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Memorandum

To: Huldra Silver Inc.

Attn: Jim Cuttle

From: E. Trent Pezzot

Date: September 11, 2012

Re: Geophysical Interpretation – Treasure Mountain Project

This memo describes the results of the interpretation of airborne magnetic and radiometric data gathered across the Treasure Mountain Project area in the Tulameen River area of B.C. in July, 2012. The survey was conducted by Scott Hogg & Associates Ltd. (Hogg) and used a Heli-GT system which consists of 3 cesium magnetic sensors arranged in an orthogonal array on a bird towed 25 metres below a helicopter. It also included a helicopter mounted spectrometer system and the normal ancillary equipment required for airborne survey operations. Details concerning the survey logistics, data processing and deliverables are documented in an Operations and Processing report by the contractor.

The survey data was provided in geosoft formatted database, grid and mapfiles. In addition, a technical and project update report prepared by Erik A. Ostensoe, Garth H. Giroux and Jim Cuttle, dated June 7, 2012 provided background information concerning the exploration history and target types.

The geophysical databases were used to reconstruct the grids and maps to verify the accuracy of the maps provided by Hogg. Additional processing, including the generation of profile and stacked profile maps, horizontal and vertical gradient calculations, trend removal, sun shadow enhancement and topography draping were completed using Oasis Montaj, Profile Analyst, Ermapper and Mapinfo software. Magnetic data was processed and used as input to the UBC 3D magnetic inversion software to produce 3D voxel models showing possible subsurface distributions of the magnetic susceptibility index parameter that might generate the observed data.

The geophysical interpretation was reviewed with representatives of Huldra Silver Inc. in a meeting on September 5, 2012. Based on these discussions, addition 3D inversion modelling covering the western portion of the survey grid was authorized. Additionally, a summary memo (this document) and a short movie showing a visualization of the 3D magnetic inversion results over the main exploration target, a high grade silver vein system on Treasure Mountain were requested.

The primary exploration target is a high grade silver, lead and zinc vein system which was introduced along fracture zones proximal to a feldspar porphyry dyke that partially occupies the Treasure Mountain fault. The vein strikes northeasterly and dips 50^0 to 65^0 southeasterly. This "C" vein has been explored from surface, down dip for almost 350 metres through a series of adits and drill holes.

The magnetic data is dominated by two very high amplitude anomalies located along the western portions of the survey.

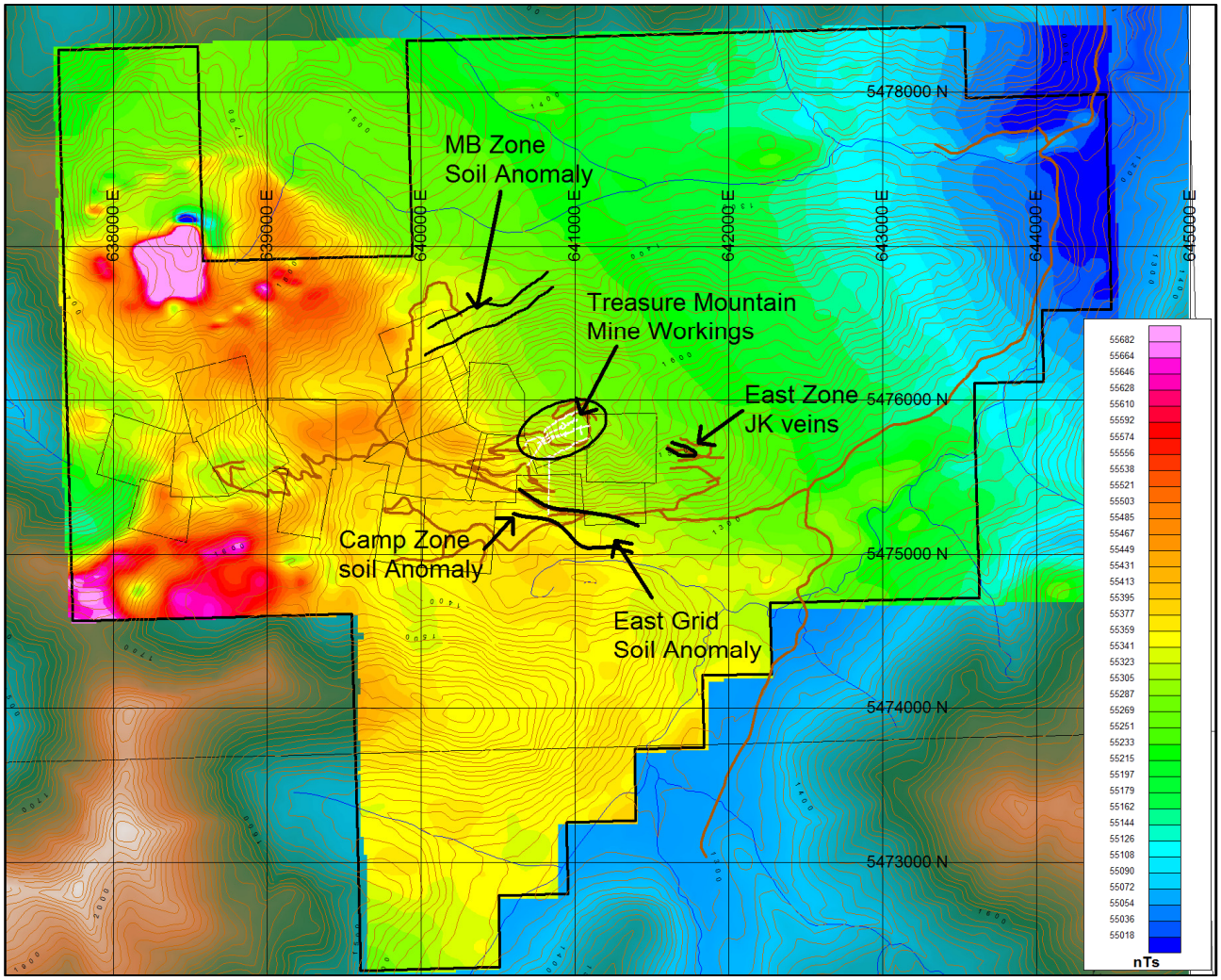

Figure 1: Total Magnetic Field Intensity colour contour map – linear distribution

These anomalies are located within what is shown as clastic sedimentary rocks and likely reflect unmapped bodies of Egd (unnamed Cenozoic granodiorites) which regional maps show as being scattered across the area. The 3D magnetic inversions confirm the sources are intrusive type plugs and pipes that extend from near surface to considerable depth.

Displaying the magnetic data with a histogram equalization scheme minimizes the effect of these extreme high amplitude responses and highlights more subtle magnetic variations. These subtle features can be further enhanced by removing the regional magnetic gradient which increases from NE to SW.

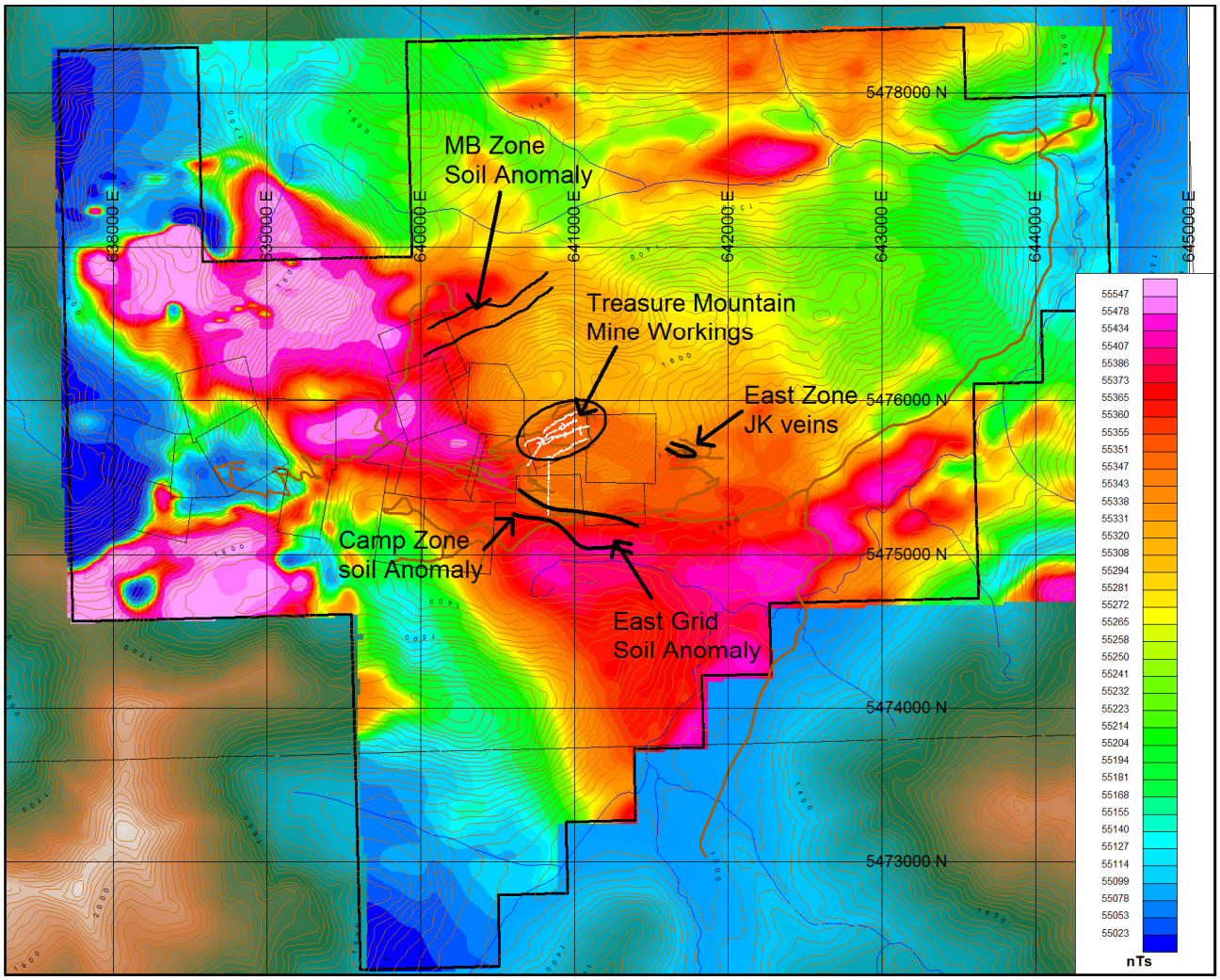

Figure 2: Total Magnetic Field Intensity colour contour map – Regional Trend Removed, Equal Area colour distribution.

In this trend removed display, there is a clear definition of a major NW-SE gradient that crosses the SW corner of the survey. This ties closely to a fault controlled contact separating the Dewdney Creek Formation sediments to the west from the Pasavian Group sediments to the east

that host the known mineralization on Treasure Mountain. It also highlights several weak magnetic anomalies across the property. This includes a weak, arcuate body, concave to the south that coincides with the main high grade silver vein. This response could be reflecting a porphyry dyke, mineralization or the rocks along the northern side of the Treasure Mountain fault.

The application of the 3D magnetic inversion technique has greatly enhanced the interpretability of the magnetic data. A regional inversion, utilizing all of the magnetic data is dominated by the strong anomalies on the western portion of the property. These responses appear to be generated from two clusters of intrusive type plugs and pipes. This inversion provides some indications of more subtle features in the quieter magnetic regimes to the east.

More detailed inversions were completed across four small blocks as outlined on Figure 3. These were selected to focus on localized magnetic anomalies and trends.

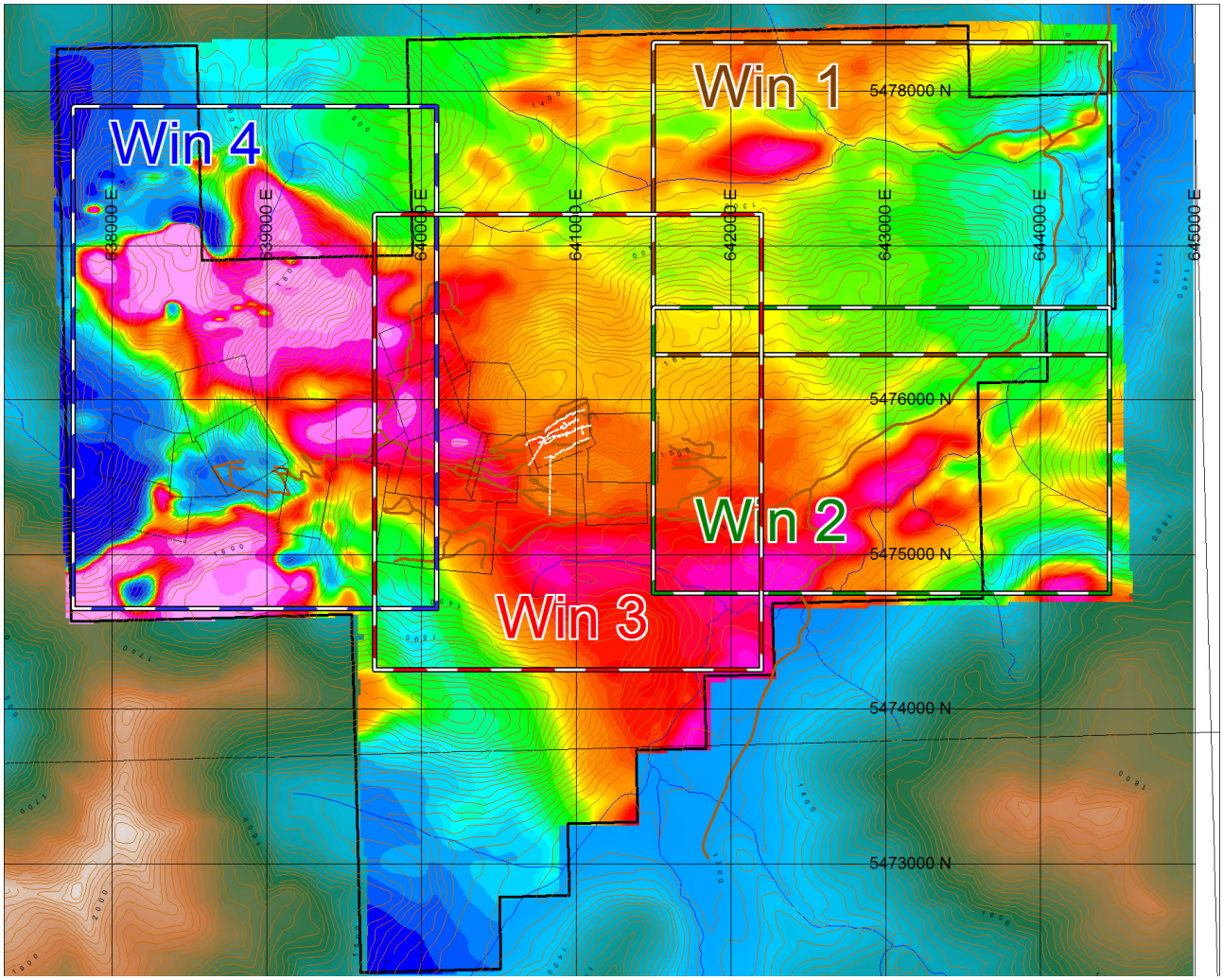

Figure 3: Outlines of Mag3d detail inversion windows

Win 1 covers the northeastern portion of the block and includes east-west elongated magnetic highs located along Sutter Creek. The inversion reveals the magnetic highs are associated with east-west elongated surface lenses with limited depth extent. The magnetic sources are expected to be at surface or directly below an overburden layer. The eastern zone, located just west of the point where Sutter Creek drains into Vuich Creek, appears to extend to some 60 metres. The western zone, further upstream, appears to be larger, possibly extending from surface to over 100 metres depth.

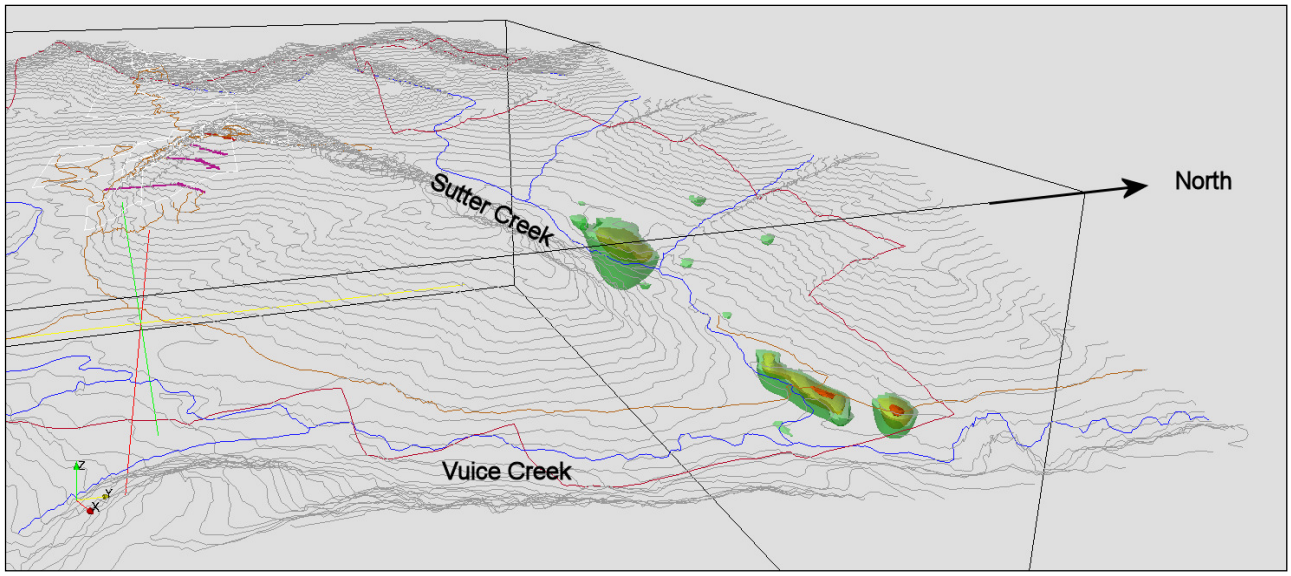

Figure 4: Win 1 Inversion – Isosurface Display – View from East - red = 0.01 SI, yellow = 0.005 SI, green = 0.0025 SI

Win2 covers the southeastern portion of the block and was centred over a series of NE striking, narrow magnetic lineaments. The strongest of these magnetic responses lies along the northern bank of the NE flowing Vuich Creek. The magnetic response appears to be generated from two parallel structures formed by a series of NE elongated lenses. The small zones comprising the larger trend appear to be cut and offset slightly by numerous north-westerly trending faults. Along the northeastern end of this trend, the magnetic bodies appear to be near surface lenses. At the southwest end of the trend, the magnetic sources appear to extend to depth, giving the impression that they originate from a buried source.

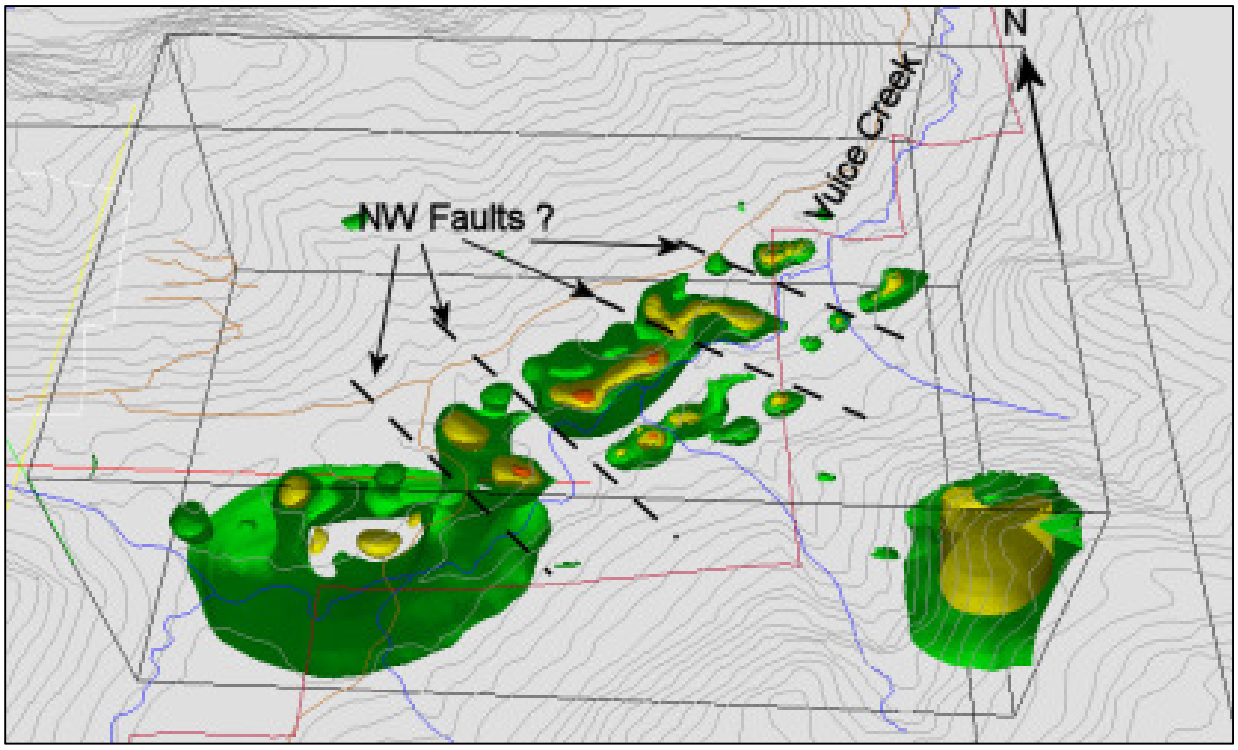

Figure 5: Win 2 Inversion – Isosurface Display – View from South - red = 0.01 SI, yellow = 0.005 SI, green = 0.0025 SI

A parallel and weaker magnetic anomaly is detected some 400 metres NW of the stronger lineaments. The source appears to be confined to the near surface, likely with very limited depth extent. This feature coincides with a Pb, Zn, Ag and Mn (?) soil geochemical anomaly.

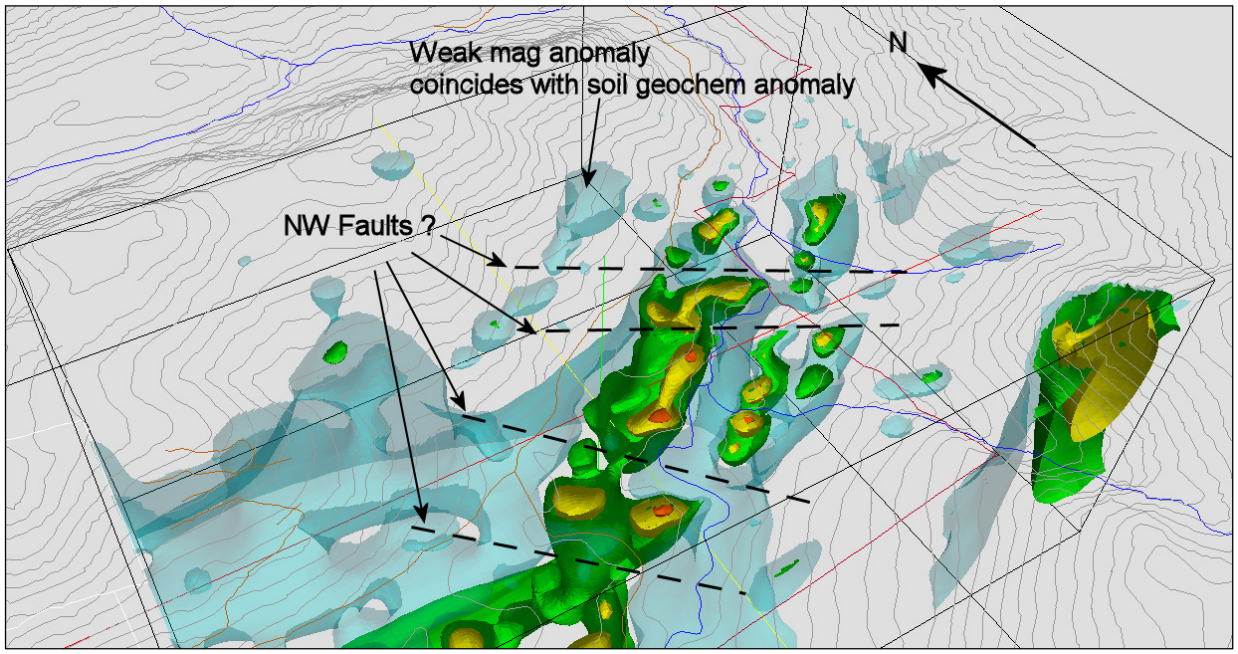

Figure 6: Win 2 Inversion – Isosurface Display – View from Southwest - red = 0.01 SI, yellow = 0.005 SI, green = 0.0025 SI, blue = 0.0005 SI

Win 4 covers the western portion of the block. The inversion is dominated by a large magnetic anomaly in the NW corner of the survey block comprised of three sections: an inner core some 400 metres across, comprised very high SI material, surrounded by a ring of low SI which is in turn surrounded by a small ring of elevated SI material. The inner core is formed as a near vertical, plug like body that extends from surface to over 500 metres depth. This pipe appears to originate from a larger high susceptibility body buried at depth. The inner ring of lower SI material contains several isolated pods of very low susceptibility material. These pods appear to be concentrated in the near surface. The outer ring of higher SI material forms a circular feature some 1200 metres in diameter. It includes a prominent zone of alternating high and low susceptibility pods that forms a 650 metre long NE striking, elliptical zone in the SE quadrant of the ring. These small pods appear to be surface features and coincide with a topographic ridge. More detailed ground magnetic surveying will be required to properly delineate the individual lenses within the trend. The overall impression of this response suggests a small intrusion, ringed by an alteration zone.

Another strong magnetic high in the SW corner of this block appears to be comprised of a cluster of small, high susceptibility lenses that form an ENE striking lineation in the near surface. These anomalies also appear to originate from a large, buried intrusive mass. The edge of this deep structure is likely controlled by a NE striking fault.

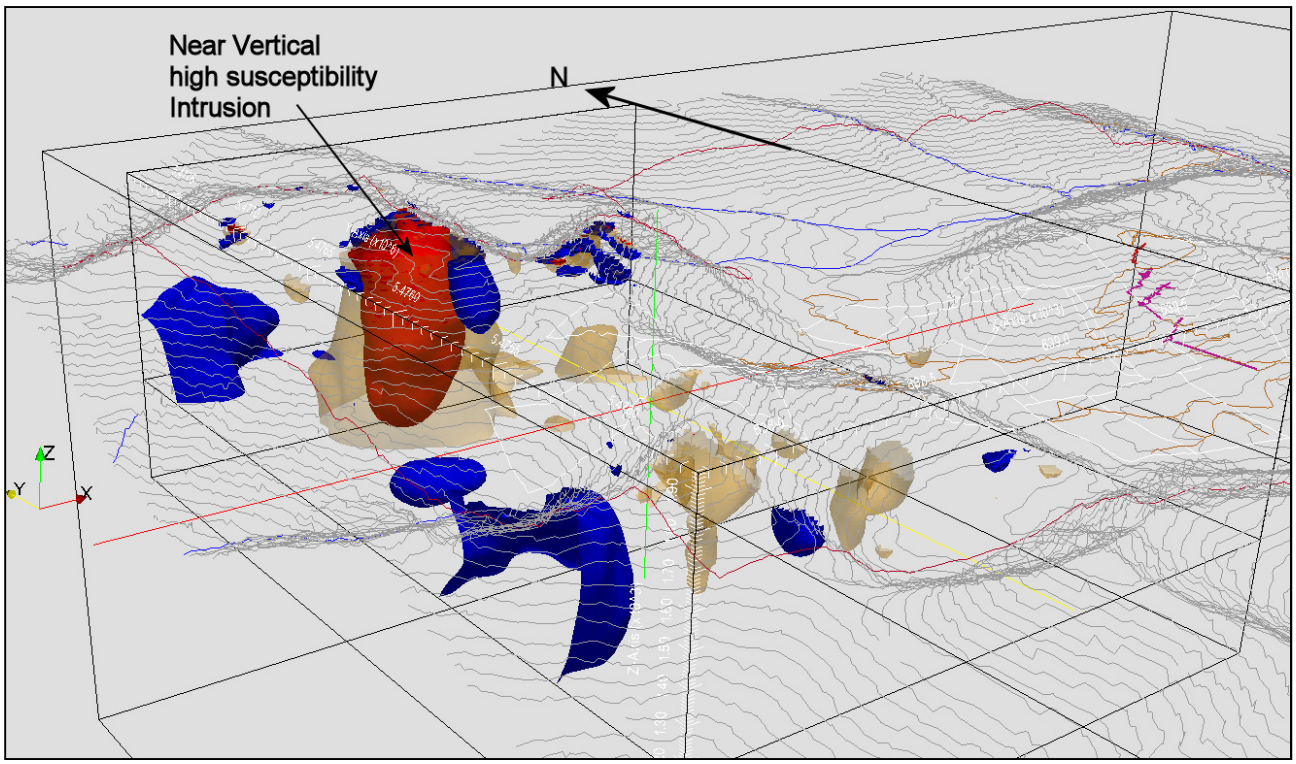

Figure 7: Win 4 Isosurface Display – View from Southwest - red = 0.03 SI, gold = 0.01 SI, blue = -0.06 SI

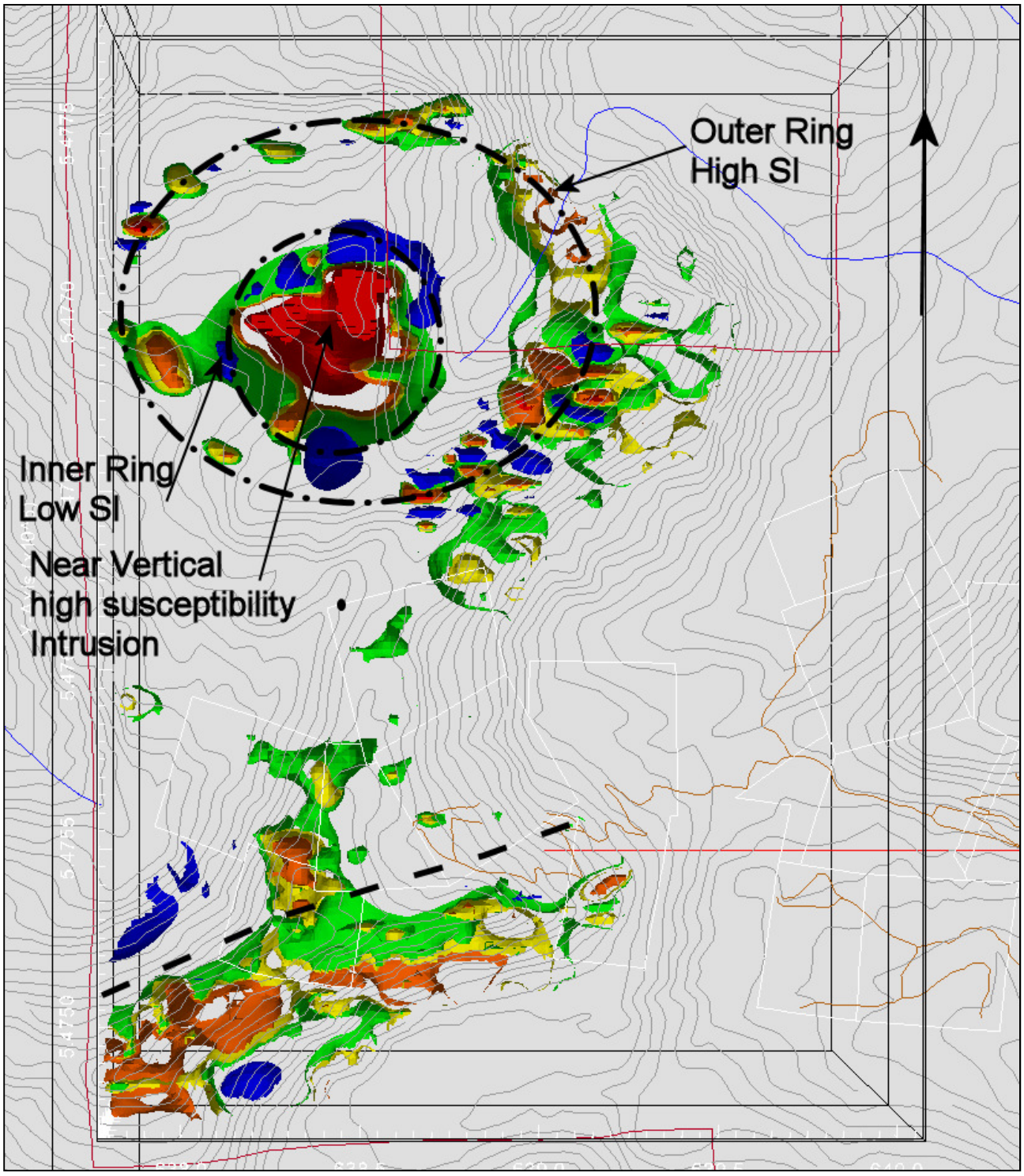

Figure 8: Win 4 Isosurface Display – View from top - red = 0.03 SI, orange = 0.01 SI, yellow = 0.005 SI, green = 0.0025 SI, blue = -0.01 SI

There is a cluster of small, near surface high susceptibility pods evident along the eastern edge of this block. These anomalies were also observed in the Win 3 inversion block.

Win 3 is centred over the main vein on Treasure Mountain. The inversion reveals high susceptibility surface pods scattered across the western side of this block, some of which appear to form as apophyses from larger bodies at depth. One of these pods is located immediately north of two northerly striking and converging vein systems near the Jensen Portal. A northeasterly trending series of these small surface pods located in the northwest corner of this block appears to flank the MB Zone soil anomaly. A similar surface magnetic lens appears to roughly coincide with the Camp Zone and East Grid soil anomalies at the south end of the block.

The inversion provides a clear outline showing a narrow, plate-like body that follows a weak surface magnetic high that closely coincides with the known main zone vein system. The inversion shows this dyke-like response forms an arcuate feature, concave to the south that dips steeply to the south and extends to around 400 metres depth. The inversion shows this dyke swings to the southeast immediately east of the current workings and continues for some 600 metres, terminating against a small magnetic pod directly below the East Zone / JK vein system. There is subtle evidence that another magnetic body strikes NE from the East Zone for an additional 800 metres. The exact source of the main zone magnetic anomaly is not known. Based on the assumed location of the adits, the magnetic body appears to coincide with the mineralized veins in the two upper adits (levels 1642 and 1565). This implies the source may be either the feldspar porphyry dyke or the mineralization. It is noted that magnetite, pyrrhotite and hematite are listed as part of the mineral assemblage. However, the lower two adits (levels 1505 and 1385) appear to be located south of the core of the magnetic anomaly. This implies that either the response originates from the rocks along the hanging wall of the Treasure Mountain fault, or that the bulk of the mineralization is north of these adits. If conditions allow, it may be prudent to drill horizontal holes north from the two lower adits to search for the vein system in that direction.

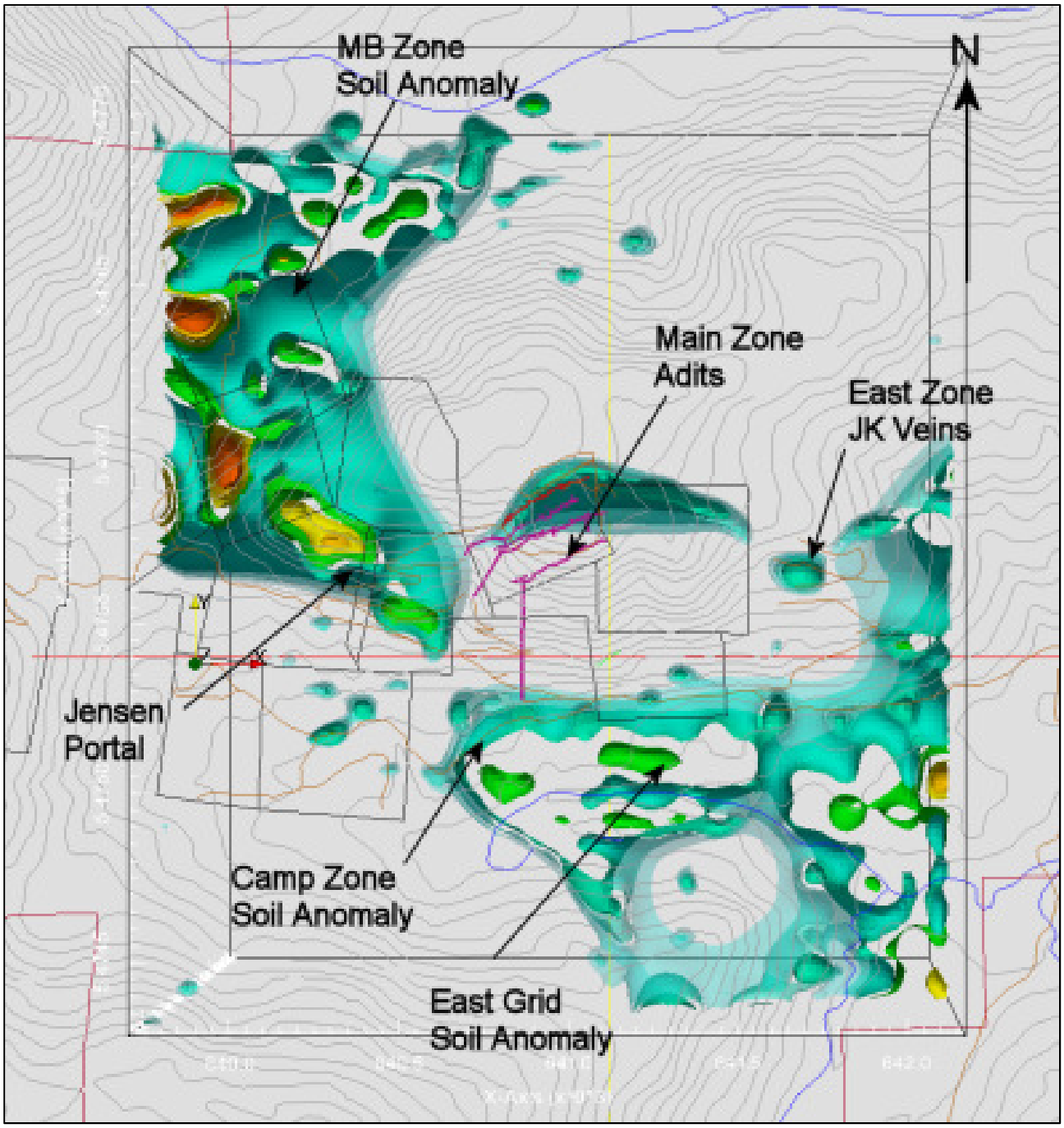

Figure 9: Win 3 Isosurface Display -- View from top - red = 0.02 SI, orange = 0.01 SI, yellow = 0.005 SI, green = 0.0025 SI, aqua = 0.001 SI, light blue = 0.00075 SI, translucent blue – 0.0006 SI

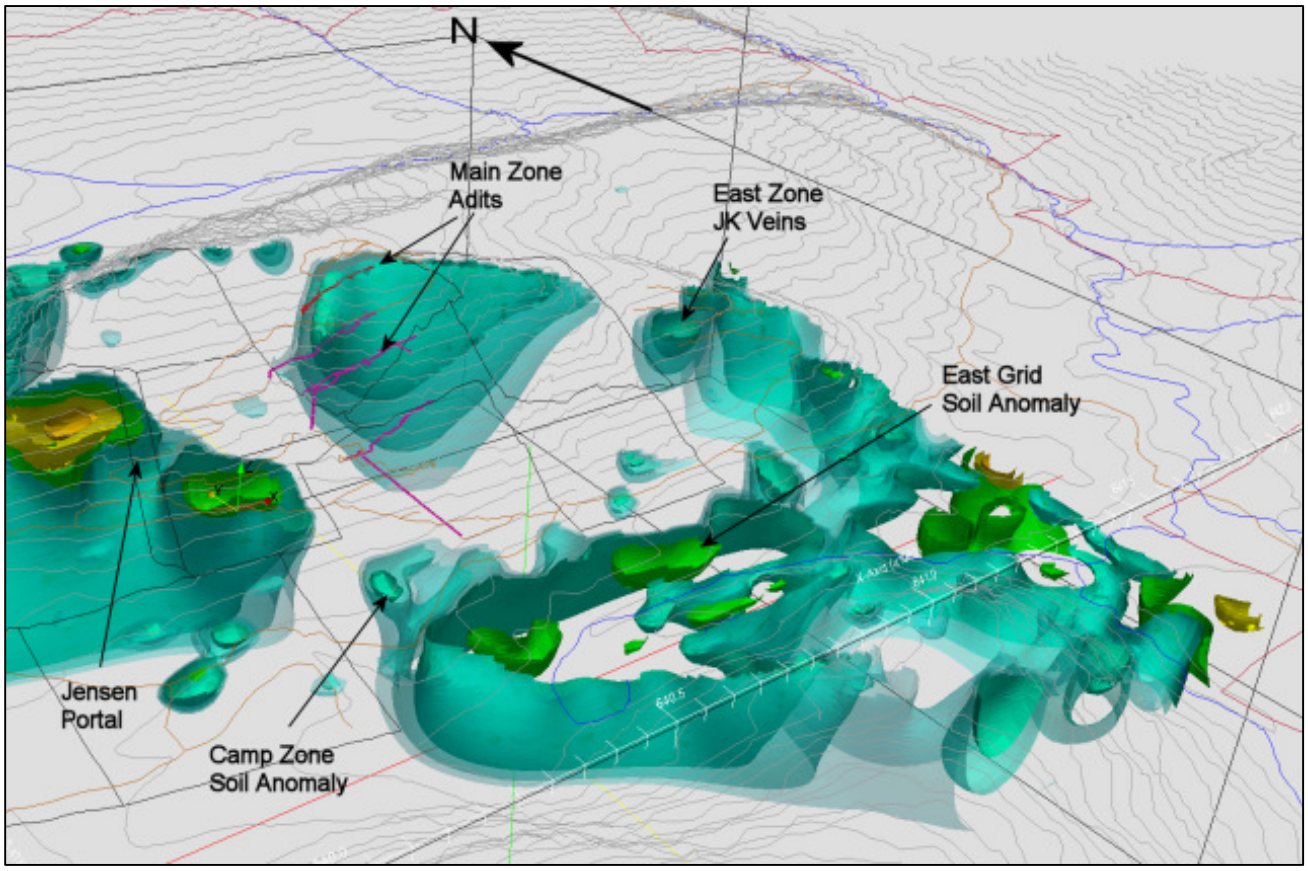

Figure 10: Win 3 Isosurface Display – Elevated View from South West - red = 0.02 SI, orange = 0.01 SI, yellow = 0.005 SI, green = 0.0025 SI, aqua = 0.001 SI, light blue = 0.00075 SI, translucent blue – 0.0006 SI

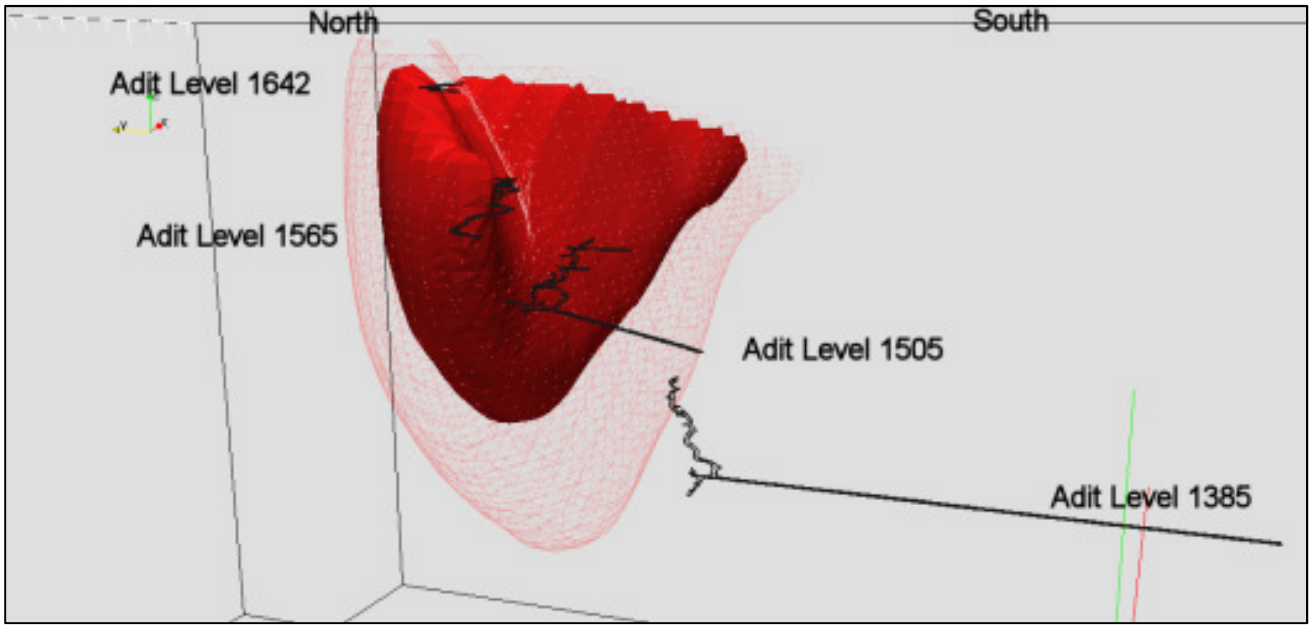

Figure 11: Win 3 Isosurface Display – Side View from West - red = 0.001 SI, red mesh = 0.00075 SI

Spectrometer data was also acquired. The results show a clear distinction between very low counts on the northern slopes and significantly higher counts on the south facing slopes. This effect is attributed to a lower moisture content in the overburden on the south facing slopes. The strong masking effects make the analysis of the amplitude of a single isotope difficult. More meaningful results can be achieved by analyzing ratio and ternary maps.

Other than the overburden masking effects, no distinctive radiometric signatures were observed. Several weak Th/K ratio anomalies, which often map areas of potassic alteration, are scattered across the property. These are evident on both the Th/K ratio maps and ternary maps. Based on the available geological reports, no significant hydrothermal alteration has been noted with the known target mineralization. No radiometric anomalies were observed that warrant ground investigation. However, weak variations have been noted that likely reflect underlying geological conditions and these data should be re-examined if other exploration techniques define areas of interest.

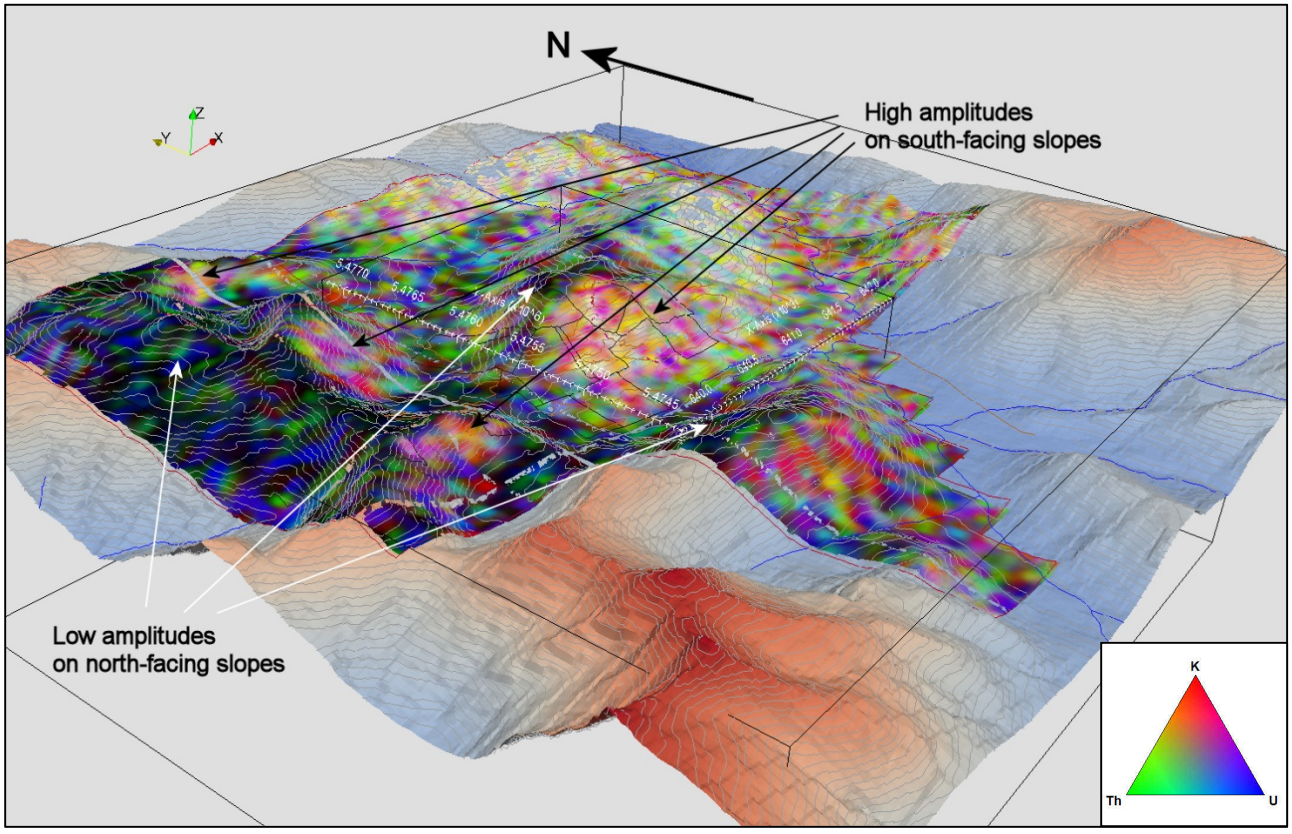

Figure 12: Ternary Radiometric Display –RGB = K-Th-U draped over surface – Elevated view from Southwest.