Amended and Restated

HULDRA SILVER INC.

August 24, 2011

AMENDED MANAGEMENT'S DISCUSSION & ANALYSIS

For the Three and Six Months Ended June 30, 2011

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

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(Prepared by Management)

Information as of August 24, 2011

SUMMARY OF AMENDMENTS

This management's discussion and analysis ("MD&A") of Huldra Silver Inc. ("Huldra" or the "Company") for the period ended June 30, 2011 has been revised at the request of the British Columbia Securities Commission (the "BCSC") to address certain deficiencies identified by the BCSC. Specifically, this MD&A has been revised to include:

- further discussion of the reason for the changes in expenses from the current period as compared to the previous period, as set out under the heading "Results of Operations and Financial Condition";
- discussion of factors that have caused variations as between different financial quarters, as set out under the heading "Selected Quarterly Results";
- further discussion of the Company's Treasure Mountain Project, as set out under the heading "Current Status of the Treasure Mountain Property";
- further discussion of related party transactions, as set out under the heading "Related Party Transactions"; and
- discussion of sources of financing available to fund financial liability obligations, as set out under the heading "Financial Instruments".

Information in this amended MD&A continues to be as of August 24, 2011, unless otherwise stated.

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".

The Company's MD&A for the three and six months ended June 30, 2011 was prepared as of August 24, 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 June 30, 2011, the Company incurred a loss of $961,360, compared with a loss of $193,710 for the comparable period of 2010. The loss for the period reflected the Company's expensing share-based compensation of $379,176 (June 30, 2010 – $143,631, exploration costs of $286,749 (June 30, 2010 - $6,897), professional fees of $57,172 (June 30, 2010 - $18,029), salaries and benefits of $32,745 (June 30, 2010 - $NIL), consulting fees of $19,000 (June 30, 2010 - $12,000), management fees of $24,000 (June 30 -2010 – $3,000), finance costs of $41,171 (June 30, 2010 - $98), and unrealized loss on warrant liability of $75,095 (June 30, 2010 - $NIL).

During the six months ended June 30, 2011, the Company incurred a loss of $1,336,640, compared with a loss of $322,114 for the comparable period of 2010. The loss for the period reflected the Company's expensing share-based compensation of $534,800 (June 30, 2010 – $244,983), professional fees of $86,851 (June 30, 2010 - $29,506), exploration costs of $372,738 (June 30, 2010 - $9,093), consulting fees of $50,000 (June 30, 2010 - $16,000), rent of $15,000 (June 30, 2010 - $NIL), management fees of $47,000 (June 30, 2010 – $6,000), finance costs of $35,515 (June 30, 2010 - $170), and unrealized loss on warrant liability of $75,095 (June 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

The figures for mineral resources for the Treasure Mountain Project disclosed under the heading "Companies with Mineral Projects – Summary of the Technical Report" in this AIF are only estimates. 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 AIF under the heading "About Forward-Looking Information".

No Current Plans to Pay Cash Dividends

The Company has no current 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 results of operations should be read in conjunction with the interim financial statements of the Company for the three and six months ended June 30, 2011 and the audited financial statements of the Company for the year ended December 31, 2010.

Three Months Ended June 30, 2011

During the three months ended June 30, 2011, the Company incurred a loss of $961,360, compared with a loss of $193,710 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 June 30, 2011 increased from $193,710, for the three months ended June 30, 2010, to $961,360. The increase in expenses was largely a result of share-based compensation in the amount of $379,176 (June 30, 2010 - $143,631). 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 three months ended June 30, 2011, the Company granted 280,000 stock options, each having an exercise price of $1.40, compared to the three months ended June 30, 2010 when the Company granted 150,000 stock 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 $6,897 to $286,749 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 $18,029 to $57,172 as a result of higher legal and accounting fees associated with the growing activity of the Company. Salaries and benefits increased from $NIL to $32,745, 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 $41,171 (June 30, 2010 - $98) and unrealized loss on warrant liability increased to $75,095 (June 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 June 30, 2011 included expenditures of $29,727 (June 30, 2010 - $6,781) for transfer agent fees, regulatory, and management fees. In addition, expenses for the three months ended June 30, 2011 included office and general expenses of $27,197 (June 30, 2010 - $6,224).

For the three months ended June 30, 2011, general and administrative costs were $558,345 as compared to $186,715 for the period ended June 30, 2010. The increase in general and administrative costs was largely a result of share-based compensation in the amount of $379,176 (June 30, 2010 - $143,631), the increase in professional fees from $18,029 to $57,172, and the increase in management fees from $3,000 to $24,000.

Six Months Ended June 30, 2011

During the six months ended June 30, 2011, the Company incurred a loss of $1,336,640, compared with a loss of $322,114 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 six months ended June 30, 2011 increased from $322,114, for the six months ended June 30, 2010, to $1,342,296. The increase in expenses was largely a result of share-based compensation in the amount of $534,800 (June 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 six months ended June 30, 2011, the Company granted 90,000 options, each having an exercise price of $0.95, and 280,000 options, each having an exercise price of $1.40, as compared to the six months ended June 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 $9,093 to $372,738 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 $29,506 to $86,851 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 $50,000 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 $43,810 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 $14,429 as a result of an increase in travel related to the Company's increased business activities. Rent expense increased from $NIL to $15,000 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 $35,515 and unrealized loss on warranty liability increased from $NIL to $75,095, 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 six months ended June 30, 2011 included expenditures of $62,812 (June 30, 2010 - $15,100) for transfer agent fees, regulatory, and management fees. In addition, expenses for the six months ended June 30, 2011 included office and general expenses of $41,896 (June 30, 2010 - $7,162), and vehicle expenses of $3,103 (June 30, 2010 – $NIL).

For the six months ended June 30, 2011, general and administrative costs were $853,292 as compared to $312,851 for the period ended June 30, 2010. The increase in general and administrative costs was largely a result of share-based compensation in the amount of $534,800 (June 30, 2010 - $244,983), the increase in professional fees from $29,506 to $86,851, the increase in management fees from $6,000 to $47,000, the increase in salaries and benefits from $NIL to $43,810, and the increase in consulting fees from $16,000 to $50,000.

3. SELECTED QUARTERLY RESULTS

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

	June 30 2011 $	Mar 31 2011 $	Dec 31 2010 $	Sep 30 2010 $	Jun 30 2010 $	Mar 31 2010 $	Dec 31 2009 $	Sep 30 2009 $
Finance costs and other income (loss)	(116,266)	5,656	8,729	-	(98) -	(72) -	-	-
Administrative expenses	558,345	294,947	72,294	34,105	186,715	126,136	38,447	17,116
Exploration costs	286,749	85,989	(231,214)	306,639	6,897	2,196	1,630	47,788
Net loss	(961,360)	(375,280)	(167,639)	(340,744)	(193,710)	(128,404)	(40,077)	(64,904)

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 June 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 June 30, 2011, March 31, 2011 and September 30, 2010 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, Entech Consultants and others with respect to environmental and operational issues of a conceptual 24,000 tonnes per year mine/gravity concentration operation. In 2007, Erik Ostensoe, P.Geo., undertook a program of sampling to supplement historic, pre National Instrument 43-101 data.

5. CURRENT STATUS OF THE TREASURE MOUNTAIN PROPERTY

The historic Treasure Mountain Property, 100% owned by Huldra, is located 28 km northeast of Hope, B.C., has been explored by Huldra since 1980, and comprises more than 2700 metres of underground workings on four levels, six raises and several drill holes. A Resource Estimation by Giroux Consultants Ltd. dated May 29, 2009, which is included in the Company's 43-101 report entitled "Project Update, Treasure Mountain Property, Tulameen River Area, B.C. Canada" dated June 15, 2011 and further described below, was based on a 2007 program of underground chip sampling of parts of Level 1 and Level 2, combined with historic sample data from a development program in 1987 – 1989. Resources were estimated at cut-off grades from 1.0 to 45.0 ounces silver per ton. A Total Vein Indicated Resource, estimated at 11.02 ounces silver per tonne (10.0 oz silver per ton) cut-off grade, was 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 Resources, estimated at the same cut-off grade (11.02 ounces silver per tonne) were 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. [Note that Inferred Resources are based on geological evidence, limited sampling and reasonably assumed, but not verified, geological and grade continuity, and must be excluded from estimates forming the basis of feasibility or other economic studies.]

From the beginning of the current exploration and development program that began in the third quarter of 2010 to date, the Company has incurred the following expenditures: exploration costs of approximately $1.2 million, development and mining costs of $1.8 million and mill facility costs of $2.0 million. Please see the table under the heading "Summary of Quarterly Results" for a summary of exploration costs for the previous eight fiscal quarters.

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.

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 being developed by Huldra. The application allows for up to 60,000 tonnes a year of ore removal.

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. As at the date of this prospectus, the Company has completed the soil sampling program with laboratory results pending. Currently, 45 diamond drill holes have been completed from the surface. The Company intends to complete the entire recommended surface drill program by the fourth quarter of this year. The Company will review all of the results and base 2012 exploration and development work on these results. The total cost of the exploration program is expected to be approximately $3,000,000.

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 expected cost to remove the bulk sample from the underground would be approximately $1,000,000 once the development work has been completed. The development work is currently progressing with an estimated final cost of around $2,000,000.

The current cash position of the Company is approximately $9,000,000, 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 $2,000,000 for exploration expenses and $2,000,000 for development and mining costs. The cost to complete the milling facility at the Company's milling site is approximately $4,500,000. 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. The Company expects to be in a position to receive revenue from the bulk sample and processing of previously stockpiled ore and move into a positive cash flow position at or prior to such time.

Camp construction on the property has been completed. Currently, the Company has the ability to accommodate a staff of 48 persons on the property.

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 JUNE 30, 2011

Huldra granted 280,000 stock options to directors, consultants and employees of the Company. Each option is exercisable into one common share of the Company at a price of $1.40 per share for a period of five years. The options are subject to the terms of the Company's stock option plan.

The Company announced on May 5, 2011 that it has closed the definitive strategic acquisition agreement dated March 30, 2011 with Craigmont Holdings Ltd. ("Craigmont") and a wholly-owned subsidiary of the Company whereby the Company acquired 100% of the shares of Craigmont. The Company paid the vendor consideration consisting of cash of $500,000, the issuance of 372,000 shares of the Company with a value of $500,000 and the granting of a non-interest bearing vendor mortgage where $3 million is payable on January 31, 2012 and $3.1 million (net of estimated environmental remediation costs of $0.9 million) is payable on January 31, 2013. Because the vendor mortgage is non-interest bearing, the Company discounted the repayment amounts at a discount rate of 14%, such that the amount recorded for the mortgage on the date of the transaction was $5,164,724. This value will be accreted to face value and capitalized as a borrowing cost relating to the acquisition of the assets acquired at a rate of 14% over the term of the mortgage. With regards to the allocation of consideration, the Company has allocated $7,064,724 to land and permits, $900,000 to asset retirement obligation (see note 7 to the financial statements for the period ended June 30, 2011), $200,000 to mineral claims and $200,000 to accrued liabilities relating to the continuing interest retained by the vendors in the mineral claims.

In connection with the closing of the acquisition of Craigmont, the Company caused Craigmont to grant to the vendors a guarantee of the obligation of the Company to pay the amounts outstanding to the vendors; and a mortgage in favour of the vendors over the seven parcels of land owned by Craigmont as security for such guarantee. The vendors agreed that, upon payment of the second $3,000,000 payment due to the vendors under the purchase agreement, the vendors will discharge the mortgage with respect to all of the parcels of land except for two parcels. Until such second payment is made, the Company is not entitled to cause any secondary charges to be placed on the titles to any of the mortgaged parcels of land. The vendors will continue to hold a mortgage over those two parcels until the balance of the cash consideration owing under the purchase agreement is paid to the vendors.

Effective June 6, 2011, the Company appointed Kathleen Nosek as Corporate Secretary.

On June 21, 2011, the Company announced that it had entered into a Purchase and Service Agreement with Canadian Royal Mining Corporation of Chilliwack, B.C., to acquire a two hundred (200) ton per day modular silver, lead, zinc process plant. The mill is expected to be delivered to the Company's milling property in Merritt, B.C., in the third quarter of 2011 and will take approximately three months to commission and assemble.

Shareholders are cautioned that the Company recognizes added risks, uncertainties and increased potential for failure consequent upon its plan to proceed without completing a feasibility study, establishing mineral reserves (a higher category of confidence) or upgrading the current inferred mineral resources.

The Company also announced as of June 20, 2011 that David Chong had resigned as a director of the Company.

7. FINANCING, LIQUIDITY AND CAPITAL RESOURCES

As of June 30, 2011, the Company had a working capital deficiency of $3,232,918 that included cash and cash equivalents of $1,485,269, 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 portions of both the Craigmont obligation and Waterton obligation.

Cash used in operating activities in the six months ended June 30, 2011 was $748,074 as compared to $116,028 in the six months ended June 30, 2010. This included $372,738 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 $2,693,148 in the six months ended June 30, 2011 compared to $51,085 in the six months ended June 30, 2010. $500,000 was for the down payment of the "Craigmont Acquisition" and $2,257,938 in property plant and equipment which included a $1,555,927 down payment on the mill and the remainder for camp facilities and equipment at the Treasure Mountain Property.

Cash provided by financing activities was $2,928,232 in the six months ended June 30, 2011 compared to $725,698 in the six months ended June 30, 2010. $2,679,732 were the net proceeds from the "Credit Agreement", $91,750 from the exercise of stock options, and $156,750 from the exercise of warrants

On June 17, 2011, the Company announced that it had entered into a credit agreement dated June 16, 2011 (the "Credit Agreement") with Waterton Global Value, L.P. ("Waterton") pursuant to which Waterton has agreed to make a $10,000,000 credit facility (the "Credit Facility") available to the Company. The Credit Facility may be drawn down, at the Company's option, in up to four advances, with the first advance consisting of $3,000,000, the second advance consisting of $2,000,000 and each of the third and fourth advances consisting of $2,500,000. Provision of any advances under the Credit Facility by Waterton will be subject to the satisfaction or waiver of certain conditions as set out in the Credit Agreement.

The advances may be drawn down by the Company at any time until May 31, 2012 and all amounts outstanding must be repaid on a monthly basis during the period from May 2012 to April 2013. If the price of silver exceeds $27.50 per ounce on a given repayment date, an additional amount is required to be paid (the "silver adjustment provision"). In addition, the Company may prepay any portion of the amounts borrowed at any time, and, is required to repay the amounts borrowed immediately in the event of the change in control. Because the silver adjustment provision, the prepayment option, and the change in control requirement are not closely related to the underlying debt instrument, the Company has separately accounted for these features as derivative liabilities on a fair value basis.

In connection with the entry into the Credit Facility, the Company and its wholly-owned subsidiary 0906262 B.C. Ltd. agreed to grant Waterton security over substantially all of their assets to secure their repayment obligations under the Credit Facility. The Credit Facility is secured by guarantees provided by each of the Company and 0906262 B.C. Ltd.; general security agreements with the Company and 090262 B.C. Ltd. pursuant to which Waterton holds a security interest in all present and after-acquired personal property of the Company and 090262 B.C. Ltd.; and a debenture pursuant to which Waterton holds a charge over the real property and mineral claims comprising the Treasure Mountain Property.

On June 17, 2011, the Company borrowed the first advance of $3,000,000 under the Credit Agreement. As the silver adjustment provision, the prepayment option, and the change in control requirement are accounted for separately, the estimated value of these features of $180,000 has been deducted from the proceeds received and is characterized as the debt discount. Using the effective interest rate method and the 70.41% rate implicit in the calculation, the debt discount, together with the stated interest and transaction costs of $1,300,601 associated with the arrangement of the facility and the drawdown of the first advance, are accreted to face value as finance costs over the life of the agreement. The drawdown of future advances, along with the associated transaction costs and derivative liabilities, will be accounted for if and when such funds are borrowed. On July 28, 2011, the Company drew down the second advance of $2,000,000.

The Credit Facility requires the Company to satisfy certain covenants so long as any amount owing under the Credit Agreement remains unpaid or the Company has any obligation under the Credit Agreement, which among others include:

a) The Company shall not dispose of any asset (including, without limitation, any securities other than securities issued directly from the Company's treasury) other than (i) bona fide sales of inventory (including tailings produced at the Company's mining properties) in the ordinary course of business for the purposes of carrying on the business and at fair market value, (ii) the sale of any asset (other than securities) which has no material economic value in the business and is obsolete provided the fair value of such asset does not exceed, when aggregated with the fair market value of all other assets sold, $100,000, (iii) any disposal to the extent that the related disposal proceeds are applied in repayment and/or repayment of the advances made under the Credit Facility, with the exception of certain assets as set out in the agreement.

b) The Company shall not declare, make or pay any dividend or other distribution on issued shares of the Company or any of its subsidiaries.

In connection with the agreement, the Company agreed to pay a one-time fee to Waterton of $100,000 and to reimburse Waterton $125,000 for costs it incurred. In addition, the Company incurred costs of $65,268. These costs have been accounted for as part of the transaction costs associated with the drawdown of the first advance.

In addition, the Company has agreed to pay Waterton a structuring fee in an amount equal to 1% of the principal amount of such advance. Accordingly, a fee of $30,000 has been recognized as a transaction cost in connection with the drawdown of the first advance. The Company has also agreed to issue Waterton a total of 2,200,000 share purchase warrants if all four advances are drawn. In connection with the drawdown of the first advance, 900,000 warrants were issued and the value associated with such warrants of $850,333 is included as part of the transaction costs associated with the first advance. Warrants issued in connection with the drawdown of future advances will be accounted for as transaction costs relating to the particular advance. There were no warrants issued in connection with the second advance on July 28, 2011. Each warrant issued as part of the first advance is exercisable into one common share of the Company at a price of $1.28 per share until June 16, 2016 unless, at the third anniversary of the warrant, the Company has produced at least 1,250,000 ounces of silver in the previous full fiscal year and the price of silver exceeds $35 per ounce, in which case, the exercise price increases to $1.54 per share. The exercise price of any additional warrants issued will be based on the market price of the Company’s common shares on the day prior to such issuance and will also be subject to adjustment based on the same conditions as are in effect for the warrants issued in connection with the first advance. Because the future exercise price is dependent, in part, on the future price of silver, the warrants are classified as derivative liabilities.

Bayfront Capital Partners Ltd. (“Bayfront”) acted as placement agent in connection with the Credit Facility in consideration for a placement fee equal to 1% of the principal amount of any advance drawn down and Common Shares of the Company having an aggregate value of $200,000, with shares having a market value of $100,000 being issued in connection with the drawdown of the first advance and shares having a market value of $50,000 to be issued with each drawdown of the third and fourth advances, if applicable.

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.

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

- Repayment of the Credit Facility in the amount of. $3,921,569;
- A $7,000,000 obligation to complete the “Craigmont” acquisition described in section 5 of the MD&A and Note 5 on the accompanying financial statements; and
- $3,630,495 owing on the mill purchase contract with Canadian Royal Mining Corporation.

In addition the Company has commenced exploration and development programs at both the Treasure Mountain Property and Merritt milling facility that will require substantial cash resources. These obligations exceeded the cash position as of June 30, 2011 of $1,485,269.00.

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.

8. RELATED PARTY TRANSACTIONS

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
	$	$	$	$
Management fees paid to Ryan Sharp, the Company's President and Chief Executive Officer, and a company controlled by Ryan Sharp	24,000	12,000	47,000	12,000
Consulting fees paid to Magnus Bratlien for his services as a director	4,000	3,000	7,000	6,000
Office Rental payments made to a company controlled by Ryan Sharp	7,500	—	15,000	—
Office and general expenses paid to Magnus Bratlien	360	360	720	720

i) The Company pays Mr. Sharp $8,000 per month pursuant to an unwritten 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 $121,000 in share-based compensation expense (June 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 JUNE 30, 2011

a) Authorized and issued share capital

Class	Par Value	Authorized	Issued Number
Common	No par value	Unlimited	18,478,173

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

Security	Number	Exercise Price	Expiry Date
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

c) Summary of warrants outstanding

Security	Number	Exercise Price	Expiry Date
Warrants	183,320	$0.20	November 4, 2011
Warrants	3,770,000	$0.35	November 4, 2011
Warrants	1,724,800	$0.75	June 22, 2012
Warrants	1,685,000	$0.75	December 22, 2012
Warrants	900,000	$1.28	June 16, 2016

10. OUTSTANDING SHARE DATA AS AT AUGUST 24, 2011

a) Authorized and issued share capital

Class	Par Value	Authorized	Issued Number
Common	No par value	Unlimited	18,899,758[1]

[1] Does not include 130,765 Common Shares which were issued in error and are pending cancellation. The Company expects that these Common 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

c) Summary of warrants outstanding

Security	Number	Exercise Price	Expiry Date
Warrants	130,086	$0.20	November 4, 2011
Warrants	3,670,000	$0.35	November 4, 2011
Warrants	1,480,149	$0.75	June 22, 2012
Warrants	1,685,000	$0.75	December 22, 2012

d) Summary of Special Warrants outstanding.

Security	Number	Exercise Price	Expiry Date
Special Warrants	6,476,880	$Nil	(1)
Flow-Through Special Warrants	2,113,366	$Nil	(1)
Special Broker Warrants	500,189	$Nil	(1)

Security	Number	Exercise Price	Expiry Date
Flow-Through Special Broker Warrants	169,070	$Nil	(1)

(1) All of the special warrants set out in the table above will expire on the earlier of: (i) the third day after the Company obtains a receipt for a final prospectus qualifying the securities underlying the special warrants; and (ii) November 15, 2011. For a description of the terms of the special warrants, see "Subsequent Events".

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 June 30, 2011:

a) The Company granted 1,080,000 stock options to directors, consultants and employees of the Company. Each option is exercisable into one common share at $1.44 per share for a period of five years. The options are subject to the terms of the Company's stock option plan.

b) 401,585 warrants were exercised for gross proceeds of $229,135 and 20,000 stock options were exercised for gross proceeds of $19,000.

c) The Company has entered into two separate agreements for the purchase of mining equipment for a combined total of $847,000.

d) 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 (the Special Warrants and FT Special Warrants collectively, the "Offered Securities"). The Offering was completed pursuant to an agency agreement dated July 14, 2011 (the "Agency Agreement") among the Company and National Bank Financial Inc. ("NBF") and Pope & Company Limited ("Pope") (NBF and Pope collectively, the "Agents"). Bayfront Capital Partners Ltd. received a finder's fee in connection with the Offering.

   The Company intends to use 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 intends to use 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

   The Special Warrants are governed by a special warrant indenture dated July 14, 2011 (the "Special Warrant Indenture") between the Company and Computershare Trust Company of Canada ("Computershare"). Each Special Warrant entitles the holder thereof, upon exercise of each Special Warrant, to receive, without payment of additional consideration, one common share of the Company (a "Special Warrant Share") and one common share purchase warrant (a "Warrant"). The Warrants are governed by a warrant indenture dated July 14, 2011 (the "Warrant Indenture") between the Company and Computershare. Each Warrant entitles the holder thereof to acquire one additional common share (a “Warrant Share”) at a price of $1.35 per Warrant Share until July 14, 2013.

The FT Special Warrants are governed by a flow-through special warrant indenture dated July 14, 2011 (the “FT Special Warrant Indenture”) between the Company and Computershare. The FT Special Warrants were issued as “flow-through shares” as defined in subsection 66(15) of the Income Tax Act (Canada). Each FT Special Warrant entitles the holder thereof, upon exercise of each FT Special Warrant, to receive without payment of additional consideration, one common share (an “FT Special Warrant Share”).

Pursuant to the Agency Agreement, the Company paid to the Agents a cash fee equal to 8.0% of the gross proceeds from Offered Securities sold by the Agents pursuant to the Offering, issued to the Agents that number of special warrants (the “Special Broker Warrants”) equal to 8.0% of the number of Special Warrants sold by the Agents pursuant to the Offering and issued to the agents that number of flow-through special warrants (the “FT Special Broker Warrants”) equal to 8.0% of the number of FT Special Warrants sold by the Agents pursuant to the Offering (the “Special Broker Warrants and the FT Special Broker Warrants are collectively referred to herein as the “Broker Securities”.

Each Special Broker Warrant, upon exercise thereof, entitles the holder thereof to receive, without payment of additional consideration, one broker warrant (a “Broker Warrant”). Each Broker Warrant entitles the holder to acquire one common share (a “Broker Share”) and one common share purchase warrant (a “BW Warrant”) at an exercise price of $1.05 until July 14, 2013. Each BW Warrant entitles the holder to acquire one common share (a “BW Share”) at an exercise price of $1.35 per BW Share until July 14, 2013. The BW Warrants will be issued pursuant to the Warrant Indenture. Each FT Special Broker Warrant, upon the exercise or deemed exercise thereof, entitles the holder thereof to receive, without payment of additional consideration, one broker warrant (an “FT Broker Warrant”). Each FT Broker Warrant entitles the holder to acquire one common share (an “FT Broker Share”) at an exercise price of $1.05 per FT Broker Share until July 14, 2013.

Pursuant to the Agency Agreement, the Company has agreed to prepare and file a prospectus and all other necessary documents in order to qualify the securities issuable upon conversion of the Offered Securities (the “Underlying Securities”) to subscribers resident in Canada, or otherwise subject to the Canadian securities laws, upon exercise of the Broker Securities. In the event that the date (the “Qualification Date”) on which a receipt for the final prospectus is issued by the British Columbia Securities Commission, as principal regulator, on its own behalf and on behalf of each of the other securities commissions or securities regulatory authorities, as applicable, has not occurred prior to 5:00 p.m. (Vancouver time) on September 12, 2011 (the “Qualification Deadline”), each unexercised Special Warrant will thereafter entitle the holder to receive, upon exercise thereof, for no additional consideration, an additional 10% of the Special Warrant Shares and the Warrants otherwise issuable, which would consist of 1.1 Special Warrant Shares (instead of one Special Warrant Share) and 1.1 Warrants (instead of one Warrant), subject to adjustment (the additional Special Warrant Shares and Warrants are collectively referred to herein as the “Penalty Securities”). The holders of the FT Special Warrants will not be entitled to any Penalty Securities.

In the event that the Qualification Date has not occurred prior to the Qualification Deadline, (i) each unexercised Special Broker Warrant will thereafter entitle the holder to receive upon exercise thereof, for no additional consideration, an additional 10% of the Brokers Warrants otherwise issuable, which would consist of 1.1 Broker Warrants (instead of one Broker Warrant) subject to adjustment and (ii) each unexercised FT Special FT Special Broker Warrant will thereafter entitle the holder to receive upon the exercise thereof, for no additional consideration, an additional 10% of the FT Broker Warrants otherwise issuable, which would consist of 1.1 FT Broker Warrants (instead of one FT Broker Warrant) subject to adjustment (the additional Broker Warrants and FT Broker Warrants are referred to herein as the “Broker Penalty Securities”).

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.

e) 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. The 2011 Plan is a stock option plan, whereby the aggregate number of shares reserved for issuance under the 2011 Plan, 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 non-diluted basis) at the time an option is granted. The 2011 Plan complies with the current policies of Exchange for Tier 2 issuers.

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 six months ended June 30, 2011, the comparative information for the three and six months ended June 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 six months ended June 30 2010, statement of financial position for the six months ended June 30, 2010 and statement of cash flows for the six months ended June 30, 2010, and the years ended December 31, 2009 and 2010 have been reconciled to IFRS, with the resulting differences explained, below.

14. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

Reconciliation of Statements of Financial Position

	January 1, 2010			June 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	$ 575,853	-	$ 575,853	$ 1,998,259	$ -	$ 1,998,259
Short term investments	-	-	-	-	-	-	300,000	-	300,000
Amounts receivable	272	-	272	5,139	-	5,139	108,687	-	108,687
Prepaid expenses and other receivables	1,795	-	1,795	4,081	-	4,081	18,857	-	18,857
	19,335	-	19,335	585,073	-	585,073	2,425,803	-	2,425,803
Non- Current									
Property, Plant & Equipment	673	-	673	1,658	-	1,658	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	$ 733,168	-	$ 733,168	$ 2,592,694	-	$ 2,592,694

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

Reconciliation of Statements of Financial Position

		January 1, 2010			June 30, 2010			December 31, 2010		
	Note	Canadian GAAP	Effect of Transition to IFRS	IFRS	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	$ 15,338	-	$ 15,338	$ 51,323	-	$ 51,323
Due to directors		5,362	-	5,362	5,320	-	5,320	64	-	64
		52,544	-	52,544	20,658	-	20,658	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	45,658	-	45,658	76,387	-	76,837
SHAREHOLDERS' EQUITY										
Share Capital		6,531,388	-	6,531,388	7,257,128	-	7,257,128	9,165,723	-	9,165,723
Share-based payments reserve	15a	81,404	-	81,404	81,404	-	81,404	419,684	(77,574)	342,110
Accumulated Deficit		(6,573,891)	-	(6,573,891)	(6,651,022)	-	(6,651,022)	(7,069,100)	77,574	(6,991,526)
TOTAL EQUITY		38,901	-	38,901	687,510	-	687,510	2,516,307	-	2,516,307
TOTAL EQUITY AND LIABILITIES		$ 116,445	-	$ 116,445	$ 733,168	-	$ 733,168	$ 2,592,694	-	$ 2,592,694

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

Reconciliation of Statements of Operations and Comprehensive Loss

		For the three months ended June 30, 2010				For the six months ended June 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		6,897	-	-	6,897	$ 9,093	-	-	$ 9,093	$ 84,518	-	$ 84,518
Share-based compensation expense	15b	-	143,631	-	143,631	-	244,983	-	244,983	249,293	3,830	253,123
Professional fees		18,029	-	-	18,029	29,506	-	-	29,506	70,633	-	70,633
Management fees		3,000	-	-	3,000	6,000	-	-	6,000	34,000	-	34,000
Consulting fees		12,000	-	-	12,000	16,000	-	-	16,000	22,000	-	22,000
Office and general		6,224	-	-	6,224	7,162	-	-	7,162	19,775	-	19,775
Regulatory fees		1,677	-	-	1,677	6,136	-	-	6,136	8,873	-	8,873
Transfer agent fees		2,104	-	-	2,104	2,964	-	-	2,964	6,176	-	6,176
Rent		-	-	-	-	-	-	-	-	2,800	-	2,800
Vehicle expenses		-	-	-	-	-	-	-	-	2,290	-	2,290
Depreciation		50	-	-	50	100	-	-	100	3,580	-	3,580
		49,981	143,631	-	193,612	76,961	244,983	-	321,944	503,938	3,830	507,768
Operating loss before other items		(49,981)	(143,631)	-	(193,612)	$ (76,961)	(244,983)	-	$ (321,944)	$ (503,938)	$ 3,830	$ (507,768)
Other Income (Expenses)												
Interest Income (expense)		(98)	-	-	(98)	(170)	-	-	(170)	8,729	-	8,729
NET LOSS AND COMPREHENSIVE LOSS		$ (50,079)	$ (143,631)	-	$ (193,710)	$ (77,131)	(244,983)	-	$ (322,114)	$ (495,209)	$ 3,830	$ (499,039)

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

Reconciliation of Statements of Cash Flows

		For the six months ended June 30, 2010				Year ended December 31, 2010		
	Note	**Canadian GAAP**	**Adjustment to Canadian GAAP**	**Effect of Transition to IFRS**	**IFRS**	**Canadian GAAP**	**Effect of Transition to IFRS**	**IFRS**
OPERATING ACTIVITIES								
Net loss		$ (77,131)	(244,983)	-	$ (322,114)	$ (495,209)	$ (3,830)	$ (499,039)
Adjustments for non-cash items:								
Depreciation of property, plant, and equipment		100	-	-	100	3,580	-	3,580
Finder fee warrants		-	-	-	-	93,444	-	93,444
Share-based compensation	15 b)	-	244,983	-	244,983	249,293	3,830	253,123
Changes in non-cash working capital items								
Amounts receivable		(4,867)	-	-	(4,867)	(108,415)	-	(108,415)
Prepaid expenses and other		(2,286)	-	-	(2,286)	(17,062)	-	(17,062)
Accounts payable and other accrued liabilities		(31,844)	-	-	(31,844)	4,141	-	4,141
Net Cash Used in Operating Activities		(116,028)	-	-	(116,028))	(270,228)	-	(270,228)
INVESTING ACTIVITIES								
Reclamation deposits		(50,000)	-	-	(50,000)	-	-	-
Purchase of property, plant, and equipment		(1,085)	-	-	(1,085)	(23,361)	-	(23,361)
Purchase of GIC investments		-	-	-	-	(350,000)	-	(350,000)
Net Cash Used in Investing Activities		(51,085)	-	-	(51,085)	(373,361)	-	(373,361)
FINANCING ACTIVITIES								
Due to directors		(42)	-	-	(42)	(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		-	-	-	-	175,846	-	175,846
Net Cash Provided by Financing Activities		725,698	-	-	725,698	2,624,580	-	2,624,580
Increase in cash and cash equivalents		558,585	-	-	558,585	1,980,991	-	1,980,991
CASH AND CASH EQUIVALENTS, Beginning		17,268	-	-	17,268	17,268	-	17,268
CASH AND CASH EQUIVALENTS, Ending		$ 575,853	-	-	$ 575,853	$ 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 June 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 June 30, 2010 and January 1, 2010 and the statement of operations and comprehensive loss for the period ended June 30, 2010 and January 1, 2010.

15. 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 June 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 $1.9 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 June 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	$ 399,212	$ 20,000	$ -	$ -
Waterton Debt Obligation	$ -	$ 653,595	$ 3,267,974	$ -
Craigmont Obligation	$ -	$ 3,200,000	$ 3,100,000	$ -
TOTAL:	$ 399,212	$ 3,873,595	$ 6,367,974	$ -

Subsequent to June 30, 2011, the Company completed a brokered private placement for net proceeds of $8,408,262. 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.

16. OTHER INFORMATION

This discussion and analysis of the financial position and results of operation as of August 24, 2011 should be read in conjunction with the unaudited consolidated financial statements for the three and six months ending June 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 Management Discussion and Analysis 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.

17. BOARD APPROVAL

The board of directors of the Company has approved this MD&A.