HULDRA SILVER INC.

November 25, 2011

MANAGEMENT'S DISCUSSION & ANALYSIS

For the Three and Nine Months Ended September 30, 2011

Website Information: http://www.huldrasilver.com

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(Prepared by Management)

Information as of November 25, 2011

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this report are forward-looking statements, which reflect our management's expectations regarding our future growth, results of operations, performance and business prospects and opportunities including statements related to the development of existing and future property interests, availability of financing and projected costs and expenses. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits we will obtain from them. These forward-looking statements reflect management's current views and are based on certain assumptions and speak only as of the date of this report. These assumptions, which include management's current expectations, estimates and assumptions about current mineral property interests, the global economic environment, the market price and demand for silver and other minerals and our ability to manage our property interests and operating costs, may prove to be incorrect. A number of risks and uncertainties could cause our actual results to differ materially from those expressed or implied by the forward-looking statements, including: (1) a downturn in general economic conditions, (2) a decreased demand for or price of silver and other minerals, (3) delays in the start of projects with respect to our property interests, (4) inability to locate and acquire additional property interests, (5) the uncertainty of government regulation and politics in North America regarding mining and mineral exploration, (6) potential negative financial impact from regulatory investigations, claims, lawsuits and other legal proceedings and challenges, and (7) other factors beyond our control.

There is a significant risk that such forward-looking statements will not prove to be accurate. Investors are cautioned not to place undue reliance on these forward-looking statements. No forward-looking statement is a guarantee of future results. We disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. Additional information about these and other assumptions, risks and uncertainties are set out in the section entitled "Risk Factors/Trends" below.

1. DESCRIPTION OF BUSINESS

The Company is a publicly traded junior exploration company engaged in the business of acquiring, exploring and evaluating mineral and natural resource properties. The Company trades on the TSX Venture Exchange (the "TSX-V") under the symbol "HDA".

This Management's Discussion and Analysis ("MD&A") for the three and nine months ended September 30, 2011 was prepared as of November 25, 2011. Additional information and filings are available for review under the Company's profile on the SEDAR website at www.sedar.com.

Overall Performance

During the three months ended September 30, 2011, the Company incurred a loss of $4,979,952, compared with a loss of $340,744 for the comparable period of 2010. The loss for the period reflected the Company's expensing share-based compensation of $1,139,739 (September 30, 2010 – $NIL, exploration costs of $3,273,533 (September 30, 2010 - $306,639), professional fees of $157,434 (September 30, 2010 - $8,499), salaries and benefits of $42,609 (September 30, 2010 - $NIL), consulting fees of $21,000 (September 30, 2010 - $3,000), management fees of $24,000 (September 30 -2010 – $12,000), finance costs of $386,493 (September 30, 2010 - $NIL) and unrealized gain on warrant liability of $149,870 (September 30, 2010 - $NIL).

During the nine months ended September 30, 2011, the Company incurred a loss of $6,316,591, compared with a loss of $662,858 for the comparable period of 2010. The loss for the period reflected the Company's expensing share-based compensation of $1,674,539 (September 30, 2010 – $244,983), professional fees of $244,285 (September 30, 2010 - $38,005), exploration costs of $3,646,271 (September 30, 2010 - $315,732, consulting fees of $71,000 (September 30, 2010 - $16,000), rent of $22,500 (September 30, 2010 - $NIL), management fees of $71,000 (September 30, 2010 – $21,000), finance costs of $422,008 (September 30, 2010 - $170) and unrealized gain on warrant liability of $75,095 (September 30, 2010 - $NIL).

The significant fluctuations between the comparative periods resulted from the fact that the Company had been essentially dormant until the summer of 2010, when it began a large exploration and development program at its Treasure Mountain Project.

Risk Factors

Mineral Exploration and Development Activities Inherently Risky

The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into mineral deposits with significant value. Unusual or unexpected ground conditions, geological formation pressures, fires, power outages, labour disruptions, flooding, earthquakes, explorations, cave-ins, landslides and the inability to obtain suitable adequate machinery, equipment or labour are other risks involved in the operation of mines and the conduct of exploration programs. There are also physical risks to the exploration personnel working on the site of a mineral project. The Company's exploration properties and any future mining operations will be subject to all the hazards and risks normally incidental to exploration, development and production of silver and other metals, any of which could result in damage to or destruction of exploration facilities or mines, damage to life and property, environmental damage and possible legal liability for any or all damage. Although the Company maintains insurance in an amount which it considers adequate, the nature of these risks is such that liabilities could exceed policy limits, in which event the Company could incur significant costs that could have a materially adverse effect upon its financial condition.

Uncertainty of Mineral Resources and Mineral Reserves

Mineral reserves at the Treasure Mountain Project have not been defined, therefore the mineral resources currently cannot be considered ore. There is no certainty that expenditures made in the exploration of the Company's mineral properties will result in identification of commercially recoverable quantities of ore or that ore reserves will be mined or processed profitably. In addition, substantial expenditures will be required to develop the mining and processing facilities and infrastructure at any site chosen for mining.

Insurance

The mining industry is subject to significant risks that could result in damage to or destruction of property and facilities, personal injury or death, environmental damage and pollution, delays in production, expropriation of assets and loss of title to mining claims. No assurance can be given that insurance to cover the risks to which the Company's activities are subject will be available at all or at commercially reasonable premiums. The Company currently maintains insurance within ranges of coverage that it believes to be consistent with industry practice for companies of a similar stage of development, however the insurance the Company has may not be sufficient to cover the full extent of any liabilities that may arise.

Prices, Markets and Marketing of Silver and Metal Prices

World prices for commodities fluctuate and are affected by numerous factors including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, speculative activities and increased production due to new mine developments and improved mining and production methods. The effect of these factors on the price of commodities, and therefore the economic viability of any of the Company's exploration projects, cannot accurately be predicted.

Liquidity and Capital Requirements

Management anticipates that, subject to financing, it will make substantial capital expenditures towards developing the Treasure Mountain Property. However, there is no assurance that the Company will operate profitably or will generate positive cash flow in the future. The Company has no history of profitable operation and no assurance that additional funding will be available to it for further exploration and development of the Treasure Mountain Property if required. The Company may also need further financing if it decides to obtain additional mineral properties. As such, the Company is subject to many risks common to exploration enterprises, including undercapitalization, cash shortages and limitations with respect to personnel, financial and other resources and lack of revenues. Although the Company has been successful in the past in obtaining financing through credit facilities or the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Such means of financing typically result in dilution of the positions of existing shareholders, either directly or indirectly. Failure to obtain additional financing could result in the delay or indefinite postponement of further exploration and development of the Treasure Mountain Project.

Dependence on Management

The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons could be required to manage and operate the Company.

Environmental Risks

All phases of the mineral exploration and development business present environmental risks and hazards and are subject to environmental regulations. Compliance with such legislation and regulations can require significant expenditures and a breach could result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner which may lead to stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. No assurance can be given that the application of environmental laws to the business and operations of the Company will not result in a curtailment of exploration or production, a material increase in the costs of production, development or exploration activities, or otherwise adversely affect the Company's financial condition, results of operations or prospects.

Government Regulation

The natural resource exploration industry is subject to controls and regulations imposed by various levels of government. It is not expected that any of these controls or regulations will affect the operations of the Company in a manner materially different than they would affect other natural resource exploration companies of similar size. The current legislation is a matter of public record and the Company is unable to predict what additional legislation or amendments may be enacted.

Competition

The mining industry is intensely competitive in all its phases, and the Company competes with other companies that have greater financial resources and technical capacity. Competition could adversely affect the Company's ability to acquire suitable properties or prospects in the future. The Company also competes with other mining companies in the recruitment and retention of qualified employees.

Conflicts of Interest

The Company's directors and officers may serve as directors or officers, or may be associated with other reporting companies or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the transaction. If a conflict of interest arises, the Company will follow the provisions of the *Business Corporations Act* (British Columbia) dealing with conflicts of interest. These provisions state that where a director has such a conflict, that director must, at a meeting of the Company's directors, disclose his interest and refrain from voting on the matter unless otherwise permitted by the *Business Corporations Act* (British Columbia). In accordance with the laws of the Province of British Columbia, the directors and officers of the Company are required to act honestly, in good faith and in the best interests of the Company.

Forward-Looking Statements may Prove Inaccurate

Investors are cautioned not to place undue reliance on forward-looking statements. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking statements or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. Additional information on the risks, assumptions and uncertainties are found in this MD&A under the heading "Cautionary Note Regarding Forward-Looking Statements".

No Current Plans to Pay Cash Dividends

The Company has no plans to pay any cash dividends for the foreseeable future. Any decision to declare and pay dividends in the future will be made at the discretion of the Company's Board of Directors and will depend on, among other things, the Company's financial results, cash requirements, contractual restrictions and other factors that the Board of Directors may deem relevant. In addition, the Company's ability to pay dividends may be limited by covenants of any existing and future outstanding indebtedness that the Company or its subsidiaries incur. As a result, investors may not receive any return on an investment in the Company's securities unless they sell the securities for a price greater than that which they paid for them.

Economic Conditions

Unfavorable economic conditions may negatively impact the Company's financial viability. Unfavorable economic conditions could also increase the Company's financing costs, decrease estimated income from prospective mining operations, limit access to capital markets and negatively impact the availability of credit facilities to the Company.

Price Volatility of Public Stock

The market price of the Company's securities has experienced wide fluctuations which may not necessarily be related to the operating performance, underlying asset values or prospects of the Company. It may be anticipated that any market for the Company's securities will be subject to market trends generally and the value of the Company's securities on the TSX-V may be affected by such volatility in response to numerous factors, many of which are beyond the Company's control, including the following:

- actual or anticipated fluctuations in the Company's quarterly results of operations;
- changes in the economic performance or market valuations of other companies that investors deem comparable to the Company;
- the addition or departure of the Company's executive officers or other key personnel;
- release or other transfer restrictions on outstanding Company securities;

- sales or perceived sales of additional Company securities;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors;
- news reports relating to trends, concerns, competitive developments or regulatory changes; and
- other related issues in the Company's industry or target markets.

Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Company's securities may decline even if the Company's operating results, underlying asset values or prospects have not changed.

Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. As well, certain institutional investors may base their investment decisions on consideration of the Company's environmental, governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to meet such criteria may result in a limited or no investment in the Company's securities by those institutions, which could adversely affect the trading price of the Company's securities. There can be no assurance that fluctuations in price and volume will not occur in the future. If increased levels of volatility and market turmoil occur, the Company's operations may be adversely impacted and the trading price of the Company's securities may be adversely affected.

Increased Costs and Compliance Risks as a Result of Being a Public Company

Legal, accounting and other expenses associated with public company reporting requirements have increased significantly in the past few years. The Company anticipates that costs may continue to increase with corporate governance related requirements, including, without limitation, requirements under National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*, National Instrument 52-110 – *Audit Committees* and National Instrument 58-101 – *Disclosure of Corporate Governance Practices*, and the conversion to International Financial Reporting Standards.

2. RESULTS OF OPERATIONS AND FINANCIAL CONDITION

This review of the Company's results of operations should be read in conjunction with the interim financial statements of the Company for the three and nine months ended September 30, 2011 and the audited financial statements of the Company for the year ended December 31, 2010.

Three Months Ended September 30, 2011

During the three months ended September 30, 2011, the Company incurred a loss of $4,979,952, compared with a loss of $340,744 for the comparable period of 2010. The significant fluctuations between the comparative periods resulted from the fact that the Company had been essentially dormant until the summer of 2010, when it began a large exploration and development program at its Treasure Mountain Project.

Expenses for the three months ended September 30, 2011 increased from $340,744, for the three months ended September 30, 2010, to $4,979,952. The increase in expenses was largely a result of share-based compensation in the amount of $1,139,739 (September 30, 2010 - $NIL). During the three months ended September 30, 2011, the Company granted 1,080,000 stock options, each having an exercise price of $1.44, compared to the three months ended September 30, 2010 when the Company did not grant any stock options.

Exploration costs increased from $306,639 in the three months ended September 30, 2010 to $3,273,533 in the same period in 2011 due to the increased activity related to the Company beginning a large exploration and development program at the Treasure Mountain Property. Professional fees increased from $8,499 to $157,434 as a result of higher legal and accounting fees associated with the growing activity of the Company. Salaries and benefits increased from $NIL to $42,609, due to the addition of three full-time corporate employees to the Company's staff. The Company had no employees during the same period in 2010. Rent expense increased from $NIL to $7,500, as a result of the Company establishing corporate headquarters at a rate of $2,500 per month. The Company did not maintain a corporate office in the same period in 2010. Finance costs increased to $386,493 (September 30, 2010 - $NIL) and unrealized gain on warrant liability increased to $149,870 (September 30, 2010 - $NIL), both of which are attributable to the credit facility that the Company entered into with Waterton Global Value, L.P. in June 2011, as further described below under the heading "Financing, Liquidity and Capital Resources".

The loss for the three months ended September 30, 2011 included expenditures of $57,310 (September 30, 2010 - $15,026) for transfer agent fees, regulatory, and management fees. In addition, expenses for the three months ended September 30, 2011 included office and general expenses of $35,559 (September 30, 2010 - $4,340).

For the three months ended September 30, 2011, general and administrative costs were $1,469,796 as compared to $34,105 for the period ended September 30, 2010. The increase in general and administrative costs was largely a result of share-based compensation in the amount of $1,139,739 (September 30, 2010 - $NIL), the increase in professional fees from $8,499 to $157,434, and the increase in management fees from $12,000 to $24,000.

Nine Months Ended September 30, 2011

During the nine months ended September 30, 2011, the Company incurred a loss of $6,316,591, compared with a loss of $662,858 for the comparable period of 2010. The significant fluctuations between the comparative periods resulted from the fact that the Company had been essentially dormant until the summer of 2010, when it began a large exploration and development program at its Treasure Mountain Project.

Expenses for the nine months ended September 30, 2011 increased from $662,858, for the nine months ended September 30, 2010, to $6,316,591. The increase in expenses was largely a result of share-based compensation in the amount of $1,674,539 (September 30, 2010 - $244,983). The increase in share-based compensation was driven by the increase in exercise prices for the Company's stock options granted as a result of the upward trend of the market price for the Company's common shares as between the comparative periods. During the nine months ended September 30, 2011, the Company granted 90,000 options, each having an exercise price of $0.95, 280,000 options, each having an exercise price of $1.40, and 1,080,000 options each having an exercise price of $1.44, as compared to the nine months ended September 30, 2010 when the Company granted 980,000 options, each having an exercise price of $0.25 and 340,000 options, each having an exercise price of $0.385.

Exploration costs increased from $315,732 to $3,646,271 due to the increased activity related to the Company beginning a large exploration and development program at the Treasure Mountain Property. The increase in professional fees from $38,005 to $244,285 resulted primarily from higher legal and accounting fees associated with the growing activity of the Company. The increase in consulting fees from $16,000 to $71,000 was primarily due to the entry into an investor relations agreement in November 2010 pursuant to which the Company pays an external investor relations firm $5,000 per month. The Company had no similar agreements in place during the same period in 2010. The increase in salaries and benefits from $NIL to $86,419 resulted from the addition of three full-time corporate employees to the Company's staff. The Company had no employees during the same period in 2010. Travel expenses increased from $NIL to $22,549 as a result of an increase in travel related to the Company's increased business activities. Rent expense increased from $NIL to $22,500 as a result of the Company establishing corporate headquarters at a rate of $2,500 per month. The Company did not maintain a corporate office in the same period in 2010. Finance costs increased from $170 to $422,008 and the unrealized gain on warranty liability increased from $NIL to $74,775, both of which are attributable to the credit facility that the Company entered into with Waterton Global Value, L.P. in June 2011, as further described below under the heading "Financing, Liquidity and Capital Resources".

The loss for the nine months ended September 30, 2011 included expenditures of $120,122 (September 30, 2010 - $33,126) for transfer agent fees, regulatory, and management fees. In addition, expenses for the nine months ended September 30, 2011 included office and general expenses of $77,455 (September 30, 2010 - $11,502), and vehicle expenses of $3,217 (September 30, 2010 – $2,007).

For the nine months ended September 30, 2011, general and administrative costs were $2,323,082 as compared to $347,316 for the period ended September 30, 2010. The increase in general and administrative costs was largely a result of share-based compensation in the amount of $1,674,539 (September 30, 2010 - $244,983), the increase in professional fees from $38,005 to $244,285, the increase in management fees from $21,000 to $71,000, the increase in salaries and benefits from $NIL to $86,419, and the increase in consulting fees from $16,000 to $71,000.

3. SELECTED QUARTERLY RESULTS

The following table sets forth a comparison of income and expenses for the previous eight quarters ending with September 30, 2011. The comparative quarterly results for the quarter ended December 31, 2009 were prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and the quarters thereafter were prepared in accordance with International Financial Reporting Standards ("IFRS"). No material differences have resulted from the change in accounting principles.

	Sep 30 2011 $	**June 30 2011 $**	**Mar 31 2011 $**	**Dec 31 2010 $**	**Sep 30 2010 $**	**Jun 30 2010 $**	**Mar 31 2010 $**	**Dec 31 2009 $**
Finance costs and other income (loss)	(236,623)	(116,266)	5,656	8,729	-	(98)	(72)	-
Administrative expenses	1,469,796	558,345	-	-	-	-	-	-
Exploration costs	3,273,533	-	294,947	72,294	34,105	186,715	126,136	38,447
Net loss	4,979,952	286,749	85,989	(231,214)	306,639	6,897	2,196	1,630
	(961,360)	(961,360)	(375,280)	(167,639)	(340,744)	(193,710)	(128,404)	(40,077)

As described above under the heading "Results of Operations and Financial Condition", significant fluctuations between the comparative periods resulted from the fact that the Company had been essentially dormant until the summer of 2010, when it began a large exploration and development program at its Treasure Mountain Property. Additional explanations for certain significant changes in the table above are as follows:

a) During the three months ended September 30, 2011, finance costs and other income (loss) increased as a result of the credit facility that the Company entered into with Waterton Global Value, L.P. in June 2011, as further described below under the heading "Financing, Liquidity and Capital Resources".

b) The increase in administrative expenses in the quarters ended September 30, 2011, June 30, 2011 & March 31, 2011 were largely due to an increase in share-based compensation expense driven by an increase in option exercise prices as a result of the increase in the market price for the Company's common shares.

c) The increases in exploration expenses were the result of the commencement of the exploration and development project at Treasure Mountain. These expenditures included a drill program, labour and camp costs, excavation work, assay costs and assessment work. In the quarter ended December 31, 2010, these expenses were offset by the receipt of Mining Exploration and Tax Credits in the amount of $262,232.

4. EXPLORATION HISTORY – A REVIEW

Since its incorporation in March 1980, the Company has been engaged in the exploration and development of its wholly owned group of mineral tenures located at Treasure Mountain in the Similkameen Mining Division, British Columbia. After discovering a silver rich vein on the claims in 1985, exposing this vein for a length of 250 meters and testing it by shallow drilling in the summer of 1986, the Company went public in 1987, attaining a listing on the TSX-V in August of that year.

Between 1987 and 1989, the Company explored the vein zone on four underground levels with 9,000 feet of crosscuts, drifts and raises, complemented by 5,500 feet of underground and 10,000 feet of surface drilling. Preceding the underground work, a bulk sample of 407 tons of select high-grade material from the surface vein showings was shipped to Cominco and Asarco smelters for testing. The smelters found the shipments compatible with their regimes and paid a total of $344,265 for the shipments.

Since 1989, work at the Treasure Mountain Property has included four small drill programs, several geo chemical soil surveys, a legal mineral tenure survey by McElhanney and various technical studies by AMEC Earth & Environmental,

On March 31, 2011, the Company 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. The application allows for up to 60,000 tonnes a year of ore removal.

On June 15, 2011, the Company received a technical report entitled "Project Update Treasure Mountain Property, Tulameen River Area, B.C. Canada (the "Report") prepared by independent consultants and Qualified Persons, Erik Ostensoe, P. Geo., G. H. Giroux, P. Eng., and Jim Cuttle, P.Geo. The purpose of the Report is to provide an update on work done on the Treasure Mountain Property since the Company's last technical report was filed in 2009.

5. CURRENT STATUS OF THE TREASURE MOUNTAIN & MERRITT MILL PROPERTY

Current Mineral Tenure (Claim) Holdings

The Company's claim holdings at Treasure Mountain now consist of 51 mineral tenures, comprising 21 legacy claims, 100 cell units, one crown grant and 5 district lots, for a total of approximately 2,850 hectares (7,000 acres).

Outlook

The Company is currently working towards putting the Treasure Mountain Property into production. This includes a large exploration and development program relative to historical working on the property. This includes a drill program, construction of a long-term camp, removing a 10,000 tonne underground bulk sample and development work related to taking the Company into commercial production.

The Company's recommended exploration program for 2011 for the Treasure Mountain Property included a drill program consisting of 79 surface holes on the existing mine and 25 holes from the underground workings. The program also included exploration drilling on the Jensen workings and soil sampling grids for both the Camp Zone and the MB Zone. The Company has completed the soil sampling program with laboratory results pending. 69 diamond drill holes have been completed from the surface. The Company will review all of the results and base 2012 exploration and development work on these results.

The rehabilitation of the underground mine workings is progressing, with a permitted 10,000 tonne bulk sample to be removed in the fourth quarter of 2011. This involves significant increases to the underground and surface mine development. Based upon current projections, the Company expects that the necessary work to begin the bulk sample will be completed in the third quarter and the bulk sample will be removed in the fourth quarter of 2011. The cost to remove the bulk sample from the underground is expected to be approximately $1,000,000. The development work necessary to complete the bulk sample was completed early in the fourth quarter.

The current cash position of the Company is approximately $3,000,000, with another $5,000,000 available to be drawn down under the Waterton credit facility described below under the heading “Financing, Liquidity and Capital Resources”. The projected costs for exploration and development of the Treasure Mountain Property until the end of 2011 are expected to be $150,000 for exploration expenses and $1,500,000 for development and mining costs. The cost to complete the milling facility at the Company’s milling site is expected to be approximately $2,500,000. Upon the earlier of the commissioning of the mill and January 31, 2012, a $3,000,000 payment will be required in connection with the acquisition of the mill site. Additional development work is being completed on the property in anticipation of the bulk sample being successful and the necessary mining permits obtained. The Company hopes to transition into production once the bulk sample is completed.

6. EVENTS DURING THE THREE MONTHS ENDED SEPTEMBER 30, 2011

On July 28, 2011, Huldra announced that a 48 man camp has been completed and all major mining equipment is on site. Road rehabilitation is expected to be completed within approximately one week. Surface preparation for underground mining is projected to be completed within two weeks. As soon as the surface preparation has been completed, the Level One production drift will be driven, allowing development access to the first two stopes on Level One. Target Drilling Inc., of Kamloops, BC, is currently on site with two diamond drill rigs conducting both exploration and resource definition drilling. Assay results will be released as soon as they are available.

On September 22, 2011, the Company announced that all road rehabilitation has been completed. Approximately 75 metres of the planned 200 metres of the Level One production drift have been driven, allowing development access to the first two stopes on Level One. Two existing raises have been re-opened from Level One to the surface, a distance of 50 metres each. Two additional raises are being driven from Level One to the surface, of which 20 metres and 10 metres, respectively, have been completed. It is estimated that 18,000 tonnes of material will be accessed from the first stope. The permitted 10,000 tonne underground sample will be taken from this stope, commencing in approximately 3 weeks.

7. FINANCING, LIQUIDITY AND CAPITAL RESOURCES

As of September 30, 2011, the Company had a working capital deficiency of $694,524 that included cash and cash equivalents of $3,909,854, as compared to working capital of $2,374,416 and cash and cash equivalents of $1,998,259 as at December 31, 2010. The working capital deficiency can be largely attributable to the current portion of the mill property acquisition obligation.

Cash used in operating activities in the nine months ended September 30, 2011 was $4,184,235 as compared to $339,328 in the nine months ended September 30, 2010. This included $3,646,271 in direct exploration costs and an increase in general and administrative costs as a result of increased corporate activity.

Cash used in investing activities was $7,459,877 in the nine months ended September 30, 2011 compared to $71,105 in the nine months ended September 30, 2010. Major purchases included the $500,000 paid for the down payment of the mill property and $7,021,166 in property, plant and equipment, which included $4,649,017 in payments on the mill with the remainder used for camp facilities and equipment at the Treasure Mountain Property.

Cash provided by financing activities was $13,555,707 in the nine months ended September 30, 2011 compared to $916,603 in the nine months ended September 30, 2010. $8,365,520 was the net proceeds from the issuance of the Special Warrants (as defined below), $4,578,732 was the net proceeds from the Waterton credit facility (described below), $110,750 was received from the exercise of stock options and $500,705 was received from the exercise of warrants.

On July 28, 2011, the Company announced that it had completed the drawdown of the second tranche of the $10 million credit facility entered into with Waterton Global Value, L.P. on June 16, 2011. Details of the credit facility were disclosed in the Company's press release of June 17, 2011. The principal amount of the second tranche was $2 million. To date, the Company has drawn down a total of $5 million of the $10 million credit facility. The Company is using the proceeds of the second tranche for working capital and to advance its Treasure Mountain Property towards production.

The Company had the following major cash obligations as of September 30, 2011:

- repayment of the Waterton credit facility in the amount of $6,535,948;
- a $7,000,000 obligation to complete the mill property acquisition described in Note 5 on the accompanying financial statements; and
- $1,162,254 owing on the mill purchase contract with Canadian Royal Mining Corporation.

The Company's consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will continue to realize its assets and discharge its obligations and commitments in the normal course of operations. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. The Company has financed its operations to date through the issuance of equity and, recently, through debt financing. The continued volatility in the financial equity markets may make it difficult to raise funds through the issuance of debt or equity in the future. There is no assurance that the Company will be successful with its financing ventures.

Special Warrant Financing

On July 14, 2011, the Company announced that it raised aggregate gross proceeds of $9,336,763 by way of a brokered private placement of 6,476,880 special warrants (the "Special Warrants") at a price of $1.05 per Special Warrant and 2,113,366 flow-through special warrants (the "FT Special Warrants") at a price of $1.20 per FT Special Warrant. Details of this financing were disclosed in the Company's press release dated July 14, 2011. The Company is using the proceeds of the Offering to advance its Treasure Mountain project towards production, for mill design and construction and for general working capital purposes. The Company is using the gross proceeds of the sale of the FT Special Warrants to incur expenses that qualify as "Canadian exploration expenses" and "flow-through mining expenditures" for purposes of the Income Tax Act (Canada), and intends to renounce an amount equal to such gross proceeds of the sale of the FT Special Warrants in favour of the holders of the FT Special Warrants, with an effective date of no later than December 31, 2011.

In connection with the special warrant financing, the Company agreed to prepare and file a prospectus and all other necessary documents in order to qualify the securities issuable upon conversion of the Special Warrants and FT Special Warrants to subscribers resident in Canada, or otherwise subject to the Canadian securities laws, and the securities issuable upon exercise of the securities issued to brokers in connection with the financing. The Company received a receipt for this prospectus on September 8, 2011. The Special Warrants and FT Special Warrants, and related special broker warrants, were deemed to be exercised on September 12, 2011, being the first business day after the third day following the date the Company received the final receipt for the prospectus.

Share Based Payment Plan

On July 18, 2011, the Board of Directors approved a new Stock Option Plan (the "2011 Plan"). The 2011 Plan was ratified, confirmed, and approved by the shareholders of the Company at the Annual General Meeting held on August 18, 2011. Under the 2011 Plan, the aggregate number of shares reserved for issuance, including any other plan or arrangement of the Company (including the 2009 Plan), shall not exceed ten (10%) percent of the total number of issued shares of the Company (calculated on a nondiluted basis) at the time an option is granted. The 2011 Plan complies with the current policies of TSX-V for Tier 2 issuers.

On July 18, 2011, the Company announced that it had granted 1,080,000 stock options to officers, directors, consultants and employees of the Company. Each option is exercisable into one Share at a price of $1.44 per Share for a period of five years. The options are subject to the terms of the Company's old stock option plan.

8. RELATED PARTY TRANSACTIONS

During the three and nine months ended September 30, 2011, the Company incurred the following expenditures to related parties:

	Three Months Ended September 30,		**Nine Months Ended September 30,**	
	2011 $	**2010** $	**2011** $	**2010** $
Management fees paid to a director and a Company controlled by a director	24,000	12,000	71,000	28,000
Consulting fees paid to Magnus Bratlien for his services as a director	6,000	3,000	13,000	9,000
Office Rental payments made to a company controlled by Ryan Sharp	7,500	—	22,500	—
Office and general expenses paid to Magnus Bratlien	360	360	1,080	1,080

i) The Company pays a company controlled by Mr. Sharp $8,000 per month pursuant to a consulting agreement for provision of services as President and Chief Executive Officer of the Company.

ii) The Company pays Mr. Bratlien a consulting fee of $2,000 per month pursuant to an unwritten agreement for provision of services as a director. Until June 2011, this consulting fee was $1,000 per month.

iii) The Company pays rent in the amount of $2,500 per month for the leasing of the Company's corporate headquarters, which lease is in the name of a company controlled by Ryan Sharp.

iv) The Company provides Mr. Bratlien with $120 per month for miscellaneous office and general expenses related to the operation of a home office.

Key management personnel remuneration during the period included $616,415 in share-based compensation expense (September 30, 2010: $211,817), as described above under the heading "Results of Operations and Financial Condition".

All 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.

9. OUTSTANDING SHARE DATA AS AT SEPTEMBER 30, 2011

a) Authorized and issued share capital

Class	**Par Value**	**Authorized**	**Issued Number**
Common	No par value	Unlimited	27,732,730

b) Summary of options outstanding

Security	Number	Exercise Price	Expiry Date
Options	540,000	$0.25	March 29, 2015
Options	150,000	$0.25	May 5, 2015
Options	290,000	$0.385	June 28, 2015
Options	200,000	$0.66	December 22, 2015
Options	90,000	$0.95	January 28, 2016
Options	280,000	$1.40	May 2, 2016
Options	1,080,000	$1.44	July 28, 2016

c) Summary of warrants outstanding

Security	Number	Exercise Price	Expiry Date
Warrants	3,495,000	$0.35	November 4, 2011
Warrants	130,086	$0.20	November 4, 2011
Warrants	1,468,723	$0.75	June 22, 2012
Warrants	1,625,000	$0.75	December 22, 2012
Warrants	6,476,880	$1.35	July 14, 2013
Warrants	500,189*	$1.05/$1.35	July 14, 2013
Warrants	169,070	$1.05	July 14, 2013
Warrants	900,000	$1.28	June 16, 2016

(*) Upon exercise of each warrant at $1.05, the holder receives one Share and one common share purchase warrant exercisable into one Share at $1.35.

10. OUTSTANDING SHARE DATA AS AT NOVEMBER 25, 2011

a) Authorized and issued share capital

Class	Par Value	Authorized	Issued Number
Common	No par value	Unlimited	31,393,516 (1)

(1) Does not include 130,765 Shares which were issued in error and are pending cancellation. The Company expects that these Shares will be cancelled in due course.

b) Summary of options outstanding

Security	Number	Exercise Price	Expiry Date
Options	540,000	$0.25	March 29, 2015
Options	150,000	$0.25	May 5, 2015
Options	290,000	$0.385	June 28, 2015
Options	200,000	$0.66	December 22, 2015
Options	70,000	$0.95	January 28, 2016
Options	280,000	$1.40	May 2, 2016
Options	1,080,000	$1.44	July 28, 2016
Options	60,000	$1.35	November 16, 2016

c) Summary of warrants outstanding

Security	Number	Exercise Price	Expiry Date
Warrants	1,432,723	$0.75	June 22, 2012
Warrants	1,625,000	$0.75	December 22, 2012
Warrants	6,476,880	$1.35	July 14, 2013
Warrants	500,189*	$1.05/$1.35	July 14, 2013
Warrants	169,070	$1.05	July 14, 2013

(*) Upon exercise of each warrant at $1.05, the holder receives one common share and one common share purchase warrant exercisable into one common share at $1.35.

e) There are no escrowed or pooled shares

11. OFF BALANCE SHEET ARRANGEMENTS

The Company does not have any off balance sheet arrangements which may affect the Company's current or future operations or conditions.

12. SUBSEQUENT EVENTS

Subsequent events to September 30, 2011:

a) On October 3, 2011 – The Company announced that the shipment of the 200 tonne per day grinding and floatation mill began on September 30, 2011 from Zhengzhou, China. The assembly of the mill commenced at the Company's Merritt, BC mill site in November.

b) November 18, 2011 – The Company announced the initial results from the 2011 exploration program at Treasure Mountain. The results of assays from the first four holes received included 592.92 grams per tonne Ag, 4.28% Pb, 2.47% Zn and 5.80% Mn in hole TM11-9 that intersected the vein structure below the Level 1 drift, approximately 80 metres east of the Level 2 drift.

Summary of significant drill results (lengths are not considered true width):

Hole #	From	To	Length (m)	Ag (ozs/ton)	Pb (%)	Zn (%)	Ag (g/tonne)	Mn (%)
TM11-6	25.25	25.45	0.20	33.75	8.99	0.46	1050	4.04
TM11-7	27.53	27.73	0.20	19.90	6.65	3.53	619.0	5.67
TM11-9	65.67	68.78	3.11	17.38	4.28	2.47	592.9	5.80
TM11-10	41.90	42.25	0.35	0.01	16.58	3.30	0.50	2.85

51 diamond drill holes were drilled over a total length of 5,073 metres on the main mine development, with the objective of further defining resources on the upper 150 metres of the mine.

Jensen Portal

The Jensen Portal is 400 metres west of the current underground workings. Surface sampling was conducted on vein exposures uncovered during the road rehabilitation program. 10 NQ sized diamond drill holes were completed to test for strike on the structures. The area has had limited modern exploration conducted on it and any information is prior to the implementation of National Instrument 43-101 ("NI 43-101"). The veins were historically reported being brecciated with Ag, Pb, and Zn and covered by a diorite cap. The location of the small underground workings is coincident with two intersecting faults. A drill program is being designed to follow up on historical results.

JK Vein

The JK vein was discovered during a trenching program late in the 2010 exploration program. Two shallow holes were drilled on the western end of the structure. However, the material was partially oxidized close to surface. 8 NQ sized holes over a total length of approx 890 metres were drilled in 2011 with results still pending.

D-Vein

The following results were from surface chip samples taken from the D-vein:

Sample#	Width (m)	Ag (ozs/ton)	PB (%)	ZN (%)	Ag (g/tonne)	Mn (%)
DV-1	1.2	0.18	0.02	0.06	5.8	0.72
DV-2	0.5	3.34	0.35	0.29	104	2.68
DV-3	0.6	19.54	7.66	0.89	608	5.71
DV-4	0.18	6.81	2.46	0.09	212	5.37
DV-5	0.38	8.41	0.3	2.47	261	8.63
DV-6	0.4	29.77	9.37	7.93	926	4.8
DV-7	0.3	30.70	12.85	1.08	955	11.42
DV-8	0.33	47.51	33.65	0.78	1478	3.71

The D-vein was previously uncovered 20 metres into the hanging wall of the open cut at the top of Treasure Mountain. However, the surface expression was re-exposed during mechanical scaling. 8 samples were taken across the structure over a total length of 107 metres. The D-vein is not included in the current NI 43-101 resource estimate.

Underground Exploration

Underground sampling is progressing with new samplings from the existing drifts on Level 1 and Level 2 as well as the underground raises. There are 3 complete raises being sampled from Level 1 of the mine to the surface as well as 3 partial raises from Level 1. There are 3 additional raises from Level 2 that are also being sampled. Only samples from one raise between Level 1 and the surface were included in the current 43-101 resource estimate.

The current underground development consists of 2,750 metres of drifts and raises on 4 levels. The total vein indicated resource, estimated at 11.02 ounces silver per tonne (10.0 oz silver per ton) cut-off grade, is reported as 33,000 tonnes with 26.68 ounces silver per tonne, 4.16% lead and 3.80% zinc, containing 880,000 ounces silver, 3,030,000 lbs. lead and 2,760,000 lbs. zinc. Total vein inferred resource, estimated at the same cut-off grade (11.02 ounces silver per tonne) is reported as 120,000 tonnes with 29.76 ounces silver per tonne, 2.79% lead and 4.36% zinc, containing 3,580,000 ounces silver, 7,370,000 lbs. lead and 11,540,000 lbs. zinc.

Geochemical Testing

The Company conducted a geochemical sampling program consisting of 671 samples focusing on two primary targets the MB Zone and the Camp Zone. The MB Zone is approximately 800 metres northwest of the current mine workings. Surface samples were taken from an exposed area of fractured argillite in 2010 and assays were reported as high as 9,221g/t Ag (Aug. 25, 2010 press release). The Camp Zone is in an area where a geochemical testing program conducted in 1996 identified a large soil anomaly below the Jensen Portal, near the base of the mountain that was followed up with one drill hole that did not penetrate the overburden and a second drill hole that may have missed the target. Results from the soil program will be compiled and released as soon as they are received from the laboratory.

c) November 18, 2011 the Company announced that its information will be made available via Standard & Poor's Market Access Program, an information distribution service that enables subscribing publicly traded companies to have their company information disseminated to users of S&P's MarketScope Advisor. Huldra's information to be made available through this program includes share price, volume, dividends, shares outstanding, company financial position and earnings. MarketScope Advisor is an Internet-based research engine used by more than 100,000 investment advisors. A public version of the site is available at http://advisor.marketscope.com.

   In addition, information about the Company will be available via S&P's Stock Guide database, which is distributed electronically to virtually all major quote vendors. As part of the program, a full description of Huldra will also be published in the Daily News section of Standard Corporation Records, a recognized securities manual for secondary trading in up to 38 states under their respective blue sky laws.

   Huldra information distributed through the Market Access Program is based upon information that Standard & Poor's considers to be reliable, but neither Standard & Poor's nor its affiliates warrant its completeness or accuracy, and it should not be relied upon as such. This material is not intended as an offer or solicitation for the purchase or sale of any security or other financial instrument.

a) On November 23, 2011 the Company provided additional results from the 2011 exploration program at Treasure Mountain. The results of additional assays received included 7,013 grams per tonne Ag, 21.82% Pb, 19.63% Zn and 4.9% Mn over 1.37 metres in hole TM11-26 that intersected the vein structure approximately 10 metres above the Level 2 Drift.

The following is a summary of drill results (lengths are not considered true width):

Hole #	**From**	**To**	**Length (m)**	**Ag (ozs/ton)**	**Pb (%)**	**Zn (%)**	**Ag (g/tonne)**	**Mn (%)**
TM11-1	no significant results							
TM11-2	21.06	23.06	2.00	0.25	0.13	0.09	7.7	3.26
TM11-3	results pending							
TM11-4	no significant results							
TM11-5	no significant results							
TM11-6	previously released							
TM11-7	previously released							
TM11-8	27.77	28.47	0.70	0.33	0.05	0.23	10.2	4.76
TM11-9	previously released							
TM11-10	previously released							

Hole #	From	To	Length (m)	Ag (ozs/ton)	Pb (%)	Zn (%)	Ag (g/tonne)	Mn (%)
TM11-11	no significant results							
TM11-12	34.44	36.69	2.25	2.9	1	1.27	90.17	1.71
TM11-13	43.55	43.90	0.35	140.18	20.32	4.9	4360	6.28
TM11-14	45.05	45.90	0.85	8.58	0.61	2.57	266.81	4.76
TM11-14	73.86	74.23	0.37	79.67	11.04	12.47	2478	8.5
TM11-15	30.84	34.85	4.01	2.41	0.49	0.34	75.08	1.56
TM11-15	48.08	48.66	0.58	50.09	5.3	3.97	1,558	7.02
TM11-16	51.21	52.06	0.85	7.81	0.59	0.46	243.06	2.45
TM11-17	44.72	46.26	1.54	0.42	0.08	0.45	13.22	1.5
TM11-17	67.16	67.41	0.25	10.67	12.85	3.13	332	5.56
TM11-18	17.16	17.73	0.57	3.11	0.56	0.88	96.7	5.04
TM11-18	35.75	35.95	0.20	7.97	7.42	0.09	248	3.48
TM11-19	21.02	21.22	0.20	6.94	4.22	8.55	216	1.99
TM11-20	26.19	26.52	0.33	6.82	2.84	3.49	212	3.76
TM11-20	31.20	33.20	2.00	2.22	0.03	0.07	69.2	1.27
TM11-20	58.67	59.60	0.93	4.28	0.11	0.18	133	6.33
TM11-20	83.23	83.44	0.21	29.03	3.59	2.34	903	8.81
TM11-21	39.81	40.93	1.12	47.05	18.68	1.62	1,463.47	1.56
TM11-22	38.71	39.31	0.60	1.66	0.92	0.13	51.7	1.32
TM11-23	15.37	15.67	0.30	14.37	0.26	0.33	447	6
TM11-23	37.89	41.76	3.87	9.9	0.57	4.91	308.02	2.6
TM11-23	91.71	93.75	2.04	3.62	0.34	2.24	112.47	7.36
TM11-24	51.28	53.95	2.67	16.33	0.7	6.86	507.83	5.02
TM11-24	105.46	105.66	0.20	2.86	7.84	1.26	88.9	5.52
TM11-25	no significant results							
TM11-26	66.49	66.66	0.17	10.45	0.31	1.2	325	7.06
TM11-26	122.68	124.05	1.37	225.48	21.82	19.63	7,013	4.9
TM11-27	no significant results							
TM11-28	63.55	64.00	0.45	0.51	0.33	0.84	16	5.7

d) On November 18, 2011, the Company granted 60,000 stock options to directors, consultants and employees of the Company. Each option is exercisable into one Share at $1.35 per Share for a period of five years. The options are subject to the terms of the 2011 Plan.

e) 3,661,086 warrants were exercised for gross proceeds of $1,276,267

13. ACCOUNTING POLICIES AND ESTIMATES

Adoption of International Financial Reporting Standards ("IFRS")

The Company has adopted IFRS with a transition date of January 1, 2010.

The accounting policies in Note 3 have been applied in preparing the condensed interim financial statements for the three and nine months ended September 30, 2011, the comparative information for the three and nine months ended September 30, 2010, the statement of financial position as at December 31, 2010 and the preparation of an opening IFRS statement of financial position on the transition date, January 1, 2010.

In preparing its opening IFRS statement of financial position and comparative information for the financial statements for the year ended December 31, 2010, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Canadian GAAP with respect to share-based compensation expense that was not previously recognized.

An explanation of how the transition from previous GAAP to IFRS has affected the Company's financial position, financial performance and cash flows is set out in the following tables.

The guidance for the first time adoption of IFRS is set out in IFRS 1 *'First-time Adoption of International Financial Reporting Standards'*. Under IFRS 1 the IFRS are applied retrospectively at the transition date with all adjustments to assets and liabilities as stated under GAAP taken to retained earnings unless certain exemptions are applied. The Company has applied the following exemptions to its opening statement of financial position dated January 1, 2010:

a) Share-based Payment

IFRS 1 encourages, but does not require, first-time adopters to apply IFRS 2 *Share-based Payment* to equity instruments that were granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002 and vested before the later of the date of transition to IFRS and January 1, 2005. The Company has elected not to apply IFRS 2 to awards that vested prior to January 1, 2010.

b) Estimates

In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous Canadian GAAP, unless there is objective evidence that those estimates were in error. The Company's IFRS estimates as of January 1, 2010 are consistent with its Canadian GAAP estimates for the same date.

IFRS employs a conceptual framework that is similar to Canadian GAAP. However, some differences exist in certain matters of recognition, measurement and disclosure. While adoption of IFRS has not changed the Company's actual cash flows, it has resulted in changes to the Company's reported financial position. In order to allow the users of the financial statements to better understand these changes, the Company's Canadian GAAP statement of operations and comprehensive loss for the three and nine months ended September 30 2010, statement of financial position for the nine months ended September 30, 2010 and statement of cash flows for the nine months ended September 30, 2010, and the years ended December 31, 2009 and 2010 have been reconciled to IFRS, with the resulting differences explained, below.

13. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Reconciliation of Statements of Financial Position

	January 1, 2010			September 30, 2010			December 31, 2010		
	Canadian GAAP	Effect of Transition to IFRS	IFRS	Canadian GAAP	Effect of Transition to IFRS	IFRS	Canadian GAAP	Effect of Transition to IFRS	IFRS
ASSETS									
Current									
Cash and cash equivalents	$ 17,268	-	$ 17,268	$ 523,438	-	$ 523,438	$ 1,998,259	$ -	$ 1,998,259
Short term investments	-	-	-	-	-	-	300,000	-	300,000
Amounts receivable	272	-	272	36,641	-	36,641	108,687	-	108,687
Prepaid expenses and other receivables	1,795	-	1,795	9,743	-	9,743	18,857	-	18,857
	19,335	-	19,335	569,822	-	569,822	2,425,803	-	2,425,803
Non- Current									
Property, Plant & Equipment	673	-	673	20,445	-	20,445	20,454	-	20,454
Mineral Interests	86,437	-	86,437	86,437	-	86,437	86,437	-	86,437
Restricted Cash	10,000	-	10,000	60,000	-	60,000	60,000	-	60,000
TOTAL ASSETS	$ 116,445	-	$ 116,445	$ 736,704	-	$ 736,704	$ 2,592,694	-	$ 2,592,694

13. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Reconciliation of Statements of Financial Position

		January 1, 2010			September 30, 2010				December 31, 2010		
	Note	Canadian GAAP	Effect of Transition to IFRS	IFRS	Canadian GAAP	Adjustment to Canadian GAAP	Effect of Transition to IFRS	IFRS	Canadian GAAP	Effect of Transition to IFRS	IFRS
LIABILITIES											
Current											
Accounts payable and accrued liabilities		$ 47,182	-	$ 47,182	$ 168,713	-	-	$ 168,713	$ 51,323	-	$ 51,323
Due to directors		5,362	-	5,362	25,225	-	-	25,225	64	-	64
		52,544	-	52,544	193,938	-	-	193,938	51,387	-	51,387
Non-Current											
Site Restoration Liability		25,000	-	25,000	25,000	-	-	25,000	25,000	-	25,000
TOTAL LIABILITIES		77,544	-	77,544	218,938	-	-	218,938	76,387	-	76,387
SHAREHOLDERS' EQUITY											
Share Capital		6,531,388	-	6,531,388	7,428,128	-	-	7,428,128	9,165,723	-	9,165,723
Share-based payments reserve	13 a)	81,404	-	81,404	81,404	244,983	-	326,387	419,684	(77,574)	342,110
Accumulated Deficit		(6,573,891)	-	(6,573,891)	(6,991,766)	(244,983)	-	(7,236,749)	(7,069,100)	77,574	(6,991,526)
TOTAL EQUITY		38,901	-	38,901	517,766	-	-	517,766	2,516,307	-	2,516,307
TOTAL EQUITY AND LIABILITIES		$ 116,445	-	$ 116,445	$ 736,704	-	-	$ 736,704	$ 2,592,694	-	$ 2,592,694

13. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Reconciliation of Statements of Operations and Comprehensive Loss

		For the three months ended September 30, 2010				For the nine months ended September 30, 2010				Year ended December 31, 2010		
	Note	Canadian GAAP	Adjustment to Canadian GAAP	Effect of Transition to IFRS	IFRS	Canadian GAAP	Adjustment to Canadian GAAP	Effect of Transition to IFRS	IFRS	Canadian GAAP	Effect of Transition to IFRS	IFRS
Operating Expenses												
Exploration Costs		306,639	-	-	306,639	$ 315,732	-	-	$ 315,732	$ 84,518	-	$ 84,518
Share-based compensation expense	13 b)	-	-	-	-	-	244,983	-	244,983	249,293	3,830	253,123
Professional fees		8,499	-	-	8,499	38,005	-	-	38,005	70,633	-	70,633
Management fees		12,000	-	-	12,000	21,000	-	-	21,000	34,000	-	34,000
Consulting fees		3,000	-	-	3,000	16,000	-	-	16,000	22,000	-	22,000
Office and general		4,340	-	-	4,340	11,502	-	-	11,502	19,775	-	19,775
Regulatory fees		162	-	-	162	6,298	-	-	6,298	8,873	-	8,873
Transfer agent fees		2,864	-	-	2,864	5,828	-	-	5,828	6,176	-	6,176
Rent		-	-	-	-	-	-	-	-	2,800	-	2,800
Vehicle expenses		115	-	-	115	3,217	-	-	3,217	2,290	-	2,290
Depreciation		1,233	-	-	1,233	1,333	-	-	1,333	3,580	-	3,580
		340,744	-	-	340,744	417,705	244,983	-	662,688	503,938	3,830	507,768
Operating loss before other items		(340,744)	-	-	(340,744)	$ (417,705)	(244,983)	-	$ (662,688)	$ (503,938)	$ 3,830	$ (507,768)
Other Income (Expenses)												
Interest Income (expense)		-	-	-	-	(170)	-	-	(170)	8,729	-	8,729
NET LOSS AND COMPREHENSIVE LOSS		$ (340,744)	-	-	$ (340,744)	$ (417,875)	(244,983)	-	$ (662,858)	$ (495,209)	$ 3,830	$ (499,039)

13. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Reconciliation of Statements of Cash Flows

	Note	For the nine months ended September 30, 2010				Year ended December 31, 2010		
		Canadian GAAP	Adjustment to Canadian GAAP	Effect of Transition to IFRS	IFRS	Canadian GAAP	Effect of Transition to IFRS	IFRS
OPERATING ACTIVITIES								
Net loss		$ (417,875)	(244,983)	-	$ (662,858)	$ (495,209)	$ (3,830)	$ (499,039)
Adjustments for non-cash items:								
Depreciation of property, plant, and equipment		1,333	-	-	1,333	3,580	-	3,580
Finder fee warrants		-	-	-	-	93,444	-	93,444
Share-based compensation	13 b)	-	244,983	-	244,983	249,293	3,830	253,123
Changes in non-cash working capital items								
Amounts receivable		(36,369)	-	-	(36,369)	(108,415)	-	(108,415)
Prepaid expenses and other		(7,948)	-	-	(7,948)	(17,062)	-	(17,062)
Accounts payable and other accrued liabilities		121,531	-	-	121,531	4,141	-	4,141
Net Cash Used in Operating Activities		(339,328)	-	-	(339,328)	(270,228)	-	(270,228)
INVESTING ACTIVITIES								
Reclamation deposits		(50,000)	-	-	(50,000)	-	-	-
Purchase of property, plant, and equipment		(21,105)	-	-	(21,105)	(23,361)	-	(23,361)
Purchase of GIC investments		-	-	-	-	(350,000)	-	(350,000)
Net Cash Used in Investing Activities		(71,105)	-	-	(71,105)	(373,361)	-	(373,361)
FINANCING ACTIVITIES								
Due to directors		19,863	-	-	19,863	(5,298)	-	(5,298)
Issuance of share capital, net of share issuance costs		725,740	-	-	725,740	2,454,032	-	2,454,032
Proceeds from exercise of warrants		171,000	-	-	171,000	175,846	-	175,846
Net Cash Provided by Financing Activities		916,603	-	-	916,603	2,624,580	-	2,624,580
Increase in cash and cash equivalents		506,170	-	-	506,170	1,980,991	-	1,980,991
CASH AND CASH EQUIVALENTS, Beginning		17,268	-	-	17,268	17,268	-	17,268
CASH AND CASH EQUIVALENTS, Ending		$ 523,438	-	-	$ 523,438	$ 1,998,259	-	$ 1,998,259

Notes on GAAP – IFRS Reconciliations

IFRS requires an entity to present, for each equity component, a reconciliation between the carrying amount at the beginning and end of the period, separately disclosing each change.

IFRS also permits a transfer of reserves arising from share-based transactions. During the year ended December 31, 2010, 100,000 options outstanding at January 1, 2010 were canceled and therefore a transfer of the fair value attributed to these cancelled options, was made to accumulated deficit, for the three months ended September 30, 2010 (nil) and for the year ended December 31, 2010 ($81,404) so that the balance of "share-based payments reserve" reflected only the fair value of options and warrants outstanding as of that date. Previously under Canadian GAAP, these amounts remained in contributed surplus.

Previously under Canadian GAAP, the Company recognized an expense related to share-based payments on a straight-line basis through the date of full vesting and did not incorporate a forfeiture rate; however, under IFRS 2, for each award tranche maintaining graded vesting features, the Company is required to treat each tranche as a separate grant with a different vesting date and fair value. As a result, share-based payments reserve and share-based compensation expense increased by nil at January 1, 2010 (December 31, 2010 - $3,830). This adjustment did not have an impact on the statement of financial position as at September 30, 2010 and January 1, 2010 and the statement of operations and comprehensive loss for the period ended September 30, 2010 and January 1, 2010.

14. FINANCIAL INSTRUMENTS

Fair Value

The Company records its financial instruments at fair value using various techniques. These include estimates of fair values based on prevailing market prices (bid and ask prices, as appropriate) for instruments with similar characteristics and risk profiles or internal and external valuation models, such as discounted cash flow analyses, using, to the extent possible, observable market-based inputs.

The financial instruments have been characterized on a fair value hierarchy based on whether the inputs to those valuation techniques are observable (inputs reflect market data obtained from independent sources) or unobservable (inputs reflect the Company's market assumptions).

The three levels of fair value estimation are:

Level 1 – quoted prices in active markets for identical instruments

Level 2 – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.

Level 3 – valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The Company has categorized the Waterton debt, the Waterton derivative liabilities, and the Craigmont liability as Level 3 on the fair value hierarchy. The Company's other financial instruments have not been categorized on the hierarchy because their carrying amount is a reasonable approximation of fair value due to their short term nature.

The fair value of the Waterton debt was estimated by deducting the proceeds received from the fair value of the derivative liability. There was no significant change in the estimated fair value of the derivative liability and the Waterton debt between the issue date and September 30, 2011.

The fair value of the warrants was estimated using the Black-Scholes model with the following assumptions.

Expected life	5 years
Risk-free interest rate	2.2%
Volatility	129.8%
Dividend yield	0.0%

The Company estimated the fair value of the derivative liabilities based on its expectations with respect to the future price of silver during the period in which the Waterton loan is required to be repaid.

Risk Exposure and Management

Credit Risk

Credit risk is the risk of financial loss to the Company. If a customer or counterparty to a financial instrument fails to meet its obligations. The Company's maximum exposure to credit risk at the balance sheet date under its financial instruments is approximately $5.1 million.

All of the Company's cash and cash equivalents are held with a major financial institution in Canada and management believes the exposure to credit risk with respect to such institutions is not significant. Those financial assets that potentially subject the Company to credit risk are primarily receivables. The Company considers the risk of material loss to be significantly mitigated due to the financial strength of the parties from whom the receivables are due, including government organizations.

Liquidity Risk

Liquidity is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it projects the funds required to support its operations as well as the development of its Treasure Mountain Property.

Management anticipates that, subject to financing, it will make substantial capital expenditures towards developing the Treasure Mountain Property. However, there is no assurance that the Company will operate profitably or will generate positive cash flow in the future. The Company has no history of profitable operation and no assurance that additional funding will be available to it for further exploration and development of the Treasure Mountain Property if required. The Company may also need further financing if it decides to obtain additional mineral properties. As such, the Company is subject to many risks common to exploration enterprises, including undercapitalization, cash shortages and limitations with respect to personnel, financial and other resources and lack of revenues. Although the Company has been successful in the past in obtaining financing through credit facilities or the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Such means of financing typically result in dilution of the positions of existing shareholders, either directly or indirectly. Failure to obtain additional financing could result in the delay or indefinite postponement of further exploration and development of the Treasure Mountain Property.

The following is a summary of the maturities for the Company's non-derivative financial liabilities as at September 30, 2011:

	Less than 30 days	30 days to 1 year	1 year to 2 years	More than 2 years
Accounts Payable and Accrued Liabilities	$ 1,019,794	$ 220,000	$ -	$ -
Waterton Debt Obligation	$ -	$ 2,723,312	$ 3,812,636	$ -
Craigmont Obligation	$ -	$ 3,200,000	$ 3,100,000	$ -
TOTAL:	$ 1,019,794	$ 5,943,312	$ 6,912,636	$ -

The Company also has $5,000,000 available to draw down on the Waterton Credit Facility, as described above under the heading "Financing, Liquidity and Capital Resources". The Company is working towards transitioning from exploration and development into production prior to the obligations beyond year one in the table above becoming due. In the event that the Company is unable to transition into production prior to such time, the Company may require additional financing to meet its financial obligations.

15. OTHER INFORMATION

This discussion and analysis of the financial position and results of operation as of November 25, 2011 should be read in conjunction with the unaudited consolidated financial statements for the three and nine months ending September 30, 2011. Additional information relating to the Company, including the Company's Annual Information Form, can be accessed through the Company's public filings on SEDAR at www.sedar.com.

This MD&A has been reviewed and approved by Al Beaton, P.Eng (Mining), under whose direction the Company's operations are being carried out. Al Beaton is a Qualified Person as defined by National Instrument 43-101.

The Company's website address is www.huldrasilver.com.

16. BOARD APPROVAL

The Board of Directors of the Company has approved this MD&A.