HuldraSilver INC.

HULDRA SILVER INC.

May 30, 2013

MANAGEMENT'S DISCUSSION & ANALYSIS

For the Three Months Ended March 31, 2013

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GENERAL

The following discussion of financial performance, financial condition, cash flows and future prospects ("MD&A") should be read in conjunction with the audited consolidated financial statements of Huldra Silver Inc. ("Huldra" or the "Company") and notes thereto for the year ended December 31, 2012.

This MD&A for the three months ended March 31, 2013 was prepared as of May 30, 2013. 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.

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 the Company, including statements related to the continued exploration and development of the Treasure Mountain Project, the 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 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) unexpected difficulties with the milling and the extraction of minerals from the Company's projects including that such minerals may not be economically mined and extracted, (5) unexpected interruptions and problems encountered in the operation of the milling facility, (6) factors that delay or cause difficulties in timing of shipments of concentrates by the Company, (7) inability to locate and acquire additional property interests, (8) the uncertainty of government regulation and politics in British Columbia regarding mining and mineral exploration, (9) potential negative financial impact from regulatory investigations, claims, lawsuits and other legal proceedings and challenges, (10) inability to secure financing to enable the Company to meet its business objectives, and (11) 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" below.

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's common shares are traded on the TSX Venture Exchange (the "TSX-V") under the symbol "HDA".

Overall Performance

Huldra's business is primarily focused on the exploration and development of its Treasure Mountain mine, located northeast of Hope, British Columbia, approximately 3 hours from Vancouver, British Columbia (the "Treasure Mountain Project"). In November, 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. The Company also commenced an exploration program that included geochemical testing, surface trenching, underground sampling and surface diamond drilling. 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 mill site (the "Mill Property"), located in Merritt, British Columbia 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.

During 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 processes 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.

On March 26, 2013, the Company announced that it had achieved commercial production of the mill based on the current production levels.

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, 2012 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. There are significant risks associated with making a production decision without a valid, current, economic analysis and the Company may subsequently determine that continued 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 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 a significant working capital deficit, 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 or the loss of substantial dilution of any of its property interests.

Going Concern Risk

As at March 31, 2013, the Company had an accumulated deficit of $34,127,733 (December 31, 2012- $29,188,156) and a working capital deficiency of $18,597,607 (December 31, 2012 - $14,566,791) including current debt obligations of $21,869,895 (December 31, 2012 - $13,411,298). These factors represent a material uncertainty that may cast doubt about the Company's ability to continue as a going concern. The Company will be required to raise funds through the issuance of equity or debt, or be successful in the development of the Treasure Mountain Mine and Merritt Mill. Realization values may be substantially different from carrying values as shown and the Company's 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 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".

RESULTS OF OPERATIONS AND FINANCIAL CONDITION

This review of the Company's results of operations should be read in conjunction with the condensed consolidated interim financial statements of the Company for the three months ended March 31, 2013 and the audited consolidated financial statements of the Company for the year ended December 31, 2012.

Three Months Ended March 31, 2013

During the three months ended March 31, 2013, the Company incurred a loss of $4,939,577, compared to a loss of $3,887,828 for the comparable period of 2012. The significant fluctuation between the comparative periods resulted largely from the loss on extinguishment of debt as a result of the January 29, 2013 amendment associated with the credit facility (the "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 March 31, 2013 increased to $2,814,374 from $2,444,712 for the three months ended March 31, 2012. The increase in expenses was related to the share-based compensation expense of $276,853 in the first quarter of 2013. There was no share based compensation expense for the comparable period in 2012. Exploration costs were virtually unchanged for the first quarter of 2013 as compared to the first quarter of 2012, being $2,212,458 for three months ended March 31, 2013 compared to $2,255,849 for the three months ended March 31, 2012.

For the three months ended March 31, 2013, general and administrative costs were significantly higher at $601,916 as compared to $188,863 for the three months ended March 31, 2012 as result of the grant of the stock options described below and increased costs associated with salaries, professional fees and consulting fees as the Company continues to expand its operations.

During the three months ended March 31, 2013, the Company granted an aggregate of 500,000 stock options which were granted with an exercise price of $0.95 per share. All stock options are exercisable for five years from the date of grant. There were no options granted in the three months ended March 31, 2012.

As a result of fluctuating commodity prices, the Company incurred a loss for the mark-to-market adjustment on provisionally priced concentrate sales in the amount of $326,111 for the three months ended March 31, 2013. There was no comparable amount for the three months ended March 31, 2012 as the Company did not begin shipping concentrates to the smelter until November 2012. Due to the Company's exploration expenditures in the first quarter of 2013, the Company had a corresponding gain on the flow-through share premium in the amount of $388,669 for the three months ended March 31, 2013 related to its 2012 flow-through share financings. With regards to the debt owed to Waterton, the unrealized loss on the derivative liability was $120,916 (March 31, 2012 – loss of $218,106), and the unrealized gain on the warrant liability was $161,858 (March 31, 2012 – loss of $357,719), all of which are attributable to the Credit Facility, as further described below under the heading "Financing, Liquidity and Capital Resources".

SELECTED QUARTERLY RESULTS

The following table provides selected financial information for the most recent eight quarters. All amounts shown are stated in Canadian dollars in accordance with IFRS.

	Mar 31, 2013 ($)	**Dec 31, 2012 ($)**	**Sep 30, 2012 ($)**	**June 30, 2012 ($) AMENDED**	**Mar 31, 2011 ($)**	**Dec 31, 2011 ($)**	**Sep 31, 2011 ($) (1)**	**Jun 30, 2011 ($)**
Net loss	(4,939,577)	(2,001,045)	(6,051,784)	(2,497,063)	(3,887,828)	(1,442,319)	(4,979,952)	(961,360)
Loss from continuing operations (basic)	(0.10)	(0.37)	(0.14)	(0.07)	(0.12)	(0.05)	(0.24)	(0.05)
Loss from continuing operations (diluted)	(0.06)	(0.21)	(0.10)	(0.05)	(0.09)	(0.03)	(0.13)	(0.03)

(1) For further information, 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 under the Company's SEDAR profile at www.sedar.com.

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 the Treasure Mountain Project. Additional explanations for certain significant changes in the table above are as follows:

- During the three months ended March 31, 2013, the Company incurred a loss on extinguishment of debt in the amount of $1,399,865 as a result of the January 29, 2013 amendment associated with the Credit Facility established with Waterton, as further described below under the heading "Financing, Liquidity and Capital Resources".

- The substantial increase in the net loss for the quarter ended September 30, 2012 was largely due to share-based compensation expense of $1,199,453 and costs related to the debt owed to Waterton that totaled $2,206,928; these costs included finance costs of $1,306,111, loss on the derivative liability of $525,398 and a loss on the warrant liability of $375,549.

- The increase in the net loss for the quarter ended September 30, 2011 was due to the increased exploration activity at the Treasure Mountain Project referenced above as the expenditure for the quarter was $3,273,533 as compared to exploration costs of $286,749 for the quarter ended June 30, 2011. Additionally, the Company incurred share-based compensation expense of $1,139,739 for the quarter ended September 30, 2011 as compared to share-based compensation expense of $379,176 for the previous quarter.

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. In 1985, a silver rich vein was discovered on the claims and was subsequently exposed over 250 meters. It was then drill tested by shallow drilling in the summer of 1986. The Company went public in 1987, attaining a listing on the Vancouver Stock Exchange in August, 1987.

Between 1987 and 1989, the Company explored the vein zone on four underground levels with 2,740m of crosscuts, drifts and raises, complemented by 1,680m of underground and 3,050m of surface drilling. Preceding the underground work, a bulk sample of 407 tonnes of select high-grade material from the surface vein showing was shipped to the 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.

From 1989 to 2010, work at the Treasure Mountain Project included four small drill programs, several geochemical soil surveys, a legal mineral tenure survey by McElhanney and various technical studies by AMEC Earth & Environmental.

In 2011, exploration at the Treasure Mountain Project included approximately 7000m of diamond drilling spread across 69 diamond drill holes, as well as 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 Project. 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 Treasure Mountain Project. The mine plan for the Treasure Mountain Project calls 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. had 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 were the first airborne surveys ever conducted on either property. Maps were received and interpreted by SJ Geophysics. The report can be viewed on the Company's website at www.huldrasilver.com.

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 a geochemical sampling program consisting of 1,035 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.

Current Exploration and Development

The Company has sampled all available drifts and raises from the upper two levels of the Treasure Mountain Project. All results from the Level 1 and Level 2 drifts and raises, extending 130m down from surface have been received. The Treasure Mountain Project is developed on 4 levels over a down-dip extent of 350m. Tables with the underground chip sampling results from the Level 1 drift, the Level 2 drift and associated raises are available on the Company's website at www.huldrasilver.com.

The Company is currently conducting an underground drill program which 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.

An anticipated 56 holes, for a total program of length of 4,700 metres of HQ diamond drill core is expected to be completed by mid-August, 2013. To date, a total of 2,466m or 52% of the anticipated program has been completed. The drilling is being conducted from two diamond drill platforms, specifically constructed to allow for optimal drilling of the targeted mineralization from the footwall of the vein. An initial interpretation has identified two mineralized 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 is 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 holeTM11-26 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.

On May 16, 2013, the Company released assay highlights from the first five drill holes. The results were preliminary in nature as all reference materials and blanks submitted with the drill core passed QA/QC verification. However, some duplicate tests did not fall within tolerance. Affected certificates were returned to ALS Chemex for investigation and the results published here provide only an indication of the probable grade for the intercepts.

HOLE ID	SAMPLE	FROM	TO	LENGTH (m)	Ag g/t	Pb %	Zn %
TMUD13-1	1980295	59.37	59.55	0.18	3070	23.96	7.99
TMUD13-1	1980297	59.55	60.16	0.61	10.25	0.10	0.84
TMUD13-1	1980299	60.16	60.5	0.34	1100	9.53	25.60
TMUD13-1	**TRUE WIDTH**			**1.12**	**825.5**	**6.74**	**9.43**
TMUD13-2	1980362	49.39	49.98	0.59	343	0.63	22.10
TMUD13-2	1980364	49.98	50.41	0.43	8.58	0.10	0.67
TMUD13-2	**TRUE WIDTH**			**1.02**	**202**	**0.41**	**13.07**
TMUD13-3	1980402	37.45	37.58	0.13	138	1.255	2.67
TMUD13-3	**TRUE WIDTH**			**0.12**	**138**	**1.255**	**2.67**
TMUD13-4	P912016	66.21	66.57	0.36	291	3.58	3.15
TMUD13-4	P912018	66.57	66.92	0.35	5.82	0.10	0.51
TMUD13-4	P912019	66.92	67.08	0.16	3780	25.57	0.74
TMUD13-4	P912020	67.08	67.38	0.3	145	1.85	0.46
TMUD13-4	P912022	67.38	67.8	0.42	448	5.50	0.92
TMUD13-4	**TRUE WIDTH**			**1**	**593.2**	**5.21**	**1.23**
TMUD13-5	P912056	40.6	41.22	0.62	356	4.64	21
TMUD13-5	**TRUE WIDTH**			**0.61**	**356**	**4.64**	**21**

The above samples were analysed by ALS Chemex at their Vancouver laboratory, an ISO 9001:2000 certified laboratory. Samples were prepared by crushing to 70% less than 2mm, riffle splitting off up to 250g and then pulverising the split to better than 85% passing 75 microns. A 0.25g sample was then digested using a 4-acid digest and the solution was analysed by multi-element ICP-AES. Ag, Pb and Zn overlimits were analysed using the ME-OG62 method. Ag overlimits >1500 g/t Ag were analysed by 30g fire assay with gravimetric finish.

The program also builds on the results from 256 chip samples collected along vein exposures on Level 2, or from raises or sub-levels that occur between Level 2 and Level 1 (please refer to the press release dated May 7, 2012). Highlights from that chip sampling program are presented below.

Sample ID	Ag (g/t)	Pb (%)	Zn (%)	True Width (m)
P2C6-2	1251	19.76	23.55	0.46
P2C7-2	1471	16.66	11.29	0.78
P2C21-2	1253	15.64	3.78	0.12
P2C24-2	3132	18.29	14.8	0.29
P2C26-2	5136	46.33	7.7	0.1
P2C44-2	3589	25.02	6.81	0.44
P2C45-2	1552	3.47	5.25	0.18
P2C46-2	1053	0.55	15.64	0.07
P2C47-2	2929	2.82	33.52	0.06
P2C49-2	4242	2.15	10.47	0.17
P2C49-3	2028	0.92	9.01	0.17
P2C53-2	1002	19.89	1.36	0.22
P2C54-2	1173	20.86	0.27	0.49
P2C55-2	2176	25.29	2.88	0.28
P2C56-2	2291	28.12	6.54	0.27
P2C59-2	3696	56.60	0.59	0.14
P2R1-2-2	1635	3.64	1.16	0.71

Sample ID	Ag (g/t)	Pb (%)	Zn (%)	True Width (m)
P2S1-3-2	1538	12.87	2.02	0.06
P2S1-4-2	1035	2.97	1.42	0.02
P2S1-5-2	2261	5.54	9.60	0.32
P2S1-5-4	6624	49.40	8.70	0.3
P2S1-6-4	6514	36.88	22.11	0.2
P2SR-1-2	8739	44.32	19.57	0.18
P2SR-2-2	4986	27.83	12.91	0.04
P2SR-3-2	3032	22.70	22.51	0.18

All samples were delivered by truck to ACME Analytical Laboratories ISO 9001 certified facility in Vancouver, 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.

While drilling the first of the two underground diamond drill holes for the 2013 underground drilling program, a previously unrecognized mineralized structure was intersected. Two samples of vein material were collected from the structure. The first sample, composed primarily of siderite with lesser amounts of sphalerite graded 110ppm Ag, 0.79% Pb and 1.94% Zn. The second sample consisted of a mix of galena, sphalerite and siderite and graded 530ppm Ag, 6.2% Pb and 2.11% Zn. The width of the structure was variable, and ranged from approximately 0.1m to approximately 0.25m. Mineralization was also variable throughout the structure; however, the presence of this structure highlighted the untested nature of the Treasure Mountain Project. The newly identified structure lies 45m into the footwall of the main “C” vein at the Treasure Mountain Project.

The mining of the first underground stope at the Treasure Mountain Project commenced in November 2011. Stopes 1 and 3 were completed in November 2012. Stope 1 has been drawn down and has since been backfilled. Drawdown of mineralized material from Stope 3 is currently underway. Transportation of mill feed from the Treasure Mountain Project to the Mill Property is ongoing.

On February 1, 2013, the Company provided diluted grade calculations for the Level 1, Raise 4 chip sampling results at the Treasure Mountain Project. Raise 4 connects Level 1 to surface and is part of the Stope 2 mining block. The grades were diluted over 1.5m mining widths. The table presented below covered 36m of exposed vein structure from the top of the raise, down to where the raise bent away from the “C” Vein and entered footwall stratigraphy.

Location	Width (m)	Ag (g/t)	Pb (%)	Zn (%)
P1R4-1	1.5	1145.4	16.7	0.7
P1R4-2	1.5	1295.6	16.9	1.6
P1R4-3	1.5	3124.9	48.2	3.1
P1R4-4	1.5	363.5	2.1	3.4
P1R4-5	1.5	639.2	6.0	1.9
P1R4-6	1.5	321.9	6.7	0.7
P1R4-7	1.5	107.1	1.0	0.9
P1R4-8	1.5	118.7	1.4	2.2
P1R4-9	1.5	319.1	2.0	1.2
P1R4-10	1.5	457.7	2.7	1.5
P1R4-11	1.5	43.6	0.3	0.8
P1R4-12	1.5	25.6	0.2	0.2
P1R4-13	1.5	20.3	0.3	0.3

Samples were analysed by either ACME Labs or ALS Chemex at their Vancouver laboratories. ACME Labs Vancouver is an ISO 9001:2008 certified laboratory and ALS Chemex Vancouver is an ISO 9001:2000 certified laboratory. For samples assayed by ACME Labs, the samples were crushed, split and pulverised with 250g passing 200 mesh. Initial multi-element assaying was completed using an aqua-regia digestion with ICP-MS. Overlimits for Pb or Zn were analysed by 4-acid digestion with ICP-ES. Ag overlimits were determined by 30g fire assay with gravimetric finish. For ALS Chemex, samples were prepared by crushing to 70% less than 2mm, riffle splitting off 250g and then pulverising the split to better than 85% passing 75 microns. A 0.25g sample was then digested using a 4-acid digest and the solution was analysed by multi-element ICP-AES. Pb and Zn overlimits were analysed using the ME-OG62 method. Ag overlimits were analysed by 30g fire assay with gravimetric finish.

As of May 31, 2013, the Level 1, Stope 2 stope has been mined over an average length of 65m, with a down-dip extent of 19m and an approximate width of 1.7m. Stope 2 is the third stope to be mined from the uppermost level of the Treasure Mountain Project. On May 16, 2013, the Company released preliminary results from the first four lifts of Stope 2. The results were preliminary in nature due to some duplicate tests not falling within tolerance. All other QA/QC passed verification. Affected certificates were returned to ALS Chemex for investigation and the results published here provide only an indication of the probable grade for the samples.

Sample ID	Width (m)	Ag g/t	Pb %	Zn %
S2L1-1	1.72	1095.7	7.7	9.1
S2L1-2	1.63	661.2	5.5	3.5
S2L1-3	1.82	1140.3	19.1	3.3
S2L1-4	1.32	233.5	2.0	6.4
S2L1-5	1.12	171.2	2.1	0.7
S2L1-6	1.48	97.4	1.1	0.1
S2L1-7	0.92	1.2	0.0	0.0
S2L1-8	0.87	537.4	4.2	1.0
S2L1-9	1.44	850.5	6.9	3.6
S2L2-4	1.57	155.2	0.9	1.0
S2L2-5	2.17	597.9	6.6	7.7
S2L2-6	1.32	1080.6	5.7	9.8
S2L2-7	2.03	20.8	0.1	0.3
S2L2-8	1.94	143.9	1.7	1.1
S2L2-9	1.02	106.1	0.2	0.9
S2L2-10	1.1	2216.2	19.4	6.2
S2L2-11	1.05	10.6	0.1	0.4
S2L2-12	1.13	363.6	2.4	1.5
S2L2-13	1.2	54.9	0.3	0.6
S2L2-14	1.5	133.9	0.8	0.3
S2L2-15	1.21	556.8	0.8	0.3
S2L2-16	0.77	23.6	0.3	0.1
S2L2-17	1.35	85.8	2.6	0.1
S2L3-1	1.83	115.7	0.2	1.3
S2L3-2	1.96	174.5	0.7	0.5
S2L3-3	1.97	302.4	1.0	1.2
S2L3-4	1.56	1473.0	16.8	7.5
S2L3-5	1.67	850.3	11.3	5.0
S2L3-6	1.79	766.6	9.4	2.9
S2L3-7	1.38	2170.3	20.6	3.1
S2L3-8	1.12	276.9	0.6	4.1

Sample ID	Width (m)	Ag g/t	Pb %	Zn %
S2L3-9	1.01	148.4	0.8	2.1
S2L3-10	1.17	185.5	1.5	0.7
S2L3-11	1.23	235.6	2.1	0.2
S2L3-12	1.36	115.0	1.5	0.2
S2L3-13	1.24	6.2	0.1	0.1
S2L3-14	1.17	1.0	0.0	0.0
S2L3-15	1.51	3.1	0.0	0.0
S2L3-16	1.22	89.4	0.1	0.1
S2L3-17	1.56	35.8	0.4	0.1
S2L3-18	0.71	1179.4	9.4	2.7
S2L4-1	1.31	14.6	0.0	0.0
S2L4-2	1.83	56.2	0.5	0.4
S2L4-3	1.6	10.9	0.5	0.1
S2L4-4	1.6	44.4	0.1	0.0
S2L4-5	1.26	3.8	0.0	0.0
S2L4-6	1.21	10.4	0.1	0.2
S2L4-7	1.25	26.6	0.6	0.2
S2L4-8	1.79	6.4	0.1	0.2
S2L4-9	1.4	141.0	0.7	1.2
S2L4-10	1.22	175.5	1.3	1.2
S2L4-11	1.32	834.4	4.2	2.5
S2L4-12	1.22	603.9	4.4	3.9
S2L4-13	1.4	14.2	0.1	0.1
S2L4-14	1.55	22.7	0.1	1.1
S2L4-15	1.58	37.3	0.2	2.2
S2L4-16	2	158.2	2.1	0.8
S2L4-17	2.6	813.4	5.8	2.5
S2L4-18	1.53	3163.3	3.4	3.6
S2L4-19	1.75	29.9	0.1	0.3
S2L4-20	1.38	16.9	0.2	0.3
S2L4-21	1.3	660.5	2.7	6.0

Samples were analysed by ALS Chemex at their Vancouver laboratory, an ISO 9001:2000 certified laboratory. Samples were prepared by crushing to 70% less than 2mm, riffle splitting off up to 250g and then pulverising the split to better than 85% passing 75 microns. A 0.25g sample was then digested using a 4-acid digest and the solution was analysed by multi-element ICP-AES. Ag, Pb and Zn overlimits were analysed using the ME-OG62 method. Ag overlimits >1500 g/t Ag were further analysed by 30g fire assay with gravimetric finish. The sample notation is to be read as: S2-“L*”-“A” where: S2 refers to Stope 2, “L*” refers to the Lift being sampled, -“A”- refers to the particular chip line within the lift. Sampling occurred on 3m spacings where possible, however not all areas of the lifts could be sampled at 3m intervals.

The rehabilitation of the historical raise on Level 3 is nearing completion with sampling to follow. The rehabilitation for two raises on Level 4 has been completed. On May 16, 2013, the Company released preliminary results from the sampling of the 4-14 Raise. The results are provided below.

Sample #	Length (m)	Ag g/t	Pb %	Zn %	Cu %
1979808	0.27	308	3.00	6.51	0.08
1979809	1.13	57.3	0.59	1.06	0.02

Sample #	Length (m)	Ag g/t	Pb %	Zn %	Cu %
1979834	0.15	579	5.97	9.23	0.14
1979810	0.41	40.6	0.51	1.55	0.01
1979811	0.73	78.9	0.67	1.89	0.03
1979812	0.22	23.5	0.19	0.39	0.01
1979814	0.55	1280	19.85	19.25	0.39
1979815	0.85	20.1	0.18	0.51	0.01
1979816	0.3	345	2.50	11.45	0.34
1979818	0.9	8.66	0.07	0.22	0.00
1979820	0.42	379	3.76	19.60	0.14
1979821	0.8	10.65	0.16	0.37	0.00
1979822	0.32	123	0.96	3.13	0.06
1979823	1.06	12.3	0.14	0.42	0.01
1979824	0.2	118	0.76	2.65	0.04
1979826	1.24	7.95	0.07	0.16	0.01
1979827	0.16	598	3.85	16.65	0.18
1979829	1.4	8.13	0.09	0.21	0.00
1979830	0.2	249	2.47	8.41	0.51
1979831	1.3	6.48	0.10	0.47	0.00
1979832	0.25	948	2.85	11.50	0.11
1979833	1.5	7.02	0.08	0.21	0.00
1979836	0.28	1680	4.43	7.04	0.30
1979837	1.26	35.5	0.62	3.49	0.03
1979838	0.41	159	1.15	6.13	0.07
1979839	0.97	1.56	0.02	0.04	0.00
1979840	0.33	4.09	0.05	0.04	0.00
1979841	0.8	0.62	0.00	0.01	0.00

Samples were analysed by ALS Chemex at their Vancouver laboratory, an ISO 9001:2000 certified laboratory. Samples were prepared by crushing to 70% less than 2mm, riffle splitting off up to 250g and then pulverising the split to better than 85% passing 75 microns. A 0.25g sample was then digested using a 4-acid digest and the solution was analysed by multi-element ICP-AES. Ag, Pb and Zn overlimits were analysed using the ME-OG62 method. Ag overlimits >1500 g/t Ag were further analysed by 30g fire assay with gravimetric finish.

The results presented in the table were preliminary in nature as all reference materials and blanks submitted with the chip samples passed QA/QC verification. However, some duplicate tests did not fall within tolerance. Affected certificates were returned to ALS Chemex for investigation and the results published here provide only an indication of the probable grade for the samples.

The mineralization identified in the 4-14 Raise was associated with a dyke and is potentially a separate structure from the “C” vein. Mineralization is of the same style exhibited elsewhere within the Treasure Mountain Project – being a narrow vein, steeply dipping structure where the main sulphide minerals are argentiferous galena and sphalerite. The mineralisation identified during the sampling lies on the hangingwall side of the dyke contact.

To date, the majority of the Company’s mineral resources have been classified as inferred, whereby the economic viability of such resources cannot be determined. The removal of mill feed from the Company’s Treasure Mountain Project is considered an exploration and evaluation activity, and as such, all costs associated with the removal of this mill feed are expensed as exploration costs. Currently, no value has been assigned to stockpiled mill feed as the removal is considered an exploration and evaluation activity.

Merritt Mill Property

The Company purchased all of the shares of Craigmont Holdings Ltd. (now Huldra Properties Inc.) ("Huldra Properties") on May 5, 2011. Huldra Properties holds real property, mineral claims and mineral leases, covering approximately 8,400 hectares, located in south central British Columbia, approximately 10 kilometers west of Merritt, British Columbia. The Company has constructed 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.

The mill is 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.

From November 16, 2012 to May 15, 2013, we processed and sold the following concentrates (net of HST):

Lead/Silver - 912.20 dry metric tonnes for approximately US$7,140,725

Zinc/Silver - 733.99 dry metric tonnes for approximately US$324,207

The Company evaluated 65 years of historical exploration data it has received pertaining to the Mill Property on May 8, 2013. The Company filed a technical report title "TECHNICAL REPORT on the THULE COPPER – IRON PROPERTY, Southern British Columbia, Canada".

The Thule Copper Project, located 14 kilometres northwest of Merritt, British Columbia, includes the former Craigmont copper-iron mine, 20 contiguous mineral claims, 10 contiguous mineral leases and seven freehold properties covering a total area of 8,272 hectares. The claims are owned 100% by Huldra Properties.

The former Craigmont copper-iron mine was operated by Craigmont Mines Ltd. from 1961 until 1982 when Placer, the Company's majority shareholder, was forced to cease activity due to falling copper prices. During its operation, 34 million tonnes of ore were mined grading approximately 1.28% copper. Magnetite stockpile and tailings recovery operations continued from 1982 to 2012.

In 2012, Huldra completed a helicopter aeromagnetic gradient and spectrometer survey over the entire property. A total of 903 line kilometres of magnetic data was collected. From this data package, six magnetic targets were identified along strike of the past producing Craigmont copper-iron mine. An additional six other exploration targets were identified during the data compilation and review process.

CURRENT STATUS OF THE TREASURE MOUNTAIN PROJECT & MERRITT MILL PROPERTY

Current Mineral Tenure (Claim) Holdings at the Treasure Mountain Project

The Company's claim holdings at the Treasure Mountain Project 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 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

The Company expects that mining and exploration will continue at the Treasure Mountain Project through the remainder of the year. The current development plans are to complete mining and exploration activities for the remainder of the upper level of the mine to surface. This is expected to be completed in August 2013. The Company expects that an additional 60,000 tonnes of mill feed will be removed from level 1 and level 2 by the end of 2013. The Company will also continue with underground exploration development of the second level of the mine through the remainder of the year.

The primary objective of the exploration program in 2013 will be defining further resources on the Treasure Mountain Project between level 1 and 3. The program will also consist of surface diamond drilling and expansion of 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 2013 are expected to be $8,400,000. This includes completion of the extraction of 60,000 tonnes of material from the Treasure Mountain Project as well as exploration on level 2.

The Company expects that the mill will progress to full design capacity of processing 200 tonnes per day in the second quarter of 2013. Monthly operating costs for the milling and processing facility at the Mill Property have been budgeted at $600,000.

As of March 31, 2013, $23,403,179 has been spent on the construction and commissioning of the milling and process facility at the Mill Property.

FINANCING, LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 2013, the Company had a working capital deficiency of $18,597,607 that included cash and cash equivalents of $2,799,834, as compared to a working capital deficiency of $14,566,791 and cash and cash equivalents of $883,169 as at December 31, 2012. The increase in the working capital deficiency can be largely attributable to the issuance of the convertible debentures in February 2013, offset by the reductions in both the debt owed to Waterton and Craigmont.

Cash used in operating activities for the year ended March 31, 2013 was $1,831,747 compared to $1,344,968 for the three months ended March 31, 2012. The increase in cash used in operating activities was largely due to the changes in the working capital balances period over period. There has been a large increase in the accounts receivable balance driven by the sales of concentrate to the smelter.

Cash provided by investing activities was $424,712 for the three months ended March 31, 2013 compared to $2,050,991 cash used in investing activities for the three months ended March 31, 2012. Major expenditures in for both comparable periods related to the ongoing processing facility construction at the Mill Property. Additionally, for the three months ended March 31, 2013, the Company received proceeds in the amount of $3,715,322 for sales of concentrate to the smelter during the mill commissioning phase.

Cash provided by financing activities was $3,323,700 for the three months ended March 31, 2013 compared to $4,158,861 for the three months ended March 31, 2012. $9,556,341 was the net proceeds from the Convertible Debenture issuance. Additionally, the Company repaid $2,000,000 towards the acquisition costs of Craigmont Holdings Ltd.., and also made principal repayments on the Credit Facility totaling $3,963,011 plus payments related to the derivative liabilities of $269,030.

The Company had the following major cash obligations as of March 31, 2013:

- repayment of the Credit Facility (as described below) in the amount of $9,261,362; and

- a $1,004,125 obligation to complete the acquisition of Craigmont Holdings (as described in Note 6 to the condensed consolidated interim financial statements).

As at March 31, 2013, the Company had an accumulated deficit of $34,127,733 (December 31, 2012 - $29,188,156) and a working capital deficiency of $18,597,607 (December 31, 2012 - $14,566,791) including current debt obligations of $21,869,895 (December 31, 2012 - $13,411,298). These factors represent a material uncertainty that may cast a significant doubt about the Company's ability to continue as a going concern. The Company will be required to raise funds through the issuance of equity or debt, or be successful in the development of the Treasure Mountain Mine and Merritt Mill.

CONTRACTUAL COMMITMENTS

The following table summarizes the contractual maturities of the Company's significant financial liabilities and capital commitments, including contractual obligations as of March 31, 2013:

	Total	**Less than 1 year**	**1 – 3 years**	**4 - 5 years**	**After 5 years**
Debt	$21,869,895	$21,869,895	$nil	$nil	$nil
Finance Lease Obligations	$nil	$nil	$nil	$nil	$nil
Operating Leases	$nil	$nil	$nil	$nil	$nil
Accounts payable and liabilities	$2,597,710	$2,597,710	$nil	$nil	$nil
Other Obligations	$nil	$nil	$nil	$nil	$nil
Total Contractual Obligations	$24,467,605	$24,467,605	$nil	$nil	$nil

Credit Facility

On June 16, 2011, the Company entered into a credit agreement (the "Credit Agreement") with Waterton pursuant to which Waterton agreed to make a $10,000,000 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 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 advance) 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 advance of the Credit Facility such that the Company was entitled to drawdown the fourth advance 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 advance from 650,000 warrants to 1,000,000 warrants. The terms of the warrants were also amended so that they would have an exercise price of $1.30 throughout the term of the warrant.

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 payments due in August and September 2012 by over fifty percent, however this resulted in an increase in the repayment terms starting October 31, 2012. In consideration for the amendments, the Company (i) issued 180,000 common shares of the Company to Waterton; and (ii) agreed to 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, the repayment term for the payments to be made between October 31, 2012 and April 30, 2013 were amended so that the October 31, 2012 and November 30, 2012 repayment amounts have each been reduced by $887,607 with such reduction resulting in a corresponding increase in the March 29, 2013 and April 30, 2013 repayment amounts. The silver adjustment provision was also amended so that the amount payable on each repayment date continued to be based on the debt repayment amount for that date. In consideration for these amendments, the Company agreed to pay Waterton an additional $300,000 cash payment on April 30, 2013 which has been added to the final principal payment amount of the Credit Facility. In addition, the Company entered into a concentrate off-take financing agreement with Waterton whereby Waterton would finance the sales of the concentrate under terms and conditions acceptable to Waterton, acting reasonably.

On January 29, 2013, the Company entered into a fourth amending agreement with Waterton pursuant to which it has 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 maturity date was extended from April 2013 to November 2013 and the repayment amounts, other than for January 2013, have been reduced accordingly. As consideration for the amendment, the Company agreed to pay a restructuring fee of $125,000 per month for the remainder of the term subject to a minimum restructuring fee of $750,000. Additionally, the calculation for the silver adjustment provision payable formula was changed so that the amount payable is based on the higher of the settlement price per ounce of silver on the business day preceding the repayment date of $32.00 per ounce. Prior to this amendment, the calculation for the silver adjustment provision payable formula required the settlement price per ounce of silver on the business day immediately preceding the repayment date to be at a minimum of $27.50 per ounce in order to trigger a silver adjustment provision amount payable and the maximum amount payable in the formula was based on $34.00 per ounce.

RELATED PARTY TRANSACTIONS

During the three months ended March 31, 2013, the Company incurred the following expenditures to related parties:

	Three Months March 31,2013	
	2013 ($)	**2012 ($)**
Management fees paid to a director and a company controlled by a director (1)	24,000	24,000
Consulting fees paid to a director (2)	6,000	6,000
Office rental payments made to a company controlled by a director (3)	7,500	7,500
Office and general expenses paid to a director of the Company (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.

OUTSTANDING SHARE DATA

- Authorized and issued share capital as at May 29, 2013:

Class	Par Value	Authorized	Issued Number
Common	No par value	Unlimited	50,855,859

- As at May 29, 2013, there were 4,566,500 stock options were outstanding.
- As at May 29, 2013, there were 13,231,490 warrants outstanding.

OFF BALANCE SHEET ARRANGEMENTS

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

CHANGES IN ACCOUNTING POLICIES

The following is an overview of accounting standard changes the Company will be required to adopt in future years The Company will not adopt any of these standards before their effective dates. The adoption of these standards is not expected to have a material impact on the Company's consolidated financial statements. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

IFRS 9 – Financial Instruments Disclosure

IFRS *9 Financial Instruments* introduces new requirements for the classification and measurement of financial assets. IFRS 9 requires all recognized financial assets that are within the scope IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortized cost or fair value. Specifically, financial assets that are held with a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payment of principal and interest on the principal outstanding, are generally measured at amortized cost at the end of subsequent accounting periods. All other financial assets including equity investment are measured at their fair values at the end of subsequent accounting periods.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive earnings (loss).

IFRS 9 is effective for annual periods beginning on or after January 1, 2015. The Company will continue to evaluate the impact of this standard on its consolidated financial statements.

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 in active markets for similar instruments; 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 derivative liabilities associated with the Credit Facility, and the warrant liability as Level 3 on the fair value hierarchy. The accounts receivable from concentrate sales categorized as Level 2 on the fair value hierarchy.

The Company estimated the fair value of the derivative liabilities as at March 31, 2013 as the sum of the fair value of a series of call options on silver with an exercise price of $32.00 per ounce and expiring on each repayment date plus the sum of the fair value of a series of put options on silver with an exercise price of $32.00 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	$31.15 per ounce
Exercise Price	$32.00
Risk Free Rate	1.00%

Discount Rate	1.00%
Expected Life	0.08 years to 0.83 years, as applicable
Number of Options Granted	14,260
Credit Adjustment Factor	20.00%

The Company estimated the change in control option and the prepayment option at $nil on March 31, 2013 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 for the first and third advances under the Credit Facility as at March 31, 2013 using the Black-Scholes model with the following assumptions:

Share Price	$1.34
Exercise Price	$1.21 or $1.28 as applicable
Risk Free Rate	0.00%
Discount Rate	1.37%
Expected Life	3.21 years or 3.79 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, 2013:

	Liability at December 31, 2012	Extinguishment of Debt	Profit Participation Payments	Mark to market (gain) loss	Liability at March 31, 2013
Waterton derivative liability	$ 406,260	$ 376,718	$ (269,630)	$ 120,916	$ 634,264
Warrant liability	$ 1,422,005	$ -	$ -	$ (161,858)	$ 1,260,147
	$ 1,828,265	$ 376,718	$ (269,630)	$ (40,942)	$ 1,894,411

Risk Exposure and Management

Overview

The Company has exposures to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The principal financial risks to which the Company is exposed are credit risk, liquidity risk, metal price risk, and currency risk.

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, 2013 under its financial instruments was approximately $4.9 million.

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

Liquidity Risk

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

Management anticipates that, subject to financing, it will make substantial 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 a significant working capital deficit, 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 or the loss or substantial dilution of any of its property interests.

The following is a summary of the maturities for the Company's non-derivative financial liabilities as at March 31, 2013:

	Less than 30 days ($)	**30 days to 1 year ($)**	**1 year to 2 years ($)**	**More than 2 years ($)**
Accounts Payable and Accrued Liabilities	2,597,710	-	-	-
Waterton Debt Obligation	1,946,969	7,314,393	-	-
Craigmont Obligation	1,004,125	-	-	-
Convertible Debentures	-	11,604,408		
TOTAL:	5,548,804	18,918,801	-	-

OTHER INFORMATION

This MD&A of the financial position and results of operations of the Company is dated as of May 30, 2013 and should be read in conjunction with the condensed consolidated interim financial statements for the three months ended March 31, 2013. 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.