797,280	704,661
Valuation allowance	(797,280)	(704,661)
	$ -	$ -

Due to the uncertainty of realization of future taxable income, a full valuation allowance has been provided against the future asset.

The Company has $2,614,286 (2009 - $2,529,767) of cumulative resource expenses for Canadian income tax purposes which can be carried forward indefinitely and used to reduce future taxable income in Canada.

Canadian federal non-capital losses totalling $517,429 (2009 - $347,002) are carried forward for tax purposes and are available to reduce taxable income of future years. These losses expire as follows:

Year	**Non-capital losses**
2014	$ 26,453
2015	32,403
2026	61,127
2027	53,696
2028	75,768
2029	80,111
2030	187,871
	$ 517,429

9. RELATED PARTY TRANSACTIONS

The following represents the details of related party transactions paid or accrued during the year ended December 31.

	2010	**2009**
Management fees paid to a director and a Company controlled by a director	$ 34,000	$ 12,000
Consulting fees paid to a director and a Company controlled by a director	22,000	-
Site supervision paid to a Company controlled by a director	15,000	-
Office and general expenses paid to a director of the Company	1,440	1,440
Fieldwork	-	750

As at December 31, 2010, the amount due to a director in the amount of $64 (2009 - $5,362) is unsecured, non-interest bearing and payable on demand.

Related party transactions are in the normal course of business and occur on terms similar to transactions with non-related parties, and therefore are measured at the exchange amount.

10. FINANCIAL INSTRUMENTS

All financial instruments are classified into one of five categories: held for-trading, held-to-maturity investments, loans and receivables, available-for-sale assets or other financial liabilities. All financial instruments are measured in the balance sheet at fair value, except for loans and receivables, held-to-maturity investments and other financial liabilities, which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification.

The Company defines the fair value hierarchy under which its financial instruments are valued as follows: Level 1 includes unadjusted quoted prices in active markets for identical assets or liabilities. Level 2 includes inputs other than quoted prices in level 1 that are observable for assets or liability, either directly or indirectly and level 3 includes inputs for the asset or liability that are not based on observable market data. All financial instruments of the Company are considered a level 1.

Financial Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash and cash equivalents, short term investments, accounts receivable, restricted cash, accounts payable and amounts due to a director. The Company has classified cash and cash equivalents, short term investments and restricted cash as held-for-trading, accounts receivables as loans and receivables and accounts payable and amounts due to a director as other liabilities.

The fair values of the Company's financial instruments approximate their book values because of the short-term nature of these instruments.

10. FINANCIAL INSTRUMENTS (continued)

Financial Instrument Risk Exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

Credit Risk

Credit risk is the risk that on party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash and equivalents, accounts receivable and restricted cash. The Company deposits its cash and GIC and restricted cash deposits with high credit quality financial institutions in Canada. The Company is not exposed to significant credit risk on its accounts receivable as these risk are reviewed and monitored by management.

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or as a result of conditions specific to the Company. As at December 31, 2010, the Company had a cash balance of $1,998,259 (December 31, 2009 - $17,268) to settle current liabilities of $51,387 (December 31, 2009 - $52,544). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is not exposed to currency risk as all transactions are in Canadian dollars.

b) Interest rate risk

Interest rate risk concerns the exposure of the Company to the future changes in the prevailing level of interest rate. The Company is not exposed to interest rate risk as there are no assets or liabilities subject to interest charges.

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in pricing may be significant.

11. MANAGEMENT OF CAPITAL

The Company manages its cash, common shares, stock options and warrants as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The Company does not have any externally imposed capital requirements to which it is subject.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash. In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company's investment policy is to invest its cash in highly liquid investments that are readily convertible into cash with maturities of three months or less from the original date of acquisition or when it is needed, selected with regard to the expected timing of expenditures from continuing operations.

The properties in which the Company currently has an interest are at the exploration or feasibility stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned project related activities and pay for administrative costs, the Company will spend its existing working capital and plans to raise additional funds as needed. The Company will be open to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate. There were no changes in the Company's approach to capital management during the year ended December 31, 2010.

12. SUBSEQUENT EVENTS

Subsequent to December 31, 2010 the Company completed the following transactions:

a) The Company has retained Sequoia Partners Inc. ("Sequoia") to provide investor relations and consulting services to the Company. Sequoia will receive a monthly retainer of $5,000 commencing in January 2011. Sequoia was issued options on December 22, 2010 to purchase 200,000 common shares at $0.66 per share for a period of five years pursuant to the Company's stock option plan. The options and the contract with Sequoia are subject to regulatory approval.

b) Huldra has granted 90,000 stock options to consultants and employees of the Company. Each option is exercisable into one common share at $0.95 per share for a period of five years. The options are subject to the terms of the Company's stock option plan.

c) The Company under a purchase and sale agreement completed the acquisition of four district lots consisting of 70.7 hectares of land located at Treasure Mountain, British Columbia for a total consideration of $350,000 consisting of $200,000 cash and 130,765 common shares of the Company having a total value of $150,000. The 130,765 common shares are subject to a four month restricted period under applicable securities laws expiring June 25, 2011.

12. SUBSEQUENT EVENTS (continued)

d) The Company announced that it has entered into a definitive strategic acquisition agreement dated March 30, 2011 with Craigmont Holdings Ltd. ('Craigmont") and a wholly-owned subsidiary of the Company whereby the Company has agreed to acquire 100% of the shares of Craigmont for a cash consideration of $7,500,000 and the issuance of 372,000 common shares of the Company having a value equal to $500,000. Upon entry into the agreement, the Company will make a cash payment of $500,000 to the shareholders of Craigmont. At closing, the Company will issue to the Craigmont shareholders 372,000 shares at a deemed price of $1.34. On or prior to January 31, 2012, the Company will make a second cash payment of $3,000,000. The balance of $4,000,000 will be payable by the Company on or prior to January 31, 2013. The agreement is subject to approval by the regulatory authorities.

e) The Company announced that it has made an application for a permit approving the Company's Small Mine Plan and Reclamation Program pursuant to Section 10 of the British Columbia Mines Act for the development and operation of the Treasure Mountain Mine Project being developed by Huldra. The application allows for up to 75,000 tonnes a year of ore removal, however, the maximum the Company expects to remove is 60,000 tonnes per year.

f) The Company announced on April 4, 2011 that it has entered into a non-binding term sheet pursuant to which, subject to entry into a definitive agreement regarding same and other conditions, a lender has agreed to make a $10,000,000 debt facility available to the Company. If such definitive agreement has not been entered into within 60 days, the Company has made a binding agreement to pay the lender costs of approximately $125,000. In addition, unless the definitive agreement has not been entered into due to a decision by the lender not to proceed with the transaction, the Company has agreed, subject to the prior approval of the TSX Venture Exchange, to issue the lender 500,000 warrants in the context of the market.