HULDRA SILVER INC.

May 28, 2012

MANAGEMENT'S DISCUSSION & ANALYSIS

For the Three Months Ended March 31, 2012

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

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(Prepared by Management)

Information as of May 28, 2012

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 British Columbia 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

Huldra Silver Inc. ("Huldra" or the "Company") 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 Management's Discussion and Analysis ("MD&A") for the period ended March 31, 2012 was prepared as of May 28, 2012. 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 Property. In 2011, the Company completed the development of all of the required infrastructure at the Treasure Mountain Property 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 objective of the program is to move the mine towards full annualized production of 60,000 tonnes per year in 2012.

In the first quarter of 2012, the Company continued construction and installation of a 200 tonne per day mill at the mineral processing facility at the Company's mill property located near Merritt, British Columbia (the "Mill Property"), at which the Company intends to process ore from the Treasure Mountain Property.

The significant fluctuations between the Company's results of operations in the period ending March 31, 2012 and March 31, 2011, as described herein, are primarily due to the large exploration and development program that the Company is conducting at its Treasure Mountain Property in 2012. Exploration activities in the first quarter of 2012 were focused on underground sampling, mapping, and extraction of the bulk sample.

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 July 28, 2011 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 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 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.

Going Concern Risk

As at March 31, 2012, the Company had an accumulated deficit of $18,638,264 (December 31, 2011 - $14,750,436) and a working capital deficiency of $10,822,366 (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 these 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, 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.

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 as a result of the conversion to International Financial Reporting Standards.

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, 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 financial statements of the Company for the three months ended March 31, 2012 and the audited financial statements of the Company for the year ended December 31, 2011.

Three Months Ended March 31, 2012

During the three months ended March 31, 2012, the Company incurred a loss of $3,887,828, compared with a loss of $375,280 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 Property.

Operating expenses for the three months ended March 31, 2012 increased from $380,936 for the three months ended March 31, 2011, to $2,444,712. The increase in expenses was largely a result of increased activity related to the exploration and development program at the Treasure Mountain Property.

For the three months ended March 31, 2012, general and administrative costs were $188,863 as compared to $294,947 for the period ended March 31, 2011. The decrease in general and administrative costs was largely a result of share-based compensation expensed in the amount of $155,624 for the three months ended March 31, 2011. There was no share-based compensation expensed in the three months ended March 31, 2012.

Exploration costs increased from to $85,989 in the three months ended March 31, 2011 to $2,255,849 in the same period in 2012 due to the increased activity related to the Company's exploration and development program at the Treasure Mountain Property. With respect to general and administrative expenses, salaries and benefits increased from $11,065 to $40,579, due to the addition of one full-time corporate employee to the Company's staff. The Company had only one employee during the same period in 2011. Office and general expenses increased from $14,699 to $47,970 as a direct result of the increased growth of the Company. Finance (income) costs increased to $870,684 (March 31, 2011 – ($5,656)), the unrealized loss on derivative increased to $218,106 (March 31, 2011 - $nil), and the unrealized loss on warrant liability increased to $357,719 (March 31, 2011 - $nil), all three of which are attributable to the credit facility that the Company entered into with Waterton Global Value, L.P. ("Waterton") in June 2011, 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 March 31, 2012. The comparative quarterly results were prepared in accordance with IFRS:

	Mar 31 2012 ($)	Dec 31 2011 ($)	Sep 30 2011 ($)	Jun 30 2011 ($)	Mar 31 2011 ($)	Dec 31 2010 ($)	Sep 30 2010 ($)	Jun 30 2010 ($)
Finance costs and other income (loss)	(1,143,416)	22,098	(236,623)	(116,266)	5,656	8,729	-	(98)
Administrative expenses	188,863	113,211	1,469,796	558,345	294,947	321,107	34,105	43,084
Exploration costs	2,255,849	1,351,206	3,273,533	286,749	85,989	(231,214)	306,639	6,897
Net loss	(3,887,828)	(1,442,319)	(4,979,952)	(961,360)	(375,280)	(81,164)	(340,744)	(50,079)

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 Property. Additional explanations for certain significant changes in the table above are as follows:

a) During the three months ended March 31, 2012, finance costs and other income (loss) increased as a result of the credit facility that the Company entered into with Waterton in June 2011, 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 three tranches and also the mark to market losses on the both the derivative portion of the liability and on the warrants associated with the drawdowns of both 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.

c) The trending pattern of increasing exploration expenses in the quarters ending March 31, 2012, December 31, 2011, September 30, 2011, and June 30, 2011 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, assay costs and assessment work. The exploration cost recovery amount for the quarter ending December 31, 2010 was a result of the exploration expenses for the quarter being offset by the receipt of Mining Exploration and Tax Credits in the amount of $262,232.

4. EXPLORATION AND DEVELOPMENT

Treasure Mountain Mine

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 geochemical soil surveys, a legal mineral tenure survey by McElhanney and various technical studies by

AMEC Earth & Environmental,

On April 26, 2012, the Company announced that it entered into a Lead Silver Ore Purchase Agreement (the "Purchase Agreement") with a smelter whereby Huldra has agreed to sell approximately 35 to 40 tonnes of ore from the East Zone of the Treasure Mountain Property to the smelter in exchange for payment that is tied to monthly prices for lead and silver as published by the Metal Bulletin, less certain deductions. The approximate grade of the ore removed from surface in the East Zone last September was 66% Pb and 194 oz/ton Ag. Based on the terms of the Purchase Agreement and current market prices, the approximate total payment for contained lead and silver is expected to be between $200,000 and $250,000.

On April, 26, 2012, the Company received a mining lease covering 335 hectares of the Treasure Mountain Mine 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 Mine. The mine plan for Treasure Mountain is for the removal of 60,000 tonnes per year of silver/lead/zinc ore from the underground mine and the transfer of such material offsite for processing

Current Exploration and Development

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 .8km from the mine workings.

51 diamond drill holes were drilled over a total length of 5,073 metres on the main mine development, with the objective of further defining resources on the upper 150 metres of the mine. Highlights of the drill program are presented in the following table with all significant results previously released and available on the Company website at www.huldrasilver.com and in press releases filed on SEDAR at www.sedar.com.

Hole_ID	FROM	TO	LENGTH	AG_OZ/ton	PB%	ZN%	AG_PPM	MN%
TM11-6	25.25	25.45	0.20	33.75	8.99	0.46	1050	4.04
TM11-7	27.53	27.73	0.20	19.9	6.65	3.53	619	5.67
TM11-9	65.67	68.78	3.11	17.38	4.28	2.47	592.9	5.8
TM11-13	43.55	43.90	0.35	140.18	20.32	4.9	4360	6.28
TM11-14	45.05	45.90	0.85	8.58	0.61	2.57	266.81	4.76
TM11-14	73.86	74.23	0.37	79.67	11.04	12.47	2478	8.5
TM11-15	48.08	48.66	0.58	50.09	5.3	3.97	1558	7.02
TM11-16	51.21	52.06	0.85	7.81	0.59	0.46	243.06	2.45
TM11-17	67.16	67.41	0.25	10.67	12.85	3.13	332	5.56
TM11-18	17.16	17.73	0.57	3.11	0.56	0.88	96.7	5.04
TM11-18	35.75	35.95	0.20	7.97	7.42	0.09	248	3.48
TM11-19	21.02	21.22	0.20	6.94	4.22	8.55	216	1.99
TM11-20	26.19	26.52	0.33	6.82	2.84	3.49	212	3.76
TM11-20	83.23	83.44	0.21	29.03	3.59	2.34	903	8.81
TM11-21	39.81	40.93	1.12	47.05	18.68	1.62	1463.47	1.56
TM11-23	15.37	15.67	0.30	14.37	0.26	0.33	447	6

Hole_ID	FROM	TO	LENGTH	AG_OZ/ton	PB%	ZN%	AG_PPM	MN%
TM11-23	37.89	41.76	3.87	9.9	0.57	4.91	308.02	2.6
TM11-24	51.28	53.95	2.67	16.33	0.7	6.86	507.83	5.02
TM11-26	66.49	66.66	0.17	10.45	0.31	1.2	325	7.06
TM11-26	122.68	124.05	1.37	225.48	21.82	19.63	7013	4.9
TM11-30	35.33	36.29	0.96	5.22	3.43	0.85	179	9.4
TM11-35	123.12	123.56	0.44	6.94	1	0.31	238.15	1.26
TM11-36	144.51	145.71	1.2	45.62	13.47	9.92	1564.85	4.76
TM11-46	37.06	37.54	0.48	14.94	2.54	3.2	512.29	3.55
TM11-47	34.63	35.09	0.46	50.41	6	5.49	1729	4.02
TM11-48	25.83	26.07	0.24	130.41	49.94	17.55	4473	2.15
TM11-48	35.06	35.48	0.42	31.92	5.22	5.1	1095	6.16
TM11-50	33.31	33.42	0.11	22.24	7.9	3.25	763	2.44

The Company conducted a geochemical sampling program consisting of 671 samples focusing on two primary targets: the MB Zone and the Camp Zone. The MB Zone is approximately 800 metres northwest of the current Treasure Mountain mine workings. Surface samples were taken from an exposed area of fractured argillite in 2010 and assays were reported as high as 9,221g/t Ag (August 25, 2010 press release). The Camp Zone is in an area where a geochemical testing program conducted in 1996 identified a large soil anomaly below the Jensen Portal extending up to 1000m from the existing mine workings. Three of the samples from this program exceeded 100 grams per tonne Ag.

Maps of the geochemical results can be viewed on the Company website at http://www.huldrasilver.com/wp-content/uploads/2011/12/Treasure-Mountain-Geochemistry-Soil-Maps-2011.pdf. The following results were from surface chip samples taken from the D-vein:

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

The D-vein was previously uncovered 20 metres into the hanging wall of the open cut at the top of Treasure Mountain. However, the surface expression was re-exposed during mechanical scaling. 8 samples were taken across the structure over a total length of 107 metres. The D-vein is not included in the current National Instrument 43-101 ("NI 43-101") resource estimate included in the Company's technical report dated Jun 15, 2011 entitled, "Project Update Treasure Mountain Property, Tulameen River Area, B.C. Canada", which was filed on SEDAR on July 28, 2011.

The Company sampled all currently developed drifts and raises from the upper two levels of the underground. All of the results from Level 1 and 2 drifts and raises extending 110 metres to the surface have been received. The mine 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 raises are available on the Company's website www.huldrasilver.com. The samples were taken at 5 metre intervals throughout the drift and raises. Each set of three samples (i.e. P1C1-1, P1C1-2, P1C1-3) represent one sample location at each 5 metre interval. Each sample location includes footwall rock, vein and hangingwall rock.

- Footwall rock samples assays were received up to 3380 g/tonne Ag (98.5 OZ/ton Ag), 3.96 %Pb, 3.74%Zn, and 3.89% Mn over 1.9m.
- Vein sample assays were up to 5097 g/tonne Ag (148.6 OZ/ton Ag), 36.76%Pb, 5.31% Zn, and 6.45% Mn over .6m.

  The range of samples included various samples that included assays below the limit of detection.

The first underground stope mining commenced in November, 2011 and has currently been mined over a length of 75 metres, a height of 50 metres, with an average width of 1.5 metres. The Company estimates that a total of 10,000 tonnes of material has been mined and stockpiled to date. The drawdown of the stope and removal of the crown pillar will provide an additional 12,500 tonnes of material in the summer of 2012. The average grades, to date, of the 43 samples over the mined width are 911 g/tonne Ag, 5.62% Zn, 3.35% Mn, 6.75% Pb. Currently, no value has been assigned to stockpiled material as the material will require further processing at the Company's mill facility, 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.

Since completion of the mining of the first stope, the haulage drift has been extended to a total length of 295 metres and the fourth and fifth raises have been completed. There are a total of 7 raises to be developed, including the final mine ventilation raise, to complete the development on Level 1 of the mine. Six additional drawpoints over a length of 70 metres have been installed in preparation for mining stope #3. This will be the second stope ready for mining on Level 1 of the mine. Stope mining will commence in June, 2012 and the Company estimates that it will take approximately 3 months to mine an additional 20,000 tonnes of material from this stope.

The Company holds all of the surface rights on its entire 7,000 acre claim boundary. Two of the lots were previously home to a former wilderness camp and had been previously logged. This provided the Company with the most suitable location on the property to construct camp facilities. The Company currently has a completely self-sufficient mining camp constructed on these lots. The camp consists of a 48 man dorm, two sleeping cabins, kitchen and dining facilities, an office complex, and a first aid and mine rescue building. There is also a full workshop, repair facilities and a fueling station nearby. The entire complex is powered utilizing a diesel generator with propane heating. Water is supplied from a drilled well and a full septic field has been installed. The camp remains operational year round and will have additional roofing installed during the summer of 2012 to reduce maintenance costs.

Merritt Mill Facility

The Company purchased all of the shares of Craigmont Holdings Ltd. (now Huldra Properties Inc.) on May 5, 2011. Huldra Holdings 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 purpose of the acquisition was to construct a mill facility on the permitted site of the former copper producing mine to process the ore from the Treasure Mountain Mine, which is located approximately 100 km 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. All of the necessary mill equipment and building components are now on site. The development to date consists of the following;

- the tailings pond has been excavated with dams and access roads in place;

- hydro power has been connected to the mill building (after the installation of 2.4 km of new hydro lines) and the substation is onsite awaiting final connection;

- the exterior primary and secondary crushing pads, along with structural steel, have been completed;

- the screening plant pad and structural steel have been completed;

- the main mill building and equipment foundations are 92% complete;

- the main mill building, electrical building, and reagent building are structurally complete with all roofing and siding expected to be completed by mid-June 2012;

- heavy equipment, including ball mill and floatation cells, have been installed;

- interior structure has commenced along with the installation of equipment; and

- pre-assembly has occurred on all substantial equipment.

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 & MERRITT MILL PROPERTIES

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 Mine 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 ore 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 Mine for the remainder of 2012 are expected to be $6,000,000. This includes extraction of an additional 50,000 tonnes of material from the underground mine as well as exploration costs.

The Company expects to have substantially completed the construction of the mill and the tailings facility in Merritt by the end of the second quarter of 2012. Upon all of the applicable permitting and engineering requirements being met, the Company will immediately begin commissioning the mill. The Company expects that progressing to full design capacity of processing 200 tonnes per day will occur in the third quarter of 2012.

The mill is designed to produce two concentrates. The primary concentrate is lead-silver and the secondary is zinc-silver. The Company expects to have a final purchase contract in place with a smelter for both concentrates prior to production. The remaining development costs at the Mill Property are expected to be approximately $3,200,000 which will allow the mill to become operational, and monthly operating costs at the Mill have been budgeted at $210,000.

As of March 31, 2012, $7,318,598 has been spent on the construction of the milling and processing facility. The anticipated total costs for the construction of the mill and tailings facility had been in the range of $10,500,000 to $12,000,000 and are on budget.

6. EVENTS DURING THE THREE MONTHS ENDED MARCH 31, 2012

On January 17, 2012, the Company completed the drawdown of the third tranche of the Waterton credit facility in the principal amount of $2.5 million. In connection with the drawdown, the Company paid Waterton a structuring fee of $25,000 and issued Waterton 650,000 share purchase warrants, each entitling Waterton to purchase one common share of the Company at a price of $1.21 per share until January 16, 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 third tranche) and the issuance of 47,618 common shares of the Company at a deemed issue price of $1.05 per share.

On February 3, 2012, the Company announced amendments to the terms of the Strategic Acquisition Agreement dated March 30, 2011 (the “Acquisition Agreement”) with Craigmont Holdings (now Huldra Properties Inc.). Pursuant to the terms of the amending agreement, the parties agreed to revise the time in which the former shareholders of Huldra Properties may recover magnetite from the Company’s milling property and to extend and amend certain payment terms related to payment for the shares of Huldra Properties by the Company.

Under the Acquisition Agreement, Huldra was to pay $3 million on or prior to January 31, 2012 (the “Second Payment”) and the remaining $4 million balance, less certain adjustments (the “Third Payment”), on or before January 31, 2013. Under the amending agreement, the Second Payment was split into two payments, of which $800,000 was paid by Huldra on January 31, 2012, and the remaining $2.2 million will be payable on the earlier of (i) the commissioning of Huldra’s mill, and (ii) June 30, 2012. The Third Payment will also be split into two payments whereby:

- (i) on or prior to January 31, 2013, Huldra will pay the amount determined by subtracting from $4 million:
  - (a) the lesser of $900,000 or the amount of the Liability Cost Estimate (as defined in the Acquisition Agreement), and
  - (b) any payments made by Huldra to the former shareholders derived from the gravel rights related to Huldra’s milling property; and
- (ii) on or prior to June 30, 2014, Huldra will pay to the former shareholders a final adjustment payment to reflect site remediation undertaken by the shareholders prior to that date, less certain other adjustment items.

Consequential amendments were also made to other agreements entered into among the parties in connection with the closing of the Acquisition Agreement.

7. FINANCING, LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 2012, the Company had a working capital deficiency of $10,822,366 that included cash and cash equivalents of $2,155,818, 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 Company's mill property acquisition obligation and the current portion of the Waterton debt obligation.

Cash used in operating activities in the three months ended March 31, 2012 was $1,344,968 as compared to $158,857 in the three months ended March 31, 2011. This included $2,255,849 in direct exploration costs.

Cash used in investing activities was $2,050,991 in the three months ended March 31, 2012 compared to $1,611,095 in the three months ended March 31, 2011. Major purchases in the three months ended March 31, 2012 relate to the ongoing mill construction in Merritt, B.C.

Cash provided by financing activities was $4,158,861 in the three months ended March 31, 2012 compared to $61,000 in the three months ended March 31, 2011. $2,450,000 was the net proceeds from the Waterton credit facility (described below), $44,000 was received from the exercise of stock options and $1,664,925 was received from the exercise of warrants.

The Company had the following major cash obligations as of March 31, 2012:

- repayment of the Waterton Credit Facility (as described below) in the amount of $6,796,424;
- a $5,300,000 obligation to complete the mill property acquisition described in Note 6 to the accompanying financial statements; and
- approximately $1,162,254 owing on the mill purchase contract with Canadian Royal Mining Corporation.

The 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 March 31, 2012, the Company had an accumulated deficit of $18,638,264 (December 31, 2011 - $14,750,436) and a working capital deficiency of $10,822,366 (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 these 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, 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. 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 and the third advance of $2,500,000 on January 17, 2012. Subsequent to March 31, 2012, on May 22, 2012, the Company drew down the final advance of $2,500,000. In connection with the 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 7, 2012, the Company entered an amending agreement with Waterton pursuant to which 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 upon receipt of the permits described above for the Treasure Mountain Property and 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.

8. RELATED PARTY TRANSACTIONS

During the three months ended March 31, 2012 and 2011, the Company incurred the following expenditures to related parties:

	Three Months Ended March 31,	
	2012 ($)	**2011 ($)**
Management fees paid to a director and a company controlled by a director(1)	24,000	23,000
Consulting fees paid to a director(2)	6,000	3,000
Office rental payments made to a company controlled by a director(3)	7,500	7,500
Office and general expenses paid to a director(4)	360	360

(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 AS AT MAY 28, 2012

a) Authorized and issued share capital

Class	**Par Value**	**Authorized**	**Issued Number**
Common	No par value	Unlimited	33,921,200

b) As at May 28, 2012, the following stock options were outstanding and exercisable:

Number Outstanding	Number Exercisable	Exercise Price	Expiry Date
540,000	540,000	$0.25	March 29, 2015
150,000	150,000	$0.25	May 5, 2015
290,000	290,000	$0.385	June 28, 2015
133,334	133,334	$0.66	December 22, 2015
70,000	70,000	$1.35	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
2,563,334	**2,563,334**		

(c) As at May 28, 2012, the Company had the following warrants outstanding:

Number Outstanding	Number Exercisable	Exercise Price	Expiry Date
519,623	519,623	$0.75	June 22, 2012
125,000	125,000	$0.75	December 22, 2012
6,476,880	6,476,880	$1.35	July 14, 2013
500,189	500,189	$1.05/$1.35	July 14, 2013
169,070	169,070	$1.05	July 14, 2013
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
10,340,762	**10,340,762**		

(d) The Company had no escrowed or pooled shares as of May 28, 2012.

10. 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.

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 March 31, 2012 compared with the most recent audited annual financial statements at December 31, 2011.

Accounting standards effective January 1, 2012

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.

Accounting standards anticipated to be effective January 1, 2013

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 March 31, 2012.

The Company estimated the fair value of the derivative liabilities as at March 31, 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	$32.28 per ounce
Exercise Price	$27.50 or $34.00 as applicable
Risk Free Rate	1.00%
Discount Rate	1.00%
Expected Life	0.17 years to 1.08 years, as applicable
Number of Options Granted	4,951 or 9,903, as applicable

The Company estimated the change in control option and the prepayment option at nil on March 31, 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 March 31, 2012 using the Black-Scholes model with the following assumptions:

Share Price	$1.27
Exercise Price	$1.21 or 1.28 as applicable
Risk Free Rate	0.00%
Discount Rate	1.26%
Expected Life	4.21 years or 4.79 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 three months ended March 31, 2012:

	Liability at December 31, 2011	Drawdown of Waterton Debt	Mark to market (gain) loss	Liability at March 31, 2012
Waterton derivative liability	$ 208,299	$ 139,610	$ 218,106	$ 566,015
Warrant liability	$ 710,726	$ 577,566	$ 357,719	$ 1,646,011
	$ 919,025	$ 717,176	$ 578,825	$ 2,212,026

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 March 31, 2012 under its financial instruments was approximately $3.2 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 March 31, 2012:

	Less than 30 days	30 days to 1 year	1 year to 2 years	More than 2 years
Accounts Payable and Accrued Liabilities	$ 944,258	$ 200,000	$ -	$ -
Waterton Debt Obligation	$ -	$ 6,020,447	$ 775,977	$ -
Craigmont Obligation	$ -	$ 5,300,000	$ -	$ -
TOTAL:	$ 944,258	$11,520,447	$ 775,977	$ -

13. OTHER INFORMATION

This discussion and analysis of the financial position and results of operation as of May 28, 2012 should be read in conjunction with the condensed consolidated interim financial statements for the three months ended March 31, 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.

All samples are delivered by truck to Acme Analytical Laboratories' facility in Vancouver, BC, where the sample is crushed, split and pulverized to -200 mesh. A 0.5 gram portion of the pulp is then digested in hot aqua regia and analyzed for 31 elements by ICP MS method. Over limits for Ag are by fire assay with gravimetric finish, and over limits for Pb, Zn and Mn are by multi-acid digestion and ICP ES finish.

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

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

14. BOARD APPROVAL

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