

**TREASURE MOUNTAIN MINING AND RECLAMATION PLAN**  
**TREASURE MOUNTAIN MINE**  
TULAMEEN RIVER AREA, B.C.  
CANADA

NTS 92H/6E  
UTM NAD83 Zone 10, 641000E, 5476000N  
Lat. 49°25'00"N, Long. 121°04'W

Report Prepared for:  
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## 1.0 SUMMARY

Huldra Silver Inc. holds 100% ownership of 51 mineral tenures and one Crown Grant, totaling 2,851 hectares, at Treasure Mountain, approximately 29 km northeast of Hope, B. C. A National Instrument 43-101-compliant mineral resource assessment report dated July 30, 2008 was completed by Erik Ostensoe, P. Geo., and Farshad Shirvani, M. Sc.

Treasure Mountain property resources in the Hangingwall vein, above Level 3, are defined, using only material with gross in situ metal values in excess of \$165 CAD/tonne, as follows:

- ❖ Indicated – 38,114 tonnes with 32.76 ounces per tonne (opt) silver, 5.92% lead and 5.09% zinc.
- ❖ Inferred – 50,990 tonnes with 29.66 opt silver, 3.20% lead and 4.90% zinc.

The average geological width of the veins as calculated in the NI 43-101 resource estimate is 1.2 metres. For practical mining purposes, an additional 20% dilution at zero grade was added, bringing the indicated mining resource to **46,093 tonnes at a grade of 27.30 opt silver, 4.41% lead, and 4.24% zinc**. That indicated resource is sufficient to supply the mine at the rate of 24,000 tonnes/year for two years.

During years 2 and 3 it will be necessary to upgrade and prepare for production the 50,990 tonnes of inferred resources. Again assuming confirmation of the resources, and adding 20% dilution, that inferred resource will become 61,188 tonnes at a grade of 24.71 opt silver, 2.67% lead and 4.08% zinc, sufficient to maintain the mining operation for an additional 2.5 years.

Footwall resources are entirely in the "Inferred" category and are estimated to be 17,478 tonnes with 15.05 opt silver, 0.29% lead and 4.33% zinc. ***Footwall Resources are excluded from this Mining and Reclamation Plan.***

***Due to the uncertainty that may be attached to Inferred Mineral Resources, it cannot be assumed that all or any part of an Inferred Mineral Resource will be upgraded to an Indicated or Measured Mineral Reserve.***

Mr. Ostensoe believes that there is good potential for outlining additional resources in and near the mine.

By their nature, resources in narrow vein deposits like Treasure Mountain can only be mined by closely following the vein structure: diamond drilling serves to define structures and identify mining targets.



Huldra Silver Inc. proposes to mine the Treasure Mountain deposit in a five-year period: one year of preparation and rehabilitation, followed by four years of production mining at a planned rate of 24,000 tonnes/year, for a total of approximately 96,000 tonnes. A seven month working season, including season-end clean-up and winterizing, is planned: from May through November.

An economic evaluation, based on mining from Level 3 to surface, has been prepared using metal prices and exchange rates close to or below current depressed levels.

This business overview anticipates one year of development work plus an additional four years of production mining to produce 24,000 tonnes per year valued at CAD\$354.63 per tonne. Metal prices are assumed to be Silver - US \$10/ounce, Lead - US \$0.50/lb, and Zinc - US \$0.50/lb. and the exchange rate is assumed to be US \$1 = CAD \$1.15. With ongoing exploration of the orebody and nearby areas, it is expected that the mine life will increase beyond four years.

## **2.0 Illustrations**

The following illustrations form part of the Mining and Reclamation Plan:

**Figure 1. Project Location in British Columbia**

**Figure 2. Location Map**

**Figure 3. Mineral Tenure Map**

**Figure 4. Flow Sheet - Gravity Separation Plant with Jig Configuration**

**Figure 5. Existing Development**

**Figure 6. Existing Development and Aerial Photo**

**Figure 7. Proposed Raises – Plan and Section Layout**

**Figure 8. Proposed Vent – Plan and Section Layout**

**Figure 9. Proposed Drift Development – Plan and Section Layout**

**Figure 10. Drawpoint Development – Access to Veins**

**Figure 11. Existing Development, Roads, Proposed Roads**

**Figure 12. Mining Zones – Plan and Section Layout**

### 3.0 INTRODUCTION

This report presents a 2009 Treasure Mountain Mining and Reclamation Plan prepared by A. J. Beaton Mining Ltd. The Plan includes contributions from the following sources:

An NI 43-101 compliant report dated July 30, 2008 by E. Ostensoe, P. Geo. and Farshad Shirvani, M.Sc.

Environmental Impact Assessment of Treasure Mountain Region report by Fred Sverre, MSc., R.P.Bio., of ENTECH Environmental Consultants Ltd

Treasure Mountain Mine Permit Application, Similkameen Mining Division, by AMEC Earth and Environmental.

Huldra Silver Inc.'s Mining Plan is a conservative, practical and environmentally sensitive approach to operating a small, economic mine. The current plan is to operate the Treasure Mountain mine for six to seven months a year depending upon seasonal variability: Treasure Mountain is located at an elevation of nearly 1500 metres a.s.l. in a heavy snow belt. It is about 90 km from Princeton, B. C. on Highway 3 and 40 km from the Coquihalla Lakes exit on Highway 5.

The Treasure Mountain property comprises 51 mineral tenures with total area of 2,851.61 hectares (Table 1) (see AMEC report). Twenty-one tenures have been legally surveyed and the survey has been registered with and accepted by, the Surveyor General. The approximate center of the property may be defined as "UTM Zone 10, 641000 East, 5476000 North" or in conventional geographic terms as "NTS Map 92H/6E at latitude 49° 25' North, longitude 121° 03' West" (Figures 1 -3).

The Treasure Mountain mine workings extend from 1382 to 1670 metres elevation a.s.l. and comprise four levels, numerous raises, some of which provide ventilation and also access between levels, and an open cut located near the top of Treasure Mountain. The property has road access. There are no permanent structures apart from the underground workings.

The Treasure Mountain area has a long history of mineral exploration and development, including work by Huldra Silver Inc. since 1980. Extensive underground development work occurred in 1986 through 1989. A limited program of sampling was conducted in July 2007 for purposes of confirming the quality of assay data from the earlier work. A National Instrument 43-101 compliant technical report titled "Report of Property Review and Sampling Project, Treasure Mountain Property, Tulameen River Area, B. C. Canada" dated July 30, 2008 was prepared by Erik Ostensoe, P. Geo., consulting geologist, and Farshad Shirvani, M.Sc., geologist and specialist in computer-based data processing, variography and solid modeling. That report included an audit of resources and a resource calculation.

Treasure Mountain ores have been tested by several metallurgical studies and by shipments of unprocessed ores directly to smelters. The most recent work was guided by Jasman Yee, P. Eng., consulting metallurgist, who, using a composite of freshly collected samples from Level 1 and Level 2, concluded that a flow sheet prepared by A. J. Beaton Mining Ltd. in 2006 was viable.

Current studies of the Treasure Mountain mine have been conducted as part of a planned submission to the Ministry of Energy and Mines in support of an application to operate a small underground mine on a seasonal basis, utilizing an on-site gravity separation plant with further processing of a bulk silver-lead-zinc concentrate at an existing flotation mill elsewhere in southern British Columbia. Entech Environmental and AMEC America will prepare parts of the submission.

This Mining and Reclamation Plan was prepared by A. J. Beaton, P. Eng. (Mining), a consulting mining engineer with a history of successfully operating small underground mines in British Columbia and elsewhere.

The main features of the Mine Plan are as follows:

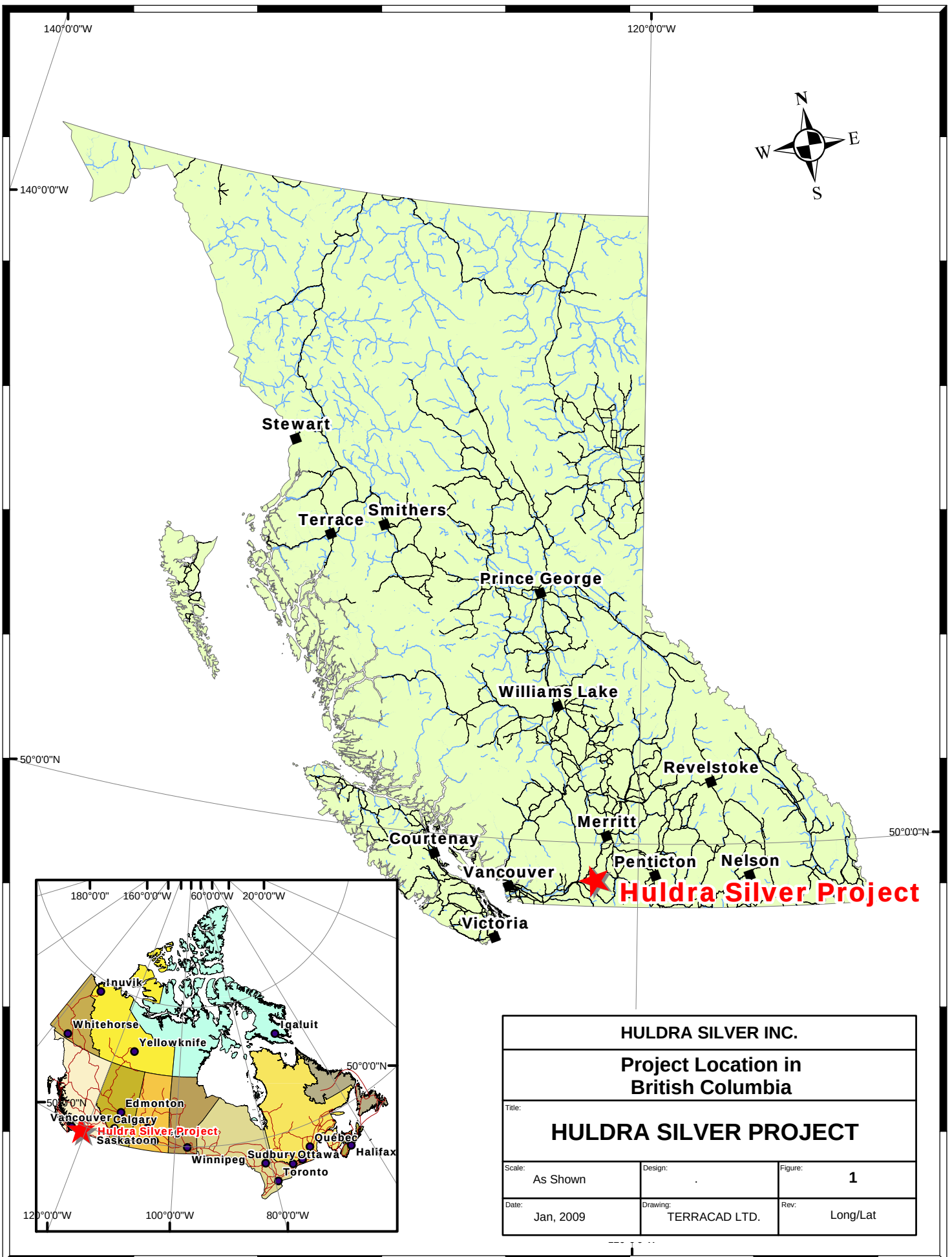
1. Year 1. Rehabilitation of Levels 3, 2, and 1, including portal construction. This phase will include considerable preparatory activities, including portal construction and development of ore bodies for production, and construction of power house, fuel storage area, surface accommodation, including septic field and kitchen facilities, mill pond/drystack preparation with water reclaim, roads, water wells, primary ventilation system, and foundations for processing plant and load-out bins.
2. Years 2 through 5 – installation of gravity processing plant and production of 24,000 tonnes of ore annually for a total of 96,000 tonnes.
3. On-going work, depending upon metal prices and mining/exploration results, will result in continuation of production.
4. Reclamation and decommissioning.

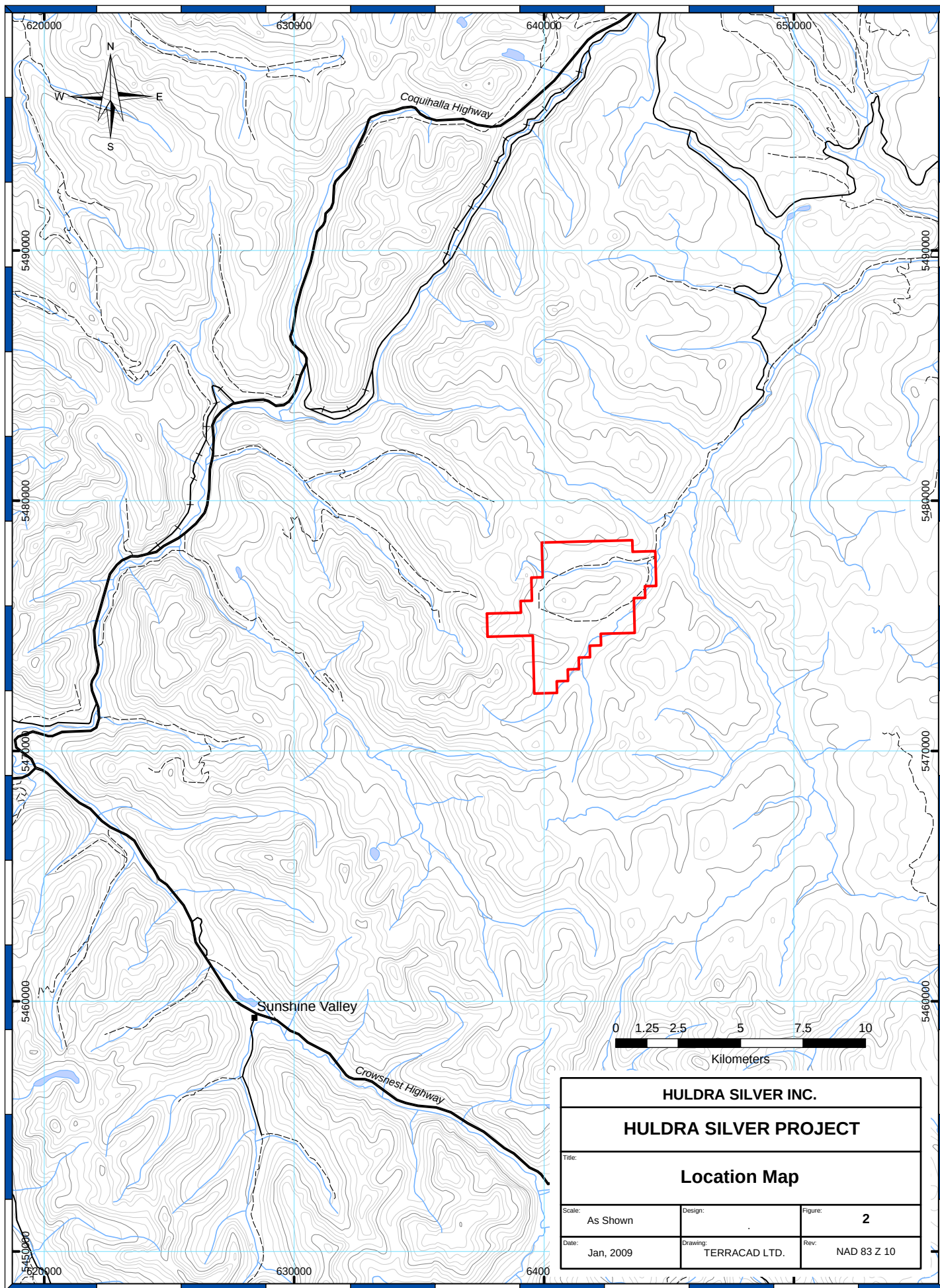
Table 1: Mineral Tenures \*surveyed

| Tenure Number | Claim Name        | Good to Date | Area (hectares) |
|---------------|-------------------|--------------|-----------------|
| 248641*       |                   | 2015/feb/13  | 25.0            |
| 248642        |                   | 2017/may/10  | 25.0            |
| 248643*       |                   | 2015/feb/13  | 25.0            |
| 248644*       |                   | 2015/feb/13  | 25.0            |
| 248645*       |                   | 2015/feb/13  | 25.0            |
| 248646*       |                   | 2015/feb/13  | 25.0            |
| 248647*       |                   | 2015/feb/13  | 25.0            |
| 248658*       | Bill #1           | 2015/feb/13  | 25.0            |
| 248659*       | Bill #2           | 2015/feb/13  | 25.0            |
| 248660*       | Bill #3           | 2015/feb/13  | 25.0            |
| 248661*       | Bill #4           | 2015/feb/13  | 25.0            |
| 248663*       | Bill #6           | 2015/feb/13  | 25.0            |
| 249061*       | Tamarack Fr.      | 2015/feb/13  | 25.0            |
| 249106        | Thunder           | 2018/may/10  | 75.0            |
| 249108*       | Troll Fr.         | 2017/may/10  | 25.0            |
| 389351*       | Summit            | 2017/may/10  | 25.0            |
| 414603        | Dale              | 2018/may/10  | 200.0           |
| 414604        | Snip No. 1        | 2017/may/10  | 25.0            |
| 414605        | Snip No. 2        | 2017/may/10  | 25.0            |
| 414609*       | Snap              | 2017/may/10  | 25.0            |
| 414610*       | Top               | 2015/sep/29  | 25.0            |
| 503531        | Shana 1           | 2017/may/10  | 21.009          |
| 503536        | Shepard           | 2017/may/10  | 105.05          |
| 504402        | Snip No. 3        | 2017/may/10  | 21.107          |
| 504404        | Snip No. 4        | 2017/may/10  | 84.071          |
| 513185        | Sutter            | 2017/may/10  | 168.075         |
| 513186        |                   | 2018/may/10  | 210.112         |
| 516086        | Tip               | 2017/may/10  | 42.023          |
| 516588*       |                   | 2015/feb/13  | 42.031          |
| 516590        |                   | 2018/may/10  | 42.031          |
| 516943        |                   | 2018/may/10  | 63.04           |
| 517013        |                   | 2017/may/10  | 21.017          |
| 520981        | Fir               | 2017/may/10  | 42.037          |
| 520983        | Fir 2             | 2017/may/10  | 21.017          |
| 520987        | Poplar            | 2017/may/10  | 21.015          |
| 537633*       | Treasure Mountain | 2015/feb/13  | 21.0186         |
| 541099*       | Corner            | 2015/feb/13  | 21.0184         |
| 541696        | Lid               | 2017/may/10  | 63.0608         |
| 541697        | Pot               | 2017/may/10  | 21.0204         |
| 541698        | Pan               | 2017/may/10  | 21.0201         |
| 541747*       |                   | 2015/feb/13  | 126.1025        |
| 541862        | Tree              | 2017/may/10  | 63.0531         |
| 541863        | Leaf              | 2017/may/10  | 21.0165         |
| 541865        | Bark              | 2017/may/10  | 189.124         |
| 545042        | Rock              | 2017/may/10  | 21.017          |
| 545260        | Stone             | 2017/may/10  | 231.2698        |
| 545380*       |                   | 2015/feb/13  | 63.0571         |
| 545381        | Pebble            | 2017/feb/13  | 42.0374         |
| 546428        | Rock              | 2017/may/10  | 126.042         |
| 548371        | Final             | 2017/may/10  | 84.088          |
| 574226        | Plug              | 2014/jan/21  | 84.031          |

**Total area**

**2851.61 hectares**





**HULDRA SILVER INC.**

**HULDRA SILVER PROJECT**

Title:

**Location Map**

Scale:

As Shown

Design:

Figure:

**2**

Date:

Jan, 2009

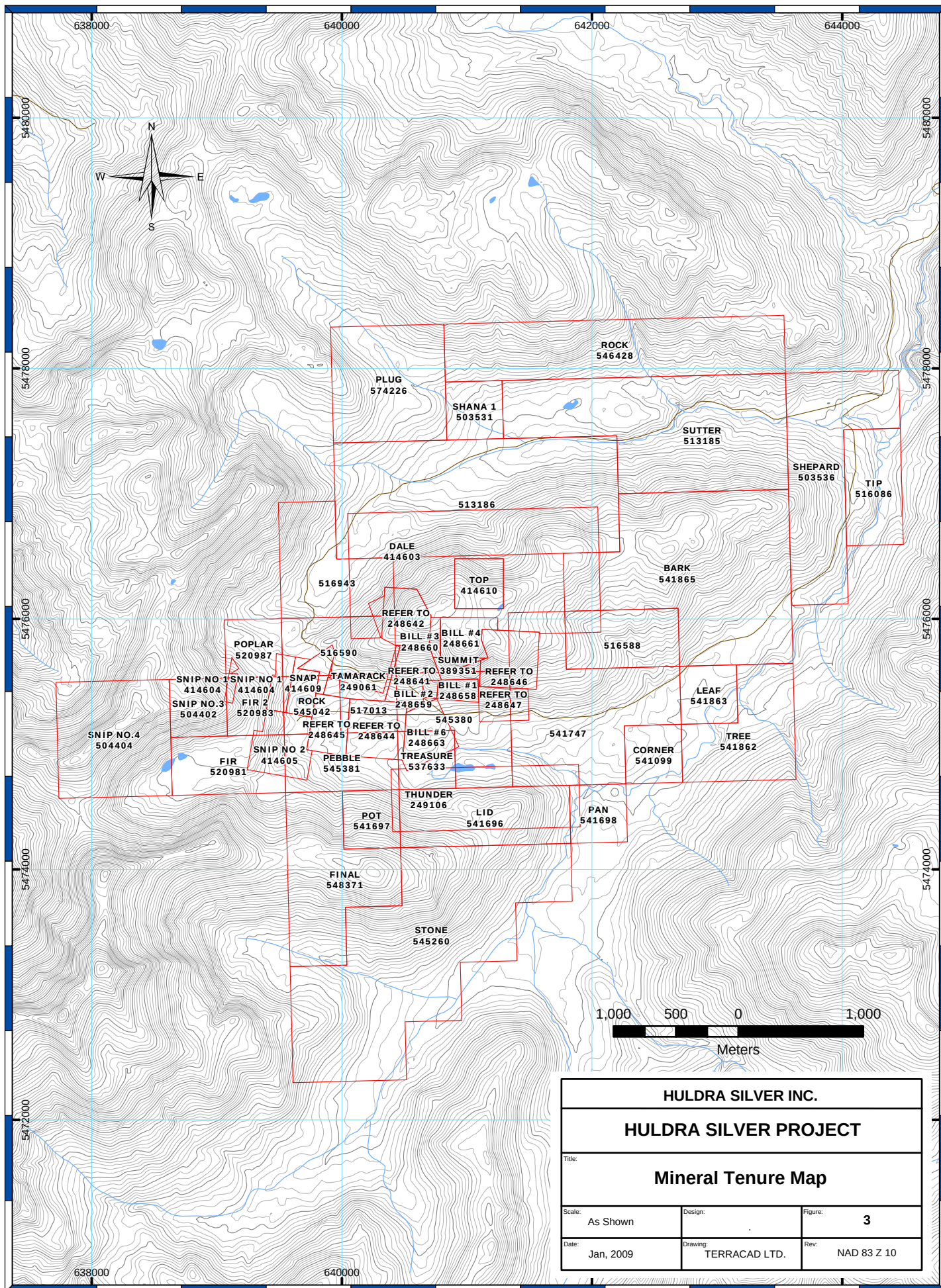
Drawing:

TERRACAD LTD.

Rev:

NAD 83 Z 10





|                           |                        |                  |
|---------------------------|------------------------|------------------|
| HULDRA SILVER INC.        |                        |                  |
| HULDRA SILVER PROJECT     |                        |                  |
| Title: Mineral Tenure Map |                        |                  |
| Scale: As Shown           | Design:                | Figure: 3        |
| Date: Jan, 2009           | Drawing: TERRACAD LTD. | Rev: NAD 83 Z 10 |



## 4.0 RESOURCES

Treasure Mountain mineral resources have been calculated from historic sampling data, particularly from the 1986 - 1989 period of mine development and ore shipments, and from a program of underground sampling in 2007 on Levels 1 and 2. For calculation purposes, a cut-off value of CAD \$165 was set as the minimum value of viable ore, metal prices were set at silver US \$10/ounce, lead US \$0.50/pound and zinc US \$0.50/pound. The exchange rate was set at US \$1.00 = CAD \$1.15.

None of the Treasure Mountain reserves can be characterized as "Measured" for purposes of NI 43-101. Indicated in situ resources, expanded where necessary to a minimum 1.2 metre width, are calculated as "38,114 tonnes with 32.76 ounces per tonne (opt) silver, 5.92% lead and 5.09% zinc". Inferred in situ resources, also to a 1.2 m width, are calculated as "50,990 tonnes with 29.66 opt silver, 3.20% lead and 4.90% zinc".

For mining purposes a 20% dilution at zero metal content was applied to the above-cited tonnages to give a diluted Indicated Resource of 46,093 tonnes at grade of 27.30 opt silver, 4.41% lead and 4.24% zinc. Diluted inferred resources are 61,188 tonnes at grade 24.71 opt silver, 2.67% lead and 4.08% zinc, an amount that, if promoted to a higher category by further development, will extend the life of the mine.

No resources below Level 3 and no footwall vein resources were included in the economic assessment presented elsewhere in this report.

## 5.0 MINE PLAN

The principal Treasure Mountain vein dips approximately 50 degrees southerly, with mineral zones occurring irregularly in lenses that vary in width from 0.5 to 2.0 metres. A strong porphyritic dyke accompanies the vein and in places disrupts the mineral zones to create both hangingwall and footwall components. Similarly, silver values are erratically distributed within the vein.

The mining plan proposes trackless mining, with drawpoints for Open and Shrinkage Stopping, for Levels 3, 2 and 1. Production ore will be hauled from Level 3 portal to the mill-site. At a possible later stage of operation an intermediate level, Level 3A, situated between present Levels 3 and 4, may be required, and if so, will be driven using track equipment and Level 4 will be equipped with track to handle internally all ore from the higher levels.

The primary mining method will be shrinkage stoping with small stopes (about 2000 tonnes to a maximum 10,000 tonnes). All stopes will have at least two access points and flow-through ventilation. Timbers and pillars will be used as necessary for ground support and safety bays, if not in place, will be placed as needed. All existing drifts and drawpoints will be bolted and screened where necessary to maintain safety and ground stability. Stope drilling will be primarily by stoper and jackleg drills with, as necessary, small stick powder perimeter blasting for ground control.

Mechanized drawpoints will be mucked with 1.5 cu. yd scooptrams. Existing drifts, which were either slashed out or extended in 1986-1989 work, will provide main access during the first two years of production. Minor jackleg drifting will be required on Levels 1, 2, and 3. If Level 3A is driven (see below) a small jumbo may be used. Level 4 would in due course become the main haulage level, in which case it would be equipped with track.

Broken ore will be moved internally through ore passes from upper levels to Level 3 and then trucked about 2 km to the mill. Waste rock, if any, will be sent to existing waste dumps at each portal.

Stoping will commence after about one year of rehabilitation and pre-production development work. Most stope accesses and raises from Level 3 to surface will be completed prior to ore extraction and it is estimated that about 5,000 tonnes of pre-production development ore will be stockpiled at the millsite. Three or four stopes will be active at any one time and stoping will advance downward from Level 1.

Figures 5 through 12 of this report illustrate various views of mine development.

Treasure Mountain is off the local power grid and all power will be generated on site using diesel generator sets. Fuel storage will be handled using a certified fuel truck and approved tanks and berms.

## **6.0 VENTILATION**

During pre-production each level will be ventilated using portal fans and vent ducting powered by mobile electrical generators and compressors located at each portal. A ventilation raise/manway with maximum gradient 50 degrees will be driven from the east end of Level 3 to Levels 2 and 1 and then to surface. A 50 HP reversible fan will be housed on surface to pull exhaust air from the mine at the rate of approximately 40,000 CFM. If Level 3A, a new intermediate level, is driven between Levels 3 and 4, the ventilation system will be connected

from Level 4 to the surface fan. Ventilation flows on all levels will be controlled by ventilation doors.

Ore processing will take place in two stages, in two locations: a gravity separation plant will be located close to the Treasure Mountain mine, and a bulk composite silver-lead-zinc product will be trucked to an existing flotation mill elsewhere in southern British Columbia. Separate lead and zinc concentrates will then be marketed, likely to an existing smelter in British Columbia.

## **7.0 PROCESSING PLANT**

Huldra Silver Inc. has analyzed cost and production factors for three possible processing plants:

**Option 1.** Build a conventional flotation mill on site

**Option 2.** Ship run-of-mine ore direct to a custom mill without any onsite upgrading

**Option 3.** Install a gravity separation plant onsite to produce a composite silver-lead-zinc concentrate for custom milling elsewhere. Portable types of such plants are available in a variety of sizes and configurations to meet ore characteristics and the operator's goals.

A. J. Beaton Mining Ltd., in consultation with management, recommends Option # 3, a gravity plant located onsite at Treasure Mountain. Advantages include considerable capital cost savings versus a flotation mill, and lower operating costs which will enable mining lower grade ores and will extend the mine life. By reducing the volume of material that has to be moved off site, trucking costs will be significantly lessened and, similarly, custom milling costs will be reduced.

The mill will operate for six months each year during Years 2 to 5, using a crush/grind/ heavy media-gravity concentration system with nominal capacity of 20 tonnes per hour and 200 tonnes per day. A five man crew will operate the mill on a single 10 hour daily shift and a five day week schedule and achieve the goal of processing 4000 tonnes of ore per month.

The mill will be designed to produce a single high grade silver-lead-zinc concentrate.

Subject to further metallurgical tests, details of the gravity separation process have yet to be finalized. Figure 4 is a flow-sheet diagram of a processing plant manufactured by AERO Mining Technologies that has been recommended to the Company. It comprises jaw and cone crushers and over-sized jig concentrators. A cost estimate is presented in Table 2. Design

objectives are to achieve metal recoveries comparable to conventional flotation mills - current metallurgical test work has indicated that such plants would recover 95% of silver, lead and zinc. *[In the economic evaluation part of this report, 90% recovery is assumed.]* Alternative scenarios are being reviewed and further metallurgical work may be required before a final decision is possible. For planning purposes, the AERO gravity separation plant is assumed.

The mill facility will be constructed of modular components so that it can be moved, modified or expanded as necessary. Delivery, installation and commissioning considerations demand that mill equipment purchase orders must be co-ordinated with mine development work so that mine and mill start-up are aligned.

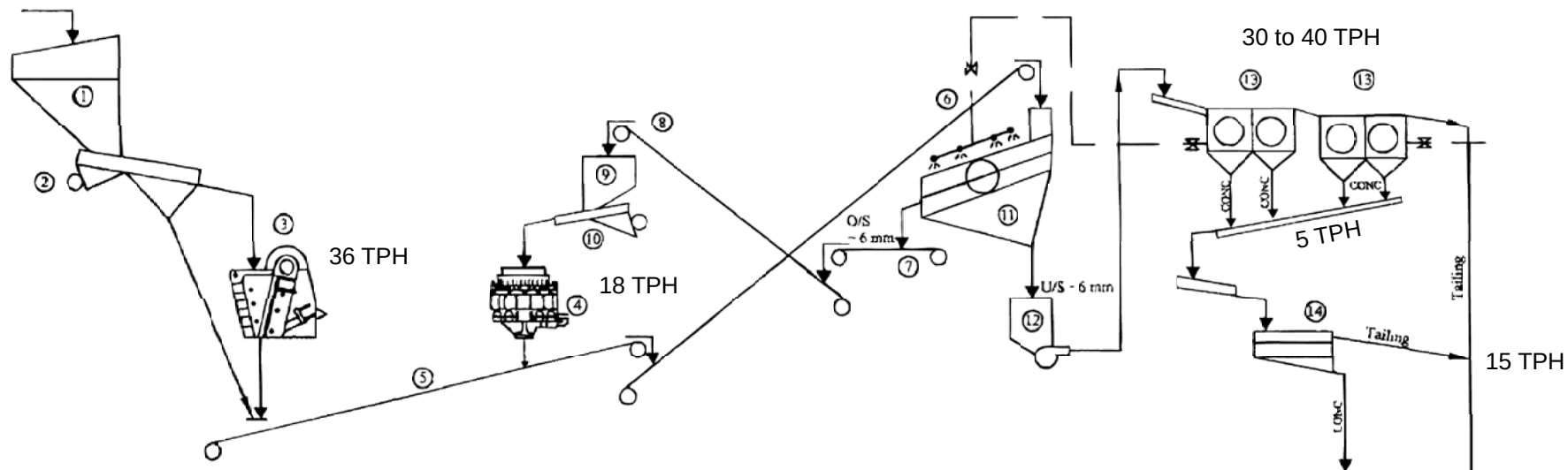
Run-of-Mine mill feed (RMF) would be crushed and jig processed to upgrade by a ratio of 4:1; that is, approximately 75% would be rejected to tailings and 25% would be captured in a bulk silver-lead-zinc concentrate that would then be trucked to an existing flotation-type mill for final upgrading.

Process water will be obtained from Level 4 of the mine, the main drainage, and, as needed from wells. Water decanted from the drystack will be reclaimed, recycled and re-circulated. Surplus water will be discharged to the groundwater. Camp water will be from wells.

Tailings will be discharged loader or truck to the dry stack site (reference is to discussions in AMEC and Entech reports). The dry stacked tailings will be +/- 10 mesh, (i.e. sand sized particles) and will be produced at approximately 150 tonnes per operating day. There will be no significant slimes and no reagents in the milling process or tailings. Almost all sulphide minerals will be recovered in the concentrate. (AMEC and Entech reports discuss the low acid/high pH nature of mine rock and water flows from the existing adits). Dry stacking has been selected as the best method for storing the tailings, with minimal or no long term maintenance requirement.

The Roberts Mill in Greenwood, B. C., a permitted flotation operation with nominal capacity of 100 tonnes per day, is being considered for the final upgrading stage. It can operate on a flexible schedule to match the Treasure Mountain gravity plant requirements. The bulk concentrate would be further concentrated by a ratio of 3:1, that is, the RMF feed would be reduced by 12:1.

A capital investment of \$200,000 will be required to prepare the Roberts Mill to receive Treasure Mountain concentrates.



**NOTE:**

1. Drawing not to scale
2. Details are in Table 1 of the Report
3. TPH (Tonne per Hour)

| HULDRA SILVER INC.                                                                    |                        |                  |
|---------------------------------------------------------------------------------------|------------------------|------------------|
| Treasure Mountain Silver Mine                                                         |                        |                  |
| <b>Flow Sheet</b><br><b>Gravity Separation Plant</b><br><b>with Jig Configuration</b> |                        |                  |
| Scale:                                                                                | Design:                | Figure: <b>4</b> |
| Date: Dec, 2008                                                                       | Drawing: TERRACAD LTD. | Rev:             |



Table 2: Cost Estimate for Gravity Separation Plant – Jig Configuration

|                                                                                                   |             |                                                                                                                              |            |                         |                         |                          |
|---------------------------------------------------------------------------------------------------|-------------|------------------------------------------------------------------------------------------------------------------------------|------------|-------------------------|-------------------------|--------------------------|
| Dealer: AERO Mining Technologies, Spokane Washington<br>aerominingtech@gmail.com                  |             |                                                                                                                              |            |                         |                         |                          |
| <b>CUSTOMER</b><br><br><br><b>Company:</b><br><b>Address :</b><br><b>Payment :</b><br><b>Term</b> |             | HULDRA SILVER INC.<br><br><br>60 % deposit with purchase contract.<br>40 % prior to the shipment, on inspection (Ex - works) |            | <b>PROFORMA INVOICE</b> |                         |                          |
|                                                                                                   |             |                                                                                                                              |            | No.:                    | PUKJ810003              |                          |
|                                                                                                   |             |                                                                                                                              |            | Date:                   | 07-Oct-08               |                          |
|                                                                                                   |             |                                                                                                                              |            | Pages :                 | 2                       |                          |
|                                                                                                   |             |                                                                                                                              |            | Validity :              |                         |                          |
|                                                                                                   |             |                                                                                                                              |            | Delivery :              | 4 Months<br>Thailand    |                          |
| <b>NO</b>                                                                                         | <b>CODE</b> | <b>DESCRIPTION</b>                                                                                                           | <b>QTY</b> | <b>UNIT</b>             | <b>UNIT PRICE (USD)</b> | <b>TOTAL PRICE (USD)</b> |
|                                                                                                   |             | 20 TONS/HOUR HARD ROCK PRE-CONCENTRATION - GRAVITY PLANT FOR TREASURE MOUNTAIN                                               |            |                         |                         |                          |
|                                                                                                   |             |                                                                                                                              |            |                         |                         |                          |
| 1.0                                                                                               | DHD - 11    | DUMP HOPPER                                                                                                                  | 1          |                         | 20,625.00               | 20,625.00                |
|                                                                                                   |             | SIZE: 3.5 m. WIDTH x 2.2 m. LENGTH x 1.5 m. DEPTH c/w SUPPORT.                                                               |            |                         |                         |                          |
|                                                                                                   |             |                                                                                                                              |            |                         |                         |                          |
| 2.0                                                                                               | GFV - 20C1  | VIBRATING GRIZZLY FEEDER                                                                                                     | 1          |                         | 26,950.00               | 26,950.00                |
|                                                                                                   |             | SIZE: 0.4 m. WIDTH x 3.0m. LENGTH x 10 DEGREE SLOPE, 2-STAGE GRIZZLY                                                         |            |                         |                         |                          |
|                                                                                                   |             | DRIVE: 1.7 kW TEFC VIBRATING MOTOR, 3/415/50 Hz.                                                                             |            |                         |                         |                          |
|                                                                                                   |             |                                                                                                                              |            |                         |                         |                          |
| 3.0                                                                                               | JCC-87T     | JAW CRUSHER (COARSE)                                                                                                         | 1          |                         | 80,612.40               | 80,612.40                |
|                                                                                                   |             | FEED OPENING SIZE: 600 x 350 mm.                                                                                             |            |                         |                         |                          |
|                                                                                                   |             | DRIVE MOTOR: ELEKTRIM® 37.5 kW MOTOR, 3/415/50 Hz.                                                                           |            |                         |                         |                          |
|                                                                                                   |             | CAPACITY: 36 TON/HR. AT 50 mm. GAP SETTING                                                                                   |            |                         |                         |                          |
|                                                                                                   |             |                                                                                                                              |            |                         |                         |                          |
| 4.0                                                                                               | CC-F60      | CONE CRUSHER, SIZE: 600mm (24") NOMINAL SIZE MANTLE DIA.                                                                     | 1          |                         | 191,045.40              | 191,045.40               |
|                                                                                                   |             | CAPACITY AT (6 mm) DISCHARGE (18 TPH), INCLUDING:                                                                            |            |                         |                         |                          |
| 4.1                                                                                               |             | LUBE TANK                                                                                                                    |            |                         |                         |                          |
| 4.2                                                                                               |             | 50 HP MOTOR, 6 POLE MAIN DRIVE MOTOR, C4500 TYPE 4 PIECES OF V-BELTS,                                                        |            |                         |                         |                          |
| 4.3                                                                                               |             | MOTOR SAFETY GUARD, MOTOR MOUNTING BASE                                                                                      |            |                         |                         |                          |
|                                                                                                   |             |                                                                                                                              |            |                         |                         |                          |
| 5.0                                                                                               | CYU - 2016  | BELT CONVEYOR                                                                                                                | 1          |                         | 24,200.00               | 24,200.00                |
|                                                                                                   |             | SIZE: 0.5 m. WIDTH x 16 m. LENGTH x 3° SLOPE                                                                                 |            |                         |                         |                          |
|                                                                                                   |             | DRIVE: 2.2 kW GEARED MOTOR, 3/415/50 Hz.                                                                                     |            |                         |                         |                          |
|                                                                                                   |             | FRAME WORK: M.S. CHANNEL.                                                                                                    |            |                         |                         |                          |
|                                                                                                   |             |                                                                                                                              |            |                         |                         |                          |
| 6.0                                                                                               | CYU -1626   | BELT CONVEYOR                                                                                                                | 1          |                         | 32,450.00               | 32,450.00                |
|                                                                                                   |             | SIZE: 0.4 m. WIDTH x 26 m. LENGTH x 19° SLOPE c/w SUPPORT                                                                    |            |                         |                         |                          |
|                                                                                                   |             | DRIVE: 2.2 kW GEARED MOTOR, 3/415/50 Hz.                                                                                     |            |                         |                         |                          |
|                                                                                                   |             | FRAME WORK: M.S. PORTABLE PIPE FRAME.                                                                                        |            |                         |                         |                          |

|      |               |                                                                           |   |     |           |            |
|------|---------------|---------------------------------------------------------------------------|---|-----|-----------|------------|
| 7.0  | CYU -1606     | BELT CONVEYOR                                                             | 1 |     | 12,375.00 | 12,375.00  |
|      |               | SIZE: 0.4 m. WIDTH x 6 m. LENGTH c/w SUPPORT (HORIZONTAL)                 |   |     |           |            |
|      |               | DRIVE: 1.1 kW GEARED MOTOR, 3/415/50 Hz.                                  |   |     |           |            |
|      |               |                                                                           |   |     |           |            |
| 8.0  | CYU -1621     | BELT CONVEYOR                                                             | 1 |     | 26,125.00 | 26,125.00  |
|      |               | SIZE: 0.4 m. WIDTH x 21 m. LENGTH x 19° SLOPE c/w SUPPORT                 |   |     |           |            |
|      |               | DRIVE: 2.2 kW TEFC SQ. CAGE MOTOR DRIVE, 3/415/50 Hz.                     |   |     |           |            |
|      |               |                                                                           |   |     |           |            |
| 9.0  | HS - 225      | M.S. SURGE HOPPER                                                         | 1 | SET | 13,750.00 | 13,750.00  |
|      |               | SIZE: 1 .5m <sup>2</sup> x 1 .5m DEPTH c/w SUPPORT.                       |   |     |           |            |
|      |               |                                                                           |   |     |           |            |
| 10.0 | FVP -6000     | VIBRATING PAN FEEDER                                                      | 1 | SET | 13,750.00 | 13,750.00  |
|      |               | SIZE: 0.4 m. WIDTH x 1.5 m. LENGTH x 10° SLOPE                            |   |     |           |            |
|      |               | VIBRATOR: 0.6 kW TEFC VIBRATING MOTOR,                                    |   |     |           |            |
|      |               |                                                                           |   |     |           |            |
| 11.0 | VDS- 1224 02A | VIBRATING SCREEN, DOUBLE DECK                                             | 1 | SET | 39,875.00 | 39,875.00  |
|      |               | SCREEN SIZE: 1 .2m WIDTH x 2.4m LG c/w SUPPORT.                           |   |     |           |            |
|      |               | TOP DECK: 9.5mm OPENING                                                   |   |     |           |            |
|      |               | BOTTOM DECK: 4.8mm OPENING                                                |   |     |           |            |
|      |               | HIGH TENSILE STEEL SCREEN, 5.5 Kw TEFC SQ. CAGE MOTOR, 3/415/50 Hz.       |   |     |           |            |
|      |               |                                                                           |   |     |           |            |
| 12.0 | GPI - 9080CK  | SLURRY PUMP, SIZE: 90 x 80                                                | 1 | SET | 15,125.00 | 15,125.00  |
|      |               | DRIVE: 7.5 kW TEFC SQ. CAGE MOTOR, 3/415/50 Hz.                           |   |     |           |            |
|      |               | CAPACITY: APPROX. 60m <sup>3</sup> /HR @ 15m HEAD.                        |   |     |           |            |
|      |               |                                                                           |   |     |           |            |
| 13.0 | JSD - 320 ES  | JIG CONCENTRATOR, DUPLEX, JIG RUBBER DIAPHRAGM SIZE 30/37                 | 2 | SET | 26,653.75 | 53,307.50  |
|      |               | CAPACITY 90 - 120 m <sup>3</sup> /hr (SLURRY) OR 30 - 40 TONS/hr (SOLIDS) |   |     |           |            |
|      |               | INCLUDED WITH DIESEL ENGINE, KUBOTATM 9.0 HP (6.6 kW)                     |   |     |           |            |
|      |               | JIG SCREEN MESH 3.0 mm AND CONTROL PANEL.                                 |   |     |           |            |
|      |               |                                                                           |   |     |           |            |
|      |               | ADDITIONAL ACCESSORIES OF JIG (JSD - 320 ES)                              |   |     |           |            |
| 13.1 | U - AJST32    | JIG ADJUSTABLE STAND (32")                                                | 6 | EA  |           |            |
| 13.2 | JS32 - EMC    | ENGINE / MOTOR CANOPY                                                     | 2 | SET |           |            |
| 13.3 | JS32 - WS1    | WHEEL SET                                                                 | 1 | SET |           |            |
| 13.4 | U - JS - HM   | HITCH MECHANISM                                                           | 1 | SET |           |            |
| 13.5 | U - JS - SC50 | SLUICE CHANNEL (40 x 480 x 30) cm.                                        | 1 | SET |           |            |
| 13.6 | JS32 - CWL    | CATWALK & FOLDING LADDER                                                  | 1 | SET |           |            |
|      |               | SUBTOTAL OF JIG ACCESSORIES (JSD - 320 ES)                                | 2 | SET | 8,544.25  | 17,088.50  |
|      |               | TOTAL PAGE 1 AND 2                                                        |   |     |           | 567,278.80 |

**NOTE:**

\*ALL PRICES EXCLUDE STEEL STRUCTURE SUPPORT, CONCRETE FOUNDATION, ELECTRICAL WORK AND ERECTION WORK UNLESS OTHERWISE SPECIFIED.

## 8.0 PERSONNEL, HEALTH AND SAFETY

Huldra Silver Inc., where possible, will rely on local personnel and contractors and mining operations will be contracted out at least for the initial two years of operation. A core cohort of experienced jack-leg and stoper miners will be required and equipment contractors from the Princeton area have in the past provided trucks, loaders and excavators and capable operators.

A 20 person camp will be provided on site (Table 3). All employees will have single rooms and will work five days on a single shift ten hour day basis. In addition, Huldra Silver Inc. will have three employees at the Roberts Mill in Greenwood who will work on a similar schedule. It is expected that about one half of the employees will be from the Hope, Princeton and Merritt areas and will include First Nations personnel.

A Mine Emergency Plan will be in place throughout all phases of the operation. The operation is too small to support its own Mine Rescue team (the nearest is at Highland Valley Copper mine, north of Merritt), but the mine will have a designated, qualified First Aid person and other workers with training in First Aid. Satellite phone and truck radio communications will be in place and an emergency rescue vehicle/ambulance will be kept at the mine. Helipads will be prepared at each portal area and at the mill.

Plant fire hazards and seasonal forest fire concerns will be emphatically communicated to all workers and suitable fire suppression equipment will be stationed at strategic sites on the property.

During shutdown periods the operation will be in the care of one or more on-site watchmen.

*Table 3: Projected Employment at the Treasure Mountain Mine*

| Position                                    | Number (Single Shift) |
|---------------------------------------------|-----------------------|
| Mine Contractor (not yet engaged)           |                       |
| Foreman                                     | 1                     |
| Shift boss working                          | 1                     |
| Miners                                      | 5                     |
| Mechanic                                    | 1                     |
| Trammers                                    | 2                     |
| Mine Haul Truck Driver                      | Contractor            |
| Huldra Silver Inc.                          |                       |
| <i>Mine</i>                                 |                       |
| Mine engineer                               | 1                     |
| Surveyor                                    | 1                     |
| Geologist                                   | 1                     |
| <i>Plant (Single Shift)</i>                 |                       |
| Metallurgist (Freelance Contractor)/Assayer | 1                     |
| Equipment Operators                         | Contractor            |
| Mechanic                                    | 1                     |
| Plant Operators                             | 2                     |

| Position                          | Number (Single Shift) |
|-----------------------------------|-----------------------|
| <i>Administration</i>             |                       |
| Accountant/Warehouseman/First Aid | 1                     |
| Cook                              | 1                     |
| Janitor                           | 1                     |
| <b>Total:</b>                     | <b>20</b>             |

## 9.0 TREASURE MOUNTAIN MINING AND RECLAMATION PLAN

This section of the report provides additional information concerning the practical aspects of the proposed mining operation. Existing mine workings and life-of-mine development requirements are illustrated in Figures 5 through 12.

### Year 1 – Construction Phase – Pre-production and Rehabilitation

There are, at present, four adits and a small open pit on the Treasure Mountain property. All are on the same vein structure, with Level 1 sixty metres below the surface open pit, Level 2, sixty metres below Level 1, and Level 3, sixty metres below Level 2. Level 4 is one hundred and ten metres below Level 3: because of this vertical distance, mining is uneconomical and unsafe and a fifth level, between Levels 3 and 4 (Level 3A) is required.

Currently, Levels 3, 2 and 1 are connected to surface by a series of raises that were driven by Huldra in the period 1987 – 1989. Additional raises and drawpoints will be required in the pre-production phase for exploration, stoping and ventilation purposes. All portals and drifts on Levels 1, 2 and 4 were examined in 2007 and found to be in good condition but Level 3 was inaccessible due to the collapse of the portal. It is anticipated that all raises will require rehabilitation, including installation of new ladders, timbers and pipes, and portals, that were intentionally rendered inaccessible, will have to be rebuilt. A mill site and mill access road have been selected as part of the planning process.

Huldra, in Year 1 of the development plan, intends to set up an on-site camp, re-open the adits and prepare the mine for production, improve the haulage road and prepare the mill site and drystack facility. The camp will comprise a bunkhouse, kitchen with mess hall, wash car, shop and first aid/satellite communication facilities. A nine-person mine work force, including a supervisor, is planned and work will proceed on a single-shift, five day week basis. .

Existing roads on the property will be repaired, graded, bermed and widened as necessary to bring them into regulation width and specifications. Road traffic will be radio-controlled. When production commences the camp will be expanded to accommodate 20 persons

During Year 1 the adits will be re-opened and rehabilitated as necessary, preparatory to active mining which will be scheduled to commence during Year 2. Portals for Levels 1 and 2 will be repaired with timbers and bolts and straps. Level 3 portal will require more extensive work, likely with heavy interlocking concrete blocks and reinforced concrete slabs as well as bolts and straps. Any ore produced during Year 1 will be stockpiled for later processing.

Explosives and fuse magazines will be located and bermed according to mining regulations and all handling of explosives will conform to most recent regulations. Similarly, fuel storage and handling facilities will be positioned and bermed to conform to best mining practices.

Two raises from Level 1 to the surface pit are currently backfilled and will be rehabilitated from surface down, with muck being drawn from drawpoints on Level 1 as required.

During the Year 1 Construction Phase, water for mine use will be pumped from internal sumps and drainage water from all Levels will be collected within the mine and gravity-piped to an external settling pond near Level 4, and any excess water would be directed to the millpond to be developed in the staging area. The millpond would also receive the drainage water collected from the dry stack drainage ditches. From this pond water would be recirculated to Level 4 pond, or surplus water would be directed to sub-surface disposal. During the Production Phase it may be necessary to augment the water supply from drilled well sources.

## **Years 2 to 5– Production Phase – Mining and Milling**

In Year 2 prior to commencement of milling, the mine will operate to build a stockpile of ore at the mill site. Mill components will be put in place and tested prior to entering full production status.

A five person crew, working five days a week, will operate the mill at the rate of 200 tonnes per day over a milling season of 6 months per year. Processing will equate to approximately 4,000 tonnes per month and total 24,000 tonnes per year.

Year 3 will follow the pattern of Year 2, with production and processing of 24,000 tonnes and Years 4 and 5 will depend upon up-grading all or parts of the inferred resources.

Subject to up-grading of inferred resources, metal prices and information gained from two years operation on Levels 1, 2 and 3, Year 3 will require a decision to drive a new Level “3A” midway between Levels 3 and 4. The mine plan will be to continue to operate for Years 3 through 5 at a scheduled rate of 24,000 tonnes per year and, subject to successful exploration/development beyond presently inferred resources, mine life may be extended beyond five years.

## **Decommissioning and Reclamation**

Since 1987, Huldra Silver Inc. has, at cost of \$50,000, carried out a program of reclamation of the Treasure Mountain site. Work comprised removal of buildings and equipment and general clean-up of metal and timbers.

The Mine Plan envisions that stopes from Level 1 to the surface pit floor will be backfilled as they are completed, using waste rock from the pit. During the life of the mine approximately 20,000 tonnes of waste rock will be produced and if Level “3A” is driven, an additional 30,000 tonnes of waste rock will be produced. Some of the waste rock will be required for roads, dry-stacking and other purposes. The company does not plan to backfill stopes on lower levels.

The dry-stacked tailings area will be located near the concentrator mill, south of and away from the steeper Treasure Mountain slope (Figure 11). Here the tailings would be deposited on a small hill with minimal surface and subsurface drainage. The tailings would be covered on an on-going basis during mine operations so that the dry tailings stack upon closing down the mine, could be left permanently with minimal maintenance, as per the Entech Environmental report.

Huldra Silver Inc. intends to carry out reclamation in parallel with mining and milling operations, backfilling stopes that break to surface and covering stacked tailings as they are placed. Upon completion of mining, all equipment and buildings will be removed from the property. Portals will have drainage pipes installed and will be permanently sealed with concrete or backfill material. The mill, having been built on a modular basis, will be readily removed. Roads will be deactivated and rehabilitated to Ministry of Mines and Ministry of the Environment standards and some roads may be left for recreation, forestry or other access.

The Mine Plan calls for a \$250,000 reclamation bond which will be in place until the Ministry of Mines confirms that all reclamation has been completed in a satisfactory manner.

## **10.0 ECONOMICS**

This economic assessment is based on mining Hangingwall Resources from Level 3 to Surface with a minimum cut-off value in situ of \$165 CAD/tonne, with 20% zero metal content dilution, and annual production of 24,000 tonnes for four years. Indicated Resources will sustain a two-year operation and Inferred Resources may be up-graded to Measured or Indicated status and extend the mine's life. Footwall Resources may also be up-graded.

Factors that could significantly influence positively the economics of the Treasure Mountain mine include, among others,

- ❖ the ability to reduce dilution by skillfully extracting only the sulphide portion of the vein and controlling over-break
- ❖ the availability of skilled underground miners and mill operators, thereby increasing efficiency and reducing training costs. Safety record considerations also are impacted
- ❖ increased metal prices and more favourable exchange rates: costs are incurred in Canadian dollars and metal sales are based on the US dollar. Metal prices currently are below long-term projected levels
- ❖ continued lower oil prices, contributing to lower than projected power generation and haulage costs
- ❖ operating the gravity separation and flotation mills at higher than planned throughput and recovery rates
- ❖ finding back-haul loads for concentrate trucks, thereby reducing haulage costs.

Factors used in this economic evaluation are as follows:

- US dollar to Canadian dollar = \$1.15
- Silver price in USD = \$10/ounce
- Lead price in USD = \$0.50/lb
- Zinc price in USD = \$0.50/lb
- Mill feed recovery to gravity composite concentrate - 95%
- Process/mill/smelter recovery for silver and lead - 85%
- Process/mill/smelter recovery for zinc - 75%.

Value of recovered metals in Canadian dollars (CAD):

- silver - \$10 US per ounce x 85% recovery x \$1.15 = \$9.78/ounce
- lead - \$0.50 US per pound x 85% recovery x \$1.15 = \$0.49/pound



- zinc - \$0.50 US per pound x 75% recovery x \$1.15 = \$0.43/pound

Value of indicated "ore" per tonne, diluted 20%, in Canadian dollars (CAD):

- silver - 27.30 opt x \$9.78/ounce = \$266.99

- lead - 4.41% (97.02 lb.) x \$0.49/lb = \$ 47.53

- zinc - 4.24% (93.28 lb) x \$0.43/lb = \$ 40.11

**TOTAL VALUE OF "RAW" ORE                      CAD\$354.63/tonne.**

Starting with that value of the unprocessed ore, the net proceeds can be calculated by applying the following cost items:

### **10.1 Mining Costs**

For planning purposes it is assumed that a mining contractor will deliver "raw" ore to the mine mouth for \$80/tonne.

### **10.2 Mill/Smelter Costs**

The following projections assume that gravity concentrates will be trucked to the Roberts Mill at Greenwood, B. C. and that separate lead and zinc concentrates will be sent on to the Trail smelter. Other options are being considered.

#### **Roberts Mill**

At Treasure Mountain, 24,000 tonnes of ore will be processed on-site by the gravity plant, reducing the ore by 4:1, or to 6000 tonnes of concentrate per year that will be shipped for further treatment at the Roberts Mill. The flotation mill there will further upgrade the concentrate to an average ratio of 3:1 and the net reduction from ore to concentrate of 12:1 will yield 2000 tonnes saleable concentrates per year.

The shipping cost from Treasure Mountain to Roberts Mill is estimated to be \$50/tonne and for 6000 tonnes will be \$300,000 per year and for a four year operation, \$1,200,000. The shipping cost will be \$12.50 per "raw" tonne.

The cost of processing the concentrates at Roberts Mill is estimated to average \$60/tonne and for 6000 tonnes will be \$360,000 per year and \$1,440,000 for a four year operation. Therefore processing costs applicable to the original ore are 1/4 of \$60 or \$15.00 per tonne.

[Note that the cost of improving the Roberts Mill to receive and process Treasure Mountain concentrates is estimated to be \$200,000 and will be capitalized.]

### **Trucking Charges**

For planning purposes it is assumed that concentrates will be placed in bags or other containers and trucked to the smelter in Trail, B. C. at a cost of \$30/tonne and for 2000 tonnes the cost will be \$60,000 per year and \$240,000 for a four year operation. The cost applicable to the original ore which has been reduced by a factor of 12:1 will be \$2.50 per tonne.

### **Smelter Charges**

The average processing cost at the smelter is projected to be \$300/tonne and for 2000 tonnes will be \$600,000 or \$2,400,000 for a four year operation. The cost applicable to the original ore will be \$25/tonne.

### **Summary of Costs**

|                                                                                 |                          |
|---------------------------------------------------------------------------------|--------------------------|
| <b>Mining - ore delivered to portal</b>                                         | <b>\$80/tonne</b>        |
| <b>Administration (includes engineering, cookhouse, safety, communications)</b> |                          |
|                                                                                 | <b>\$15/tonne</b>        |
| <b>On-site processing - gravity separation plant</b>                            | <b>\$20/tonne</b>        |
| <b>Surface plant - power generation, vehicles, maintenance</b>                  | <b>\$10/tonne</b>        |
| <b>Tailings - dry stack</b>                                                     | <b>\$5/tonne</b>         |
| <b>Trucking to Roberts Mill</b>                                                 | <b>\$12.50/tonne</b>     |
| <b>Roberts Mill</b>                                                             | <b>\$15/tonne</b>        |
| <b>Trucking to Smelter</b>                                                      | <b>\$2.50/tonne</b>      |
| <b>Smelter Charges</b>                                                          | <b><u>\$25/tonne</u></b> |
| <b>TOTAL OPERATING COSTS</b>                                                    | <b>\$185/tonne.</b>      |

### **10.3 Operating Profits**

|                                          |                       |
|------------------------------------------|-----------------------|
| Estimated value of "raw" ore (per above) | \$354.63/tonne        |
| Less estimated total operating costs     | <u>\$185.00/tonne</u> |
| Estimated Net Value of "raw" ore         | <u>\$169.63/tonne</u> |

Estimated Operating Profit per year

|                                           |                    |
|-------------------------------------------|--------------------|
| 24,000 tonnes per year X \$169.63/tonne = | <u>\$4,071,120</u> |
|-------------------------------------------|--------------------|

Estimated Gross Operating Profit for four year operation above Level 3,

|                                                    |                     |
|----------------------------------------------------|---------------------|
| before insurance, taxes and extraordinary expenses | <u>\$16,284,480</u> |
|----------------------------------------------------|---------------------|

### **10.4 Capital Requirements**

**Year 1 (no production, no revenue)**

Rehabilitation/exploration, site preparation, construction

|                                      |             |
|--------------------------------------|-------------|
| and development of Levels 1, 2 and 3 | \$1,850,000 |
|--------------------------------------|-------------|

**Year 2 (install and start-up mill)**

|                                                          |             |
|----------------------------------------------------------|-------------|
| Turnkey set up of portable crushing and processing plant | \$1,000,000 |
|----------------------------------------------------------|-------------|

|             |            |
|-------------|------------|
| Power House | \$ 500,000 |
|-------------|------------|

Buildings

|                  |            |
|------------------|------------|
| Processing Plant | \$ 150,000 |
|------------------|------------|

|                                                                                                                                |                           |
|--------------------------------------------------------------------------------------------------------------------------------|---------------------------|
| Mechanical Shop                                                                                                                | \$ 200,000                |
| Site - cookhouse, bunkhouse                                                                                                    | \$ 100,000                |
| Mobile Equipment                                                                                                               |                           |
| Ambulance                                                                                                                      | \$ 40,000                 |
| 4 X 4 Trucks (4)                                                                                                               | \$ 80,000                 |
| Hiab Loader                                                                                                                    | \$ 80,000                 |
| [Ore truck, loaders, backhoe will be contracted out and are included in operating costs at Treasure Mountain and Roberts Mill] |                           |
| Assay Plant                                                                                                                    | \$100,000                 |
| Tailings Facility                                                                                                              | \$ 50,000                 |
| Mining (additional development, vent raise)                                                                                    | \$500,000                 |
| Roberts Mill improvements                                                                                                      | <u>\$200,000</u>          |
| <b>Capital Requirements - Years 1 and 2</b>                                                                                    | <b><u>\$4,550,000</u></b> |
| <b>Recommended Reclamation Bond for Treasure Mountain</b>                                                                      | <b><u>\$ 250,000</u></b>  |
| <b>Total Capital Requirement</b>                                                                                               | <b>\$4,800,000</b>        |

### ***10.5 Analysis***

The financial projections are based on best effort estimates and reflect the changing economic situation that impacted the mining industry in British Columbia late in 2008. A detailed budget will be prepared when the Mining Permit is issued.

The net revenues before insurance, taxes and extraordinary expenses from mining 96,000 tonnes in four years is **\$16,284,480.**

The equity capital of \$4,550,000 plus reclamation bond could be repaid in the second and third years of operation. Financing by means of a convertible debenture would avoid dilution of issued Common Stock.

|                                      |                            |
|--------------------------------------|----------------------------|
| Estimated Net Revenue                | \$16,284,480               |
| Less repayment of capital investment | <u>\$4,800,000</u>         |
| <b>Estimated Net Income</b>          | <b><u>\$11,484,480</u></b> |

The operation would require a capital retention of \$3,000,000 in Year 4 and 5 to drive a new intermediate level between Level 3 and Level 4 to enable exploration and mining of resources between those levels. \$1,000,000 of that sum would be used for production development above Level 4, including ventilation raises and haulage infrastructure.

Silver prices are at or near three-year lows and are projected to rise as demand for precious metals increases due to currency uncertainties and industrial requirements. Higher metal prices, particularly silver prices, will allow Huldra to mine lower grade ore, invest in additional production capacity, and accelerate exploration and development of additional potential ores.

## **Author's Qualifications – A. J. Beaton, P. Eng. Mining**

The accompanying report “**MINING AND RECLAMATION PLAN, TREASURE MOUNTAIN MINE, TULAMEEN RIVER AREA, BRITISH COLUMBIA, CANADA**” dated January 27, 2009 was prepared by A. J. Beaton, P. Eng.(Mining), a principal of A. J. Beaton Mining Ltd., North Vancouver, B. C.

Al Beaton has worked as a Mining Engineer since 1970 and has been practicing as a Professional Engineer since 1975. His company, A. J. Beaton Mining Ltd., has been operating as a Mining Contractor and Consulting company since 1986 and carried out exploration development at Treasure Mountain for Huldra Silver Inc. in the period 1986 – 1989. That work included approximately 3,000 metres of drift, raise and sub-level development and production of shipping ore from a shallow open pit.

Al Beaton was Mine Manager of Erickson Gold Mine in northern British Columbia from 1979 – 1985. That mine was an underground, narrow vein operation, with both trackless and tracked mining methods.

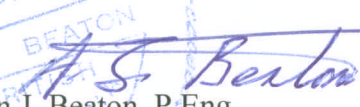
In 2007, Al Beaton and Alex MacPherson, Shift Boss, re-opened underground workings of the Treasure Mountain mine and assisted Erik Ostensoe, P. Geo. in completing a program of underground sampling, followed by an assessment of the vein deposit for future mining, and he then “mothballed” the mine so that it could be left in a safe and secure manner.

## CERTIFICATE

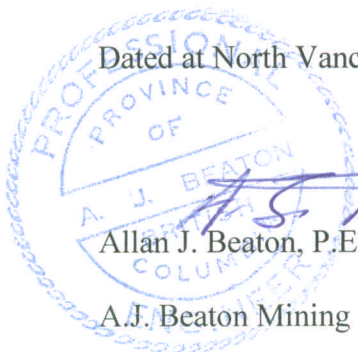
I, Allan J. Beaton, of 947 Frederick Road, North Vancouver, B.C., do hereby certify:

- 1) I am a mining engineer working from my home address.
- 2) I am a graduate of Nova Scotia Technical College, now Dalhousie University, in Mining Engineering.
- 3) I have practiced my profession for 38 years.
- 4) I am a registered member in good standing of the Association of Professional Engineers and Geoscientists of the Province of B.C., since 1975, with Registration Licence # 11423.
- 5) This report is based on my past knowledge of the Treasure Mountain property, time spent underground in 2007 and input from other professionals as referred to in the report.
- 6) I do not own any shares in Huldra Silver Inc., nor do I expect to receive any.

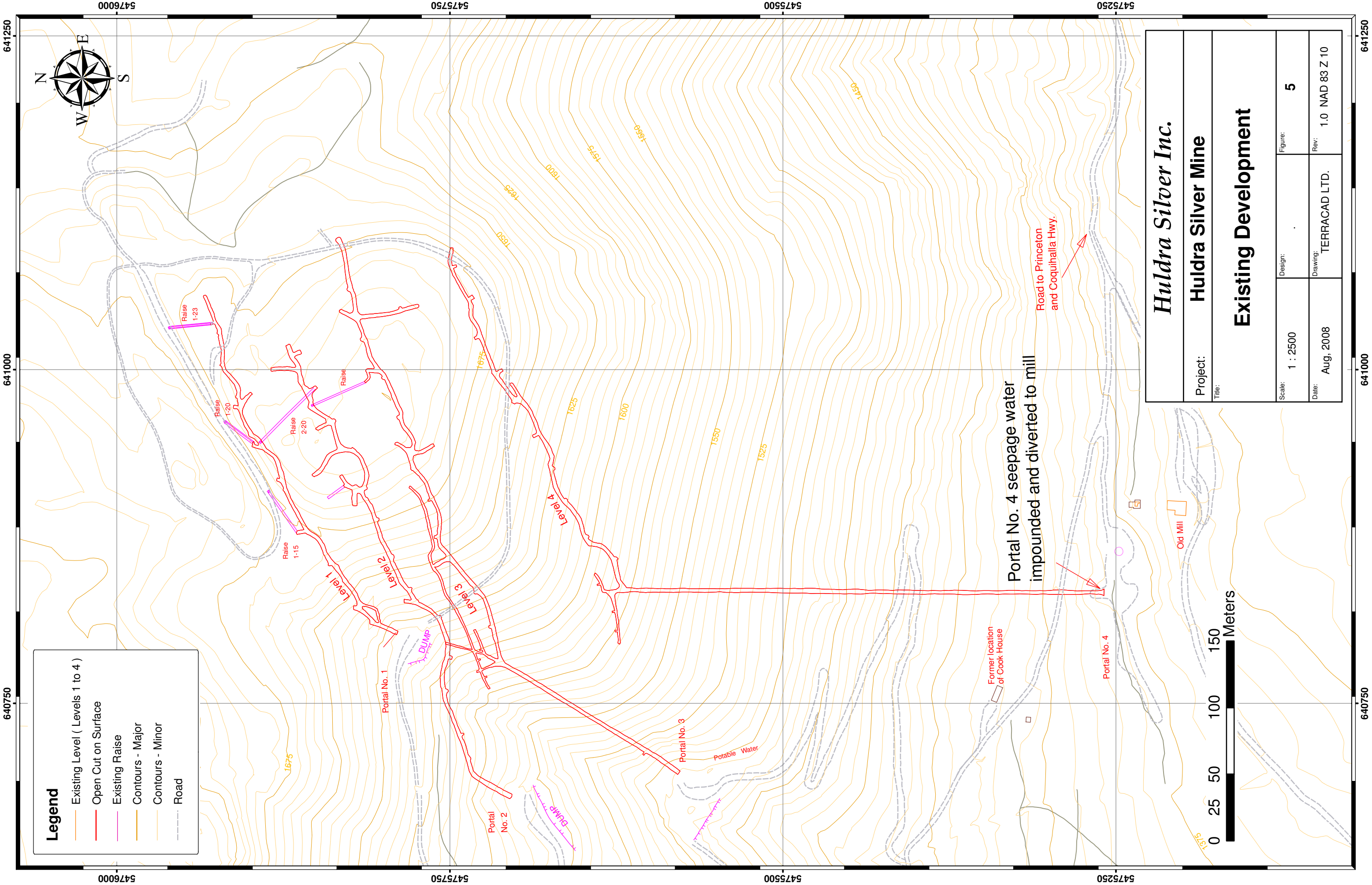
Dated at North Vancouver, this 27<sup>th</sup> day of January, 2009.

  
Allan J. Beaton, P.Eng.

A.J. Beaton Mining Ltd.



*P. Eng.*



# Huldra Silver Inc.

Project: Huldra Silver Mine

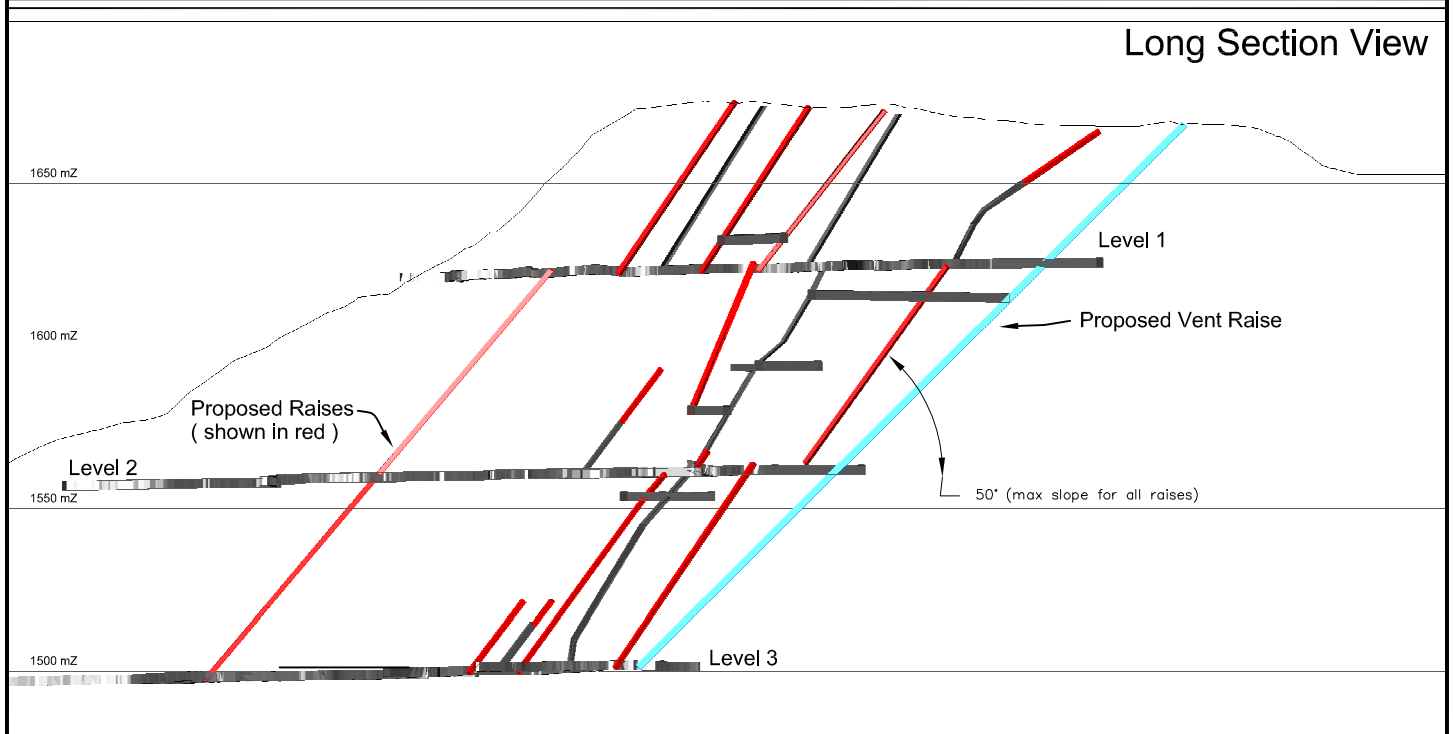
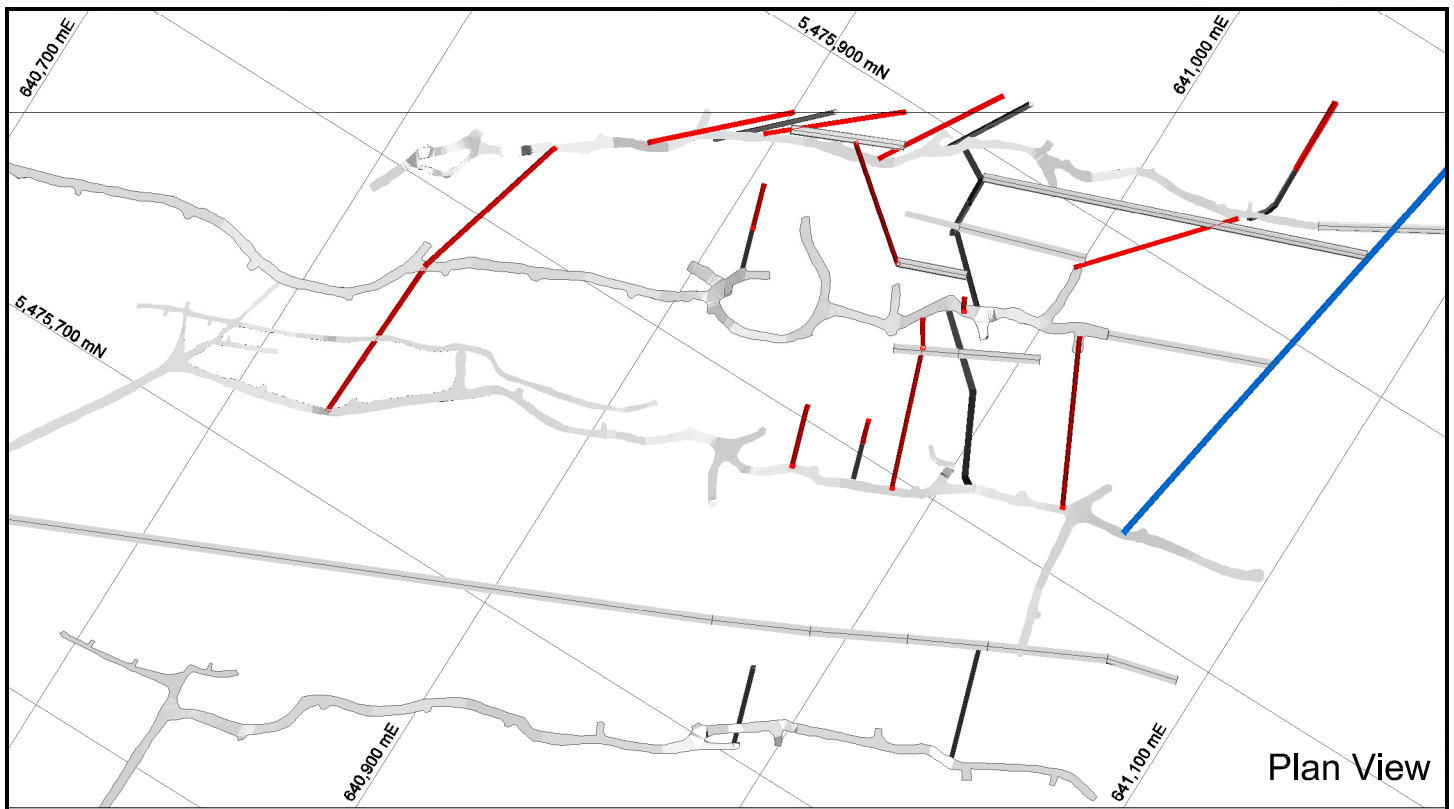
## Existing Development

|                 |                        |                      |
|-----------------|------------------------|----------------------|
| Scale: 1 : 2500 | Design: .              | Figure: 5            |
| Date: Aug, 2008 | Drawing: TERRACAD LTD. | Rev: 1.0 NAD 83 Z 10 |

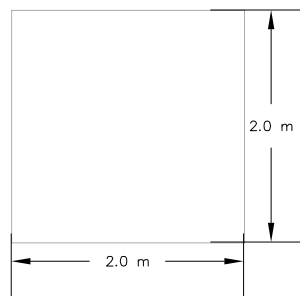








Raise Typical Profile  
Maximum Slope = 50°



## HULDRA SILVER INC.

Project: Huldra Silver Mine

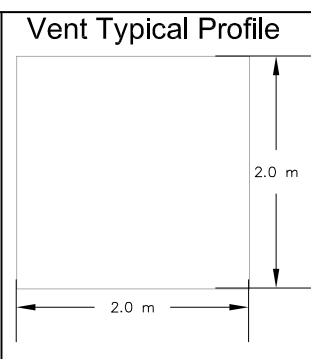
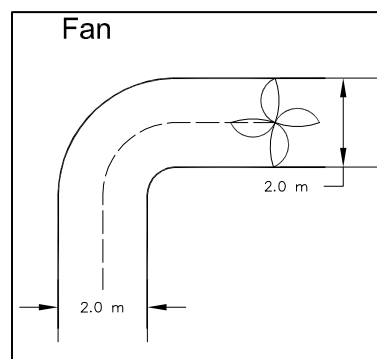
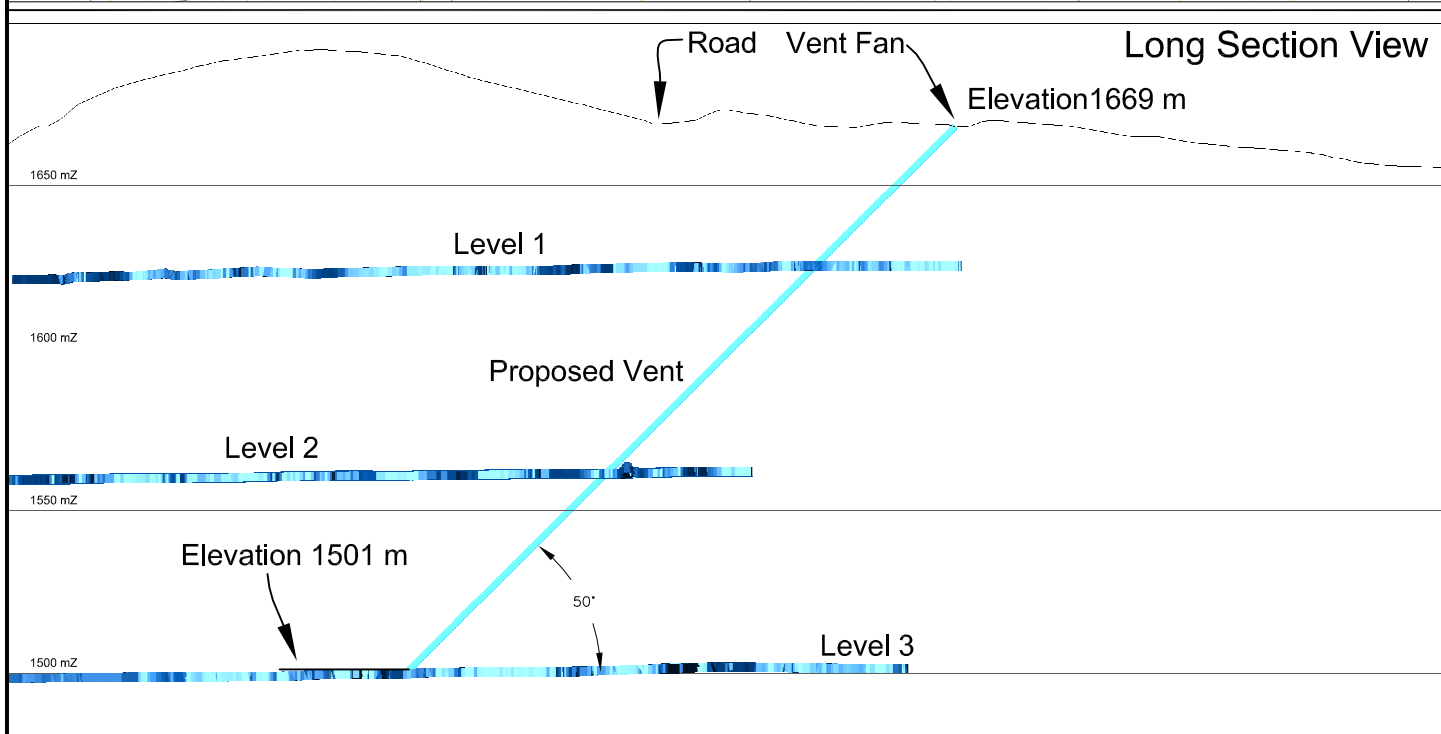
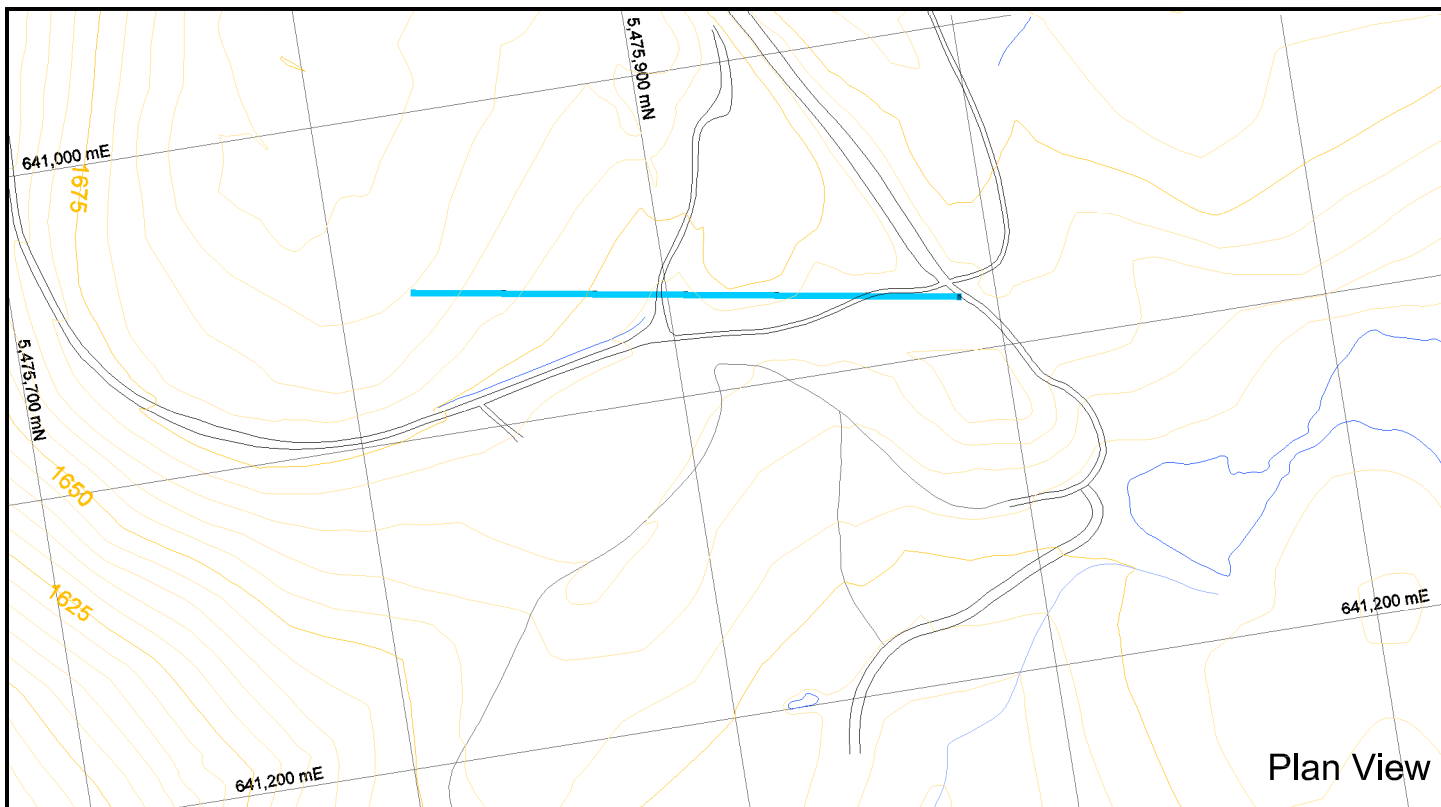
Title: Proposed Raises  
Plan and Section Layout

Scale: 1 : 1500

Figure: 7

Date: Aug 2008

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# HULDRA SILVER INC.

Project: Huldra Silver Mine

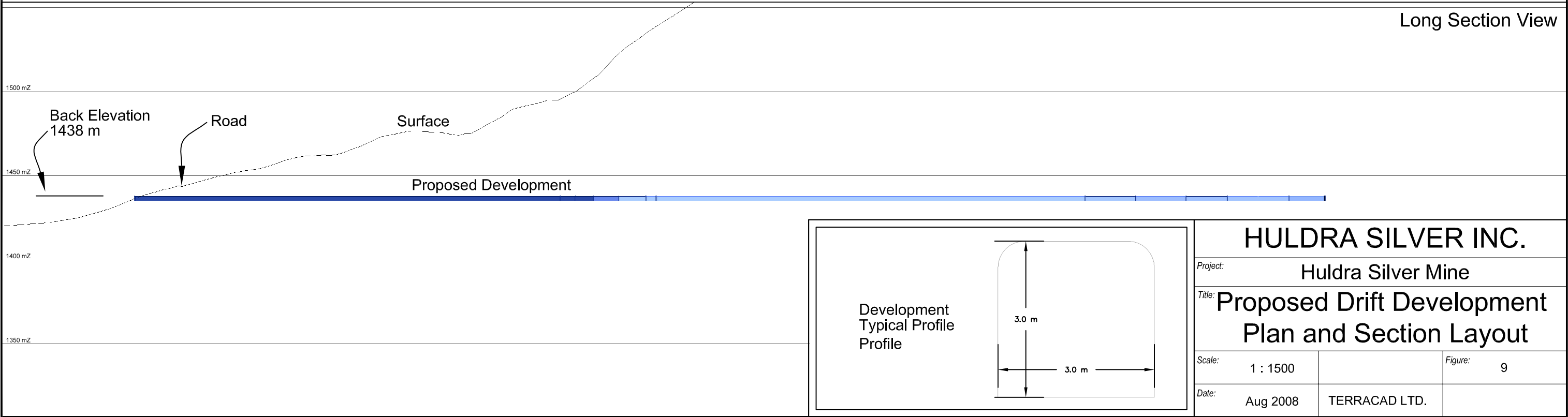
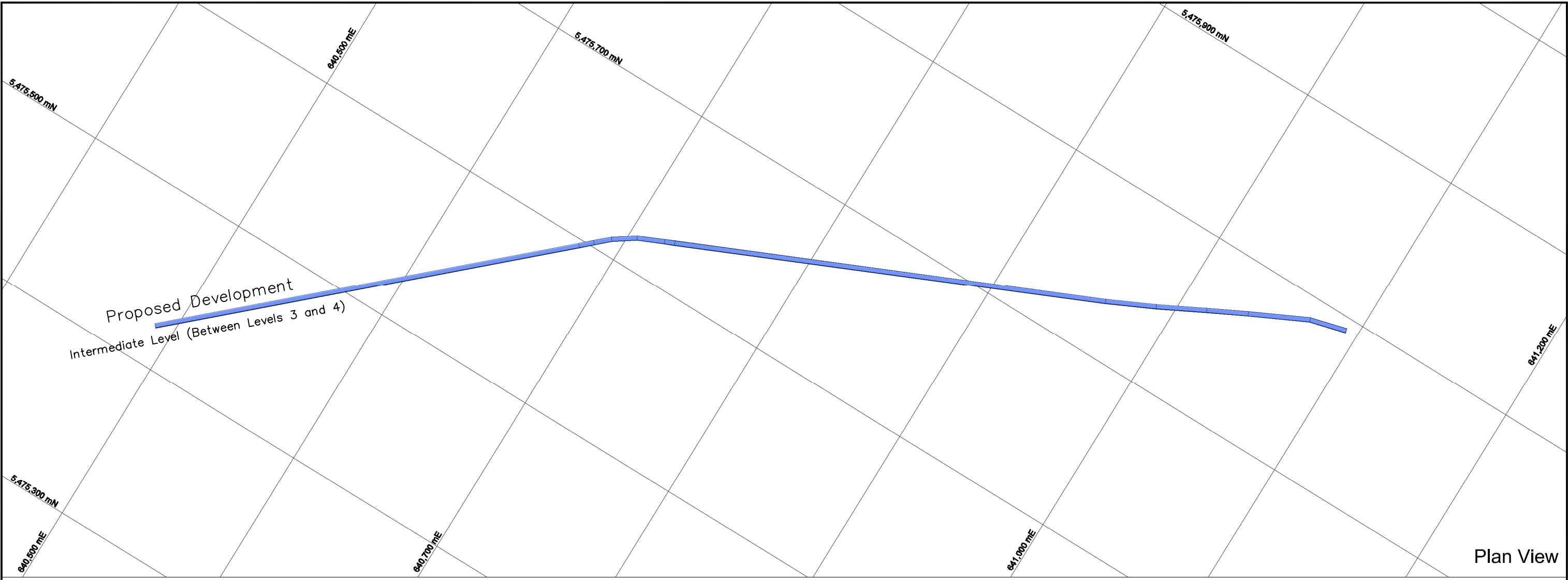
Title: Proposed Vent  
Plan and Section Layout

Scale: 1 : 1500

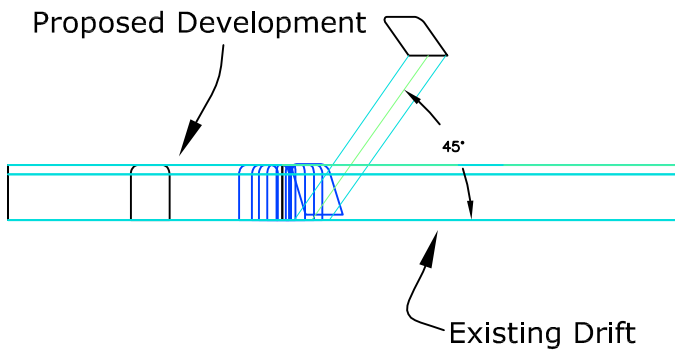
Figure: 8

Date: Aug 2008

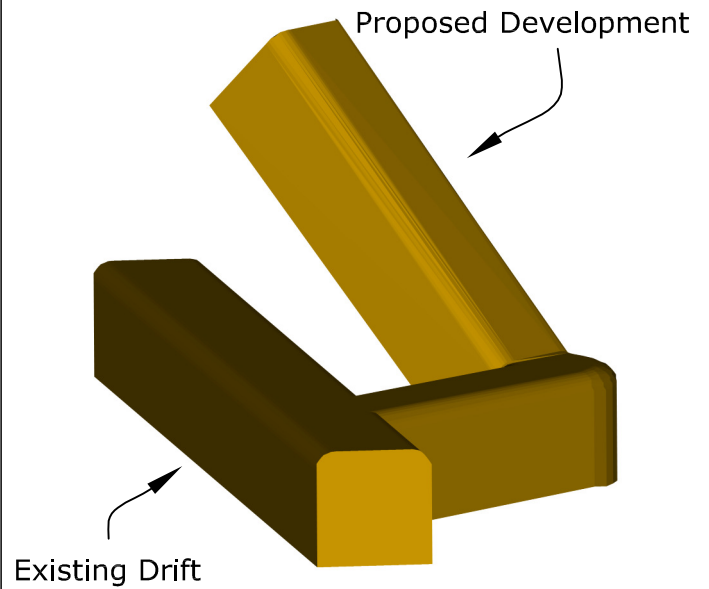
TERRACAD LTD.



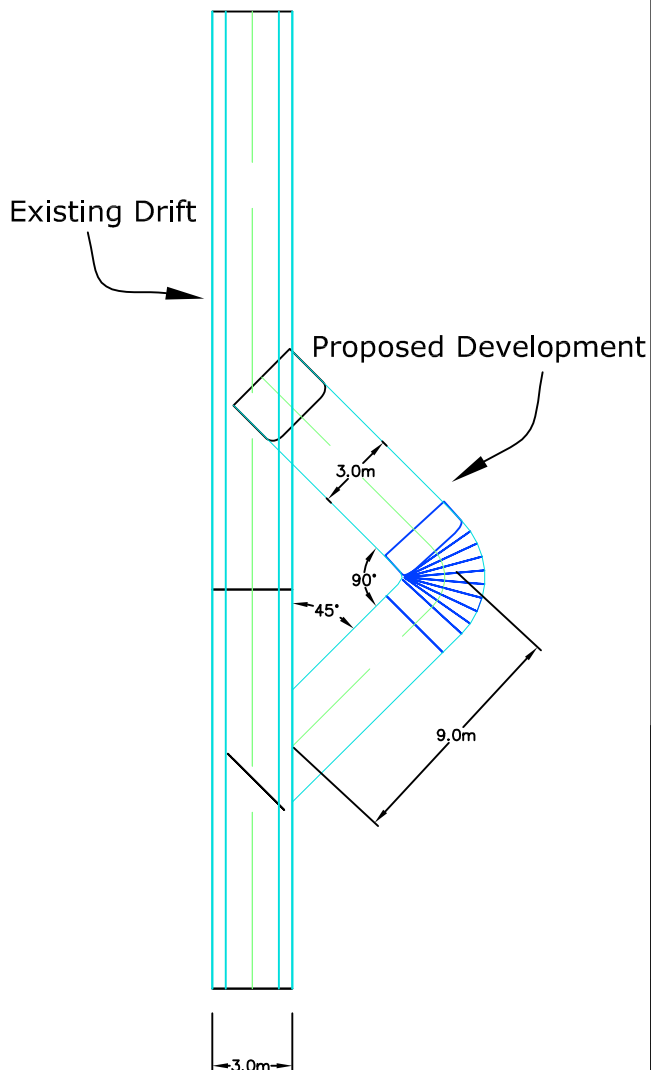
### Long Section



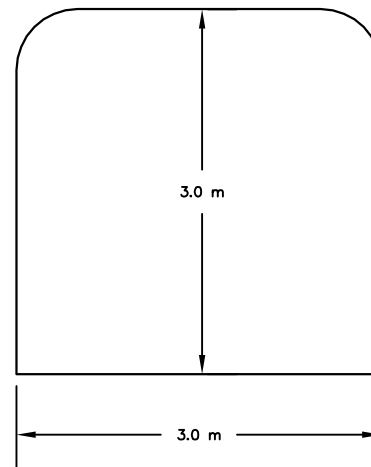
### 3D View



### Plan View



### Typical Profile



**HULDRA SILVER INC.**

Project: Huldra Silver Mine

Title: Drawpoint Development  
Access to Veins

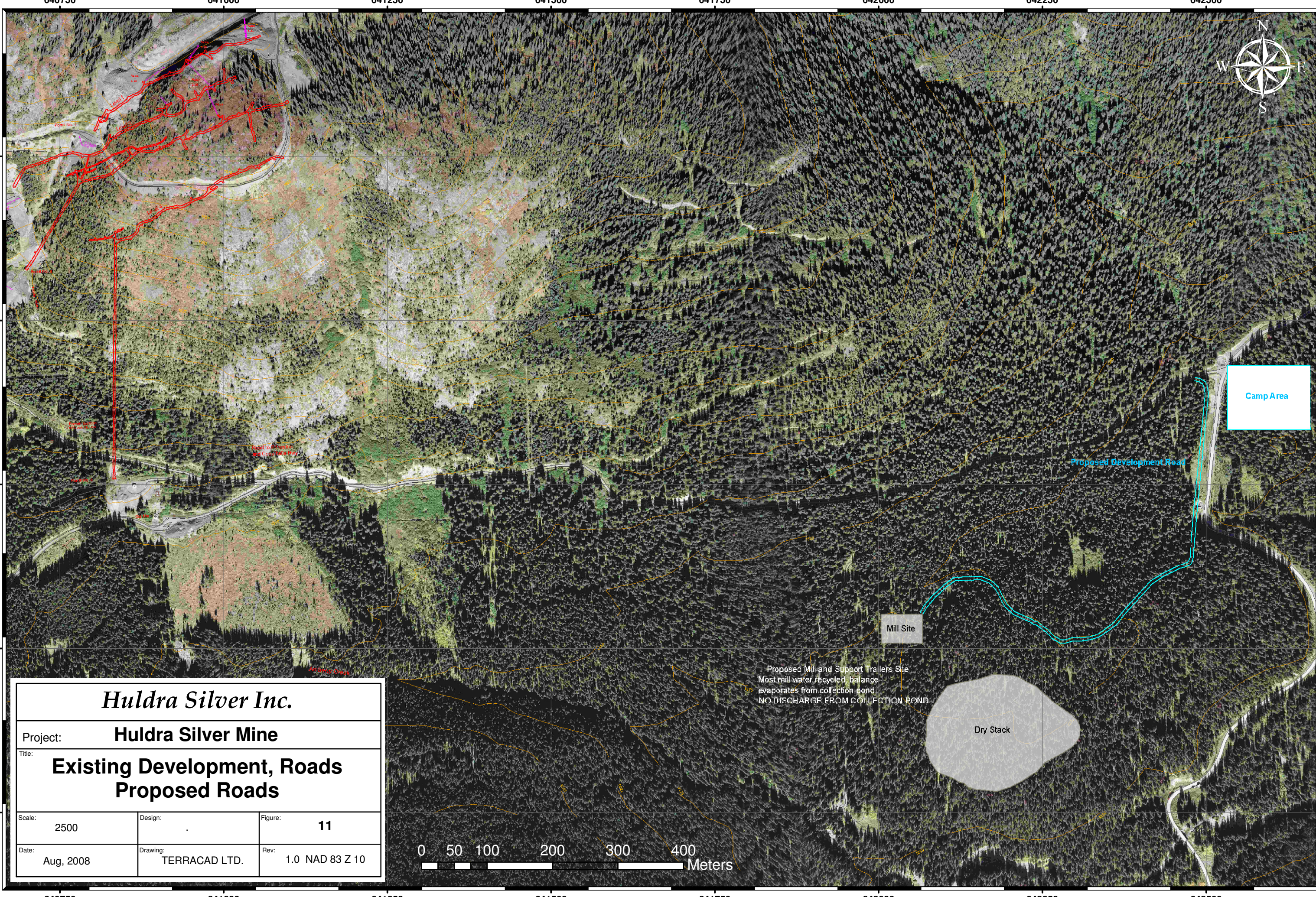
Scale: As Shown

Figure: 10

Date: Aug 2008

TERRACAD LTD.





***Huldra Silver Inc.***

Project: **Huldra Silver Mine**

Title: **Existing Development, Roads  
Proposed Roads**

|        |           |          |               |         |                 |
|--------|-----------|----------|---------------|---------|-----------------|
| Scale: | 2500      | Design:  |               | Figure: | <b>11</b>       |
| Date:  | Aug, 2008 | Drawing: | TERRACAD LTD. | Rev:    | 1.0 NAD 83 Z 10 |

0 50 100 200 300 400 Meters

Proposed Mill and Support Trailers Site  
Most mill water recycled, balance  
evaporates from collection pond.  
NO DISCHARGE FROM COLLECTION POND

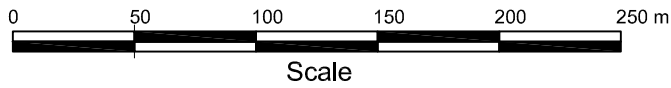
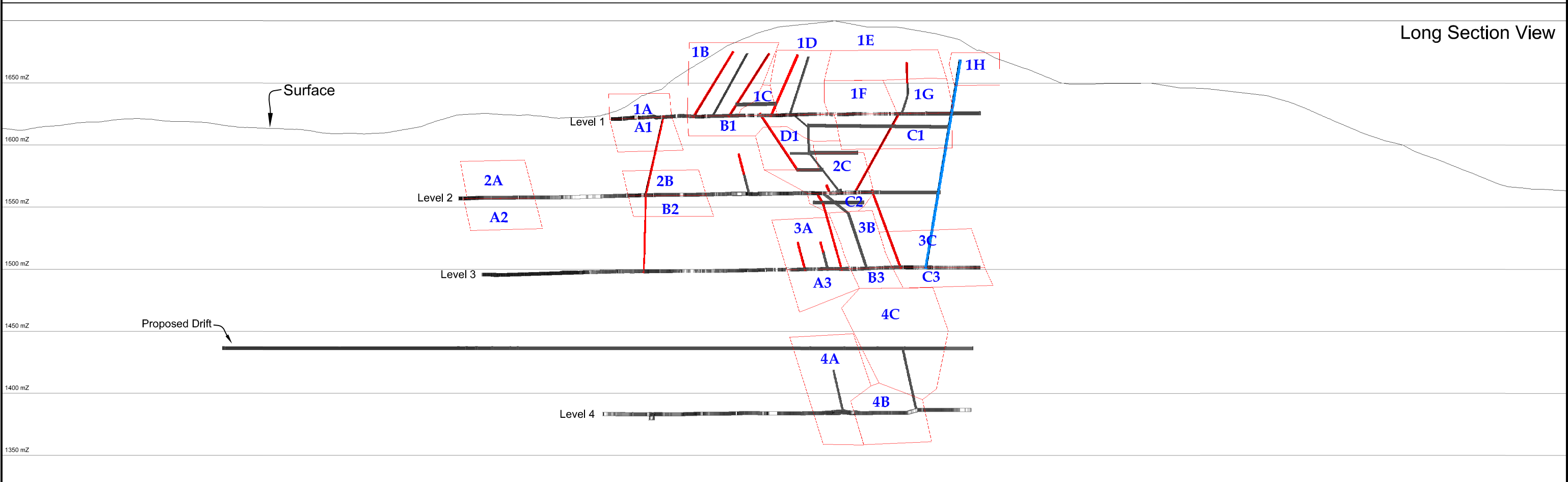
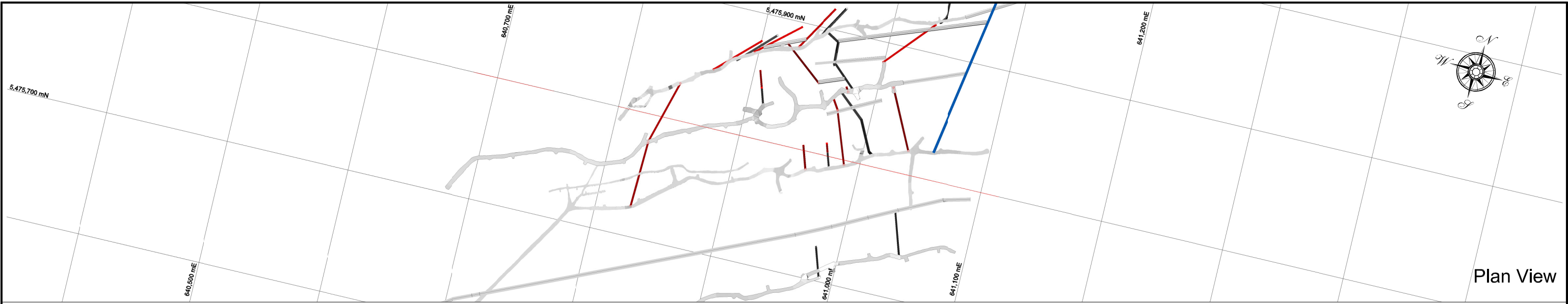
Dry Stack

Camp Area

Proposed Development Road

Mill Site





# HULDRA SILVER INC.

|          |                                         |               |
|----------|-----------------------------------------|---------------|
| Project: | Huldra Silver Mine                      |               |
| Title:   | Mining Zones<br>Plan and Section Layout |               |
| Scale:   | 1 : 2000                                | Figure: 12    |
| Date:    | Aug 2008                                | TERRACAD LTD. |