HULDRA SILVER INC.

November 27, 2012

MANAGEMENT'S DISCUSSION & ANALYSIS

For the Three and Nine Months Ended September 30, 2012

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

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(Prepared by Management)

Information as of November 27, 2012

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this report are forward-looking statements, which reflect management's expectations regarding the future growth, results of operations, performance and business prospects and opportunities of Huldra Silver Inc. ("Huldra" or the "Company"), 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 the Company 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 Management's Discussion and Analysis ("MD&A"). 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, the Company's ability to manage its property interests and operating costs, and the Company's estimates with respect to concentrate shipments, may prove to be incorrect. A number of risks and uncertainties could cause the Company's 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 timelines with respect to the Company's projects, (4) that the extraction of minerals from the Company's projects may be economically unfeasible, (5) factors that delay the timing of shipment of concentrates by the Company, (6) inability to locate and acquire additional property interests, (7) the uncertainty of government regulation and politics in British Columbia regarding mining and mineral exploration, (8) potential negative financial impact from regulatory investigations, claims, lawsuits and other legal proceedings and challenges, (9) inability to secure financing to enable the Company to meet its business objectives, and (10) other factors beyond the Company's 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. The Company disclaims 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

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

This MD&A for the period ended September 30, 2012 was prepared as of November 27, 2012. All dollar amounts set out herein are expressed in Canadian dollars. Additional information and filings are available for review on the Company's SEDAR profile at www.sedar.com.

Overall Performance

Huldra's business is primarily focused on the exploration and development of its Treasure Mountain mine, located northeast of Hope BC, approximately 3 hours from Vancouver, BC (the "Treasure Mountain Project"). In 2011, the Company completed the development of the required infrastructure at the Treasure Mountain Project to begin underground mining on a 10,000 tonne bulk sample permit in November 2011. The Company also commenced an exploration program that included geochemical testing, surface trenching, underground sampling and surface diamond drilling. The program was the largest conducted in a single year of the Company's history. The program continued in 2012 with additional underground sampling, an airborne survey, and further geochemical sampling.

In May 2012, the Company received a Mining Lease covering 335 hectares of active workings out of 7,000 acres of mineral tenures at the Treasure Mountain Project and a Mines Act Permit for the Treasure Mountain Project for the removal of 60,000 tonnes per year of silver/lead/zinc mill feed from the underground mine and the transfer of the mill feed offsite for processing. The Company also received an Amended Permit for its Merritt mill site (the "Mill Property"), located approximately 70 minutes from the Treasure Mountain Project, allowing for the construction and operation of a 200 tonne per day silver/lead/zinc mineral processing plant. The Company is on schedule to remove 60,000 tonnes of mill feed in addition to the 10,000 tonne bulk sample from the Treasure Mountain Project in 2012.

In the first nine months of 2012, the Company continued construction and installation of a 200 tonne per day mill at the mineral processing facility located at the Mill Property, at which the Company intends to process mill feed from the Treasure Mountain Project. The commissioning of the mill began in August 2012 and was substantially completed in November 2012. The Company is currently working on ramping up production to the nameplate capacity.

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 in the Company's Annual Information Form for the year ended December 31, 2011 and in its technical report filed on SEDAR on June 12, 2012, 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.

Uncertainty of Economic Viability of Production from the Treasure Mountain Project

The Company has not undertaken any preliminary feasibility study or preliminary economic assessment with respect to the Treasure Mountain Project and does not intend to undertake such a study or assessment prior to making a production decision. There are significant risks associated with making a production decision without a valid, current, economic analysis and the Company may subsequently determine that production from the Project is not economically feasible.

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 the resulting impact on the 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 Project, 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 Project 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.

Going Concern Risk

As at September 30, 2012, the Company had an accumulated deficit of $27,187,111 (December 31, 2011 - $14,750,436) and a working capital deficiency of $17,486,829 (December 31, 2011 - $3,534,299). These factors raise a significant uncertainty about the Company's ability to continue as a going concern. Continued support of shareholders and the ability to raise funds through the issuance of equity or debt will be required. Realization values may be substantially different from carrying values as shown and the Company's condensed consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

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 of, 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.

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 or other financing 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. Any market for the Company's securities may 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:

- 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 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.

Regulatory and Permitting

Regulatory and permitting requirements have a significant impact on the Company's mining operations and can have a material and adverse effect on future cash flow, results of operations and financial condition. In order to conduct mineral exploration and mining activities the Company must obtain or renew exploration or mining permits and licenses in accordance with the relevant mining laws and regulations required by governmental authorities having jurisdiction over the mineral projects. There is no guarantee that the Company will be granted the necessary permits and licenses, that they will be renewed, or that the Company will be in a position to comply with all the conditions that are imposed. Mining is subject to potential risks and liabilities associated with pollution and the disposal of waste from mineral exploration and mine operations. Costs related to discovery, evaluation, planning, designing, developing, constructing, operating, closing and remediating mines and other facilities in compliance with these laws and regulations are significant. In addition to environmental protection, applicable laws and regulations govern employee health and safety. Not complying with these laws and regulations can result in enforcement actions that may include corrective measures requiring capital expenditures, installation of additional equipment, remedial action and changes to operating procedures resulting in additional costs and temporary or permanent shutdown of operations. The Company may also be required to compensate those parties suffering loss or damage and may face civil or criminal fines or penalties for violating certain laws or regulations. Changes to these laws and regulations in the future could have an adverse effect on the Company's cash flow, results of operations and financial condition. Further, the issuance of permits may be subject to review by third parties who may challenge future permitting and the validity of existing permits based on, among other things, the government's obligation to consult and accommodate.

Forward-Looking Statements may Prove Inaccurate

Investors are cautioned not to place undue reliance on forward-looking statements contained in this MD&A. By their nature, forward-looking statements involve numerous assumptions and 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".

2. RESULTS OF OPERATIONS AND FINANCIAL CONDITION

This review of the Company's results of operations should be read in conjunction with the interim unaudited condensed consolidated financial statements of the Company for the three and nine months ended September 30, 2012 and the audited condensed consolidated financial statements of the Company for the year ended December 31, 2011.

Three Months Ended September 30, 2012

During the three months ended September 30, 2012, the Company incurred a loss of $6,051,784, compared with a loss of $4,979,952 for the comparable period of 2011. The significant fluctuation between the comparative periods resulted from the increased finance costs associated with its credit facility established with Waterton Global Value, L.P. ("Waterton") in June 2011, as further described below under the heading "Financing, Liquidity and Capital Resources".

Operating expenses for the three months ended September 30, 2012 decreased from $4,743,329 for the three months ended September 30, 2011, to $3,879,908. The decrease in expenses was largely a result of decreased activity related to the exploration and development program at the Treasure Mountain Project. Exploration costs decreased from $3,273,533 for three months ended September 30, 2011 to $2,433,299 for the comparable period in 2012 largely due to that fact that there was no drilling expense incurred on the property during the three months ended September 30, 2012.

For the three months ended September 30, 2012, general and administrative costs were virtually flat as compared to the comparable period in 2011 being $1,446,609 as compared to $1,469,796 in the comparable period. During the three months ended September 30, 2012, the Company granted 1,535,000 stock options, each having an exercise price of $1.45 per share, which are exercisable for five years from the date of grant. Finance (income) costs increased to $1,306,611 (September 30, 2011 – $386,493), the unrealized loss on derivative increased to $525,398 (September 30, 2011 - $nil), and the unrealized loss on warrant liability increased to $375,419 (September 30, 2011 – gain of $149,870), all three of which are attributable to the Waterton credit facility, as further described below under the heading “Financing, Liquidity and Capital Resources”.

Nine Months Ended September 30, 2012

During the nine months ended September 30, 2012, the Company incurred a loss of $12,436,675, compared with a loss of $6,316,591 for the comparable period of 2011. The significant fluctuations between the comparative periods resulted from the increased activity pertaining to the Company’s exploration and development program at its Treasure Mountain Project and increased finance costs associated with the Waterton credit facility.

Operating expenses for the nine months ended September 30, 2012 increased from $5,969,358 for the nine months ended September 30, 2011, to $8,245,857. The increase in expenses was largely a result of increased activity related to the exploration and development program at the Treasure Mountain Project.

For the nine months ended September 30, 2012, general and administrative costs were $1,856,971 as compared to $2,323,087 for the period ended September 30, 2011. The decrease in general and administrative costs was largely a result of administrative related share-based compensation expensed in the amount of $1,199,453 for the nine months ended September 30, 2012 as compared to $1,674,539 for the comparable period . During the nine months ended September 30, 2012, the Company granted 1,535,000 stock options, each having an exercise price of $1.45 per share, as compared to the nine months ended September 30, 2011 when the Company granted 90,000 stock options, each having an exercise price of $0.95 per share, 280,000 stock options, each having an exercise price of $1.40 per share, and 1,080,000 stock options each having an exercise price of $1.44 per share.

Exploration costs increased from $3,646,271 in the nine months ended September 30, 2011 to $6,388,886 in the same period in 2012 due to the increased activity related to the Company’s exploration and development program at the Treasure Mountain Project. With respect to general and administrative expenses, salaries and benefits increased from $86,419 to $143,801, due to increased staffing needs at the corporate level. There was only one corporate employee for the first four months in 2011. Office and general expenses increased from $77,455 to $138,890 as a direct result of the increased growth of the Company. Finance (income) costs increased to $3,350,530 (September 30, 2011 – $422,008), the unrealized loss on derivative increased to $473,306 (September 30, 2011 - $nil), and the unrealized loss on warrant liability was $412,722 (September 30, 2011 – $74,775 gain), all three of which are attributable to the Waterton credit facility, as further described below under the heading “Financing, Liquidity and Capital Resources”.

3. SELECTED QUARTERLY RESULTS

The following table sets forth a comparison of income and expenses for the previous eight quarters ending with September 30, 2012. The comparative quarterly results were prepared in accordance with IFRS:

	Sept 30 2012 ($)	Jun 30 2012 ($) AMENDED[1]	Mar 31 2012 ($)	Dec 31 2011 ($)	Sep 30 2011 ($)	Jun 30 2011 ($)	Mar 31 2011 ($)	Dec 31 2010 ($)
Finance costs and other income (loss)	(2,171,876)	(575,826)	(1,143,416)	22,098	(236,623)	(116,266)	5,656	8,729
Administrative expenses	1,446,609	221,499	188,863	113,211	1,469,796	558,345	294,947	321,107
Exploration costs	2,433,299	1,699,738	2,255,849	1,351,206	3,273,533	286,749	85,989	(231,214)

	Sept 30 2012 ($)	Jun 30 2012 ($) AMENDED[1]	Mar 31 2012 ($)	Dec 31 2011 ($)	Sep 30 2011 ($)	Jun 30 2011 ($)	Mar 31 2011 ($)	Dec 31 2010 ($)
Net loss	6,051,784	(2,497,063)	(3,887,828)	(1,442,319)	(4,979,952)	(961,360)	(375,280)	(81,164)
Loss from continuing operations (basic)	(0.14)	(0.07)	(0.12)	(0.05)	(0.24)	(0.05)	(0.02)	(0.01)
Loss from continuing operations (diluted)	(0.10)	(0.05)	(0.09)	(0.03)	(0.13)	(0.03)	(0.01)	(0.00)

(1) See Note 10 to the interim unaudited condensed consolidated financial statements of the Company for the three and nine months ended September 30, 2012, which have been filed on SEDAR concurrently herewith, for further information.

As described above under the heading “Results of Operations and Financial Condition”, significant fluctuations between the comparative periods resulted from the increased activity pertaining to the Company’s exploration and development program at its Treasure Mountain Project. Additional explanations for certain significant changes in the table above are as follows:

a) During the three months ended September 30, 2012, finance costs and other income (loss) increased as a result of the Waterton credit facility, as further described below under the heading “Financing, Liquidity and Capital Resources”. The losses resulted from the non-cash interest expense associated with the principal amounts of the drawdowns of the first four tranches of the credit facility, mark to market losses on the derivative portion of the liability and losses on the warrants associated with the drawdowns of the first and third tranches.

b) The substantial increase in administrative expenses in the quarter ended September 30, 2011 was largely due to an increase in share-based compensation expense driven by an increase in the number of options issued and the share price at the time of the grants.

4. EXPLORATION AND DEVELOPMENT

Treasure Mountain Project

Since its incorporation in March 1980, the Company has been engaged in the exploration and development of its wholly owned group of mineral tenures and leases 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 Vancouver Stock Exchange 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 tonnes 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 Project has included four small drill programs, several geochemical soil surveys, a legal mineral tenure survey by McElhanney and various technical studies by AMEC Earth & Environmental.

Exploration at Treasure Mountain since June of 2011 has consisted of 69 diamond drill holes over a total length of approximately 7000 metres, 671 surface soil geochemistry samples, surface sampling, underground sampling on the upper two levels of the mine workings, a 10,000 tonne bulk sample and a small exploration cut on the East Zone 0.8 kilometres from the mine workings.

On April 26, 2012, the Company received a mining lease covering 335 hectares of the Treasure Mountain property. The existing camp, roads, underground workings and the East Zone exploration area are all covered under this lease area.

On May 18, 2012, the Company received a British Columbia Mines Act Permit approving a mine plan and reclamation program for the Company's Treasure Mountain Project. The mine plan for Treasure Mountain is for the removal of 60,000 tonnes per year of silver/lead/zinc mill feed from the underground mine and the transfer of such material offsite for processing.

On July 10, 2012, the Company announced that Tundra Airborne Surveys Ltd. of St. Catherines, Ontario completed two airborne surveys on the Treasure Mountain Project and the Mill Property. The first survey conducted was for 310 line kilometres of 3-axis magnetic gradiometer and gamma spectrometer mapping of the entire 2,555 hectare Treasure Mountain Project. The second airborne survey was for 896 line kilometres of 3-axis magnetic gradiometer and gamma spectrometer mapping of the entire 8,697 hectare Mill Property. These are the first airborne surveys conducted on either property.

On September 13, 2012 the Company provided geochemical results from the 2012 geophysical and geochemical exploration program at the Treasure Mountain Project.

The Company conducted an airborne survey, consisting of 310 line kilometres of 3-axis magnetic gradiometer and gamma spectrometer mapping of the entire 2,555 hectare Treasure Mountain property. Maps were received and interpreted by SJ Geophysics of Delta, BC. The report can be viewed on the Company's website at www.huldrasilver.com.

The Company conducted a geochemical sampling program consisting of 1,127 samples focusing on four primary targets: the East Zone, the West soil grid, the NE Zone A soil grid, and the NE Zone B soil grid. The East Zone is an area between the current mine workings and the location of an outcrop that was trenched in 2011, 800 metres away. The original program consisted of 442 samples and was increased by 39 following receipt and review of the geotechnical data. The West soil grid, from which 381 samples were taken, was also added after receiving the initial geotechnical data and results are pending. The two NE Zone grids were added after the initial report was reviewed.

Current Exploration and Development

The Company has sampled all currently developed drifts and raises from the upper two levels of the underground of the Treasure Mountain Project. All of the results from Level 1 and 2 drifts and raises, extending 110 metres to the surface, have been received. The Treasure Mountain Project is developed on 4 levels over a vertical height of 295 metres following the vein down dip. The tables with the underground chip sampling results from the Level 1 drift and Level 2 drifts and raises are available on the Company's website at www.huldrasilver.com.

On November 23, 2012, the Company provided details of its upcoming underground diamond drill program scheduled for January 2013 and planned surface drill program for the summer of 2013.

The underground drill program is designed to systematically test for mineralization from Level 1 to 20 metres below Level 2 at the Treasure Mountain Project, ultimately leading to the generation of a National Instrument 43-101 ("NI 43-101") compliant resource estimate for this area.

The program will be comprised of 61 holes, for a total program of 4,400 metres of HQ diamond drill core. The drilling will be conducted from two diamond drill platforms, specifically constructed to allow for optimal drilling of the targeted mineralisation from the footwall of the vein. A video displaying the planned drill program can be viewed here (2013 Level 2 Under Ground Drill Program). An initial interpretation has identified two mineralised structures on Level 2.

The underground drill program follows up on mineralization identified by the Company's 2011 surface diamond drilling program and encompasses areas adjacent to Holes TM11-26, TM11-9 and TM11-36 which produced the results indicated below. The complete list of results from the 2011 program are available on the Company's website at www.huldrasilver.com.

• 7,013 grams per tonne Ag, 21.82% Pb, 19.63% Zn and 4.9% Mn over 1.2 metres true width in hole TM11-26 that intersected the vein structure approximately 10 metres above the Level 2 drift.

• 592.92 grams per tonne Ag, 4.28% Pb, 2.47% Zn and 5.80% Mn over 2.2 metres true width in hole TM11-9 that intersected the vein structure below the Level 1 drift, approximately 80 metres east of the Level 2 drift.

• 1,565 grams per tonne Ag, 13.47% Pb, 9.92% Zn and 4.76% Mn over 0.8 metres true width in hole TM11-36 that intersected the vein structure approximately 15 metres below the Level 2 drift.

The program also builds on the results from 256 chip samples collected along vein exposures on Level 2. Highlights from that chip sampling program are presented in the following table:

Sample ID	Ag (ppm)	Pb (%)	Zn (%)	True Width (m)
1582447	1251	19.76	24.16	0.46
1582450	1471	16.66	11.65	0.78
1582492	1253	15.64	3.92	0.12
1582501	3132	18.29	15.27	0.29
1582507	5136	46.33	8.49	0.1
1582562	3589	25.02	8.20	0.44
1582565	1552	3.47	5.25	0.18
1582568	1053	0.55	15.64	0.07
1582571	2929	2.82	33.52	0.06
1582577	4242	2.15	10.47	0.17
1582578	2028	0.92	9.01	0.17
1582589	1002	19.89	1.52	0.22
1582592	1173	20.86	0.28	0.49
1582595	2176	25.29	2.98	0.28
1582598	2291	28.12	6.57	0.27
1614408	3696	56.60	0.58	0.14
1614445	1635	3.64	1.16	0.71
1614459	1538	12.87	2.02	0.06
1614462	1035	2.97	1.42	0.02
1614465	2261	5.54	9.60	0.32
1614467	6624	49.40	8.70	0.3
1614472	6514	36.88	22.11	0.2
1614477	8739	44.32	19.57	0.18
1614480	4986	27.83	12.91	0.04
1614483	3032	22.70	22.51	0.18

* All samples were delivered by truck to ACME Analytical Laboratories ISO 9001 certified facility in Vancouver, BC where the sample was crushed, split and pulverised to -200 mesh. A 0.5g portion of the pulp was digested in hot aqua regia and analyzed for 31 elements by ICP MS method. Ag overlimits were analyzed by fire assay with gravimetric finish, and for Pb and Zn by four digestion and ICP ES finish.

The first underground stope mining at the Treasure Mountain Project commenced in November 2011 and Stope 1 and 3 have been completed. The Company is currently on track to meet its stated 2012 objective of mining its permitted 60,000 tonnes of mill feed from the underground workings in addition to the previously removed 10,000 tonne bulk sample. The drawdown of Stope 1 from Level 1 of the mine has been completed. The Company has completed the backfilling of Stope 1 as part of the reclamation program. Once the drawdown of Stope 1 is complete, the Company is planning on completing the drawdown of Stope 3 by the end of 2012 and will be actively mining Stope 2. Transportation of mill feed from the Treasure Mountain Project to the Mill Property is ongoing. Currently, no value has been assigned to stockpiled mill feed as the material will require further processing at the Company's mill facility at the Mill Property, once it is completed, prior to being shipped to a smelter for payment. There are currently no other identified options for processing the material prior to shipment to a smelter.

Merritt Mill Property

The Company purchased all of the shares of Craigmont Holdings Ltd. (now Huldra Properties Inc.) on May 5, 2011. Huldra Properties holds real property, mineral claims and mineral leases, referred to herein as the Mill Property, covering approximately 8,400 hectares, located in south central British Columbia, approximately 10 kilometers west of Merritt. The Company is constructing a mill facility on the permitted site of the former copper producing mine to process the material from the Treasure Mountain Project, which is located approximately 100 kilometers away.

The Company underwent the necessary engineering and environmental work to file a permit amendment application to the existing Mines Act Permit on October 31, 2011. The British Columbia Mines Act mill construction and operation permit was received on May 18, 2012.

The Company began the civil work on the Mill Property in early November, 2011 and completed commissioning in November 2012. The first concentrate shipments were made on November 22, 2012 under the previously announced concentrate purchase agreements. Once independent lab verification has been received, the Company will provide monthly totals of the estimated production levels from the mill.

The mill is now fully staffed and has been operating 24 hours a day, 7 days a week, since November 12, 2012. There are still minor modifications and adjustments being made to the equipment and processing that require brief stoppages from time to time. The Company expects to be running at the nameplate 200 tonne per day capacity in the near future.

The Company is currently evaluating 65 years of historical exploration data it has received pertaining to the Mill Property. An exploration plan and a NI 43-101 technical report are in progress.

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

Current Mineral Tenure (Claim) Holdings at Treasure Mountain

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), of which 335 hectares are now under a mining lease.

Current Mineral Tenure (Claim) Holdings at Merritt Mill Property

The Company's claim holdings at the Mill Property now consist of 20 mineral tenures covering approximately 8,457 hectares (20,898 acres), 10 mineral leases covering approximately 347 hectares (858 acres), and 7 district lots covering approximately 391 hectares (966 acres).

Outlook

Subject to all permits being in place, the Company expects that mining will continue at the Treasure Mountain Project through the remainder of the year. The current development plans are to complete mining the remainder of the upper level of the mine to surface. The Company expects that an additional 50,000 tonnes of material will be removed from this level by the end of 2012. The Company will also continue with underground exploration and development of the second level of the mine through the remainder of the year, with the expectation that it will be actively mining from the second level before the end of 2012.

The primary objective of the exploration program in 2012 will be defining further resources on the current underground mine. The Company intends to update the current NI 43-101 resource estimate upon completion of the processing of the 10,000 tonne bulk sample.

Exploration outside of the current mine will focus on continuing the soil geochemistry programs from 2011. This will consist of an airborne survey and surface diamond drilling. The Company will also be expanding the soil geochemistry grids to include the unexplored gap between the East Zone and the current underground mine workings.

The total exploration and development expenditures for the Treasure Mountain Project for the remainder of 2012 are expected to be $1,800,000. This includes completion of the mining of 60,000 tonnes of material from the underground mine as well as exploration development on Level 2.

The Company expects that the mill will progress to full design capacity of processing 200 tonnes per day in the third quarter of 2012. However, the automation process will be completed in the fourth quarter of 2012. Monthly operating costs at the Mill Property have been budgeted at $210,000.

As of September 30, 2012, $16,761,563 has been spent on the construction of the milling and process facility at the Mill Property. The remaining construction will be focused on permanent office facilities with an estimated budget of $600,000.

6. EVENTS DURING THE THREE MONTHS ENDED SEPTEMBER 30, 2012

In June 2012, the Company entered into an agreement with National Bank Financial Inc. on behalf of a syndicate of agents including BayFront Capital Partners and Pope & Company Limited, under which the agents agreed to undertake a brokered private placement on behalf of the Company on a best efforts basis pursuant to which the Company would issue up to 2,777,777 common shares at a price of $1.08 per share for gross proceeds of up to $3,000,000 and up to 3,333,333 flow-through common shares at a price of $1.20 per share for gross proceeds of up to $4,000,000, for aggregate gross proceeds of up to $7,000,000 (the “Brokered Portion”). The Company also announced that it would issue, on a non-brokered basis, up to 1,250,000 flow-through shares at a price of $1.20 per share for gross proceeds of $1,500,000 (the “Non-Brokered Portion”). The size of the Non-Brokered Portion was subsequently increased with the consent of the TSX-V. The Brokered Portion closed effective June 29, 2012 and the Non-Brokered Portion closed in various tranches between June 26, 2012 and August 7, 2012. In connection with both the Brokered Portion and the Non-Brokered Portion (together, the “Summer Offering”), the Company raised aggregate gross proceeds of $9,650,079.

The Company paid finder’s fees in connection with the Summer Offering consisting of cash commissions equal to 8.0% of the gross proceeds raised under the Summer Offering from subscribers introduced to the Company by certain finders, and the issuance of that number of non-transferable broker warrants that was equal to 8.0% of the number of securities sold pursuant to the Summer Offering to subscribers that were introduced to the Company by such finders. Each broker warrant issued is exercisable into one common share of the Company at a price of $1.08 per share for two years from the date of issuance.

On September 17, 2012 the Company announced that it intended to issue up to 5,000,000 million units at a price of $1.35 per unit for gross proceeds of up to $6,750,000 (the “Fall Offering”), with each unit to consist of one common share and one half of one common share purchase warrant, and each whole warrant to entitle the holder to acquire an additional common share at $1.75 per share for a period of 6 months from the date of issuance.

The Fall Offering closed in various tranches between September 26, 2012 and November 14, 2012. In connection with the Fall Offering, the Company issued an aggregate of 5,099,600 units for aggregate gross proceeds of $6,884,460. The size of the Fall Offering was increased with the consent of the TSXV.

The Company paid finder’s fees in connection with the Fall Offering consisting of cash commissions equal to 8.0% of the gross proceeds raised under the Fall Offering from subscribers introduced to the Company by certain finders, and the issuance of that number of non-transferable broker warrants that was equal to 8.0% of the number of units sold pursuant to the Fall Offering to subscribers that were introduced to the Company by such finders. Each broker warrant issued is exercisable into one common share of the Company at a price of $1.35 per share for one year from the date of issuance.

On October 24, 2012 the Company announced that it entered into a Lead Concentrate Purchase Agreement with a smelter whereby Huldra has agreed to sell approximately 1000-2000 dry metric tonnes until March 31, 2013.

The Company also announced that it has entered into a Zinc Purchase Agreement to sell approximately 1000-2000 dry metric tonnes until March 31, 2013.. Payments are tied to bi-monthly prices for lead, zinc and silver as published by the Metal Bulletin, less certain deductions. The agreement is based on expected metallurgical samples from the 10,000 tonne bulk sample with the Lead concentrate expected to grade 66% Pb and 242 oz/ton Ag and the Zinc concentrate assaying 55% Zn. The actual shipments may vary from these levels and the payable amounts may increase or decrease.

7. FINANCING, LIQUIDITY AND CAPITAL RESOURCES

As of September 30, 2012, the Company had a working capital deficiency of $17,486,829 that included cash and cash equivalents of $319,024, as compared to a working capital deficiency of $3,534,299 and cash and cash equivalents of $1,392,916 as at December 31, 2011. The working capital deficiency can be largely attributable to the current portion of the Mill Property acquisition obligation and the current portion of the Waterton debt obligation.

Cash used in operating activities in the nine months ended September 30, 2012 was $4,405,638 as compared to $4,184,235 in the nine months ended September 30, 2011. This included $2,433,299 in direct exploration costs.

Cash used in investing activities was $14,754,489 in the nine months ended September 30, 2012 compared to $7,459,877 in the nine months ended September 30, 2011. Major purchases in the nine months ended September 30, 2012 related to the ongoing mill construction at the Mill Property.

Cash provided by financing activities was $18,086,235 in the nine months ended September 30, 2012 compared to $13,555,707 in the nine months ended September 30, 2011. $4,898,520 was the net proceeds from the Waterton credit facility, $10,873,921 was the net proceeds from the portion of the private placements financing that closed as at September 30, 2012, $120,300 was received from the exercise of stock options and $2,193,558 was received from the exercise of warrants.

The Company had the following major cash obligations as of September 30, 2012:

- repayment of the Waterton credit facility (as described below) in the amount of $10,282,868;

- a $3,100,000 obligation to complete the Mill Property acquisition (as described in Note 6 to the interim condensed consolidated financial statements);

The interim condensed consolidated financial statements are prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year.

As at September 30, 2012, the Company had an accumulated deficit of $27,187,111 (December 31, 2011 - $14,750,436) and a working capital deficiency of $17,486,829 (December 31,2011 - $3,534,299). These factors raise a significant uncertainty about the Company’s ability to continue as a going concern. Continued support of shareholders and the ability to raise funds through the issuance of equity or debt will be required. Realization values may be substantially different from carrying values as shown and the Company’s interim condensed consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

Credit Facility

On June 17, 2011, the Company announced that it had entered into a credit agreement dated June 16, 2011 (the “Credit Agreement”) with Waterton pursuant to which Waterton agreed to make a $10,000,000 credit facility (the “Credit Facility”) available to the Company, which could be drawn down, at the Company’s option, in up to four advances. The Company drew down the first advance of $3,000,000 on June 17, 2011, the second advance of $2,000,000 on July 28, 2011, the third advance of $2,500,000 on January 17, 2012, and the fourth advance of $2,500,000 on May 23, 2012. In connection with the fourth drawdown, the Company paid Waterton a structuring fee of $25,000 and issued Waterton 1,000,000 share purchase warrants, each entitling Waterton to purchase one common share of the Company at a price of $1.30 per share until May 22, 2017. The Company also paid Bayfront Capital a placement fee consisting of a cash payment of $25,000 (being 1% of the principal amount of the fourth tranche) and the issuance of 38,462 common shares of the Company at a deemed issue price of $1.30 per share.

A full description of the original terms of the Credit Agreement and the Credit Facility are contained in the Company’s Management’s Discussion and Analysis for the year ended December 31, 2011.

On May 16, 2012, the Company entered into an amending agreement with Waterton pursuant to which it amended the terms of the Credit Agreement. Under the terms of this amending agreement, Waterton agreed to extend the first repayment date under the Credit Facility from May 31, 2012 to July 31, 2012, with the maturity date for the Credit Facility remaining as April 30, 2013. The amending agreement also amended the conditions necessary for drawdown of the fourth tranche of the Credit Facility such that the Company was entitled to drawdown the fourth tranche immediately, as the Company had received a Mining Lease and a British Columbia Mines Act Permit approving a mine plan and reclamation program for the Treasure Mountain Project, along with an Amended Permit approving construction and operation of a process plant at the Mill Property. In consideration of the foregoing, the Company agreed to increase the number of warrants to be issued to Waterton in connection with the drawdown of the fourth tranche from 650,000 warrants to 1,000,000 warrants, each exercisable into one common share of the Company for a period of five years.

On July 30, 2012, the Company entered into a second amending agreement with Waterton pursuant to which it further amended the terms of the Credit Agreement. Under the terms of this amending agreement, Waterton agreed to amend the repayment terms of the Credit Agreement such that the repayment amount owing on July 31, 2012 was $nil, effectively resulting in the first repayment date under the Credit Agreement being the last business day of August, 2012, with the maturity date remaining as April 30, 2013. The amending agreement also reduced the amounts of the August and September 2012 payments by over fifty percent. In consideration for the amendments provided for the Company’s benefit under the amending agreement, the Company agreed to: (i) issue 180,000 common shares of the Company to Waterton (which were issued); and (ii) pay to Waterton a $200,000 cash payment on the last day of the Repayment Period (as defined in the Credit Agreement).

On October 24, 2012, the Company entered into a third amending agreement with Waterton pursuant to which it further amended the terms of the Credit Agreement. Under the terms of this amending agreement, Waterton agreed to amend the repayment terms of the Credit Agreement such that the repayment amounts owing on October 31, 2012 and November 30, 2012 have been reduced by more than 50% with the maturity date remaining as April 30, 2013. There was no cash payment or issuance of shares required under the amending agreement at the time of signing, however the interest has been re-calculated in the context of the Credit Agreement. Under the terms of this amending agreement, Waterton agreed to provide funding for 80% of the value of concentrates delivered to the smelter on a spot basis for a 2% fee. This funding may be used to provide any working capital requirements of the Company while it awaits payment under the lead/silver purchase agreement described above.

8. RELATED PARTY TRANSACTIONS

During the three and nine months ended September 30, 2012 and 2011, the Company incurred the following expenditures to related parties:

	Three Months Ended September 30		Nine Months Ended September 30	
	2012 ($)	2011 ($)	2012 ($)	2011 ($)
Management fees paid to a director and a company controlled by a director(1)	24,000	24,000	72,000	71,000
Consulting fees paid to a director(2)	6,000	6,000	18,000	13,000
Office rental payments made to a company controlled by a director(3)	7,500	7,500	22,500	22,500
Office and general expenses paid to a director(4)	360	360	1080	1080

(1) The Company paid a company controlled by Ryan Sharp, the Company's President and Chief Executive Officer, $8,000 per month pursuant to a consulting agreement for provision of services as President and Chief Executive Officer of the Company.

(2) The Company paid Magnus Bratlien, a director of the Company, 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.

(3) The Company paid 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.

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

All related party transactions are in the normal course of business and are measured at the exchange amount.

9. OUTSTANDING SHARE DATA

a) Authorized and issued share capital as at November 26, 2012:

Class	Par Value	Authorized	Issued Number
Common	No par value	Unlimited	48,662,359

b) As at November 26, 2012, the following stock options were outstanding and exercisable:

Number Outstanding	Number Exercisable	Exercise Price	Expiry Date
440,000	440,000	$0.25	March 29, 2015
150,000	150,000	$0.25	May 5, 2015
150,000	150,000	$0.385	June 28, 2015
60,000	60,000	$0.95	January 28, 2016
270,000	270,000	$1.40	May 2, 2016
1,050,000	1,050,000	$1.44	July 28, 2016
60,000	60,000	$1.35	November 16, 2016
1,535,000	1,385,000	$1.45	September 17, 2017
380,000	380,000	$1.40	November 1, 2017

Number Outstanding	Number Exercisable	Exercise Price	Expiry Date
4,095,000	**3,945,000**		

(c) As at November 26, 2012, the Company had the following warrants outstanding:

Number Outstanding	Number Exercisable	Exercise Price	Expiry Date
858,059	858,059	$1.75	March 26, 2013
200,000	200,000	$1.75	April 01, 2013
514,541	514,541	$1.75	April 09, 2013
37,500	37,500	$1.75	April 12, 2013
250,000	250,000	$1.75	May 13, 2013
282,000	282,000	$1.75	May 14, 2013
6,342,880	6,342,880	$1.35	July 14, 2013
165,147	165,147	$1.05	July 14, 2013
486,285	486,285*	$1.05/$1.35	July 14, 2013
13,904	13,904	$1.35	July 14, 2013
115,512	115,512	$1.35	September 26, 2013
32,000	32,000	$1.35	October 01, 2013
72,520	72,520	$1.35	October 09, 2013
6,000	6,000	$1.35	October 12, 2013
56,032	56,032	$1.35	October 19, 2013
8,000	8,000	$1.35	October 22, 2013
40,000	40,000	$1.35	November 13, 2013
45,120	45,120	$1.35	November 14, 2013
54,324	54,324	$1.08	June 26, 2014
287,400	287,400	$1.08	June 29, 2014
2,124	2,124	$1.08	July 4, 2014
3,012	3,012	$1.08	July 20, 2014
254,758	254,758	$1.08	August 3, 2014
26,672	26,672	$1.08	August 7, 2014
900,000	900,000	$1.28	June 16, 2016
650,000	650,000	$1.21	January 16, 2017
1,000,000	1,000,000	$1.30	May 22, 2017
12,703,790	**12,703,790**		

(d) The Company had no escrowed or pooled shares as of November 26, 2012.

10. OFF BALANCE SHEET ARRANGEMENTS

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

11. CHANGES IN ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements of the Company have been prepared in accordance with International Accounting Standards ("IAS") 34, *Interim Financial Reporting*. The same accounting policies and methods of computation are followed in the unaudited condensed consolidated interim financial statements at September 30, 2012 compared with the most recent audited annual financial statements at December 31, 2011.

<u>Accounting Standards Effective January 1, 2012</u>

Financial instruments disclosure

In October 2010, the IASB issued amendments to IFRS 7 – *Financial Instruments: Disclosures* that improve the disclosure requirements in relation to transferred financial assets. The amendments are effective for the annual periods beginning on or after July 1, 2011, with earlier adoption permitted. The Company does not anticipate the amendment to have a significant impact on its consolidated financial statements.

Income Taxes

In December 2010, the IASB issued an amendment to IAS 12 – Income Taxes that provide a practical solution to determining the recovery of investment properties as it relates to the accounting for deferred income taxes. This amendment is effective for annual periods beginning on or after July 1, 2011, with earlier adoption permitted. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

<u>Accounting Standards Anticipated to be Effective January 1, 2013</u>

IFRS 9 – Financial Instruments Disclosure

IFRS 9 Financial Instruments was published and contained requirements for financial assets updating IFRS 7. Requirements for financial liabilities were added to IFRS 9 in October 2010. Most of the requirements for financial liabilities were carried forward unchanged from IAS 39. However, some changes were made to the fair value option for financial liabilities to address the issue of own credit risk. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

IFRS 10 – Consolidation

IFRS 10 requires that a reporting entity should consolidate any investee that it controls. Control is the basis for consolidation for all types of investees. IFRS 10 also provides guidance on assessing control in circumstances where the assessment has proven to be difficult. IFRS 10 provides more guidance about the factors to consider in such structures that involve potential voting rights, agency relationships, relationship with structured entities and control without a majority of voting rights. The Company consolidation with its current subsidiaries and related consolidation decisions should be unaffected by the new consolidation model in IFRS 10.

IFRS 11- Joint Arrangements

The IASB issued IFRS 11 – Joint Arrangements on May 12, 2011. IFRS 11 eliminates the Company's choice to proportionately consolidate jointly controlled entities and requires such entities to be accounted for using the equity methods and proposes to establish a principles-based approach to the accounting for joint arrangement which focuses on the nature, extent and financial effects of the activities that an entity carries out through joint arrangements and its contractual rights and obligations to assets and liabilities, respectively, of the joint arrangements. The Company does not anticipate this amendment will have a significant impact on its consolidated financial statements.

IFRS 12 – Disclosure of Interest in other entities

IFRS 12 sets out disclosure requirements for reporting entities that have an interest in a subsidiary, joint arrangement, associate or unconsolidated structure entity. There are no additional interest or disclosures required.

Consolidation

On September 20, 2010, the IASB posted a staff draft of a forthcoming IFRS on consolidation. The staff draft reflects tentative decisions made to date by the IASB with respect to the IASB's project to replace the current standard on consolidations, IAS 27 – Consolidation and Separate Financial Statements and SIC-12, with a single standard on consolidation. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

Fair Value Measurement

IFRS 13 - Fair Value Measurement; effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, sets out in a single IFRS framework for measuring fair value and new required disclosures about fair value measurements. Management anticipates that this standard will be adopted in the Company's financial statements for the period beginning January 1, 2013, and has not yet been considered the potential impact of the adoption of IFRS 13.

12. 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 warrant 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 approximates its carrying value due to its relatively short term nature and the fact there has not been a significant change in the Company's borrowing rate during the period between the drawdown of the debt and September 30, 2012.

The Company estimated the fair value of the derivative liabilities as at September 30, 2012 as the sum of the fair value of a series of call options on silver with an exercise price of $27.50 per ounce and expiring on each repayment date minus the sum of the fair value of a series of call options on silver with an exercise price of $34.00 per ounce and expiring on each repayment date. The fair value of each option was estimated using the Black Scholes model with the following assumptions:

Spot Price of Silver	$34.23 per ounce
Exercise Price	$27.50 or $34.00 as applicable
Risk Free Rate	1.00%
Discount Rate	1.00%
Expected Life	0.08 years to 0.58 years, as applicable
Number of Options Granted	26,408

The Company estimated the change in control option and the prepayment option at $nil on September 30, 2012 on the basis that neither of these events are expected to occur.

The Company estimated the fair value of the warrant liability relating to the warrants issued to Waterton as at September 30, 2012 using the Black-Scholes model with the following assumptions:

Share Price	$1.43
Exercise Price	$1.21 or 1.28 as applicable
Risk Free Rate	0.00%
Discount Rate	1.31%
Expected Life	3.71 years or 4.29 years as applicable

The following table presents the changes in the fair value of the Company's Level 3 financial instruments that are carried at fair value during the nine months ended September 30, 2012:

	Liability at December 31, 2011	Drawdown of Waterton Debt	Mark to market (gain) loss	Liability at September 30, 2012
Waterton derivative liability	$ 208,299	$ 231,617	$ 377,206	$ 817,122
Warrant liability	$ 710,726	$ 577,566	$ 412,722	$ 1,701,014
Total	$ 919,025	$ 809,183	$ 789,928	$ 2,518,136

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 September 30, 2012 under its financial instruments was approximately $1.8 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 Project.

Management anticipates that, subject to financing, it will make substantial capital expenditures towards developing the Treasure Mountain Project. 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 Project 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.

The following is a summary of the maturities for the Company's non-derivative financial liabilities as at September 30, 2012:

	Less than 30 days	30 days to 1 year	1 year to 2 years	More than 2 years
Accounts Payable and Accrued Liabilities	$ 2,858,398	$ 245,000	$ -	$ -
Waterton Debt Obligation	$ -	$ 10,282,868	$ -	$ -
Craigmont Obligation	$ -	$ 3,100,000	$ -	$ -
TOTAL:	$ 2,858,398	$ 13,627,868	$ -	$ -

13. OTHER INFORMATION

This MD&A of the financial position and results of operations of the Company is dated as of November 27, 2012 and should be read in conjunction with the condensed consolidated interim financial statements for the three and nine months ended September 30, 2012. 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 in NI 43-101.

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

14. BOARD APPROVAL

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