

A copy of this preliminary short form prospectus has been filed with the securities regulatory authorities in the Provinces of British Columbia, Alberta and Ontario but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

Information has been incorporated by reference in this prospectus from documents filed with the securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the secretary of Huldra Silver Inc. at its head office and principal place of business at Suite 610 - 837 West Hastings Street, Vancouver, B.C. V6C 3N6 (Telephone: 604-647-0142), and are also available electronically at www.sedar.com.

The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), and may not be offered or sold in any state, district or commonwealth of the United States of America, its territories or possessions (the "United States") and, subject to certain exceptions, may not be offered or sold, directly or indirectly, within the United States or to or for the account for benefit of any "U.S. Person" (as defined in Regulation S made under the U.S. Securities Act) and under the securities laws of any applicable state. This preliminary short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States or to or for the account or benefit of a U.S. Person or person within the United States. See "Plan of Distribution".

PRELIMINARY SHORT FORM PROSPECTUS

New Issue

August 24, 2011



HULDRA SILVER INC.

**6,476,880 Common Shares and 6,476,880 Warrants
on Exercise of 6,476,880 Special Warrants**

**2,073,366 Common Shares
on Exercise of 2,073,366 Flow-Through Special Warrants**

**500,189 NFT Broker Warrants
on Exercise of 500,189 Special Broker Warrants**

**169,070 Broker Warrants
on Exercise of 169,070 FT Special Broker Warrants**

**647,688 Special Warrant Shares and 647,688 Warrants
that may be issued as Penalty Securities**

**50,019 NFT Broker Warrants and 16,907 FT Broker Warrants
that may be issued as Penalty Securities**

**50,019 Broker Shares and 50,019 Broker Warrants
on exercise of 50,019 NFT Broker Warrants
that may be issued as Broker Penalty Securities**

This short form prospectus (the "**Prospectus**") qualifies the distribution of:

- (i) 6,476,880 common shares (each, a "**Special Warrant Share**") and 6,476,880 share purchase warrants (each, a "**Warrant**") of Huldra Silver Inc. (the "**Company**") to be distributed, without

additional payment, upon the exercise or deemed exercise of 6,476,880 special warrants (each, a **“Special Warrant”**) of the Company;

- (ii) 2,073,366 common shares (each, an **“FT Share”**) of the Company to be distributed, without additional payment, upon the exercise or deemed exercise of 2,073,366 flow-through special warrants (each, a **“Flow-Through Special Warrant”**) of the Company;
- (iii) 500,189 broker warrants (each, an **“NFT Broker Warrant”**) of the Company to be distributed, without additional payment, upon the exercise or deemed exercise of 500,189 broker special warrants (each, a **“Broker Special Warrant”**) of the Company;
- (iv) 169,070 broker warrants (each, an **“FT Broker Warrant”**) of the Company to be distributed, without additional payment, upon the exercise or deemed exercise of 169,070 broker special warrants (each, an **“FT Broker Special Warrant”**) of the Company;
- (v) an additional 647,688 Special Warrant Shares and 647,688 Warrants which may be issuable in connection with the Penalty Securities (as defined below); and
- (vi) an additional 50,019 NFT Broker Warrants and 16,907 FT Broker Warrants which may be issuable in connection with the Broker Penalty Securities (as defined below).

The Special Warrants and the Flow-Through Special Warrants are not available for purchase pursuant to this Prospectus and no additional funds are to be received by the Company from the distribution of the securities under this Prospectus upon the exercise or deemed exercise of the Special Warrants or the Flow-Through Special Warrants.

The Special Warrants and the Flow-Through Special Warrants (collectively, the **“PP Securities”**) were issued by the Company on a private placement basis (the **“PP Offering”**) on July 14, 2011 (the **“Closing Date”**). The PP Offering included an additional 40,000 FT Special Warrants that were issued to residents of the Province of Québec (the **“Québec Sales”**), however the Common Shares and Warrants underlying such Special Warrants are not being qualified by this Prospectus. The Company received gross proceeds of \$9,336,763 and net proceeds of \$8,608,681.88 from the sale of the PP Securities, including the proceeds from the Québec Sales.

The Special Warrants were issued pursuant to the terms of a Special Warrant Indenture dated the Closing Date (the **“Special Warrant Indenture”**) between the Company and Computershare Trust Company of Canada (**“Computershare”**). The Flow-Through Special Warrants were issued pursuant to the terms of a Flow-Through Special Warrant Indenture dated the Closing Date (the **“Flow-Through Special Warrant Indenture”**) between the Company and Computershare.

The Company issued an aggregate of 6,476,880 Special Warrants. Upon exercise or deemed exercise of the Special Warrants, and without additional payment therefor, the Company will issue 6,476,880 Special Warrant Shares and 6,476,880 Warrants. Each Warrant will entitle the holder thereof to purchase one common share of the Company (each, a **“Warrant Share”**) at an exercise price of \$1.35 per Warrant Share at any time until July 14, 2013. The Warrants, when issued, will be governed by a Warrant Indenture dated the Closing Date (the **“Warrant Indenture”**) between the Company and Computershare.

The Company issued an aggregate of 2,113,366 Flow-Through Special Warrants, including the Québec Sales. Upon exercise or deemed exercise of the Flow-Through Special Warrants, and without additional payment therefor, the Company will issue 2,113,366 FT Shares. The Flow-Through Special Warrants were issued as “flow-through shares” as defined in subsection 66(15) of the *Income Tax Act* (Canada) (the **“Tax Act”**).

In connection with the PP Offering, the Company issued an aggregate of 500,189 Broker Special Warrants and 169,070 FT Broker Special Warrants (collectively, the **“Broker Securities”**). Upon exercise or deemed exercise of the Broker Special Warrants, and without additional payment therefor, the Company will issue 500,189 NFT Broker Warrants. The NFT Broker Warrants will entitle the holders thereof to purchase an aggregate of 500,189 common shares of the Company (each, an **“NFT Broker Share”**) and 500,189 warrants (each, a **“Broker Warrant”**) at an exercise price of \$1.05 per Broker Warrant at any time until July 14, 2013. Each Broker Warrant will entitle the holder thereof to purchase one common share of the Company (each, a **“Broker Share”**) at an exercise price of

\$1.35 until July 14, 2013. Upon exercise or deemed exercise of the FT Broker Special Warrants, and without additional payment therefor, the Company will issue 169,170 FT Broker Warrants. The FT Broker Warrants will entitle the holders thereof to purchase an aggregate of 169,070 common shares of the Company (each, an “**FT Broker Share**”) at an exercise price of \$1.05 per FT Broker Warrant at any time until July 14, 2013. The FT Broker Special Warrants were not issued as “flow-through shares” as defined in subsection 66(15) of the Tax Act.

The PP Offering was completed pursuant to an agency agreement dated the Closing Date (the “**Agency Agreement**”) among the Company, National Bank Financial Inc. (“**NBF**”) and Pope & Company Limited (“**Pope**”) and, together with NBF, the “**Agents**”). NBF directed the Company to issue a portion of their Broker Special Warrants to Bayfront Capital Partners Ltd. (“**Bayfront**”) as a finder’s fee in connection with the PP Offering.

Pursuant to the Agency Agreement, the Company has agreed to prepare and file this Prospectus and all other necessary documents in order to qualify all of the securities issuable upon the exercise or deemed exercise of the Special Warrants, the Flow-Through Special Warrants and the Broker Securities to subscribers resident in Canada, or otherwise subject to Canadian securities laws. In the event that the date (the “**Qualification Date**”) on which a receipt (the “**Receipt**”) for the final prospectus is issued by the British Columbia Securities Commission, as principal regulator, on its own behalf and on behalf of each of the other securities commissions or securities regulatory authorities, as applicable, has not occurred prior to 5:00 p.m. (Vancouver time) on September 12, 2011 (the “**Qualification Deadline**”): (i) each unexercised Special Warrant will thereafter entitle the holder to receive, upon the exercise thereof, for no additional consideration, an additional 10% of the Special Warrant Shares and the Warrants otherwise issuable upon exercise of the Special Warrants, resulting in the issuance of 1.1 Special Warrant Shares (instead of one Special Warrant Share) and 1.1 Warrants (instead of one Warrant), subject to adjustment, on exercise of the Special Warrants (the additional Special Warrant Shares and Warrants are collectively referred to herein as the “**Penalty Securities**”), (ii) each unexercised Broker Special Warrant will thereafter entitle the holder to receive, upon the exercise thereof, for no additional consideration, an additional 10% of the NFT Broker Warrants otherwise issuable upon exercise of the Broker Special Warrants, resulting in the issuance of 1.1 NFT Broker Warrants (instead of one NFT Broker Warrant) upon exercise of the Broker Special Warrants, subject to adjustment (the “**NFT Broker Penalty Securities**”) and (iii) each unexercised FT Broker Special Warrant will thereafter entitle the holder to receive, upon the exercise thereof, for no additional consideration, an additional 10% of the FT Broker Warrants otherwise issuable upon exercise of the FT Broker Special Warrants, resulting in the issuance of 1.1 FT Broker Warrants (instead of one FT Broker Warrant) upon exercise of the FT Special Broker Warrants, subject to adjustment (the “**FT Broker Penalty Securities**” and, together with the NFT Broker Penalty Securities, the “**Broker Penalty Securities**”). The holders of the Flow-Through Special Warrants will not be entitled to any penalty securities.

The PP Securities were issued for gross proceeds of \$9,336,763 and net proceeds of \$8,608,681.88, including the proceeds for the Québec Sales. The issue price of \$1.05 per Special Warrant and \$1.20 per Flow-Through Special Warrant (together, the “**Offering Prices**”) were determined by negotiation between the Company and the Agents.

	Price to Public	Agents’ Fee ⁽¹⁾	Net Proceeds to the Company ⁽²⁾
Per Special Warrant	\$1.05	\$0.084	\$0.966
Per Flow-Through Special Warrant	\$1.20	\$0.096	\$1.104
Total ⁽³⁾	\$9,288,763	\$724,241.12	\$8,564,521.88

⁽¹⁾ Pursuant to the Agency Agreement, the Company paid to the Agents an aggregate cash commission of \$728,081.12 (the “**Agents’ Fee**”), being equal to 8% of the gross proceeds of the PP Offering placed by the Agents; including commissions for the Québec Sales, and issued to the Agents an aggregate of 500,189 Broker Special Warrants and 169,070 FT Broker Special Warrants.

⁽²⁾ Before deducting the legal, accounting and administrative expenses of the Company and the Agents in connection with the PP Offering, estimated at approximately \$200,000.

⁽³⁾ Excludes proceeds of \$48,000 and cash commission of \$3,840 for Québec Sales.

The following table sets out the number of securities issuable under the Broker Special Warrants and the FT Broker Special Warrants:

<u>Agents' Position</u>	<u>Maximum Size or Number of Securities Available⁽¹⁾</u>	<u>Exercise Period</u>	<u>Exercise Price</u>
NFT Broker Warrants (issuable upon exercise or deemed exercise of the Broker Special Warrants)	500,189 NFT Broker Shares and 500,189 Broker Warrants issuable upon exercise	July 14, 2013	\$1.05
Broker Warrants (issuable upon exercise of the NFT Broker Warrants)	500,189 Broker Shares issuable upon exercise	July 14, 2013	\$1.35
FT Broker Warrants (issuable upon exercise or deemed exercise of the FT Broker Special Warrants)	169,070 FT Broker Shares issuable upon exercise	July 14, 2013	\$1.05

⁽¹⁾ Does not include any additional securities that may be issued in connection with the Broker Penalty Securities.

The outstanding common shares of the Company (each, a “**Common Share**”) are listed and posted for trading on the TSX Venture Exchange (the “**TSXV**”) under the symbol “HDA”. On July 18, 2011, the TSXV approved the issuance of the PP Securities, the Broker Securities and all underlying securities. On August 22, 2011, the closing price for the Common Shares on the TSXV was \$1.63.

There is currently no market through which any of the securities being distributed under this Prospectus, other than the Special Warrant Shares and FT Shares, may be sold, and purchasers may not be able to resell such securities acquired hereunder. This may affect the pricing of such securities in the secondary market, the transparency and availability of trading prices, the liquidity of such securities and the extent of issuer regulation. See “Risk Factors” and “Cautionary Note Regarding Forward-Looking Information”.

An investment in securities of the Company involves a high degree of risk and must be considered speculative due to the nature of the Company’s business and the present stage of exploration of its mineral property. The risks outlined in this Prospectus and in the documents incorporated by reference herein should be carefully reviewed and considered by investors in connection with an investment in the Company’s securities. See “Risk Factors”.

Notwithstanding that this Prospectus is being filed to qualify the distribution of all securities issuable upon the exercise or deemed exercise of the PP Securities and the Broker Securities, in the event that a holder of PP Securities or Broker Securities exercises such securities prior to the date that the Receipt is received by the Company, the securities issued upon exercise of such PP Securities or Broker Securities will be subject to statutory hold periods under applicable securities legislation and shall bear such legends as required by applicable securities laws.

Investors should rely only on the information contained in this Prospectus and the documents incorporated by reference herein. The Company has not authorized anyone to provide investors with information different from that contained in this Prospectus. The information contained in the Prospectus is accurate only as of the date of this Prospectus.

The Company’s head office is located at Suite 610 – 837 West Hastings Street, Vancouver, British Columbia V6C 3N6. The Company’s registered office is located at Suite 800 – 885 West Georgia Street, Vancouver, British Columbia V6C 3H1.

References herein to “Huldra” or the “Company” also include the Company’s subsidiaries, 0307443 B.C. Ltd., 0913103 B.C. Ltd. and 0906262 B.C. Ltd., as applicable.

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Readers should rely only on information contained or incorporated by reference in this Prospectus. The Company has not authorized anyone to provide the reader with different information. Readers should not assume that the information contained or incorporated by reference in this Prospectus is accurate as of any date other than the date on the front of this Prospectus or the respective dates of the documents incorporated by reference herein. The Company does not undertake to update the information contained or incorporated by reference herein, except as required by applicable securities laws.

ELIGIBILITY FOR INVESTMENT

In the opinion of Clark Wilson LLP, counsel to the Company, and Cassels Brock & Blackwell LLP, counsel to the Agents, the Special Warrant Shares and FT Shares (collectively, the “**Underlying Shares**”), if issued on the date hereof, would be qualified investments under the Tax Act and the regulations thereunder (the “**Regulations**”) for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax-free savings accounts (“**TFSAs**”) all as defined in the Tax Act (collectively, “**Plans**”), provided that, on the date hereof, the Underlying Shares are listed on a “designated stock exchange” as defined in the Tax Act (which currently includes Tiers 1 and 2 of the TSXV). The Warrants, if issued on the date hereof, would be a qualified investment for Plans provided that on the date hereof (i) the Warrant Shares were listed on a designated stock exchange; and (ii) the Company is not a “connected person” under the particular Plan. A “connected person” is defined in the Regulations, in relation to a Plan, as a person who is an annuitant, a beneficiary, an employer or a subscriber under, or a holder of, such Plan as well as any other person who does not deal at arm’s length with that person.

Notwithstanding the foregoing, a holder of a TFSA which acquires Underlying Shares or Warrants will be subject to a penalty tax if the Underlying Shares or Warrants held in the TFSA are a “prohibited investment” under the Tax Act. The Underlying Shares and Warrants generally will not be a “prohibited investment” unless either (i) the holder of the TFSA does not deal at arm’s length with the Company for the purposes of the Tax Act, or (ii) the holder has a “significant interest” within the meaning of the Tax Act in the Company or in any person or partnership with which the Company does not deal at arm’s length for the purposes of the Tax Act. A significant interest in the Company includes, but is not limited to, the ownership of 10% or more of any class of the issued shares of the Company. Amendments to the Tax Act proposed in the Federal Budget on June 6, 2011 would, if enacted as proposed, extend the “prohibited investment” rules to investments held in trusts governed by registered retirement savings plans and registered retirement income funds. **Holders should consult their own tax advisors as to whether the Underlying Shares and Warrants will be a “prohibited investment” in their particular circumstances.**

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus incorporates by reference information from documents filed with securities commissions or other similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of the Company at Suite 610 – 837 West Hastings Street, Vancouver, B.C. V6C 3N6, telephone: (604) 647-0142. These documents are also available online on the System for Electronic Document Analysis and Retrieval (“**SEDAR**”), which can be accessed online under the profile of the Company at www.sedar.com.

The following documents, filed by the Company with the various securities commissions or similar authorities in the provinces of Canada, are specifically incorporated by reference into, and form an integral part of, this Prospectus:

Annual Financial Information

- (1) the Annual Information Form (“**AIF**”) of the Company dated August 2, 2011 for the year ended December 31, 2010;
- (2) the audited comparative financial statements of the Company, the notes thereto and the auditor’s report thereon for the year ended December 31, 2010;
- (3) management’s discussion and analysis for the year ended December 31, 2010;

Proxy Materials

- (4) the management information circular dated July 18, 2011 for the Company’s annual and special meeting of shareholders held on August 18, 2011;

Interim Financial Information

- (5) the unaudited condensed consolidated interim financial statements of the Company as at and for the three and six months ended June 30, 2011, together with the notes thereto;
- (6) management's discussion and analysis for the three and six months ended June 30, 2011;

Material Change Reports

- (7) the material change reports of the Company dated March 1, 2011, April 8, 2011, May 10, 2011, June 24, 2011, July 20, 2011 and August 2, 2011; and

Technical Report

- (8) the technical report entitled "Technical Report, Project Update, Treasure Mountain Property, Tulameen River Area, B.C., Canada" dated effective June 15, 2011, prepared by Qualified Persons Erik A. Ostensoe, P. Geo., Gary H. Giroux, MASc., P. Eng., and Jim Cuttle, P. Geo. (the "Technical Report").

A reference herein to this Prospectus also means any and all documents incorporated by reference or deemed to be incorporated by reference in this Prospectus. Any document of the types referred to in the numbered paragraphs above, including any material change reports (excluding confidential material change reports), any business acquisition reports, the content of any news release disclosing financial information for a period more recent than the period for which financial statements are required and certain other disclosure documents as set forth in Item 11.1 of Form 44-101F1 of National Instrument 44-101 – *Short Form Prospectus Distributions* of the Canadian Securities Administrators that are filed by the Company with the securities commissions or similar regulatory authorities in Canada after the date of this Prospectus and prior to the termination of the qualification shall be deemed to be incorporated by reference in this Prospectus.

Any statement contained in this Prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Prospectus to the extent that a statement contained herein, or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein, modifies or supersedes such statement. Any statement so modified or superseded shall not constitute a part of this Prospectus, except as so modified or superseded. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

Certain statements in this Prospectus and the documents incorporated herein by reference are forward-looking statements. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Often, but not always, forward looking statements can be identified by the use of words such as "plans", "expects", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes", or variations (including negative and grammatical variations) of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Company's actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits the Company will obtain from them. These forward-looking statements reflect management's views and are based on certain assumptions and speak only as of the date they are made. These assumptions, which include management's current expectations, estimates and assumptions about current mineral property interests, the global economic environment, the market price and demand for silver and other minerals and the Company's ability to manage its property interests and operating costs,

may prove to be incorrect. A number of risks and uncertainties could cause the Company's actual results to differ materially from those expressed or implied by the forward-looking statements, including: (1) a downturn in general economic conditions; (2) a decreased demand for or price of silver and other minerals; (3) delays in projects relating to the Company's property interests; (4) an inability to locate and acquire additional property interests, if deemed necessary; (5) the uncertainty of government regulation and politics in North America regarding mining and mineral exploration; (6) potential negative financial impact from regulatory investigations, claims, lawsuits and other legal proceedings and challenges; (7) other factors beyond the Company's control; and (8) those factors described in the section entitled "Risk Factors" in this Prospectus and the AIF.

Undue reliance should not be placed on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that are in many cases beyond the Company's control. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and the Company's actual results of operations, financial condition and liquidity, and the development of the industry in which it operates, may differ materially from statements made in or incorporated by reference in this Prospectus.

Although the Company has attempted to identify factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Forward-looking statements are based upon the beliefs, estimates and opinions of the Company's management at the time they are made and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or circumstances should change. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

The Company's forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made and the Company does not assume any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by law.

CURRENCY PRESENTATION

Unless otherwise indicated, all dollar amounts in this Prospectus are in Canadian dollars (\$).

BUSINESS OF THE COMPANY

The Company is a British Columbia-based mineral resource corporation engaged in the acquisition, evaluation, exploration and development of mineral properties located in British Columbia, with the objective of identifying mineralized deposits economically worthy of subsequent development, mining or sale. Current efforts are focused on advancing the Treasure Mountain Property (as defined below), including continued exploration and the processing of existing stockpiles and bulk samples from the Treasure Mountain Property.

The Company's principal assets are comprised of 51 mineral tenures, comprising 21 legacy claims, 100 cell units and one Crown Grant, for a total of approximately 2,850 hectares located at Treasure Mountain in the Similkameen Mining Division, British Columbia (the "**Treasure Mountain Property**"). In May 2011, the Company acquired a 100% interest in real property, mineral claims and mineral leases, covering approximately 8,400 hectares, located in south-central British Columbia, approximately 10 kilometres west of Merritt (the "**Mill Property**"). The Company intends to construct a mill on the Mill Property in the last quarter of 2011.

The Company has submitted a small mines permit application to the BC Ministry of Energy and Mines for the removal of 65,000 tonnes of raw ore per year from the Treasure Mountain Property. The Company has no plans to construct a mill at the Treasure Mountain Property for upgrading the ore. In an effort to expedite the mining process at the Treasure Mountain Property, the Company acquired the Mill Property. The Mill Property currently has all of the permitting in place for water usage, discharge and milling. The permits will require an amendment once all of the engineering and planning have been completed for both the construction of a new mill and the tailings pond. Subject to a number of factors, including, but not limited to, permits and construction delays, the Company expects to have a mill in place by the fourth quarter of 2011 to process both the existing stockpile on the Treasure Mountain Property, the 10,000 tonne bulk sample and any mined ore if a mining permit has been granted for the Treasure Mountain Property.

More detailed disclosure concerning the Treasure Mountain Property, the Mill Property and the nature of the Company's interest therein is contained in the Company's AIF.

CONSOLIDATED CAPITALIZATION

The following table sets forth the capitalization of the Company as at June 30, 2011, both before and after giving effect to the PP Offering. The table should be read in conjunction with the unaudited condensed consolidated financial statements of the Company as at, and for the three and six month period ended June 30, 2011, including the notes thereto and management's discussion and analysis thereof, which are incorporated by reference herein.

	As at June 30, 2011 ⁽¹⁾⁽²⁾	As at June 30, 2011 after giving effect to subsequent issuances (not including the Offering)	As at July 14, 2011 after giving effect to the Offering ⁽³⁾
Long-term debt	\$4,222,111	\$6,222,111	\$6,222,111
Shareholders' Equity			
Share Capital	\$10,223,815	\$10,515,065	\$18,025,031
Share-based payments reserve	\$817,318	\$774,203	\$1,678,405
Deficit	\$8,328,166	\$8,328,166	\$8,328,166
Total shareholders' equity	\$2,712,967	\$2,961,102	\$11,375,270
Issued Common Shares	18,478,173 ⁽⁴⁾	18,899,758⁽⁴⁾	18,899,758⁽⁴⁾
Outstanding Warrants	8,263,120	7,865,235	17,124,740

⁽¹⁾ During the period ended June 30, 2011, the Company completed the acquisition of 0307443 B.C. Ltd. (formerly Craigmont Holdings Ltd.) pursuant to which the Company issued the former shareholders of 0307443 B.C. Ltd. an aggregate of 372,000 Common Shares, having an aggregate value of \$500,000 on the date of issuance, and paid such former shareholders an aggregate of \$500,000 as partial consideration for the purchase of 0307443 B.C. Ltd.

⁽²⁾ During the period ended June 30, 2011, the Company entered into a credit agreement dated June 16, 2011 (the "**Credit Agreement**") with Waterton Global Value, L.P. ("**Waterton**") pursuant to which Waterton has agreed to make a

\$10,000,000 credit facility (the “**Credit Facility**”) available to the Company. The Credit Facility may be drawn down, at the Company’s option, in up to four advances, with the first advance consisting of \$3,000,000, the second advance consisting of \$2,000,000 and each of the third and fourth advances consisting of \$2,500,000. The advances may be drawn down by the Company at any time until May 31, 2012 and all amounts outstanding must be repaid by April 30, 2013. Repayment amounts are subject to adjustment based on the spot price of silver as set out in the Credit Agreement. In connection with each advance, the Company has agreed to pay Waterton a structuring fee in an amount equal to 1% of the principal amount of such advance. The Company has also agreed to issue Waterton up to 2,200,000 share purchase warrants in connection with the first, third and fourth advances. On June 17, 2011, the Company drew down the first tranche of \$3,000,000 and, in connection therewith, issued 900,000 warrants to Waterton, with each warrant being exercisable into one Common Share at a price of \$1.28 per Common Share until June 16, 2016, subject to certain price adjustments. On July 20, 2011, the Company drew down the second tranche of \$2,000,000. The exercise prices of any additional warrants issued will be tied to the market price of the Common Shares on the date prior to such issuance. In connection with the entry into the Credit Facility, the Company issued Bayfront 90,909 Common Shares, having an aggregate value of \$100,000 on the date of issuance, as a finder’s fee.

- (3) The Company issued an aggregate of 401,585 Common Shares between June 30, 2011 and August 22, 2011, in connection with the exercise of previously issued share purchase warrants and 20,000 Common Shares on July 21, 2011 in connection with the exercise of previously granted stock options.
- (4) Does not include 130,765 Common Shares which were issued in error and are pending cancellation. The Company expects that these Common Shares will be cancelled in due course.

USE OF PROCEEDS

Proceeds

The PP Securities are not available for purchase pursuant to this Prospectus and no additional funds are to be received by the Company from the distribution of the securities under this Prospectus upon the exercise or deemed exercise of the PP Securities.

The net proceeds received by the Company from the sale of the PP Securities, after deducting the Agents’ fees and expenses and the Company’s estimated expenses of the PP Offering of \$200,000, including expenses relating to the preparation and filing of this Prospectus, will be approximately \$8,408,682. The Company anticipates that the net proceeds will be allocated as follows:

Description of Expenditure	Use of Proceeds
<i>General</i>	
General working capital and administrative expenses, including legal and accounting fees and debt financing fees	\$700,000
<i>Treasure Mountain Project</i>	
Exploration, drilling, geochemical, geophysical	\$2,708,682
Mine development	\$2,000,000
Mining	\$1,000,000
Capital equipment	\$2,000,000
Total Net Proceeds	\$8,408,682

The Company intends to use all of the net proceeds of the Offering to advance the Treasure Mountain Property towards production, for mill design and construction and for general working capital purposes. The Company intends to use the gross proceeds of the sale of the Flow-Through Special Warrants to incur expenses that qualify as “Canadian exploration expenses” and “flow-through mining expenditures” for purposes of the Tax Act, and intends to renounce an amount equal to such gross proceeds in favour of the holders of the Flow-Through Special Warrants, with an effective date of no later than December 31, 2011.

The Company has received no revenue to date from its exploration activities and has negative cash flow from operating activities. As a mineral exploration company without any source of revenue from operations, the Company’s principal source of funds is through equity and debt financings. Accordingly, the net proceeds of the PP Offering will be used to fund the proposed expenditures set out above, which will cause the Company to continue to experience negative cash flow from its operating activities.

The amount and timing of the use of proceeds will depend on various factors, including metal prices and exploration results. While the Company intends to use the net proceeds of the PP Offering as described above, future results from ongoing exploration activities or other sound business reasons may cause the Company to reallocate some or all of the proceeds of the PP Offering.

Since the completion of the PP Offering, the Company has spent certain proceeds of the PP Offering as follows:

Description of Expenditure	Use of Proceeds
Exploration, drilling, geochemical, geophysical at Treasure Mountain Project	\$589,000
Capital equipment for Treasure Mountain Project	\$950,000
General and administrative expenses and debt financing fees	\$118,000
Total proceeds spent as of the date of this Prospectus	\$1,657,000

PLAN OF DISTRIBUTION

This Prospectus qualifies the distribution of:

- (i) 6,476,880 Special Warrant Shares and 6,476,880 Warrants to be distributed, without additional payment, upon the exercise or deemed exercise of 6,476,860 Special Warrants;
- (ii) 2,073,366 FT Shares to be distributed, without additional payment, upon the exercise or deemed exercise of 2,073,366 Flow-Through Special Warrants;
- (iii) 500,189 NFT Broker Warrants to be distributed, without additional payment, upon the exercise or deemed exercise of 500,189 Broker Special Warrants;
- (iv) 169,070 FT Broker Warrants to be distributed, without additional payment, upon the exercise or deemed exercise of 169,070 FT Broker Special Warrants;
- (v) an additional 647,688 Special Warrant Shares and 647,688 Warrants which may be issuable, without additional consideration, in connection with the Penalty Securities; and
- (vi) an additional 50,019 NFT Broker Warrants and 16,907 FT Broker Warrants which may be issuable in connection with the Broker Penalty Securities.

Pursuant to the Agency Agreement, the Company sold the Special Warrants at a price of \$1.05 per Special Warrant and sold the Flow-Through Special Warrants at a price of \$1.20 per Flow-Through Special Warrant. The Offering Prices were determined by negotiation between the Company and the Agent. The Company completed the Offering on the Closing Date pursuant to exemptions from the prospectus requirements of applicable securities laws in accordance with subscription agreements between the Company and the purchasers of the PP Securities. The gross proceeds of the Offering were \$9,336,763, including the proceeds from the Québec Sales.

In consideration of services performed by the Agents in connection with the Offering, the Company paid to the Agents the Agents' Fee of \$728,081.12, representing 8% of the gross proceeds of the PP Securities sold by the Agents in the PP Offering.

The Company also issued to the Agents an aggregate of 500,189 Broker Special Warrants and 169,070 FT Broker Special Warrants, representing 8% of the number of Special Warrants and Flow-Through Special Warrants, respectively, sold by the Agents in the PP Offering.

Pursuant to the Agency Agreement, the Company has agreed to prepare and file this Prospectus and all other necessary documents in order to qualify all of the securities issuable upon the exercise or deemed exercise of the PP Securities and the Broker Securities. In the event that the Qualification Date has not occurred prior to the Qualification Deadline: (i) each unexercised Special Warrant will thereafter entitle the holder to receive, upon the exercise thereof, for no additional consideration, an additional 10% of the Special Warrant Shares and the Warrants otherwise issuable upon exercise of the Special Warrants, resulting in the issuance of 1.1 Special Warrant Shares (instead of one Special Warrant Share) and 1.1 Warrants (instead of one Warrant), subject to adjustment, on exercise

of the Special Warrants; (ii) each unexercised Broker Special Warrant will thereafter entitle the holder to receive, upon the exercise thereof, for no additional consideration, an additional 10% of the NFT Broker Warrants otherwise issuable upon exercise of the Broker Special Warrants, resulting in the issuance of 1.1 NFT Broker Warrants (instead of one NFT Broker Warrant) upon exercise of the Broker Special Warrants, subject to adjustment; and (iii) each unexercised FT Broker Special Warrant will thereafter entitle the holder to receive, upon the exercise thereof, for no additional consideration, an additional 10% of the FT Broker Warrants otherwise issuable upon exercise of the FT Broker Special Warrants, resulting in the issuance of 1.1 FT Broker Warrants (instead of one FT Broker Warrant) upon exercise of the FT Special Broker Warrants, subject to adjustment. The holders of the Flow-Through Special Warrants are not entitled to any penalty shares.

The TSXV has accepted the PP Offering, including the listing of all of the Common Shares and other securities to be issued in connection with the PP Securities and the Broker Securities.

This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities qualified for distribution hereunder within the United States or to U.S. persons (as such terms are defined in Regulation S under the United States Securities Act of 1933, as amended).

DESCRIPTION OF SECURITIES DISTRIBUTED

Special Warrants and Flow-Through Special Warrants

The PP Securities were issued pursuant to, and are governed by and subject to the terms and conditions of, the provisions of the Special Warrant Indenture and Flow-Through Special Warrant Indenture between the Company and Computershare.

The Special Warrant Indenture provides, among other things, that each Special Warrant will entitle the holder thereof to acquire, without payment of additional consideration, one Special Warrant Share and one Warrant (subject to adjustment) upon voluntary exercise prior to, or deemed exercise on, the earlier of (i) the third day after the Qualification Date; and (ii) November 15, 2011 (the “**Expiry Date**”).

The Flow-Through Special Warrant Indenture provides, among other things, that each Flow-Through Special Warrant will entitle the holder thereof to acquire, without payment of additional consideration, one FT Share (subject to adjustment) upon voluntary exercise prior to, or deemed exercise on, the earlier of (i) the third day after the Qualification Date; and (ii) the Expiry Date.

In the event that the Qualification Date has not occurred prior to the Qualification Deadline: (i) each unexercised Special Warrant will thereafter entitle the holder to receive, upon the exercise thereof, for no additional consideration, an additional 10% of the Special Warrant Shares and the Warrants otherwise issuable upon exercise of the Special Warrants, resulting in the issuance of 1.1 Special Warrant Shares (instead of one Special Warrant Share) and 1.1 Warrants (instead of one Warrant), subject to adjustment, on exercise of the Special Warrants; (ii) each unexercised Broker Special Warrant will thereafter entitle the holder to receive, upon the exercise thereof, for no additional consideration, an additional 10% of the NFT Broker Warrants otherwise issuable upon exercise of the Broker Special Warrants, resulting in the issuance of 1.1 NFT Broker Warrants (instead of one NFT Broker Warrant) upon exercise of the Broker Special Warrants, subject to adjustment; and (iii) each unexercised FT Broker Special Warrant will thereafter entitle the holder to receive, upon the exercise thereof, for no additional consideration, an additional 10% of the FT Broker Warrants otherwise issuable upon exercise of the FT Broker Special Warrants, resulting in the issuance of 1.1 FT Broker Warrants (instead of one FT Broker Warrant) upon exercise of the FT Special Broker Warrants, subject to adjustment. The holders of the Flow-Through Special Warrants are not entitled to any penalty shares.

In the event that a holder of Special Warrants exercises such Special Warrants prior to the Qualification Date, the Special Warrant Shares and Warrants issued upon exercise of the Special Warrants will be subject to hold periods under applicable securities legislation and shall bear such legends as required by applicable securities laws.

In the event that a holder of Flow-Through Special Warrants exercises such Flow-Through Special Warrants prior to the Qualification Date, the FT Shares issued upon exercise of the Flow-Through Special Warrants will be subject to hold periods under applicable securities legislation and shall bear such legends as required by applicable securities laws.

No fractional Common Shares will be issued upon the exercise or deemed exercise of the PP Securities or as Penalty Securities and holders of the PP Securities will not have any rights as shareholders of the Company.

The rights of holders of the PP Securities may be modified. The Special Warrant Indenture and the Flow-Through Special Warrant Indenture provide for meetings by holders of Special Warrants or Flow-Through Special Warrants, as applicable, and the passing of resolutions by such holders which will be binding on all holders of Special Warrants or Flow-Through Special Warrants, as applicable.

The Company has designated Computershare, at its office in Vancouver, British Columbia, as trustee for the PP Securities, where the PP Securities may be surrendered for exercise, exchanged or replaced.

The foregoing is a summary only of the terms of the PP Securities and is qualified by the more detailed provisions of the Special Warrant Indenture and Flow-Through Special Warrant Indenture, respectively, which are available under the Company's profile on the SEDAR website at www.sedar.com.

Warrants

The Warrants will be issued upon the exercise of the Special Warrants. Each Warrant is transferable and will entitle the holder thereof to acquire one Warrant Share at an exercise price of \$1.35 at any time until 5:00 p.m. (Pacific time) on July 14, 2013. A total of 6,476,880 Warrant Shares have been reserved for issuance by the Company for the exercise of the Warrants. The Warrants will be created and issued pursuant to the terms of the Warrant Indenture dated as of the Closing Date between the Company and Computershare. The Warrant Indenture includes, among other things, provisions for the appropriate adjustment of the class and number of the Warrant Shares issuable pursuant to any exercise of the Warrants upon the occurrence of certain events, including any subdivision, consolidation or reclassification of the Common Shares, any payment of stock dividends to holders of all of the Common Shares, any capital reorganization of the Company, or any merger, consolidation or amalgamation of the Company with another corporation or entity, as well as customary amendment provisions. Holders of Warrants will not, as such, have any voting right or other right attached to Common Shares until the Warrants are duly exercised as provided for in the certificate representing the Warrants.

DESCRIPTION OF COMMON SHARES

The Company is authorized to issue an unlimited number of Common Shares. As of August 22, 2011, 18,899,758 Common Shares were issued and outstanding, excluding 130,765 Common Shares which were issued in error and are pending cancellation. The Company expects that these Common Shares will be cancelled in due course.

All of the authorized Common Shares are of the same class and, once issued, rank equally as to dividends, voting powers and participation in assets and in all other respects, on liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs after the Company has paid out its liabilities. The issued Common Shares are not subject to call or assessment by the Company nor are there any pre-emptive, conversion, exchange, redemption or retraction rights attaching to the Common Shares.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Clark Wilson LLP, counsel to the Company, and Cassels Brock & Blackwell LLP, counsel to the Agents, the following is, as of the date hereof, a fair and adequate summary of the principal Canadian federal income tax considerations generally applicable under the Tax Act to the acquisition, holding and disposition of the Underlying Shares and Warrants by holders who acquire Underlying Shares and/or Warrants upon exercise of the Special Warrants or Flow-Through Special Warrants. This summary is applicable to a holder (a "**Holder**") who, for purposes of the Tax Act and the Regulations at all relevant times, holds the Underlying Shares and Warrants as capital property, and deals at arm's length and is not affiliated with the Company or the Agents or a subsequent purchaser of the Underlying Shares or Warrants. The Underlying Shares and Warrants will generally be considered capital property to a Holder unless either the Holder holds such Underlying Shares or Warrants in the course of carrying on a business of buying and selling securities or the Holder has acquired the Underlying Shares or Warrants in a transaction or transactions which is an adventure or concern in the nature of trade.

This summary does not apply to a Holder: (i) that is a “specified financial institution” or that is, for purposes of certain rules (referred to as the mark-to-market rules), a “financial institution”, both as defined in the Tax Act; (ii) an interest in which constitutes a “tax shelter investment” within the meaning of the Tax Act; or (iii) that has made a “functional currency” reporting election for purposes of the Tax Act. Such Holders should consult their own tax advisors. This summary does not address the deductibility of interest by a Holder who borrows money to acquire Underlying Shares or Warrants.

This summary is based on the current provisions of the Tax Act, the Regulations, all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Proposals**”) and counsel’s understanding of the current administrative and assessing practices and policies of the Canada Revenue Agency (the “**CRA**”) published in writing prior to the date hereof. No assurance can be given that the Proposals will be enacted as proposed, if at all. This summary does not take into account or anticipate any other changes in law, whether by legislative, regulatory, administrative or judicial decision or action or changes in the administrative or assessing practices of the CRA. It is not exhaustive of all Canadian federal income tax considerations and does not take into account other federal tax considerations or provincial, territorial or foreign tax legislation or considerations which may differ significantly from the Canadian federal income tax considerations discussed in this summary.

This summary is of a general nature only and is not, and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder. This summary is not exhaustive of all Canadian federal income tax considerations applicable to an investment in Underlying Shares or Warrants. Holders should consult their own tax advisors with respect to the income tax consequences of acquiring, holding and disposing of Underlying Shares or Warrants based on the Holder’s particular circumstances.

Residents of Canada

The following section of this summary applies to Holders who, for the purposes of the Tax Act and any applicable income tax treaty or convention, are or are deemed to be resident in Canada at all relevant times (“**Canadian Holders**”). Certain of such persons whose Underlying Shares might not constitute capital property may make, in certain circumstances, an irrevocable election permitted by subsection 39(4) of the Tax Act to have the Underlying Shares and every “Canadian security” as defined in the Tax Act held by such Canadian Holders in the year of the election and in all subsequent taxation years deemed to be capital property. This election does not apply to the Warrants. Canadian Holders should consult their own tax advisors regarding this election.

Exercise of Special Warrants, Flow-Through Special Warrants and Warrants

No gain or loss will be realized by a Canadian Holder upon the exercise or deemed exercise of a Special Warrant, Flow-Through Special Warrant or Warrant.

On the exercise of a Special Warrant by a Canadian Holder, the adjusted cost base of the Special Warrant to the Canadian Holder must be allocated on a reasonable basis between the Special Warrant Share and Warrant issued to the Canadian Holder to determine the cost of each for purposes of the Tax Act. In the Company’s view, it is reasonable to allocate \$0.001 of the adjusted cost base of the Special Warrant to the cost of the Warrant and the balance of the adjusted cost base of the Special Warrant to the cost of the Special Warrant Share acquired on the exercise of a Special Warrant. Although the Company believes that its allocation is reasonable, it is not binding on the CRA or the Canadian Holder.

The initial cost to a Canadian Holder of a Flow-Through Special Warrant (and therefore, the cost of an FT Share acquired upon the exercise of a Flow-Through Special Warrant) for the purposes of the Tax Act is deemed to be nil.

When a Warrant is exercised, the Canadian Holder’s aggregate cost of the Warrant Share acquired on the exercise will be the aggregate of the Canadian Holder’s adjusted cost base of such Warrant and the price, if any, paid to exercise such Warrant.

The Canadian Holder’s adjusted cost base of a Warrant Share acquired on the exercise of a Warrant will be determined by averaging the cost of the Warrant Share with the adjusted cost base to the Canadian Holder of all other Common Shares owned by the Canadian Holder as capital property immediately prior to such acquisition.

Expiry of Warrants

The expiry of an unexercised Warrant will generally result in a capital loss to the Canadian Holder equal to the adjusted cost base of the Warrant to the Canadian Holder immediately before its expiry. The tax treatment of capital losses is discussed in greater detail below under the subheading “*Taxation of Capital Gains and Capital Losses*”.

Dispositions of Underlying Shares or Warrants

A Canadian Holder who disposes of or is deemed under the Tax Act to dispose of Underlying Shares or Warrants (other than a disposition arising on the exercise or expiry of a Warrant) generally will realize a capital gain (or a capital loss) equal to the amount by which the Canadian Holder’s proceeds of disposition, net of any reasonable costs of disposition, exceed (or are exceeded by) the aggregate adjusted cost base to the Canadian Holder immediately before the disposition of the Underlying Shares or Warrants disposed of.

Taxation of Capital Gains and Capital Losses

Generally, one-half of any capital gain (a “**taxable capital gain**”) realized by a Canadian Holder must be included in income for the taxation year of disposition and one-half of any capital loss (an “**allowable capital loss**”) realized may normally be deducted by the Canadian Holder against any taxable capital gains realized in the same taxation year. Any excess of allowable capital losses over taxable capital gains for the year of disposition is generally deductible against net taxable capital gains realized in any of the three prior taxation years or in any subsequent taxation year in the circumstances and to the extent described in the Tax Act.

The amount of any capital loss realized on the disposition or deemed disposition of an Underlying Share by a Canadian Holder that is a corporation may be reduced by the amount of dividends received or deemed to be received by the Canadian Holder on such Underlying Share or a security substituted for such Underlying Share in the circumstances and to the extent prescribed by the Tax Act. Similar rules may apply where a corporation is, directly or through a trust or partnership, a member of a partnership or a beneficiary of a trust which owns the Underlying Shares.

A Canadian Holder that is throughout the relevant taxation year a “Canadian-controlled private corporation” (as defined in the Tax Act) may be subject to an additional refundable tax of 6⅔% in respect of its “aggregate investment income” (which is defined in the Tax Act to include an amount in respect of taxable capital gains).

Dividends

Dividends received or deemed under the Tax Act to be received by a Canadian Holder on the Underlying Shares will be included in computing the Canadian Holder’s income for purposes of the Tax Act. The gross-up and dividend tax credit rules normally applicable to taxable dividends paid by taxable Canadian corporations will apply to dividends received by an individual (and certain trusts), including the enhanced gross-up and dividend tax credit provisions where the Company provides notice to the recipient designating the dividend as an “eligible dividend”, within the meaning of the Tax Act. Dividends received by a corporation normally will be deductible in computing its taxable income.

A corporation which is a “private corporation” or a “subject corporation” within the meaning of the Tax Act may be liable to pay a refundable tax of 33⅓% on dividends received or deemed under the Tax Act to be received on the Underlying Shares to the extent that such dividends are deductible in computing the corporation’s taxable income. Canadian Holders to whom these rules may be relevant should consult their own tax advisors.

Alternative Minimum Tax

Capital gains realized and dividends received by a Canadian Holder that is an individual or a trust, other than certain specified trusts, may give rise to alternative minimum tax under the Tax Act.

Non-Residents of Canada

The following section of this summary is generally applicable to Holders who, for the purposes of the Tax Act and at all relevant times: (i) are not and will not be deemed under the Tax Act to be resident in Canada at any time while

they hold the Underlying Shares or Warrants; and (ii) do not use or hold the Underlying Shares or Warrants in carrying on a business in Canada (“**Non-Resident Holders**”). Special rules, which are not discussed in this summary, may apply to a Non-Resident Holder that is an insurer carrying on business in Canada and elsewhere. Such Non-Resident Holders should consult their own tax advisors.

Dispositions of Underlying Shares or Warrants

Generally, a Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized on the disposition of the Underlying Shares or Warrants unless the Underlying Shares or Warrants, as the case may be, constitute or are deemed under the Tax Act to constitute “taxable Canadian property” to the Non-Resident Holder for purposes of the Tax Act and the gain is not exempt from tax pursuant to the terms of any applicable income tax convention between Canada and the country in which the Non-Resident Holder is resident or is a citizen.

Generally, Underlying Shares and Warrants will not constitute taxable Canadian property of a Non-Resident Holder provided that (i) the Underlying Shares are listed on a designated stock exchange (which currently includes Tiers 1 and 2 of the TSXV) for the purposes of the Tax Act at the time of disposition; and (ii) at no time during the 60-month period immediately preceding the disposition of the Underlying Shares or Warrants were 25% or more of the issued shares of any class or series of the capital stock of the Company owned by the Non-Resident Holder, by persons with whom the Non-Resident Holder did not deal at arm’s length, or by the Non-Resident Holder together with such persons.

Even if an Underlying Share or Warrant is taxable Canadian property to a Non-Resident Holder, any capital gain realized upon the disposition of such Underlying Share or Warrant may not be subject to tax under the Tax Act if such capital gain is exempt from Canadian tax pursuant to the provisions of an applicable income tax convention.

A Non-Resident Holder’s capital gain (or capital loss) in respect of Underlying Shares or Warrants that constitute or are deemed to constitute taxable Canadian property and are not exempt from tax pursuant to the terms of an applicable income tax convention between Canada and the country in which the Non-Resident Holder is resident will generally be computed in the manner described above under the heading “Residents of Canada – Dispositions of Underlying Shares or Warrants” and “Taxation of Capital Gains and Capital Losses”.

Non-Resident Holders whose Underlying Shares or Warrants are taxable Canadian property should consult their own tax advisors.

Dividends

Dividends paid or credited or deemed under the Tax Act to be paid or credited to a Non-Resident Holder on the Underlying Shares will generally be subject to Canadian withholding tax at the rate of 25%, subject to reduction under the provisions of an applicable income tax treaty or convention between Canada and the country in which the Non-Resident Holder is resident.

PRIOR SALES

Common Shares

During the 12 months preceding the date of this Prospectus, the Company did not issue any Common Shares, or securities exercisable into Common Shares, except as disclosed in the table below:

Description of the Security	Number Sold	Sale Price or Deemed Sale Price per Security	Date of Transaction	Purpose of Transaction
Units ⁽¹⁾	1,799,000	\$0.52	December 22, 2010	Private Placement
Warrants ⁽²⁾	61,800	N/A	December 22, 2010	Finder’s Fee
Units ⁽³⁾	1,625,000	\$0.60	December 22, 2010	Private Placement
Warrants ⁽⁴⁾	60,000	N/A	December 22, 2010	Finder’s Fee

Description of the Security	Number Sold	Sale Price or Deemed Sale Price per Security	Date of Transaction	Purpose of Transaction
Stock Options ⁽⁵⁾	200,000	N/A	December 22, 2010	Stock Option Grant
Stock Options ⁽⁶⁾	90,000	N/A	January 28, 2011	Stock Option Grant
Common Shares ⁽⁷⁾	130,765	\$1.1471	February 24, 2011	Property Acquisition
Stock Options ⁽⁸⁾	280,000	N/A	May 2, 2011	Stock Option Grant
Common Shares ⁽⁹⁾	372,000	\$1.34	May 3, 2011	Acquisition of 0307443 B.C. Ltd.
Warrants ⁽¹⁰⁾	900,000	N/A	June 17, 2011	Granted Pursuant to Credit Agreement
Common Shares ⁽¹⁰⁾	90,909	N/A	June 17, 2011	Finder's Fee
Common Shares ⁽¹¹⁾	150,000	\$0.35	April 5, 2011 to July 22, 2011	Warrant Exercises
Common Shares ⁽¹¹⁾	280,651	\$0.75	April 27, 2011 to August 2, 2011	Warrant Exercises
Common Shares ⁽¹¹⁾	53,234	\$0.20	July 5, 2011 to August 2, 2011	Warrant Exercises
Special Warrants ⁽¹²⁾	6,476,880	\$1.05	July 14, 2011	PP Offering
FT Special Warrants ⁽¹²⁾	2,113,366	\$1.20	July 14, 2011	PP Offering
Broker Special Warrants ⁽¹²⁾	500,189	N/A	July 14, 2011	Finder's Fee
FT Broker Special Warrants ⁽¹²⁾	169,070	N/A	July 14, 2011	Finder's Fee
Common Shares	20,000	\$0.95	July 21, 2011	Option Exercise
Stock Options ⁽¹³⁾	1,080,000	N/A	July 28, 2011	Stock Option Grant

- (1) Each unit consists of one Common Share and one warrant, each of which entitles the holder to purchase one additional Common Share at an exercise price of \$0.75 per Common Share for a period of 18 months.
- (2) Each warrant entitles the holder to purchase one additional Common Share at an exercise price of \$0.75 per Common Share for a period of 18 months.
- (3) Each unit consists of one Common Share and one warrant, each of which entitles the holder to purchase one additional Common Share at an exercise price of \$0.75 per Common Share for a period of 24 months.
- (4) Each warrant entitles the holder to purchase one additional Common Share at an exercise price of \$0.75 per Common Share for a period of 24 months.
- (5) On December 22, 2010, the Company, under its Stock Option Plan, issued 200,000 options, each having an exercise price of \$0.66 per Common Share, to Sequoia Partners Inc. The options will vest in stages over 12 months, with no more than 50,000 options vesting in any three month period.
- (6) On January 28, 2011, the Company, under its Stock Option Plan, issued 90,000 options, each having an exercise price of \$0.95 per Common Share, to employees and consultants of the Company.
- (7) On February 24, 2011, the Company completed the acquisition of four district lots consisting of 70.7 hectares of land located at the Treasure Mountain Project for aggregate consideration of \$200,000 cash and the issuance of 130,765 Common Shares having an aggregate value of \$150,000 at a deemed price of \$1.1471 per Common Share.
- (8) On May 2, 2011, the Company, under its Stock Option Plan, issued 280,000 options, each having an exercise price of \$1.40 per Common Share, to directors and consultants of the Company.
- (9) During the period ended June 30, 2011, the Company completed the acquisition of 0307443 B.C. Ltd. (formerly Craigmont Holdings Ltd.) pursuant to which the Company issued the former shareholders of 0307443 B.C. Ltd. an aggregate of 372,000 Common Shares, having an aggregate value of \$500,000 on the date of issuance, and paid such former shareholders an aggregate of \$500,000 as partial consideration for the purchase of 0307443 B.C. Ltd.

- (10) During the period ended June 30, 2011, the Company entered into a credit agreement dated June 16, 2011 (the “**Credit Agreement**”) with Waterton Global Value, L.P. (“**Waterton**”) pursuant to which Waterton has agreed to make a \$10,000,000 credit facility (the “**Credit Facility**”) available to the Company. The Credit Facility may be drawn down, at the Company’s option, in up to four advances, with the first advance consisting of \$3,000,000, the second advance consisting of \$2,000,000 and each of the third and fourth advances consisting of \$2,500,000. The advances may be drawn down by the Company at any time until May 31, 2012 and all amounts outstanding must be repaid by April 30, 2013. Repayment amounts are subject to adjustment based on the spot price of silver as set out in the Credit Agreement. In connection with each advance, the Company has agreed to pay Waterton a structuring fee in an amount equal to 1% of the principal amount of such advance. The Company has also agreed to issue Waterton up to 2,200,000 share purchase warrants in connection with the first, third and fourth advances. On June 17, 2011, the Company drew down the first tranche of \$3,000,000 and, in connection therewith, issued 900,000 warrants to Waterton, with each warrant being exercisable into one Common Share at a price of \$1.28 per Common Share until June 16, 2016, subject to certain price adjustments. On July 17, 2011, the Company drew down the second tranche of \$2,000,000. The exercise prices of any additional warrants issued will be tied to the market price of the Common Shares on the date prior to such issuance. In connection with the entry into the Credit Facility, the Company issued Bayfront 90,909 Common Shares, having an aggregate value of \$100,000 on the date of issuance, as a finder’s fee.
- (11) The Company issued an aggregate of 401,585 Common Shares between June 30, 2011 and August 22, 2011, in connection with the exercise of previously issued share purchase warrants.
- (12) See “Description of Securities Distributed”.
- (13) On July 28, 2011, the Company, under its Stock Option Plan, issued 1,080,000 options, each having an exercise price of \$1.44 per Common Share, to directors, officers, employees and consultants of the Company.

TRADING PRICE AND VOLUME

The Common Shares are listed and posted for trading on the TSXV under the symbol “HDA”. The table below sets forth the high and low closing prices and the volumes for the Common Shares traded through the TSXV on a monthly basis for the 12 month period before the date of this Prospectus.

	High	Low	Volume
June 2010	\$0.40	\$0.28	115,263
July 2010	\$0.38	\$0.31	169,780
August 2010	\$0.59	\$0.30	560,880
September 2010	\$0.59	\$0.46	196,450
October 2010	\$0.65	\$0.47	247,183
November 2010	\$0.75	\$0.50	222,938
December 2010	\$0.93	\$0.67	594,623
January 2011	\$1.03	\$0.80	450,340
February 2011	\$1.25	\$0.98	462,213
March 2011	\$1.98	\$1.20	1,935,622
April 2011	\$2.05	\$1.42	1,154,645
May 2011	\$1.45	\$1.12	663,292
June 2011	\$1.22	\$1.09	666,858
July 2011	\$1.87	\$1.06	2,379,697
August 1 to 22, 2011	\$1.65	\$1.17	1,151,517

RISK FACTORS

An investment in the Company is subject to a number of risks, including those described below, that could have a material adverse effect upon, among other things, the operating results, earnings, business prospects and condition (financial or otherwise) of the Company. A purchaser of securities of the Company should carefully consider the information described in this Prospectus, the documents incorporated by reference in this Prospectus, including, without limitation, the risk factors set out under the heading “Risk Factors” in the AIF and the information under the heading “Cautionary Note Regarding Forward-Looking Information” and, in particular, should give special consideration to the following risk factors before making a decision to purchase securities of the Company. The risks described herein are not the only risk factors facing the Company and should not be considered exhaustive. Additional risks and uncertainties not currently known to the Company, or that the Company currently considers immaterial, may also materially and adversely affect the business, operations and condition (financial or otherwise) of the Company.

Mineral Exploration and Development Activities Inherently Risky

The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into mineral deposits with significant value. Unusual or unexpected ground conditions, geological formation pressures, fires, power outages, labour disruptions, flooding, earthquakes, explorations, cave-ins, landslides and the inability to obtain suitable adequate machinery, equipment or labour are other risks involved in the operation of mines and the conduct of exploration programs. There are also physical risks to the exploration personnel working on the site of a mineral project. The Company's exploration properties and any future mining operations will be subject to all the hazards and risks normally incidental to exploration, development and production of silver and other metals, any of which could result in damage to or destruction of exploration facilities or mines, damage to life and property, environmental damage and possible legal liability for any or all damage. Although the Company maintains insurance in an amount which it considers adequate, the nature of these risks is such that liabilities could exceed policy limits, in which event the Company could incur significant costs that could have a materially adverse effect upon its financial condition.

Uncertainty of Mineral Resources

The figures for mineral resources for the Treasure Mountain Project disclosed under the heading "Companies with Mineral Projects – Summary of the Technical Report" in the AIF are only estimates. Mineral reserves at the Treasure Mountain Project have not been defined, therefore the mineral resources currently cannot be considered ore. There is no certainty that expenditures made in the exploration of the Company's mineral properties will result in identification of commercially recoverable quantities of ore or that ore reserves will be mined or processed profitably. In addition, substantial expenditures will be required to develop the mining and processing facilities and infrastructure at any site chosen for mining.

Insurance

The mining industry is subject to significant risks that could result in damage to or destruction of property and facilities, personal injury or death, environmental damage and pollution, delays in production, expropriation of assets and loss of title to mining claims. No assurance can be given that insurance to cover the risks to which the Company's activities are subject will be available at all or at commercially reasonable premiums. The Company currently maintains insurance within ranges of coverage that it believes to be consistent with industry practice for companies of a similar stage of development, however the insurance the Company has may not be sufficient to cover the full extent of any liabilities that may arise.

Prices, Markets and Marketing of Silver and Metal Prices

World prices for commodities fluctuate and are affected by numerous factors including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, speculative activities and increased production due to new mine developments and improved mining and production methods. The effect of these factors on the price of commodities, and therefore the economic viability of any of the Company's exploration projects, cannot accurately be predicted.

Liquidity and Capital Requirements

Management anticipates that, subject to financing, it will make substantial capital expenditures towards developing the Treasure Mountain Property. However, there is no assurance that the Company will operate profitably or will generate positive cash flow in the future. The Company has no history of profitable operation and no assurance that additional funding will be available to it for further exploration and development of the Treasure Mountain Project if required. The Company may also need further financing if it decides to obtain additional mineral properties. As such, the Company is subject to many risks common to exploration enterprises, including undercapitalization, cash shortages and limitations with respect to personnel, financial and other resources and lack of revenues. Although the Company has been successful in the past in obtaining financing through credit facilities or the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Such means of financing typically result in dilution of the positions of existing shareholders, either directly or indirectly. Failure to obtain additional financing could result in the delay or indefinite postponement of further exploration and development of the Treasure Mountain Project.

Dependence on Management

The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons could be required to manage and operate the Company.

Environmental Risks

All phases of the mineral exploration and development business present environmental risks and hazards and are subject to environmental regulations. Compliance with such legislation and regulations can require significant expenditures and a breach could result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner which may lead to stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. No assurance can be given that the application of environmental laws to the business and operations of the Company will not result in a curtailment of exploration or production, a material increase in the costs of production, development or exploration activities, or otherwise adversely affect the Company's financial condition, results of operations or prospects.

Government Regulation

The natural resource exploration industry is subject to controls and regulations imposed by various levels of government. It is not expected that any of these controls or regulations will affect the operations of the Company in a manner materially different than they would affect other natural resource exploration companies of similar size. The current legislation is a matter of public record and the Company is unable to predict what additional legislation or amendments may be enacted.

Competition

The mining industry is intensely competitive in all its phases, and the Company competes with other companies that have greater financial resources and technical capacity. Competition could adversely affect the Company's ability to acquire suitable properties or prospects in the future. The Company also competes with other mining companies in the recruitment and retention of qualified employees.

Conflicts of Interest

The Company's directors and officers may serve as directors or officers, or may be associated with other reporting companies or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the transaction. If a conflict of interest arises, the Company will follow the provisions of the *Business Corporations Act* (British Columbia) dealing with conflicts of interest. These provisions state that where a director has such a conflict, that director must, at a meeting of the Company's directors, disclose his interest and refrain from voting on the matter unless otherwise permitted by the *Business Corporations Act* (British Columbia). In accordance with the laws of the Province of British Columbia, the directors and officers of the Company are required to act honestly, in good faith and in the best interests of the Company.

Forward-Looking Statements may Prove Inaccurate

Investors are cautioned not to place undue reliance on forward-looking statements. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking statements or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. Additional information on the risks, assumptions and uncertainties are found in the AIF under the heading "About Forward-Looking Information" and in this section entitled "Risk Factors".

No Current Plans to Pay Cash Dividends

The Company has no current plans to pay any cash dividends for the foreseeable future. Any decision to declare and pay dividends in the future will be made at the discretion of the Company's Board of Directors and will depend on,

among other things, the Company's financial results, cash requirements, contractual restrictions and other factors that the Board of Directors may deem relevant. In addition, the Company's ability to pay dividends may be limited by covenants of any existing and future outstanding indebtedness that the Company or its subsidiaries incur. As a result, investors may not receive any return on an investment in the Company's securities unless they sell the securities for a price greater than that which they paid for them.

Economic Conditions

Unfavorable economic conditions may negatively impact the Company's financial viability. Unfavorable economic conditions could also increase the Company's financing costs, decrease estimated income from prospective mining operations, limit access to capital markets and negatively impact the availability of credit facilities to the Company.

Price Volatility of Public Stock

The market price of the Company's securities has experienced wide fluctuations which may not necessarily be related to the operating performance, underlying asset values or prospects of the Company. It may be anticipated that any market for the Company's securities will be subject to market trends generally and the value of the Company's securities on the TSXV may be affected by such volatility in response to numerous factors, many of which are beyond the Company's control, including the following:

- actual or anticipated fluctuations in the Company's quarterly results of operations;
- changes in the economic performance or market valuations of other companies that investors deem comparable to the Company;
- the addition or departure of the Company's executive officers or other key personnel;
- release or other transfer restrictions on outstanding Company securities;
- sales or perceived sales of additional Company securities;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors;
- news reports relating to trends, concerns, competitive developments or regulatory changes; and
- other related issues in the Company's industry or target markets.

Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Company's securities may decline even if the Company's operating results, underlying asset values or prospects have not changed.

Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. As well, certain institutional investors may base their investment decisions on consideration of the Company's environmental, governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to meet such criteria may result in a limited or no investment in the Company's securities by those institutions, which could adversely affect the trading price of the Company's securities. There can be no assurance that fluctuations in price and volume will not occur in the future. If increased levels of volatility and market turmoil occur, the Company's operations may be adversely impacted and the trading price of the Company's securities may be adversely affected.

Increased Costs and Compliance Risks as a Result of Being a Public Company

Legal, accounting and other expenses associated with public company reporting requirements have increased significantly in the past few years. The Company anticipates that costs may continue to increase with corporate governance related requirements, including, without limitation, requirements under National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*, National Instrument 52-110 – *Audit Committees* and National Instrument 58-101 – *Disclosure of Corporate Governance Practices*, and the conversion to International Financial Reporting Standards.

Use of Proceeds

The Company currently intends to allocate the net proceeds received from the PP Offering as described herein under the heading “Use of Proceeds”. However, management will have discretion in the actual application of the net proceeds, and may elect to allocate net proceeds differently from that described under “Use of Proceeds” if they believe it would be in the best interest of the Company to do so. Purchasers of the Offering Securities may not agree with the manner in which management chooses to allocate and spend the net proceeds. The failure by management to apply these funds effectively could have a material adverse effect on the business of the Company.

Tax Issues

The tax treatment of the Offering Securities has a material effect on the advisability of an investment in the Offering Securities. Because the tax consequences of acquiring, holding or disposing of the Offering Securities may vary depending on the particular circumstances of each shareholder and other factors, shareholders are urged to consult with their own tax advisors to determine the particular tax consequences to them of acquiring, holding or disposing of the securities of the Company.

Future Sales of Common Shares by Existing Shareholders and the Company

The Company may issue additional Common Shares in the future, which will result in the then existing holders of Common Shares sustaining dilution to their relative proportion of the equity of the Company. The Company’s articles permit the issuance of an unlimited number of Common Shares. Additional Common Shares may be issued by the Company on the exercise of stock options and upon the exercise of previously issued share purchase warrants. The issuance of these additional equity securities may have a similar dilutive effect on then existing holders of Common Shares.

The Market Price for the Common Shares Cannot be Assured

Securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies have experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that such fluctuations will not affect the price of the Common Shares after the filing of this Prospectus.

No Market for Warrants or Broker Warrants

No application will be made to list the Warrants or Broker Warrants on any securities exchange. Accordingly, there will be no public market for the Warrants or Broker Warrants and none is expected to develop. Even if a market develops for the Warrants or Broker Warrants, there can be no assurance that it will be liquid. As such, holders of Warrants and Broker Warrants may not be able to resell them. This may affect the pricing, if any, of the Warrants and Broker Warrants in the secondary market, the transparency and availability of trading prices, if any and the liquidity of the Warrants and Broker Warrants.

LEGAL MATTERS

Certain legal matters relating to this Prospectus will be passed upon by Clark Wilson LLP, Vancouver, British Columbia, on behalf of the Company, and by Cassels Brock & Blackwell LLP, on behalf of the Agents.

INTEREST OF EXPERTS

The partners and associates of Clark Wilson LLP, as a group, and the partners and associates of Cassels Brock and Blackwell LLP, as a group, each beneficially own, directly or indirectly, less than 1% of the issued and outstanding Common Shares.

The Technical Report was prepared by Qualified Persons Erik A. Ostensoe, P. Geo., Gary H. Giroux, MASc., P. Eng., and Jim Cuttle, P. Geo. To the best of the Company’s knowledge, none of the foregoing experts held any registered or beneficial interest, direct or indirect, in any securities or other property of the Company or any of its associates or affiliates and no securities or other property of the Company or any of its associates or affiliates were subsequently received or are to be received by such experts.

AUDITOR, TRANSFER AGENT AND REGISTRAR

The auditors of the Company are Ernst & Young LLP at their Vancouver, British Columbia office. Ernst & Young LLP has confirmed that they are independent of the Company in accordance with the Rules of Professional Conduct of the Institute of Chartered Accounts of British Columbia.

Computershare, at its Vancouver office, located at Suite 200 – 510 Burrard Street, Vancouver, British Columbia V6C 3B9, is the transfer agent and registrar for the Common Shares.

CONTRACTUAL RIGHT OF RECESSION FOR SPECIAL WARRANT HOLDERS

The Company has granted to each holder of the PP Securities a contractual right of rescission of the prospectus-exempt transaction under which the PP Securities was initially acquired. The contractual right of rescission provides that if a holder of a PP Securities who acquires another security of the issuer on exercise of the PP Securities as provided for in this Prospectus is, or becomes, entitled under the securities legislation of a jurisdiction to the remedy of rescission because of this Prospectus or an amendment to this Prospectus containing a misrepresentation,

- (a) the holder is entitled to rescission of both the holder's exercise of its PP Securities and the private placement transaction under which the PP Securities were initially acquired,
- (b) the holder is entitled, in connection with the rescission, to a full refund of all consideration paid to the Agents or the Company, as the case may be, on the acquisition of the PP Securities, and
- (c) if the holder is a permitted assignee of the interest of the original PP Securities subscriber, the holder is entitled to exercise the rights of rescission and refund as if the holder was the original subscriber.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. The right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. The securities legislation further provides a purchaser with remedies for rescission or damages if the prospectus or any amendment thereto contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

AUDITOR'S CONSENT

We have read the short form prospectus of Huldra Silver Inc. (the “**Company**”) dated ♦, 2011 relating to the qualification for distribution of common shares and warrants of the Company (the “Prospectus”). We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the Prospectus of our report to the shareholders of the Company on the balance sheets of the Company as at December 31, 2010 and 2009, and the statements of operations, comprehensive loss and deficit, shareholders' equity and cash flows for each of the years in the two-year period ended December 31, 2010. Our report is dated April 20, 2011.

Vancouver, Canada
♦, 2011

Ernst & Young LLP
Chartered Accountants

DATE: August 24, 2011

CERTIFICATE OF THE COMPANY

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of British Columbia, Alberta and Ontario.

“Ryan Sharp”

Ryan Sharp
Chief Executive Officer, President
and Director

“Garth Braun”

Garth Braun
Chief Financial Officer and Director

ON BEHALF OF THE BOARD

“Magnus Bratlien”

Magnus Bratlien
Director

“Peter Espig”

Peter Espig
Director

DATE: August 24, 2011

CERTIFICATE OF THE AGENTS

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of British Columbia, Alberta and Ontario.

NATIONAL BANK FINANCIAL INC.

POPE & COMPANY LIMITED

Per: "Dan Wilton"
Dan Wilton
Managing Director, Investment Banking

Per: "Matt Schmidt"
Matt Schmidt
Vice-President