U.S. SILVER CORPORATION

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE PERIOD ENDED SEPTEMBER 30, 2007

DATED NOVEMBER 29, 2007

Disclosure Regarding Forward-Looking Statements

This Management Discussion and Analysis contains forward-looking statements that include risks and uncertainties. Some factors that could cause actual results to differ materially from those indicated in such forward-looking statements include changes in the prevailing price of resources, commodities and unforeseen difficulties in operations, which would affect future revenue and costs of production. Other factors that could affect actual results are uncertainties pertaining to government regulations, both domestic as well as foreign, and the changes within the capital markets (see Item 10 below – Risk Factors). Other risks may be detailed from time to time in U.S. Silver Corporation's public filings which are available on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

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Unless otherwise indicated, in this Management Analysis and Discussion all reference to "dollar" or the use of the symbol "$" are to the United States of America dollar and all references to "CA dollars" or "CA$" are to the Canadian dollar.

Management's Discussion and Analysis

In this report, management of U.S. Silver Corporation presents operating highlights from both the past year and the quarter ended September 30, 2007, as well as comments on plans for the future. The financial information is presented in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"), which are also used in the presentation of financial statements for the fiscal period ended December 31, 2006. This report should be read in conjunction with the audited consolidated financial statements for the period ended December 31, 2006 and the unaudited financial statements for the period ending September 30, 2007 as well as the accompanying notes. The data on production is given in Imperial units, which are used widely in the United States. Further information on U.S. Silver Corporation can be obtained from the website of SEDAR (www.sedar.com).

The following text contains forward-looking information. Therefore, please read carefully the "Disclosure Regarding Forward-Looking Statements" on the cover page of this report.

ITEM 1 - Overview

U.S Silver Corporation (the "Company" or "U.S. Silver") is principally engaged in the exploration, development and operation of silver mining properties in Northern Idaho. The Company is listed on the TSX Venture Exchange trading under the symbol "USA". The Company undertakes its business through two Delaware corporations, United States Silver, Inc. ("United States Silver") which was incorporated on April 7, 2006 and is wholly owned by U.S. Silver, and U.S. Silver-Idaho, Inc. (formerly "Coeur Silver Valley, Inc.) which was incorporated in 1994, and is wholly owned by United States Silver. On June 1, 2006, United States Silver purchased 100% of the outstanding shares of Coeur Silver Valley, Inc. (now called U.S. Silver-Idaho, Inc. or "USI") from Coeur d'Alene Mines Corporation. The primary assets of USI are the operating Galena Mine and the nearby Coeur Mine and Caladay properties in the Coeur d'Alene Mining District in North Idaho. These mines have a long mining history having a combined production of over 210 million ounces of silver and associated by-product metals of copper and lead over a modern production history of more than fifty years.

U.S. Silver went public on the TSX Venture Exchange on December 28, 2006 by way of a reverse takeover of a Capital Pool Company named Chrysalis Capital III Corporation ("Chrysalis") and began trading January 2, 2007. Chrysalis was incorporated on March 23, 2006 as an Ontario corporation. Subsequent to the reverse takeover, the name of Chrysalis was changed to U.S. Silver Corporation on February 28, 2007 at a special meeting of the shareholders of the Company. During 2006, the Company successfully raised approximately $28 million in two financings. The first $21 million was raised on June 1, 2006, and proceeds were used to purchase USI and for working capital. An additional $7 million was raised in early December 2006, prior to the completion of the reverse takeover with Chrysalis. The Company raised an additional $15.3 million during the second quarter of 2007 through the early exercise of over 40 million share purchase warrants. These proceeds are being used for ongoing repair, development, and exploration. At September 30, 2007 the Company had cash and equivalents of approximately $ 9.8 million.

The Company's primary operating objective is to return the Galena Mine to its optimal production level of 3.5 to 4.0 million ounces of silver per year along with associated by-product lead and copper, at cash operating costs in line with long term historical levels. A secondary operating objective is to undertake additional exploration and development in the Galena Mine to return proven and probable silver reserves to historical norms of approximately three to five years of production. To reach this objective in part, the Company expects to drill about 70,000 feet of exploratory drilling and undertake about 7,000 feet of development drifting during 2008. Additional objectives are to begin mining and milling the vast lead-silver resource recently identified in the Galena mine, to reopen the Coeur mill, and to explore for additional mineral resources in the extensive North Idaho land package the Company now controls and to make additional opportunistic acquisitions of mining properties, primarily within the Coeur d'Alene Mining District.

The Company's strategy over the next five years is to become a profitable, intermediate-sized North American mining company producing primary silver from several locations.

Property Acquisitions

On May 10th the Company announced the acquisition of properties in the Silver Valley mostly located to the east of the Galena mine complex. These properties include both patented and unpatented claims totalling over 1000 acres (see press release dated May 10, 2007). The Company issued 50,000 common shares in addition to a total of US $ 400,000 in cash payments to the vendor.

U.S. Silver's 1st phase of exploration on these properties has discovered as many as 10 vein systems as well as identifying the favourable Revett Quartzite rock package near the surface. The Company will be exploring for the easterly extension of the famous Silver Belt, an area that has produced in excess of 600 million ounces of silver. Surface drilling of several of these targets was begun and completed in Q3, 2007.
U.S. Silver announced on July 10th the purchase of the historic Dayrock Lead-Silver Mine and Mill facility located about 4 miles north of the Company's Galena Mining Complex in the Silver Valley in North Idaho. (See press release dated July10th, 2007). The purchase price for the 80 acre package was US $175,000.

The Dayrock operated intermittently from 1924 until 1977 having produced over 6 million ounces of silver from ore grading an average of 6.07% Pb and 5.11 oz/ton Ag. The Company will undertake an engineering study to determine the best course of action for the Dayrock property, including the feasibility of the returning the mine and mill to full production.

In addition to the Dayrock acquisition, the Company announced that it had staked an additional 385 mining claims (over 7000 acres) in the vicinity of the Dayrock. These acquisitions and staking have increased U.S, Silver's total land ownership to nearly 18,000 acres, all in the heart of the Silver Valley.

Subsequent Events

In October 2007 the Company signed mining lease agreements for property that adjoins the Dayrock property. These additional leased properties require annual lease commitments of less than $50,000 per annum unless the property is put into production at which time certain royalty payments become payable.

Private Placement

On November 7, 2007, the Company announced that it has entered into an agreement with Research Capital Corporation and Cormark Securities Inc. as underwriters (the "Underwriters"), whereby the Underwriters will purchase, on a bought-deal private placement basis, 20,000,000 units (the "Units") of U.S. Silver at a price of CA$1.00 per Unit (the "Transaction"). Each Unit shall consist of one common share (the "Common Shares") and one-half of one common share purchase warrant (the "Warrants"), each whole Warrant entitling the holder thereof to purchase one Common Share at a strike price of CA$1.25 for a period of 24 months following the closing (the "Closing") of the Offering. The gross proceeds of the offering will be CA$20,000,000. The Underwriters shall have the option (the "Underwriter's Option") to increase the size of the Offering by up to CA$5,000,000 in Units by giving written notice of the exercise of the Underwriter's Option to the Company at any time up to 24 hours before Closing. The Units will be offered by way of private placement exemptions from prospectus requirements in such provinces of Canada as the Underwriter may designate. The Transaction is scheduled to close on or about December 5, 2007 and is subject to certain conditions including, but not limited to, the receipt of all necessary approvals including the approval of the TSX Venture Exchange.

Reserve and Resource Estimates April 2007

On April 18, 2007, the Company reported new Reserves and Resources for the Galena Mine in accordance with Multilateral Instrument 43-101 ("43-101"). The full 43-101 report was completed and published on June 4, 2007. The new reserve and resource numbers were prepared and reviewed by the Company's Chief Geologist Daniel Hussey. Mr. Hussey is a qualified person within the meaning of National Instrument 43-101 of the Canadian Securities Administrators. The silver reserves increased by 40 %, and total silver reserves and resources increased by 17%. Total silver reserves and resources are now more than 48 million ounces. The Company is continuing to explore for and develop additional resources. In fact, Management is confident that the total silver ounces produced during 2007 will not only be replaced but that another increase will be reported in early 2008.

Along with the new resource report, the Company also reported that US Silver had signed a smelter contract with TeckCominco Metals Ltd. to process lead-silver concentrates (April 5, 2007). Lead-silver ore started to be processed at the Coeur mill starting in September this year while the Galena mill will continue to process the silver-copper ore.

April 2007

Copper - Silver	Tons	Ag Grade (oz/t)	Contained Ounces	% Cu	Contained Cu Tons
Proven Reserves	314,715	21.01	6,610,727	0.69	2,157
Probable Reserves	319,707	22.42	7,167,838	0.78	2,509
Total Reserves	**634,422**	**21.72**	**13,778,565**	**0.74**	**4,666**
Resources	**1,490,160**	**15.87**	**23,644,656**	**0.63**	**9,383**

Lead - Silver	Tons	Ag Grade (oz/t)	Contained Ounces	% Pb	Contained Pb Tons
Proven Reserves	50,600	12.87	651,398	18.48	9,351
Probable Reserves	72,800	9.89	720,217	8.19	5,960
Total Reserves	**123,400**	**11.12**	**1,371,615**	**12.41**	**15,311**
Resources	**1,275,775**	**7.22**	**9,215,055**	**7.51**	**95,749**

Previous reserve and resource estimates were made by Coeur d'Alene Mines Corporation in the Coeur d'Alene Mines – Galena Mine Technical Report – January 1, 2006 by Donald J. Birak (the "Birak Technical Report"). At such time, Dr. Birak was an employee of Coeur d'Alene Mines Corporation. U.S. Silver Corp. subsequently retained Chlumsky, Ambrust and Meyer, LLC ("CAM") of Lakewood, Colorado to review the Coeur d'Alene reserve estimate. CAM submitted a report to the Company dated November 17, 2006 and entitled "Galena Mine Project, Idaho, U.S.A." (the "CAM Technical Report"), prepared in accordance with National Instrument 43-101 of the Canadian Securities Administrators ("NI 43-101"), which confirmed the Coeur d'Alene technical report to within a small margin. Fred Barnard, Ph.D., Professional Geologist, who is the principal author of the CAM Technical Report, is a "qualified person" and an "independent person" each within the meaning of NI 43-101. For certain aspects of the data tested and analyzed by CAM for the CAM Technical Report, CAM relied upon portions of the Birak Technical Report.

December 2005 Estimate

Copper-Silver	Tons	Ag Grade (oz/t)	% Cu	Contained Ounces
Proven & Probable	444,003	24.50	0.86%	10,878,797
Measured & Indicated	1,170,046	15.87	0.65%	14,741,366
Inferred	558,379	16.90	0.73%	9,435,387
Total Reserves & Resources	**2,172,428**			**35,055,550**

Lead-Silver	Tons	Ag Grade (oz/t)	% Pb	Contained Ounces
Measured & Indicated	316,548	9.13	10.30%	2,889,962
Inferred	541,075	5.01	5.70%	2,713,925
Total Resources	**857,623**			**5,603,887**

ITEM 2 - Selected Annual Financial Information-2006

		December 31,2006
Total net income (loss)	$	(6,319,818)
Net income (loss) per common share basic and diluted	$	(0.07)
Total assets	$	29,923,124
Total liabilities	$	9,734,917
Cash and cash equivalents	$	5,474,991
Marketable securities	$	965,211
Mineral properties and deferred exploration costs	$	14,761,207

Analysis of Y2006

The Company recorded revenues of $6,087,909 during the period of June 1, 2006 (the date the Company acquired US Silver Idaho) through December 31, 2006. The revenues were substantially lower than those originally anticipated due to the necessary safety, infrastructure, development, and maintenance requirements and the resulting redeployment of manpower related to these activities. Additionally, mine labour, equipment, and hoisting activities were re-deployed toward increasing exploration activity and new reserve development.

At December 31, 2006 total assets of $29,923,124 consisted primarily of mining properties of $7,749,014, mineral reserves of $7,515,895, cash of $5,474,991, accounts and notes receivable of $1,085,113, marketable securities of $965,211, and metal and supply inventories of $1,179,896 and $1,423,966, respectively. The Company expects that assets in the form of mineral reserves and property will grow in 2007 and 2008 as the Company continues its reserve definition and development activities.

At December 31, 2006 current liabilities were $1,783,482. Long-term liabilities of $7,950,715 consisted primarily of a mine reclamation provision of $6,743,394 and post-retirement obligations of $942,772. The Company does not expect either of these long-term liabilities to be reduced significantly in 2007. The reclamation provision is related to long-term shutdown costs which the Company does not anticipate will be incurred for the foreseeable future.

Revenue declined after June 1, 2006 as a result of reduced output implemented by current management as part of a business strategy to redesign and improve the mining practices which were ongoing at the time of the acquisition and to rebuild the reserves. Prior to June 1, 2006 the mine was operated at approximately 500 tons per day but reserves had been depleted by the previous operator due to several years of generally low metal prices which did not justify investment in development of new reserves. After U.S. Silver acquired the property, and with the improved metal price environment, management substantially reduced output to approximately 200 tons per day to focus the workforce on redeveloping new reserves in the mine.

Company management have also focused on improving grade control at the Galena Mine. The long-term historical silver grades for the Galena Mine silver-copper ores were over 22 ounces per ton. These grades had declined significantly in the several years prior to mid 2006. This was mostly a result of excessive dilution caused by less than optimal mining practices and depletion of high quality reserves. Through a series of initiatives undertaken by the current management, the mined grades have improved significantly as compared to the reserve grades.

ITEM 3 - <u>Results of Operations</u>

<u>Analysis of Q3, 2007 and Comparison vs. Q3, 2006</u>

The Company achieved a major milestone when it started mining lead-silver ore during the third quarter. Some of the lead-silver ore bodies are newly discovered mineral systems found through an intensive exploration program which also began upon the acquisition in 2006. This ore will be hoisted and milled at the Coeur mine and mill facilities which are about a mile and a half west of the Galena shaft.

As repair and development work advance, the output has been slowly increased such that the mine is currently (as at the date of this report) operating at about 500 tons per day with management expecting total production of 800 tons of silver-copper and silver-lead ore per day to be achieved during the 1st Quarter 2008.

The Company recorded Revenue of $4,550,216 for the 3 month period ended September 30, 2007 vs. $4,936,423 in Q3, 2006. The modest decline in Revenue reflects the ongoing program of deploying men and resources to increased repair and development work rather than production. Specifically, the current high values of lead and silver justified deployment of skilled labour resources to complete the start-up of silver lead production. As well, shortages of skilled labour and summer vacations hampered silver-copper production. Production rates will gradually improve throughout the remainder of 2007 and into 2008 as more man-power is focused on actual mining rather than continued development and rehabilitation.

Notwithstanding, the lower revenue and production volume, the Company had positive cash flow from Operating Activities of over $600,000 in the quarter ending September 30, 2007.

At September 30, 2007 (or as at September 30, 2006), total assets of $43,618,309 ($29,923,124) consisted primarily of mining properties and mineral reserves of $25,542,689 ($18,673,098), cash of $9,810,757 ($5,474,991) accounts and notes receivable of $3,272,943 ($1,085,113) and metal and supply inventories of $1,485,494 ($1,179,896) and $1,537,285 ($1,423,966), respectively. The Company expects that assets in the form of mineral reserves and property will grow over Q4 2007 as the Company continues its reserve definition and development activities. The increase in assets from Q3, 2006 was primarily due to the Company's investment in its underground operations including repairs, exploration drilling and development work.

At September 30, 2007 (September 30, 2006), current assets increased to $16,551,872 ($9,812,937), mainly due to increased cash and receivables, while current liabilities were $3,775,215 ($1,783,482). Current liabilities were primarily accounts payable.

Long-term liabilities of $8,024,584 ($9,734,197) consisted primarily of a mine reclamation provision of $7,122,352 ($6,743,394) and a post-retirement obligation of $637,683 ($942,772). The Company does not expect either of these long-term liabilities to be reduced significantly in the fourth quarter of 2007 and changes from Q3, 2006 were not significant. The reclamation provision is related to long-term shutdown costs which the Company does not anticipate will be incurred in the foreseeable future. The post-retirement obligation is expected to gradually decline over time since new beneficiaries are no longer being added to the post-retirement plan.

As described in Item 2, above, the Company management has also focused on improving grade control at the Galena Mine. The long-term historical silver grades for the Galena Mine silver-copper ores were over 22 ounces per ton. These grades had declined significantly in the several years prior to mid 2006. This was mostly a result of excessive dilution caused by less than optimal mining practices and depletion of high quality reserves. Through a series of initiatives undertaken by the current management, the mining widths have been reduced and the excess dilution is being minimized. Management believes the results of all of these initiatives will have a positive impact on the Company's financial position during the first half of 2008 and beyond.

Expenses for the period ended September 30, 2007 (September 30, 2006) were $4,983,210 ($5,716,690) which consisted of $3,805,990 ($5,234,489) in mine operating costs, $1,171,646 ($482,201) in general and administrative costs, and selling and marketing costs of $5,574 ($0). Of the $1,171,646 in general and administrative expenses, approximately $226,000 was non-cash, stock based compensation and the cost increase from Q3, 2006 was due to the necessity of hiring and equipping the new management team of the Company since the June 2006, acquisition of the Company's principal operating subsidiary from the previous owner. Mining costs on a unit basis were higher than the previous quarter primarily as a result of lower production volume. However, higher byproduct prices and improvements in productivity and grade control (brought about by alterations of the mining methodology) reduced unit costs vs. Q3, 2006. Overall mining costs in Q3, 2007 were lower than in Q3, 2006 due to reduced production volume as the Company moved over the last year to more repair and development work.

The Net Loss of the Company for the three month period ended September 30, 2007, (September 30, 2006) was $1,223,901 ($1,213,537) The minimal change in the Net Loss vs. Q3, 2006 was caused by offsets in higher metals prices vs. lower production volume as well as the lower costs from lower production volume which somewhat offset greater amortization of the investment in mining assets. Depreciation, amortization and depletion expense for the three-month period ending September 30, 2007 was $928,683 vs. $411,685 in Q3, 2006 reflecting the significant investment in mining assets made over the previous 12 months.

Based on weighted-average common shares outstanding of 185,686,993, the quarterly loss per share was $0.01 in Q3, 2007, the same as in Q3, 2006.

Analysis of nine months ending September 30, 2007

There are no comparable results from 2006 for the nine-month period ending September 30, 2007 since the Company was formed in March, 2006.

The following are comparative results, year to date ("YTD") for the nine months ending, and six months ending, September 30, 2007 and 2006, respectively:

	2007 (9m)	2006 (6m)
Revenue	$14,149,333	$4,968,253
Cost of mining	12,786,896	5,916,076
General and administrative	4,170,704	1,003,981
Selling and marketing	109,951	- - -
LOSSES BEFORE UNDERNOTED	(2,918,218)	(1,951,804)
AMORTIZATION	(2,168,598)	(734,744)
MISCELLANEOUS ITEMS	- - -	(1,388)
INTEREST INCOME	292,077	1,976
FINANCING EXPENSE	(370,213)	(582,076)
NET LOSS	(5,164,952)	(3,268,036)

Adjusting for the 50% larger time period in the YTD results for 2007 vs. those of 2006, the results show a similar Net Loss in 2007 vs. that of 2006 since higher Mining, General & Administrative ("G & A") and Amortization costs were approximately offset by higher Revenue. The higher Revenue was mainly due to higher metals prices. The growth in G & A costs was related to many new and often, one-time and non-cash expenses related to recruitment and establishment of the new management team, new Board members and administrative staff, and legal and audit fees related to the Warrant Acceleration program and first time production of audited financial statements, the Management Information Circular and the Annual Meeting of shareholders.

ITEM 4 - Summary of Quarterly Results

Quarterly Summary

The following table sets forth for the three month period ended September 30, 2007 relating to the Company's revenue, net loss and loss per common share as prepared under generally accepted accounting principles in Canada.

Quarter Ended	Revenues	Net Loss	Loss/share: basic and diluted
September 30, 2007	$ 4,550,216	$ 1,223,901	$ 0.01

June 30, 2007	$ 5,417,695	$ 2,715,365	$ 0.02
March 31, 2007	$ 4,181,422	$ 1,225,686	$ 0.01
December 31, 2006	$ 2,616,401	$ 1,938,483	$ 0.02

Quarterly Analysis

During the quarter ended September 30, 2007, U.S. Silver recorded a net loss of $1,223,901 as it continued to invest in infrastructure repair, development and exploration. Mining costs for the quarterly period ending September 30, 2007 were $3,805,990.

The Company anticipates some improvements in the financial results for the fourth quarter of 2007 and substantial improvements in the first quarter of 2008 as production levels of copper-silver ore gradually increase and the new production of lead-silver ore increases.

ITEM 5 - Liquidity

As of September 30, 2007, the Company cash reserve was approximately $9.8 million and working capital was approximately $12.7 million. Current liabilities as of September 30 were approximately $3.8 million. The Company requires about $2 million in working capital at current production rates, which it currently exceeds. As production rates increase to near full production, working capital requirements are likely to rise to approximately $2.5 million, which is also below the Company's current working capital levels.

In the short term, management believes it has sufficient cash flow to funds its operations, other than extraordinary capital projects and acquisitions, which are discussed further in Item 6 – Capital Resources. In the longer term, as the Galena Mine returns to full production and additional production is undertaken from the lead-silver ore bodies, the Company believes that cash flows will be sufficient to fund ongoing operations, and also to pay for a significant portion, if not all, of development and exploration projects.

The Company's financial instruments consist of cash and cash equivalents, accounts receivable and accounts payable. The fair value of these financial instruments approximates their carrying values, unless otherwise noted. The Company is not exposed to significant interest, currency, or credit risk arising from financial instruments. The majority of the funds of the Company are held in interest bearing accounts at banks in Canada and the United States. **The Company continues to have no exposure to non-bank sponsored commercial paper in its cash, cash equivalent or investments activities.**

The Company earlier in 2007 raised over CA $15.3 million in capital through an early exercise of warrants from its investors which is described more fully below (see Item 6) and in the financial notes (see Note 17). The warrant exercise program was successfully completed on May 11, 2007.

Subsequent Events

Private Placement

As described earlier in Item 1, on November 7, 2007, the Company announced that it has entered into an agreement with Research Capital Corporation and Cormark Securities Inc. as underwriters (the "Underwriters"), whereby the Underwriters will purchase, on a bought-deal private placement basis, 20,000,000 units (the "Units") of U.S. Silver at a price of CA$1.00 per Unit (the "Transaction"). Each Unit shall consist of one common share (the "Common Shares") and one-half of one common share purchase warrant (the "Warrants"), each whole Warrant entitling the holder thereof to purchase one Common Share at a strike price of CA$1.25 for a period of 24 months following the closing (the "Closing") of the Offering. The gross proceeds of the offering will be CA$20,000,000. The Underwriters shall have the option (the "Underwriter's Option") to increase the size of the Offering by up to CA$5,000,000 in Units by giving written notice of the exercise of the Underwriter's Option to the Company at any time up to 24 hours before Closing. The Units will be offered by way of private placement exemptions from prospectus requirements in such provinces of Canada as the Underwriter may designate. The Transaction is scheduled to close on or about December 5, 2007 and is subject to certain conditions including, but not limited to, the receipt of all necessary approvals including the approval of the TSX Venture Exchange.

Upon completion, the Company's working capital will increase significantly.

ITEM 6 - Capital Resources

The Company currently has sufficient working capital to fund operations. The Company's cash flow is dependent on delivery of ore concentrate to smelters in Canada. A majority of the revenues are received on the twenty-fifth day of the month following the month of delivery of the silver-copper concentrate, with a following settling payment received generally within forty five days of the initial payment. The Company has not had any significant receivables problems collecting payments from the smelter. However, this cash flow is dependent on continued mine production which is subject to interruption for a multitude of reasons (see Item 10 - Risk Factors) including fluctuations in metal prices. As of October, 2007, shipments of silver-lead concentrate to a smelter began. Payments are received within 10-14 days of shipment date.

Over the course of the past fiscal year, the Company has experienced difficulty obtaining the required skilled labour force it needs to produce ore at the levels it desires. This had a negative impact on the Company's ability to achieve and maintain its working capital liquidity. The Company is attempting to make further progress through improved retention, a more aggressive recruitment campaign, as well as an intensive training program designed to teach mining skills to newly hired persons.

The Company has incurred significant capital expenditures over fiscal year 2007. These include the repair of the Galena shaft estimated at $1.5 million in 2007 (with similar amounts expected in 2008), repair of the 3700 level haulage way between the Coeur mine and the Galena mine estimated at about $500,000 and rehabilitation of the Coeur mill to process lead-silver ore for about $500,000. Included in infrastructure capital improvements were development of the 3000 and 3700 level lead zones which cost slightly over $3 million. Also, the Company is continuing with an aggressive exploration and development program which will total approximately $5.0 million in 2008. In addition, expenditures are required on some of the surrounding leased properties to fulfill lease obligations. Approximately $400,000 will have been spent in Q3 and Q4 of 2007 on surface drilling of exploration targets, which spending easily exceeds our lease obligations for 2007 with similar obligations in 2008.

To execute these programs and to meet the timelines planned by the Company, U.S. Silver has hired an outside mining contractor for the Galena shaft repair, 3700 level repair between the Galena and Coeur mines, development activities on the newly discovered resource on the 2400 level of the Galena mine, and repair and development of the lead-silver zone on the 3000 level of the Galena mine. The Company also routinely uses outside drilling contractors to undertake its diamond drilling exploration programs at the Galena mine, and will use outside contractors for work on other exploratory activities. The cost of mining and drilling contractors is accelerating as the demand for these services continues to outpace the supply. As a result of these accelerating costs and the difficulty of finding skilled personnel, the Company may have to reduce some of its aggressive development and exploration plans in the future.

The Company is also evaluating several strategic acquisitions of additional mining properties in the Coeur d'Alene District of North Idaho as well as evaluating opportunities in other geographic locations. It is expected that these acquisitions will be funded, if they occur, with cash raised from outside investors through equity placements, or through direct issuances of the Company stock to the sellers.

As cash flows from the mine may not be sufficient to fund all of these capital expenditures, possible acquisitions, and other discretionary programs, the Company may seek and utilize outside capital for these projects. The timing and ability to fulfill these objectives will depend on the liquidity of the financial markets as well as the willingness of investors to finance mining companies. Please see Subsequent Event, in Item 5, above.

During the fiscal year ended December 31, 2006, U.S. Silver had the following capital transactions (all amounts are based on number of shares of United States Silver prior to giving effect to the reverse takeover to which the Company acquired all of the outstanding securities of United States Silver in consideration of three and one-tenth (3.1) common shares of the Company for each one (1) share of United States Silver common stock outstanding immediately prior to the reverse takeover):

1. In its initial capitalization in April 2006, the Company issued 8,635,000 shares of common stock for a total of $9,050 in cash, $60,000 in investments, and $17,300 of consulting expense.
2. During the period ended June 30, 2006, the Company issued 25,991,350 units to investors at a price of $0.80 per unit in a private placement. Each unit consisted of one share of common stock and one-half of one common share purchase warrant. Each whole warrant shall entitle the holder to purchase, at a price of $1.10 (now equivalent to an exercise price of $0.355 per common share of the Company) one common share for a period of two years following a liquidity event (which occurred on December 29, 2006). The sales of these units generated cash proceeds of $20,733,080 less a subscription receivable of $55,200, minus fees of $1,903,990. During this same period the Company issued 825,000 shares of its common stock as loan consideration valued at $412,500. The Company also issued 567,885 shares of its common stock to for payment of debt and accrued interest in the amount of $408,877.
3. During the period ended September 30, 2006, the Company issued 282,586 shares of common stock for convertible debt and interest in the amount of $203,463, and cash receipts of $55,200 for a subscription receivable that was previously recorded in the prior period.
4. During the period ended December 31, 2006, the Company issued 6,245,000 shares of common stock for convertible debt in the amount of $6,869,500.

The following table sets out U.S. Silver's contractual obligations:

Contractual Obligations (expressed in U.S. dollars)	**Total**	**Less than 1 year**	**1-3 years**	**4-5 years**	**After 5 years**
Mining Leases[1]	$3,077,560	$168,235	$103,860	$99,240	$2,706,225
Mine Reclamation[2]	$10,637,100	$0	$0	$2,877,700	$7,759,400

Pension, Medical Benefits & Defined Contribution Plans[3]	$4,258,630	$941,224	$2,823,672	$493,734	$0
Total Contractual Obligations	$17,973,290	$1,109,459	$2,927,532	$3,470,674	$10,465,625

1 All mining leases can be cancelled upon proper notice periods by the Company

2 Mine Reclamation obligations are incurred at or near mine shutdown. The above estimate is based upon reclamation beginning in 2011. This obligation may be further extended as the estimated life of the mine increases.

3 Certain of these estimates are dependent on market conditions and assumed rates of return on assets. Therefore, the estimated obligation of the Company may vary over time.

During the 2nd Quarter, the Company received Stock Exchange approval to offer an incentive to its shareholders for an early exercise of outstanding warrants. The completed warrant exercise program successfully raised over $15.3 million which will be used for capital projects as well as added working capital. To achieve this early exercise of the warrants, the Company issued 42,607,516 common shares which include 3,873,404 bonus shares. Research Capital acted as financial advisor to the Corporation with respect to this early exercise warrant incentive program. This program was completed on May 11, 2007.

ITEM 7 - Off-Balance Sheet Arrangement

As of September 30, 2007 the Company did not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company including, without limitation, such considerations as liquidity and capital resources that have not previously been discussed. However, as of the date of this filing, the Company did have outstanding future, off-balance sheet obligations ("OBSA") with both the London Metals Exchange (LME) and a large international bank (the "Bank") having the effect of locking–in the sales price of lead on approximately six million lbs. of lead over the course of 2008. The expected 2008 lead revenue stream from sales of concentrate under the smelter contract is, in effect, approximately 50 % hedged by the OBSA in place as of the date of this filing. The contracts with each of the Bank and the LME are to be settled by cash payments rather than physical delivery of lead and the contracts require the Company to maintain cash margin with both of the entities according to standard LME margin requirements, currently about USD 400 per tonne or about USD .19 per lb. The Company must maintain sufficient margin with both entities to cover both initial margin and any mark-to market losses on the lead sales contracts.
As of the date of this filing, the Company had achieved an average lead sales price of approximately USD 1.55 per lb. via the OBSA and recent declines in both cash and forward delivery lead prices have produced excess margin balances of approximately USD 1,000,000.

The largest risk to the Company's OBSA obligations, viewed by themselves, is a sharp move upwards in the price of lead since the existing OBSA sales contracts would then show mark-to market (revaluation) losses which would require additional cash margin. Should lead prices rise in 2008, the Company's management believes the Company has sufficient cash resources to fund any additional margin caused by such a lead price increase, the management resources to manage the market risks and that the Company's overall results would, over the course of 2008, benefit significantly through sharply higher lead Revenue resulting from the delivery of lead concentrates under its existing smelter contract at the higher lead prices.

With the current 6,000,000 lbs. hedge position in place, as of the date of this filing, the Company's margin requirements increase (decrease) and the Company's Comprehensive Income decreases (increases) approximately $60,000 with each $.01 increase (decrease) in the average price of lead for LME settlement in 2008. However, if forecasted lead concentrate deliveries under the existing smelter contract are realized (at least 12,000,000 lbs. for 2008), each $.01 increase (decrease) in the price of lead for LME settlement would lead to an approximately $120,000 increase (decrease) in Revenue. As such, the Company has reduced its exposure to lower lead prices in exchange for partially limiting its gains from higher lead prices.

ITEM 8 - Transactions With Related Parties

During the fiscal period ended December 31, 2006, Golden Eagle Mining Company, Inc. borrowed $90,000 from the Company. This amount is unsecured, bears interest at 8% and is due on demand.

During the period ended September 30, 2007, the Company paid invoices on behalf of Golden Eagle Mining of $7,052. The total due to the Company by Golden Eagle Mining is now $192,441, which is included in prepaid expenses and other assets and includes accrued interest $10,334. Golden Eagle Mining and the Company are related by an officer and director in common.

These transactions are in the normal course of operations and have been valued at the exchange amount which is the amount of consideration established and agreed to by the related parties.

ITEM 9 - Proposed Transactions

The Company is not a party to any proposed transaction that may have an effect on the financial condition, results of operations or cash flows or proposed asset or business acquisition or disposition which management believes would require the intervention or approval of the Board of Directors of the Company.

ITEM 10 - Risk Factors

Metal Prices

The market prices of silver and other metals are volatile. If U.S. Silver experiences low silver, copper and lead prices it may result in decreased revenues and decreased net income, or losses, and may negatively affect U.S. Silver's business. The majority of U.S. Silver's revenue is derived from the sale of silver ore concentrate and by-products of copper and, as of the date of this filing, lead. Fluctuations in the prices of these commodities represent one of the most significant factors affecting U.S. Silver's results of operations and profitability. The price of silver and other metals are affected by numerous factors beyond U.S. Silver's control, including:

- levels of supply and demand;
- global or regional consumptive patterns;
- sales by government holders;
- metal stock levels maintained by producers and others;
- increased production due to new mine developments;
- and improved mining and production methods;
- speculative trading activities;
- inventory carrying costs;
- availability and costs of metal substitutes;
- international economic and political conditions;
- interest rates;
- currency values; and
- inflation.

Declining market prices for silver and other metals could have a material adverse effect on U.S. Silver's profitability.

The monthly average market price for silver for calendar year 2005 was $8.83 per ounce and was $12.62 for 2006. The price of silver may decline in the future. If the price of silver is depressed for a sustained period and net losses continue, U.S. Silver may be forced to suspend some or all of its mining until the price increases, and record asset impairment write-downs. Any lost revenues, continued or increased net losses or asset impairment write-downs would adversely affect U.S. Silver's results of operations.
As described in Item 7, above, the Company has executed forward sales contracts with reputable counter parties which will be settled in cash before maturity which, in effect, lock-in a lead price during 2008, on approximately 50% of forecasted 2008 lead production. However, this risk reducing financial instrument does not completely eliminate the Company's risks with respect to lower lead prices or lead production short falls.

Ore Reserves and Development

The estimation of ore reserves is imprecise and depends upon subjective factors. Estimated ore reserves may not be realized in actual production. U.S. Silver's operating results may be negatively affected by inaccurate estimates. The ore reserve figures presented in U.S. Silver's financial statements are estimates made by U.S. Silver's technical personnel. Reserve estimates are a function of geological and engineering analyses that require U.S. Silver to make assumptions about production costs and the market price of silver. Reserve estimation is based on available data which may be incomplete, and subject to engineering and geological interpretation, judgment and experience.

Assumptions about silver market prices are subject to great uncertainty as those prices have fluctuated widely in the past. Declines in the market price of silver may render reserves containing relatively lower grades of ore uneconomic to exploit, and the Company may be required to reduce reserve estimates, discontinue development or mining at one or more of U.S. Silver's properties, or write down assets as impaired. Should U.S. Silver encounter mineralization or geologic formations at any of its mines different from those predicted adjustments of reserve estimates may occur which could alter mining plans. Either of these alternatives may adversely affect U.S. Silver's actual production and operating results.

Significant investment risks and operational costs are associated with U.S. Silver's exploration, development and mining activities. These risks and costs may result in lower economic returns and may have a material adverse effect on U.S. Silver's business.

U.S. Silver's ability to sustain or increase present production levels depends in part on successful exploration and development of new ore bodies and/or expansion of existing mining operations. Mineral exploration, particularly for silver, involves many risks and is frequently unproductive. If mineralization is discovered, it may take a number of years until production is possible, during which time the economic viability of the project may change. Substantial expenditures are required to establish ore reserves, extract metals from ores and, in the case of new properties, to construct mining and processing facilities and infrastructure at any site chosen for mining. The economic feasibility of any development project is based upon, among other things, estimates of the size and grade of ore reserves, proximity to infrastructures and other resources (such as water and power), metallurgical recoveries, production rates and capital and operating costs of such development projects, and metals prices. Development projects are also subject to the completion of positive feasibility studies, issuance of necessary permits and receipt of adequate financing, which may be difficult to obtain on terms reasonably acceptable to U.S. Silver.

U.S. Silver's production of silver may decline due to a myriad of unpredictable operating problems, weather related problems, or equipment failures, reducing revenues and having a material adverse effect on its operating results.

U.S. Silver's future silver production may decline as a result of an exhaustion of reserves and possible closure of work areas. It is U.S. Silver's business strategy to conduct silver exploratory activities at U.S. Silver's existing mining operations as well as at new exploratory projects, and to acquire silver mining properties and businesses or reserves that possess mineable ore reserves and are expected to become operational in the near future. However, the Company can provide no assurance that its future silver production will not decline. Accordingly, U.S. Silver's revenues from the sale of silver may decline, which may have a material adverse effect on its results of operations.

General Risks of Mining Operations

There are significant hazards associated with U.S. Silver's mining activities, not all of which are fully covered by insurance. To the extent U.S. Silver must pay the costs associated with such risks, U.S. Silver's business may be negatively affected.

The mining business is subject to risks and hazards, including environmental hazards, industrial accidents, the encountering of unusual or unexpected geological formations, cave-ins, flooding, earthquakes and periodic interruptions due to inclement or hazardous weather conditions. These occurrences could result in damage to, or destruction of, mineral properties or production facilities, personal injury or death, environmental damage, reduced production and delays in mining, asset write downs, monetary losses and possible legal liability. Although U.S. Silver maintains insurance in an amount that U.S. Silver considers to be adequate, liabilities might exceed policy limits, in which event U.S. Silver could incur significant costs that could have a material adverse effect on U.S. Silver's results of operation. Insurance fully covering many environmental risks (including potential liability for pollution or other hazards as a result of disposal of waste products occurring from exploration and production) is not generally available to us or to other companies in the industry. The realization of any significant liabilities in connection with U.S. Silver's mining activities as described above could negatively affect U.S. Silver's results of operations.

Government Regulation and Environmental Compliance

U.S. Silver is subject to significant governmental regulations, and their related costs and delays may have a material adverse effect on U.S. Silver's business.

U.S. Silver's mining activities are subject to extensive federal, state, local and foreign laws and regulations governing environmental protection, natural resources, prospecting, development, production, post-closure reclamation, taxes, labour standards and occupational health and safety laws and regulations including mine safety, toxic substances and other matters related to U.S. Silver's business. Although these laws and regulations have never required U.S. Silver to close any mine, the costs associated with compliance with such laws and regulations are substantial. Possible future laws and regulations, or more restrictive interpretations of current laws and regulations by governmental authorities could cause additional expense, capital expenditures, restrictions on or suspensions of U.S. Silver's operations and delays in the development of U.S. Silver's properties. Moreover, governmental authorities and private parties may bring lawsuits based upon damage to property and injury to persons resulting from the environmental, health and safety impacts of U.S. Silver's past and current operations, which could lead to the imposition of substantial fines, penalties and other civil and criminal sanctions. Substantial costs and liabilities, including for restoring the environment after the closure of mines, are inherent in U.S. Silver's operations. Although U.S. Silver believes it is in substantial compliance with applicable laws and regulations, U.S. Silver can give no assurance that any such law, regulation, enforcement or private claim will not have a material adverse effect on U.S. Silver's business, financial condition or results of operations.

Some of U.S. Silver's mining wastes are currently exempt to a limited extent from the extensive set of federal Environmental Protection Agency ("EPA") regulations governing hazardous waste under the Resource Conservation and Recovery Act ("RCRA"). If the EPA designates these wastes as hazardous under RCRA, U.S. Silver would be required to expend additional amounts on the handling of such wastes and to make significant expenditures to construct hazardous waste disposal facilities. In addition, if any of these wastes causes contamination in or damage to the environment at a mining facility, such facility may be designated as a "Superfund" site under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"). Under CERCLA, any owner or operator of a Superfund site since the time of its contamination may be held liable and may be forced to undertake extensive remedial cleanup action or to pay for the government's cleanup efforts. Additional regulations or requirements are also imposed upon U.S. Silver's tailings and waste disposal areas in Idaho under the federal Clean Water Act ("CWA"). Airborne emissions are subject to controls under air pollution statutes implementing the Clean Air Act in Idaho. Compliance with CERCLA, the CWA and state environmental laws could entail significant costs, which could have a material adverse effect on U.S. Silver's operations.

In the context of environmental permits, including the approval of reclamation plans, U.S. Silver must comply with standards and regulations which entail significant costs and can entail significant delays. Such costs and delays could have an adverse impact on U.S. Silver's operations.

In the ordinary course of business, U.S. Silver is required to obtain or renew governmental permits for the operation and expansion of existing mining operations or for the development, construction and commencement of new mining operations. Obtaining or renewing the necessary governmental permits is a complex and time-consuming process involving numerous jurisdictions which often involves public hearings and costly undertakings. The duration and success of U.S. Silver's efforts to obtain or renew permits are contingent upon many variables not within our control including the interpretation of applicable requirements implemented by the permitting authority. U.S. Silver may not be able to obtain or renew permits that are necessary to its operations, or the cost to obtain or renew permits may exceed what U.S. Silver believes it can recover from the property once in production. Any unexpected delays or costs associated with the permitting process could delay the development or impede the operation of a mine, which could have a material adverse effect on U.S. Silver's operations and profitability.

Employee Recruitment, Retention, and Labour Relations

Recruiting and retaining qualified personnel is critical to U.S. Silver's success. The number of persons skilled in acquisition, exploration and development of mining properties is limited and competition for such persons is intense. As U.S. Silver's business activity grows, U.S. Silver will require additional key executive, financial, operational, administrative and mining personnel. Although U.S. Silver believes that it will be successful in attracting, training and retaining qualified personnel, there can be no assurance of such success. If U.S. Silver is not successful in attracting and training qualified personnel, the efficiency of its operations could be affected, which could have a material adverse effect on U.S. Silver's results of operations and profitability.

U.S. Silver could experience labour disputes, work stoppages or other disruptions in production that could adversely affect its operations. The current collective bargaining agreement with the Galena workforce expired on September 1, 2006 and was renewed by amendment dated October 1, 2006. The current labour agreement is through March 1, 2011 and has an economic re-opener on April 1, 2008 with disagreement determined by arbitrator.

Mining Property and Title Risks

Third parties may dispute U.S. Silver's unpatented mining claims, which could result in losses affecting U.S. Silver's business.

The validity of unpatented mining claims, which constitute a significant portion of U.S. Silver's property holdings in Idaho, is often uncertain and may be contested. Although U.S. Silver has attempted to acquire satisfactory title to undeveloped properties, U.S. Silver, in accordance with mining industry practice, does not generally obtain title opinions until a decision is made to develop a property. As a result, some titles, particularly titles to undeveloped properties, may be defective. Defective title to any of U.S. Silver's mining claims could result in litigation, insurance claims, and potential losses affecting U.S. Silver's business.

The validity of mining or exploration titles or claims, which constitute most of U.S. Silver's property holdings, can be uncertain and may be contested. U.S. Silver has used its reasonable commercial efforts to investigate its title or claims to its various properties and, to the best of its knowledge, except where U.S. Silver has otherwise noted, those titles or claims are in good standing. However no assurance can be given that applicable governments will not revoke or significantly alter the conditions of the applicable exploration and mining titles or claims and that such exploration and mining titles or claims will not be challenged or impugned by third parties.

U.S. Silver has not conducted surveys of all the claims in which it holds direct or indirect interests and therefore, the precise area and location of such claims may be in doubt. U.S. Silver's properties may be subject to prior unregistered liens, agreements or transfers, native land claims or undetected title defects.

Competition

Competition in the mining sector is intense. Mines have limited lives and as a result, U.S. Silver may in the future seek to replace and expand its reserves through the acquisition of new properties. In addition, there is a limited supply of desirable mineral lands available in areas where U.S. Silver would consider conducting exploration and/or production activities. Because U.S. Silver faces strong competition for new properties from other mining companies, some of which have greater financial resources than it does, U.S. Silver may be unable to acquire attractive new mining properties on terms that it considers acceptable. Competition in the mining business for limited sources of capital could adversely affect U.S. Silver's ability to acquire and develop suitable silver mines, silver developmental projects, and silver producing companies or properties having significant exploration potential. As a result, there can be no assurance that U.S. Silver's acquisition and exploration plans will yield new mineral reserves to replace or expand current mineral reserves.

Foreign Exchange Rate Fluctuations

Fluctuations in currency exchange rates, particularly the weakening or strengthening of the U.S. dollar (being the currency in which U.S. Silver's products are sold) against the Canadian dollar (used to pay certain corporate costs), could have an impact on U.S. Silver's results of operations. U.S. Silver may engage in hedging activities in connection with foreign currency requirements in order to minimize the effect of strengthening of foreign currencies on U.S. Silver's operating results.

Financing Risks

U.S. Silver has limited financial resources, has limited sources of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of its projects or to fulfill its obligations under applicable agreements. There can be no assurances that the Company will be able to obtain adequate funding in the future or that the terms of such financing will be favourable. Failure to obtain additional financing could result in delay or indefinite postponement of further exploration and development of its projects and the possible loss of such properties. The Company has no history of earnings, has never paid a dividend, and does not anticipate paying dividends in the near future.

ITEM 11 - Changes in Accounting Policies

The Company would like to direct readers to its Audited Financial Statements, which are incorporated by reference and can be found on the regulator's web site at www.sedar.com.

ITEM 12 - Financial Instruments and Other Instruments

As of September 30, 2007, the Company is not a party to any financial instrument, as the term is defined in National Instrument 51-102F1 paragraph 1.14. However, as detailed in Item 7, as of the date of this filing the Company did have outstanding future, off-balance sheet obligations ("OBSA") with both the London Metals Exchange (LME) and a large international bank (the "Bank") which are Financial Instruments having the effect of locking–in the sales price of lead on approximately six millions lbs. of lead over the course of 2008. The Revenue from forecasted sales of concentrate under the smelter contract is now, in effect, approximately 50 % hedged, as of the date of this filing. The contracts with each of the Bank and the LME are to be settled by cash payments rather than physical delivery of lead and the contracts require the Company to maintain cash margin with both of the entities according to standard LME margin requirements, currently about USD 400 per tonne or about USD .19 per lb. The Company must maintain sufficient margin with both entities to cover both initial margin and any mark-to market losses on the lead sales contracts.

As of the date of this filing, the Bank was rated A or higher by internationally recognized credit rating agencies and is regulated by a sophisticated, OECD government agency. The LME, based in London, England is regulated by the FSA, the financial services regulator in the United Kingdom. As such, both the Bank and the LME are considered undoubted counter parties for the Company in its hedging and investment activities. If the LME, or the Bank, were unable to fulfill their obligations to the Company after a significant drop in the price of lead, the Company would then be exposed to lead price volatility and probable negative impacts to financial results.

ITEM 13 - Capital Structure

The Company is authorized to issue an unlimited number of common shares, where each common share provides the holder with one vote. As at September 30, 2007, there were 186,078,202 common shares issued and outstanding, inclusive of 42,607,516 common shares issued under the warrant exercise program, which issuance reflects the extra 10% "bonus" shares available to warrant holders exercising their warrants during the warrant acceleration program.

In addition, the Company shall issue common shares upon the conversion, exercise or exchange of stock options and warrants which are issued.

The following table summarizes the stock options which are issued and outstanding as of September 30, 2007:

			Outstanding		Exercisable	
Exercise Price CA$	Options Outstanding	Expiry Date	Weighted Average Remaining Life	Weighted Average Price	Quantity	Weighted Average Price
$ 0.20	80,000	June 2011	3.7 years	CA$ 0.20	80,000	CA$ 0.20
$ 0.40	9,650,975	Dec. 2011	4.2 years	CA$ 0.40	9,650.975	CA$ 0.40
$ 0.56	1,115,000	Jan. 2012	4.3 years	CA$ 0.56	515,000	CA$ 0.56

$ 0.73	660,000	Aug. 2012	4.9 years	CA$ 0.73	420,000	CA$ 0.73
$ 0.75	300,000	Mar. 2012	4.4 years	CA$ 0.75	150,000	CA$ 0.75
$ 1.05	300,000	Jun. 2012	4.7 years	CA$ 1.05	300,000	CA$ 1.05
$ 1.19	1,000,000	Apr. 2012	4.6 years	CA$ 1.19	1,000,000	CA$ 1.19

The following table summarizes the warrants which are issued and outstanding as of September 30, 2007:

Number of Warrants	Exercise Price (CA$)	Expiry Date
600,000	$ 0.20	June 27, 2008
1,325,000	$ 0.40	May 11, 2008
6,888,308	$ 0.29	December 28, 2008
8,288,999	$ 0.40	December 28, 2008

The Company's warrant acceleration program during April to May 2007 converted nearly 39 million warrants of the June and May, 2006 warrants with an exercise price of CA$0.40. This has reduced the total number of warrants outstanding from 55,836,413 to 17,102,307. The Corporation had outstanding 186,078,202 common shares as of September 30, 2007.

On November 7, 2007, the Company announced that it has entered into an agreement with Research Capital Corporation and Cormark Securities Inc. as underwriters (the "Underwriters"), whereby the Underwriters will purchase, on a bought-deal private placement basis, 20,000,000 units (the "Units") of U.S. Silver at a price of CA$1.00 per Unit (the "Transaction"). Each Unit shall consist of one common share (the "Common Shares") and one-half of one common share purchase warrant (the "Warrants"), each whole Warrant entitling the holder thereof to purchase one Common Share at a strike price of CA$1.25 for a period of 24 months following the closing (the "Closing") of the Offering. The gross proceeds of the offering will be CA$20,000,000. The Underwriters shall have the option (the "Underwriter's Option") to increase the size of the Offering by up to CA$5,000,000 in Units by giving written notice of the exercise of the Underwriter's Option to the Company at any time up to 24 hours before Closing. The Units will be offered by way of private placement exemptions from prospectus requirements in such provinces of Canada as the Underwriter may designate. The Transaction is scheduled to close on or about December 5, 2007 and is subject to certain conditions including, but not limited to, the receipt of all necessary approvals including the approval of the TSX Venture Exchange.

ITEM 14 - Other MD&A Requirements

The Company is not required to file an Annual Information Form. Reference is made to the Corporation's Filing Statement dated December 18, 2006, prepared in accordance with the requirements of the TSX Venture Exchange in connection with the Company's Qualifying Transaction reverse takeover, has been filed with the TSX Venture Exchange and applicable Canadian securities regulators on SEDAR, and is available to be publicly accessed at www.sedar.com.

ITEM 15 - Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO), on a timely basis so that appropriate decisions can be made regarding public disclosure. As of September 30, 2007, the Company's management, with the participation of the CEO and CFO, has evaluated the effectiveness of the Company's disclosure controls and procedures as defined in Multilateral Instrument 52-109 of the Canadian Securities Administrators and has concluded that such controls and procedures are effective.

In connection with the preparation of management discussion and analysis, our management, including our CEO and CFO, have evaluated the effectiveness of the disclosure controls and procedures as they related to the preparation of the annual financial information for the fiscal period ended September 30, 2007. In connection with the preparation of those financial statements, we recorded a small number of adjusting entries. As a result, we have concluded that our disclosure controls and procedures were effective as of the filing of this document. Although we have concluded that our internal control process is effective, in the course of ordinary business we do plan to make on-going changes to our internal control process and also in our disclosure controls and procedures. The following are recent or planned changes for the future:

- We will expand our systems and control procedures surrounding financial reporting by developing written accounting procedures and instituting initially quarterly and in 2008, monthly reviews of the financial statements by the members of the Audit Committee, CEO and President.

- Our Audit Committee and management will enhance the oversight from the Audit Committee and management by approving and overseeing the application of complex accounting policies.

- We have hired an experienced Chief Financial Officer who began as CFO on May 1, 2007 and who resides at our Toronto, Ontario corporate office location. The new CFO is conversant with applicable regulatory requirements and Canadian and US GAAP reporting requirements and will provide an additional level of review required for reporting documents. Additionally, the bookkeeping functions of the parent company have started to be consolidated in the Toronto office. Finally, an additional and experienced accountant has been hired to further support mine accounting in Wallace, Idaho.

- A new, Toronto-based member of the Board, highly experienced in financial and corporate governance activities has recently accepted the role of Chair, Audit Committee and has become actively involved in the review of financial disclosures.