

HuldraSilver^{INC.}

HULDRA SILVER INC.
(a development stage company)

QUARTERLY REPORT

FINANCIAL INFORMATION

MARCH 31, 2010

(Unaudited)

NOTICE TO READER

Management has compiled the unaudited interim financial statements of Huldra Silver Inc. consisting of the interim balance sheet as at March 31, 2010 and the statements of operations and deficit and cash flows for the three months ended March 31, 2010. All amounts are stated in Canadian dollars. An accounting firm has not reviewed or audited this interim financial statement.

HULDRA SILVER INC.
(a development stage company)

BALANCE SHEET

March 31, 2010

(Unaudited)

ASSETS

	<u>Mar 31 2010</u> (Unaudited)	<u>Dec 31 2009</u> (Audited)
CURRENT		
Cash and cash equivalents	\$ 21,945	\$ 17,268
Accounts receivable	2,698	272
Prepaid expenses	<u>367</u>	<u>1,795</u>
	<u>25,010</u>	<u>19,335</u>
EQUIPMENT		
Computer equipment	1,615	1,615
Less: Accumulated amortization	<u>992</u>	<u>942</u>
	<u>623</u>	<u>673</u>
MINERAL INTERESTS (Note 5)	<u>86,437</u>	<u>86,437</u>
RESTRICTED CASH (Note 4)	<u>10,000</u>	<u>10,000</u>
	<u>\$ 122,070</u>	<u>\$ 116,445</u>

LIABILITIES

CURRENT		
Accounts payable and accrued liabilities	\$ 66,499	\$ 47,182
Due to directors (Note 7)	<u>18,722</u>	<u>5,362</u>
	85,221	52,544
SITE RESTORATION OBLIGATION (Note 3)	<u>25,000</u>	<u>25,000</u>
	<u>110,221</u>	<u>77,544</u>
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 6)	6,531,388	6,531,388
CONTRIBUTED SURPLUS (Note 6)	81,404	81,404
DEFICIT	<u>(6,600,943)</u>	<u>(6,573,891)</u>
	<u>11,849</u>	<u>38,901</u>
"On Behalf of the Board"	<u>\$ 122,070</u>	<u>\$ 116,445</u>

"Magnus Bratlien" Director

"David Chong" Director

HULDRA SILVER INC.
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STATEMENT OF OPERATIONS AND DEFICIT

For the Three Month Period Ended March 31, 2010

(Unaudited)

	3 mths ended March 31, 2010	3 mths ended March 31, 2009
INTEREST AND OTHER INCOME	\$ <u>-</u>	\$ <u>-</u>
EXPLORATION COSTS	<u>2,196</u>	<u>13,198</u>
EXPENSES		
Professional fees	11,477	2,008
Regulatory fees	5,000	5,000
Consulting fees	4,000	-
Management fees	3,000	3,000
Transfer agent	860	825
Office and general	397	369
Bank charges and interest	72	182
Amortization	<u>50</u>	<u>72</u>
	<u>24,856</u>	<u>11,456</u>
NET LOSS FOR THE PERIOD	(27,052)	(24,654)
DEFICIT AT BEGINNING OF PERIOD	<u>(6,573,891)</u>	<u>(6,424,822)</u>
DEFICIT AT END OF PERIOD	\$ <u>(6,600,943)</u>	\$ <u>(6,449,476)</u>

HULDRA SILVER INC.
(a development stage company)

STATEMENT OF CASH FLOWS

For the Three Month Period Ended March 31, 2010

(Unaudited)

	<u>3 mths ended March 31, 2010</u>	<u>3 mths ended March 31, 2009</u>
CASH FLOWS FROM (USED IN)		
OPERATING ACTIVITIES		
Cash receipts from operations	\$ -	\$ -
Cash paid out to suppliers	<u>(5,323)</u>	<u>(3,324)</u>
	(5,323)	(3,324)
INVESTMENT ACTIVITIES		
Exploration costs	-	(26,351)
FINANCING ACTIVITIES		
Due to a director	<u>10,000</u>	<u>-</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	4,677	(29,675)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>17,268</u>	<u>30,436</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ <u><u>21,945</u></u>	\$ <u><u>761</u></u>

HULDRA SILVER INC.
(a development stage company)

NOTES TO FINANCIAL STATEMENTS

For the Three Month Period Ended March 31, 2010

(Unaudited)

1. DISCLOSURE

These interim financial statements do not conform in all respects to the requirements of generally accepted accounting principles for the annual audited financial statements and should be read in conjunction with the most recent annual financial statements.

2. NATURE AND CONTINUANCE OF OPERATIONS

The Company's common shares are listed on the TSX Venture Exchange as a junior resource company. The Company is in the process of exploring its mineral properties in British Columbia, Canada. The amounts shown as mineral interests represent costs incurred and do not necessarily represent present or future values. The underlying value of the mineral interests is entirely dependent on the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain the necessary financing to continue exploration, complete development, and future profitable production.

These financial statements have been prepared on the going concern basis, which assumes the realization of assets and the liquidation of liabilities in the normal course of business. The Company has experienced recurring losses which causes uncertainty as to the Company's ability to continue as a going concern. If the going concern presumption is not appropriate then assets may be realized at amounts significantly lower than the current carrying value. The application of the going concern concept is dependent on the Company's ability to generate future profitable operations, acquire additional working capital and arrange adequate additional financing. These financial statements do not include any adjustments relating to the recoverability and classification of recorded assets and the classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these financial statements are as follows:

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results may differ from those estimates.

HULDRA SILVER INC.
(a development stage company)

NOTES TO FINANCIAL STATEMENTS

For the Three Month Period Ended March 31, 2010

(Unaudited)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

Cash and cash equivalents consist of balances with banks and securities held with maturity dates less than 90 days from the date of the original purchase and are held for the purpose of meeting short-term cash commitments rather than for investing or other purposes. As at March 31, 2010 there were no cash equivalents.

Equipment

Computer equipment is stated at cost. Amortization is provided at the following annual rates:

Computer equipment - 30% declining balance basis

Amortization is calculated at one-half of the annual rate in the year of acquisition.

Mineral Interests

The Company follows the method of accounting for its mineral interests whereby all costs related to acquisition are capitalized by project, net of recoveries received. The amounts shown as mineral interests represent costs incurred to date less amounts written off, and do not necessarily represent present or future values. These costs will be amortized against revenue from future production or written off if the interest is abandoned or sold. The carrying values of mineral interests, on a property-by-property basis, are reviewed by management at least annually to determine if they have become impaired. If impairment is deemed to exist, the mineral property will be written down to its net recoverable value. The ultimate recoverability of the amounts capitalized for the mineral interests is dependent upon the delineation of economically recoverable ore reserves, the Company's ability to obtain the necessary financing to complete their development and realize profitable production or proceeds from the disposition thereof. Management's estimates of recoverability of the Company's investment in various mineral interests have been based on current conditions. However, it is reasonably possible that changes could occur in the near term which could adversely affect management's estimates and may result in future writedowns of capitalized property carrying values.

Site Restoration Liability

The Company recognizes the fair value of liabilities for asset retirement obligations (referred to as "site restoration obligation") in the period in which they incur and/or in which a reasonable estimate of such costs can be made. Liabilities include those liabilities related to environmental protection and rehabilitation due to environmental law or contracts. The site restoration obligation is recorded as a liability with a corresponding increase to the carrying amount of the related long-lived asset.

HULDRA SILVER INC.
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NOTES TO FINANCIAL STATEMENTS

For the Three Month Period Ended March 31, 2010

(Unaudited)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequently, the costs of site restoration are allocated to expenses using a systematic and rational method and are adjusted to reflect period-to-period changes in the liability resulting from passage of time and/or revisions to either timing or the amount of the original estimate.

Management has estimated that the amount of site restoration obligation at March 31, 2010 totals \$25,000, which amount has been added to the capitalized cost of the mineral property, and recognized as site restoration liability.

Financial Instruments

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgement, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable, and due to a director. Unless otherwise noted it is management's opinion that the Company is not exposed to significant interest, currency, credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values due to their short-term nature.

Stock-based Compensation

Stock-based compensation is accounted for at fair value as determined by the Black-Scholes option pricing model using amounts that are believed to approximate the volatility of the trading price of the Company's stock, the expected lives of awards of stock-based compensation, the fair value of the Company's stock and the risk-free interest rate. The estimated fair value of awards of stock-based compensation are charged to expense as awards vest, with offsetting amounts recognized as contributed surplus.

Recent Accounting Pronouncements

International Financial Reporting Standards ("IFRS")

In February 2008, the CICA Accounting Standards Board confirmed that publicly accountable companies will be required to prepare interim and annual financial statements under IFRS for fiscal years beginning on or after January 1, 2011. Management is currently assessing the impact of adopting IFRS and has not yet determined its affect on the Company's financial statements.

HULDRA SILVER INC.
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NOTES TO FINANCIAL STATEMENTS

For the Three Month Period Ended March 31, 2010

(Unaudited)

4. RESTRICTED CASH

The Company has in place deposits amounting to \$10,000 as at March 31, 2010, registered in the name of the Ministry of Finance as security for its mining permit and for reclamation clean up.

5. MINERAL INTERESTS

Upon incorporation in 1980, the Company acquired from two directors in consideration of 750,000 vendor's shares, 100% interest in 38 mineral claims at Treasure Mountain, located 27 km east of Hope, B.C. These 38 mineral claims, or their subsequent conversions, covering the area of the developed vein deposit, the projected vein extensions and several other exploration targets, have been maintained in continuous good standing since 1980.

The Treasure Mountain group of claims consist of the following:

	<u>2010</u>	<u>2009</u>
a) The Company acquired from its directors the Treasure Mountain group of claims located in the Similkameen Mining Division of British Columbia for a cash consideration of \$7,500.	\$ 7,500	\$ 7,500
b) The Company acquired a Crown Grant mineral claim to Lot 1210 in the Yale Mining Division contiguous to the Treasure Mountain Claims known as the "Eureka" for a cash consideration of \$14,437.	14,437	14,437
c) The Company acquired the surface rights to Lot 1209 located in the Yale Mining Division of British Columbia known as the "Whynot Fraction" for a consideration of \$39,500.	39,500	39,500
d) Provisions for reclamation	<u>25,000</u>	<u>25,000</u>
	\$ <u>86,437</u>	\$ <u>86,437</u>

The realization of the costs of the mineral interests aggregating \$86,437 are dependent upon the future commercial success of the properties or proceeds from disposition thereof.

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NOTES TO FINANCIAL STATEMENTS

For the Three Month Period Ended March 31, 2010

(Unaudited)

5. MINERAL INTERESTS (continued)

Cumulative exploration costs incurred on the Treasure Mountain group of claims are as follows:

	3 mths ended Mar 31, 2010	3 mths ended Mar 31, 2008
EXPLORATION COSTS, beginning of period	\$ <u>5,799,722</u>	\$ <u>5,730,050</u>
COSTS INCURRED DURING THE PERIOD		
Geotechnical	\$ -	\$ 9,657
Engineering	1,890	2,185
Metallurgical services	-	658
Travel and meals	-	423
Insurance	306	275
Surveying	-	-
Recording fees	<u>-</u>	<u>34</u>
	<u>2,190</u>	<u>13,198</u>
CUMULATIVE EXPLORATION COSTS, end of period	\$ <u>5,801,912</u>	\$ <u>5,743,248</u>

6. SHARE CAPITAL

a) Authorized: 50,000,000 common shares without par value.

b) Issued:

	<u>Number of Shares</u>	<u>Amount</u>	<u>Contributed Surplus</u>
Balance, December 31, 2007 and 2008	8,614,519	\$ 6,391,388	\$ 81,404
Non-brokered private placement at \$0.20 per share, net of costs	<u>700,000</u>	<u>140,000</u>	<u>-</u>
Balance, December 31, 2009 and March 31, 2010	<u>9,314,519</u>	<u>\$ 6,531,388</u>	<u>\$ 81,404</u>

On September 10, 2009, the Company completed a non-brokered private placement of 700,000 units at a price of \$0.20 per unit for net proceeds of \$140,000. Each unit consists of one share and one share purchase warrant entitling the holder to purchase an additional common share at \$0.30 per share no later than August 31, 2010. The Company has applied the residual approach and allocated total net proceeds of \$140,000 to common shares and nil value to the attached warrants.

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NOTES TO FINANCIAL STATEMENTS

For the Three Month Period Ended March 31, 2010

(Unaudited)

6. SHARE CAPITAL (continued)

c) Stock Options

Stock option plan

The Company's Board of Directors approved the adoption of a stock incentive plan (the "2004 Stock Option Plan") in accordance with the policies of the TSX Venture Exchange. The Board of Directors is authorized to grant options to directors, officers, consultants or employees. The exercise price of options granted under the 2004 Stock Option Plan shall be as determined by the Board of Directors when such options are granted, subject to any limitations imposed by any relevant stock exchange or regulatory authority. The maximum number of options that may be granted to any one person in any twelve month period must not exceed 5% of the common shares outstanding at the time of the grant. Any options granted under the 2004 Stock Option Plan shall vest at the discretion of the Board of Directors or its designate who will have the authority to determine the time during which options shall vest and the method of vesting or that no vesting restriction shall exist.

During the 2006 fiscal year, the Company granted stock options to a director to purchase an aggregate of 100,000 common shares at a price of \$0.95 per share to be exercised within a 5 year period.

The fair value of each option granted was estimated as of the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free interest rate of 4.01%, dividend yield of 0%, volatility of 107.84% and expected lives of 5 years. The Company recognized compensation of \$53,178 during the year related to the granting of these options.

Option pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates and therefore, in management's opinion, existing models do not necessarily provide reliable measures of the fair value of the Company's stock options.

The Company granted 830,000 stock options on March 29, 2010 to directors and consultants of the Company exercisable at a price of \$0.25 for a period of five years. The options are subject to the Company's stock option plan.

A summary of the weighted average fair value of stock options granted as at March 31, 2010 is as follows:

<u>Exercise Price</u>	<u>Number Outstanding and Exercisable</u>	<u>Weighted Average Remaining Contractual Life (yr)</u>	<u>Weighted Average Exercise Price</u>	<u>Expiry Date</u>
\$0.95	100,000	1.37	\$0.95	August 16, 2011
\$0.25	830,000	5.00	\$0.25	March 29, 2015

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NOTES TO FINANCIAL STATEMENTS

For the Three Month Period Ended March 31, 2010

(Unaudited)

6. SHARE CAPITAL (continued)

d) Warrants

	<u>Number of Warrants</u>	<u>Exercise Price</u>
Balance, December 31, 2009 and March 31, 2010	<u>700,000</u>	<u>\$0.30</u>

7. RELATED PARTY TRANSACTIONS

During the period the Company incurred the following expenditures to a director:

Office and general	\$ 360
Management fees	\$ 3,000

The amount of \$18,722 due to a directors is unsecured, non-interest bearing and has no stated terms of repayment.

8. LOSS PER SHARE

Loss per share has not been calculated as it would not provide meaningful information during this period.

9. SUBSEQUENT EVENTS

- a) The Company announced on May 5, 2010 that it has closed a previously announced non-brokered private placement of 3,895,000 units at a price of \$0.20 per unit for gross proceeds of \$779,000. Each unit is comprised of one common share and one warrant, with each warrant exercisable into one common share until November 4, 2011 at an exercise price of \$0.35 per share. A finder's fee was paid in connection with the offering, consisting of a cash payment of \$52,960 and the issuance of 264,800 warrants, exercisable at \$0.20 per share until November 4, 2011. The shares and warrants are subject to a hold period expiring on September 5, 2010. Net proceeds to the Company after other administrative fees amounted to \$725,740.
- b) The Company has granted stock options to a Director to purchase an aggregate of 150,000 common shares at a price of \$0.25 for a period of five years. The options are subject to the terms of the Company's stock option plan.