



SOLTORO LTD.

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2008**

(A DEVELOPMENT STAGE ENTERPRISE)

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditors, Bolton & Bolton, have not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

SOLTORO LTD.
Consolidated Balance Sheets
(Unaudited)

	September 30 2008	December 31 2007
	\$	\$
ASSETS		
Current		
Cash and short term investments	516,722	1,443,971
Financial instruments held-for-trading	10,000	17,000
Accounts receivable and prepaid expenses	115,672	279,685
	<hr/> 642,394	<hr/> 1,740,656
Equipment (note 7)	47,626	60,589
Mineral properties and deferred exploration expenditures (note 8)	3,184,474	2,357,029
	<hr/> 3,874,494	<hr/> 4,158,274
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LIABILITIES		
Current		
Accounts payable and accrued liabilities (note 9)	151,272	79,402
	<hr/> 151,272	<hr/> 79,402
SHAREHOLDERS' EQUITY		
Capital stock (note 10)	4,698,203	4,698,203
Warrants (note 11)	108,004	108,004
Contributed surplus (note 12)	446,008	358,272
Deficit	(1,528,993)	(1,085,607)
	<hr/> 3,723,222	<hr/> 4,078,872
	<hr/> 3,874,494	<hr/> 4,158,274
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Basis of Presentation and Going Concern (note 1)

On behalf of the Board of Directors:

Douglas Reeson
Director

Andrew Thomson
Director

The accompanying notes are an integral part of these consolidated financial statements.

SOLTORO LTD.
Consolidated Statements of Operations,
Comprehensive Loss and Deficit
For the three and nine months ended September 30, 2008 and 2007
(Unaudited)

	Three months ended September 30		Nine months ended September 30	
	2008	2007	2008	2007
	\$	\$	\$	\$
Salaries and management fees	53,394	40,024	135,341	113,998
Legal and audit	5,801	19,965	65,387	52,129
Investor relations	17,826	29,980	81,477	124,952
Regulatory fees	-	-	10,213	5,200
Transfer agent	1,698	1,539	6,903	7,532
Office expenses	3,515	4,888	16,854	12,616
Rent	9,975	3,812	25,813	11,779
Communications	2,949	1,346	8,980	4,422
Travel	3,378	1,281	13,835	15,810
Property investigation costs	7,328	-	7,328	-
Foreign exchange (Gain)/Loss	(10,832)	29,688	(25,772)	62,965
Amortization	310	737	4,699	1,914
Stock-based compensation	4,919	23,195	87,736	211,613
Total administrative expenses	100,261	156,455	438,794	624,930
Revaluation gain (loss) on marketable securities held for trading	(16,250)	(7,000)	(30,250)	4,000
Interest income (expense)	8,963	15,234	25,658	56,740
Net loss and comprehensive loss	107,548	148,221	443,386	564,190
Deficit, beginning of period	1,421,444	764,430	1,085,607	348,461
Deficit, end of period	1,528,992	912,651	1,528,993	912,651
Loss per share - basic and diluted	0.005	0.008	0.022	0.029
Weighted average number of common shares	20,215,000	19,690,383	20,215,000	19,300,446

The accompanying notes are an integral part of these consolidated financial statements.

SOLTORO LTD.**Consolidated Statements of Cash Flows****For the three and nine months ended September 30, 2008 and 2007**

(Unaudited)

	Three months ended September 30		Nine months ended September 30	
	2008	2007	2008	2007
Operating activities	\$	\$	\$	\$
Net loss and comprehensive loss	(107,548)	(148,221)	(443,386)	(564,190)
Revaluation loss on marketable securities (gain)/loss held-for-trading	16,250	7,000	30,250	(4,000)
Amortization charged to operations	612	737	5,001	1,914
Stock- based compensation	4,919	23,195	87,735	211,613
Increase (decrease) in accounts receivable and prepaid expenses	23,201	(35,136)	164,013	(196,788)
Increase (decrease) in accounts payable and accrued liabilities	63,201	19,215	71,870	(45,201)
	634	(133,210)	(84,517)	(596,652)
Investing activities				
Purchase of equipment	(825)	(2,236)	(2,631)	(16,559)
Exploration expenditures	(454,452)	(364,364)	(840,102)	(1,453,257)
	(455,277)	(336,600)	(842,732)	(1,469,816)
Financing activities				
Issuance of share capital, net of costs	-	308,200	-	1,036,950
	-	308,200	-	1,036,950
Change in cash	(454,643)	(191,610)	(927,249)	(1,029,518)
Cash, beginning of period	971,365	1,912,016	1,443,971	2,749,924
Cash, end of period	516,722	1,720,406	516,722	1,720,406
Supplemental cash flow information				
Interest paid	-	-	-	-
Income tax paid	-	-	-	-

The accompanying notes are an integral part of these consolidated financial statements.

SOLTORO LTD.
Notes to the Consolidated Financial Statements
For the three and nine months ended September 30, 2008

1. BASIS OF PRESENTATION

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business.

Soltoro Ltd. (“Soltoro” or “the Company”) has no sources of revenue and is dependent on financings to fund its operations. In addition, the Company has not yet determined whether its properties contain mineral reserves that are economically recoverable. The ability of the Company to continue as a going concern and the recoverability of amounts capitalized in respect of mineral properties and deferred exploration costs are dependent upon the continuing financial support of shareholders or other investors; obtaining new financing on commercial terms acceptable to the Company to enable it to complete exploration and development; establishing successfully the existence of economically recoverable reserves; the acquisition of required permits to mine; and upon attaining profitable production once any or all of its properties have commenced operations, all of which outcomes are uncertain and which, taken together, cast significant doubt over the ability of the Company to continue as a going concern.

These financial statements do not include any adjustments to the carrying values of the Company’s assets, liabilities, and expenses and the related balance sheet and income statement classifications that would be necessary if the going concern assumption were inappropriate. Such adjustments have not been quantified by management but could be material.

2. NATURE OF BUSINESS

Soltoro was incorporated on September 12, 2005 under the Canada Business Corporations Act. Soltoro is a development stage company focused on exploration for economic mineral deposits, exclusively in Mexico, through its wholly owned subsidiary, Soltoro S.A. de C.V. (“Soltoro-Mexico”).

3. BUSINESS COMBINATION

The consolidated financial statements of Soltoro Ltd. (formerly Blue Fyre One Inc., reflect the reverse takeover by Soltoro Ltd. (“Private Soltoro”) of Blue Fyre One Inc. (“Blue Fyre”), a capital pool company, under the policies of the TSX Venture Exchange. The reverse takeover by Private Soltoro of Blue Fyre was approved by the shareholders of each company and was completed on August 31, 2006. The details of the transaction are outlined in the audited financial statements for year ended December 31, 2007.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Company have been prepared in Canadian Dollars and in accordance with Canadian generally accepted accounting principles. The consolidated financial statements include the accounts of the Company and its wholly owned Mexican subsidiary, Soltoro S.A. de C.V.

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Notes to the Consolidated Financial Statements
For the three and nine months ended September 30, 2008

a) Mineral properties and deferred exploration expenditures

The Company capitalizes the acquisition costs of mineral properties and all direct costs relating to exploration on its mineral properties. These costs will be amortized over the estimated productive lives of the properties upon commencement of production using the unit-of-production method. Option payments or sales of mineral properties are accounted for by applying the proceeds from such sales to the carrying costs of the property and reducing costs to zero prior to recognizing any gains. Costs related to abandoned projects are written off.

The amounts shown for mineral properties represent costs incurred to date and do not necessarily represent present or future values. Periodically, a determination will be made by management as to the status of each property. When the carrying value of a property is impaired, it will be written down to its fair value. Where a property shows no promise from prior exploration results and is dormant, the concessions may be allowed to lapse. At management's discretion, the claims will be written off or written down to a nominal value where an interest in the concession remains.

b) Equipment

Equipment is carried at cost less accumulated amortization. Amortization is calculated on a straight line basis at rates which range from 10% to 30%. Amortization on assets used for exploration activities is charged to deferred exploration expenditures.

c) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates are reviewed periodically and, as adjustments become necessary, they are made in the period in which they become known. Actual results could differ from those estimates.

d) Financial instruments

The Company's financial instruments consist of cash and short term investments, financial instruments held for trading, accounts receivable and prepaid expenses, and accounts payable and accrued liabilities (including amounts due to related parties). Unless otherwise stated the fair value of these financial instruments approximates their carrying value. The Company does not believe it is subject to any significant concentration of credit risk or interest rate risk.

e) Foreign exchange

The financial statements of integrated foreign operations and transactions in foreign currencies entered into by the Company are translated using the temporal method. Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rates prevailing at the balance sheet date, and non-monetary items are translated

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at historical exchange rates. Revenue and expense items denominated in foreign currencies are translated at the exchange rates in effect on the dates of the transactions, except for amortization of equipment and mineral properties and deferred exploration costs which are translated at the same exchange rates as the assets to which they relate. Exchange gains and losses arising from these transactions are included in the determination of net income for the year.

f) Income taxes

The Company accounts for income taxes using the asset and liability method. Under this method, future income tax assets and liabilities are determined based on differences between the financial statement carrying value of existing assets and liabilities and their respective income tax bases (temporary differences), and losses carried forward. Future income tax assets and liabilities are measured using the tax rates expected to be in effect when the temporary differences are likely to reverse. The effect on future income tax assets and liabilities of a change in tax rates is included in operations in the period in which the change is substantively enacted. The amount of future income tax assets recognized is limited to the amount that is more likely than not to be realized.

g) Loss per share

Basic loss per share is calculated by dividing the net loss for the period by the weighted average number of shares outstanding for the period. The impact of outstanding options and warrants is not considered if the impact is anti-dilutive.

h) Stock-based compensation

The Company has adopted the recommendations of the Canadian Institute of Chartered Accountants (“CICA”) Handbook Section 3870, “Stock-Based Compensation and Other Stock-Based Payments”. This section requires the use of a fair-value based method, determined by using the Black-Scholes option pricing model to calculate all stock-based compensation associated with granting stock options to employees and directors, and the inclusion of that expense in the statement of operations. Under this accounting policy, the Company measures stock-based compensation on the date of the grant and recognizes this cost over the vesting period of the options in results from operations. Upon exercise of the stock options, consideration paid by the option holder together with the amount previously recognized in contributed surplus is recorded as an increase in capital stock.

i) Impairment of long-lived assets

The Company has adopted the CICA Handbook Section 3063, “Impairment of Long-Lived Assets”. This section requires the Company to assess the impairment of long-lived assets, which consist primarily of mineral property, plant and equipment and make adjustments, whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Recoverability of assets to be held and used are measured by a comparison of the carrying value of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the amount of the

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impairment is measured by the amount by which the carrying amount of the asset exceeds its fair value.

j) Asset retirement obligations

The Company has adopted the CICA Handbook Section 3110, "Asset Retirement Obligations". This section requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The estimate excludes the residual value of the related assets. The associated retirement costs are capitalized as part of the carrying amount of the long lived assets and amortized over the life of the asset. The amount of liability is subject to re-measurement at each reporting period. This differs from prior practice which involved accruing for the estimated retirement obligation through annual changes to earnings over the estimated life of the property. At September 30, 2008, there are no asset retirement obligations associated with any of the Company's properties.

k) Financial Instruments

On January 1, 2007, the Company adopted prospectively the Canadian Institute of Chartered Accountants ("CICA") Handbook Sections 1530, *Comprehensive Income*; Section 3251, *Equity*; Section 3855, *Financial Instruments - Recognition and Measurement*; Section 3861, *Financial Instruments - Disclosure and Presentation*; and Section 3865, *Hedges*.

(i) Financial Instruments

Under the new standards, financial assets and liabilities, including derivative instruments, are initially recognized and subsequently measured based on their classification as "held-for-trading", "available-for-sale" financial assets, "held-to-maturity", "loans and receivables", or "other" financial liabilities. Held-for-trading financial instruments are measured at their fair value with changes in fair value recognized in net income for the period. Available-for-sale financial assets are measured at their fair value and changes in fair value are included in other comprehensive income until the asset is removed from the balance sheet. Held-to-maturity investments, loans and receivables and other financial liabilities are measured at amortized cost using the effective interest rate method. Derivative instruments, including embedded derivatives, are measured at their fair value with changes in fair value recognized in net income for the period, unless the instrument is a cash flow hedge and hedge accounting applies, in which case changes in fair value are recognized in other comprehensive income.

(ii) Comprehensive Income

Section 1530 establishes standards for reporting and presenting comprehensive income. Comprehensive income, composed of net income and other comprehensive income, is defined as the change in shareholders' equity from transactions and other events from non-owner sources. Other comprehensive income for the Company includes unrealized gains and losses on available-for-sale securities and changes in the fair market value of derivatives designated as cash flow hedges, all net of related income taxes. The components of comprehensive income are disclosed in the statement of expenditures and deficit and comprehensive income. Cumulative changes in other comprehensive income are included in

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accumulated other comprehensive income ("AOCI") which is presented as a new category in shareholders' equity.

(iii) Hedging

Section 3865 specifies the circumstances under which hedge accounting is permissible and how hedge accounting may be performed. As at and during the period ended September 30, 2008, the Company had no hedges.

l) Accounting developments

CICA Section 1535, *Capital Disclosures*, requires that an entity disclose information that enables users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital, including disclosures of any externally imposed capital requirements and the consequences of non-compliance. The new standard applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007, specifically January 1, 2008 for the Company.

This standard will result in additional note disclosure but will have no effect on the Company's results of operations, cash flows or financial position.

CICA Sections 3862 - *Financial Instruments Disclosure* – and 3863 -- *Financial Instruments Presentation* - replace CICA Section 3861 - *Financial Instruments - Disclosure and Presentation*, revising the disclosure requirements of Section 3861 while carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The new standards apply to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007, specifically January 1, 2008 for the Company.

This standard will result in additional note disclosure but will have no effect on the Company's results of operations, comprehensive loss and deficit and cash flows, or financial position.

m) Future accounting changes

International Financial Reporting Standards ("IFRS")

In January 2006, the CICA's Accounting Standards Board ("AcSB") formally adopted the strategy of replacing Canadian generally accepted accounting principles with IFRS for Canadian enterprises with public accountability. The current conversion timetable calls for financial reporting under IFRS for accounting periods commencing on or after January 1, 2011. On February 13, 2008 the AcSB confirmed that the use of IFRS will be required in 2011 for publicly accountable profit-oriented enterprises. For these entities, IFRS will be required for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company is currently assessing the impact of IFRS on its financial statements.

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Goodwill and Intangible Assets

In October 2007, the CICA approved Handbook Section 3064, "Goodwill and Intangible Assets" which replaces the existing Handbook Sections 3062, "Goodwill and Other Intangible Assets" and 3450 "Research and Development Costs". This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009, with earlier application encouraged. The standard provides guidance on the recognition, measurement and disclosure requirements for goodwill and intangible assets. The Company is currently assessing the impact of this new accounting standard on its financial statements.

5. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of properties for valuable minerals. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage and as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. In some circumstances the Company may enter into joint venture agreements whereby, a third party earns an interest in a specific property by incurring an agreed amount of exploration expenditures. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the nine months ended September 30, 2008. The Company is not subject to externally imposed capital requirements.

6. RISK FACTORS AFFECTING FINANCIAL INSTRUMENTS

The Company's major mineral properties are in the exploration stage (the "Properties"). Unless the Company acquires or develops additional material properties, the Company will be mainly dependent upon its existing Properties. If no additional major mineral properties are acquired by the Company, any adverse development affecting the Company's Properties would have a material adverse effect on the Company's financial condition and results of operations.

Other risk factors and the impact on the Company's financial instruments are summarized below:

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Credit risk

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and accounts receivable. Cash consists of cash on hand with reputable a financial institution which is closely monitored by management. Financial instruments included in accounts receivable consist of sales tax receivable from government authorities in Canada and Mexico and deposits held with service providers. Management believes credit risk with respect to financial instruments included in cash and accounts receivable is remote.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2008, the Company had a cash balance of \$516,722; (December 31, 2007 - \$1,443,971) to settle current liabilities of \$151,272 (December 31, 2007 - \$79,402). Most of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity prices.

Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by banks with which it keeps its bank accounts. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its investments. As of September 30, 2008, the Company had cash balances of \$516,722 (December 31, 2007 - \$1,443,971) which does include investment-grade short-term deposit certificates.

Foreign currency risk

The Company's exploration activities are conducted entirely in Mexico. Major purchases and exploration expenditures are transacted in Mexican Pesos and US dollars. Administrative expenditures and cash balances are primarily transacted in Canadian dollars. The Company has exposure to foreign currency risk.

Commodity price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined is the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices as it relates to valuable minerals to determine the appropriate course of action to be taken by the Company.

Sensitivity analysis

The Company has designated its cash as held-for-trading, which is measured at fair value. Accounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost. As at September 30, 2008, the carrying and fair value amounts of the Company's financial instruments related to cash, accounts receivable and accounts payable and accrued liabilities are the same. Based on management's knowledge and experience of the

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For the three and nine months ended September 30, 2008

financial markets, the Company believes the following movements are "reasonably possible" over a three month period:

- (i) Interest rate risk is limited to cash balances, primarily held in Canadian and US dollars in Canada.
- (ii) The Company holds balances in US dollars and Mexican pesos that give rise to foreign exchange risk. If the US dollar rose or fell in relation to the Canadian dollar by 2%, the effect on the financial statements as at September 30, 2008 would be a change in Foreign exchange of +/- CDN \$1,412. If the Mexican Pesos rose or fell in relation to the Canadian dollar by 2%, the effect on the financial statements as at September 30, 2008 would be a change in foreign exchange of +/- CDN \$2,064.
- (iii) Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability from mineral exploration depends upon the world market price of valuable minerals. Commodity prices have fluctuated significantly in recent years. There is no assurance that, even as commercial quantities of valuable minerals may be produced in the future, a profitable market will exist for them. As of September 30, 2008, the Company is not a producer of valuable minerals. As a result, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

7. EQUIPMENT

	September 30, 2008		
	Cost	Accumulated amortization	Net
	\$	\$	\$
Equipment	29,158	10,840	18,318
Vehicles	58,692	29,380	29,312
Total	87,850	40,220	47,630

	December 31, 2007		
	Cost	Accumulated amortization	Net
	\$	\$	\$
Equipment	26,527	6,254	20,273
Vehicles	58,692	18,376	40,316
Total	85,219	24,630	60,589

During the period ended September 30, 2008, the Company charged to deferred exploration expenditure an amortization expense of \$4,632 (\$11,732 for period ended September 30, 2007) related to equipment used in exploration activities to deferred exploration expenditures.

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8. MINERAL PROPERTIES AND DEFERRED DEVELOPMENT EXPENDITURES

At September 30, 2008 cumulative acquisition and deferred exploration costs with respect to the Company's interests in mineral properties owned, leased or under option, consisted of the following:

	Balance December 31, 2007	Additions	Balance September 30, 2008
	\$	\$	\$
El Rayo Concessions			
Acquisition costs	148,727	13,387	162,114
Deferred exploration costs	1,294,990	511,791	1,806,781
	1,443,717	525,178	1,968,895
La Tortuga Concessions			
Acquisition costs	105,903	18,904	124,807
Deferred exploration costs	487,971	534,097	1,022,068
Joint venture contributions	(392,876)	(388,492)	(781,368)
	200,998	164,509	365,507
Bacanora Concessions			
Acquisition costs	117,011	11,492	128,503
Deferred exploration costs	456,432	10,005	466,482
	573,443	21,497	594,985
Quila Concession			
Acquisition costs	19,189	-	19,189
Deferred exploration costs	5,498	1,342	6,840
Proceeds upon optioning property	(20,000)	(23,250)	(43,250)
	4,687	(21,908)	17,221
Coyote Concessions			
Acquisition costs	3,560	21,797	25,357
Deferred exploration costs	4,029	21,498	25,527
	7,589	43,295	50,884
Gavilan Concession			
Acquisition costs	7,106	8,228	15,334
Deferred exploration costs	7,251	604	7,855
	14,357	8,832	23,189
El Santuario Concession			
Acquisition costs	5,963	6,470	12,433
Deferred exploration costs	6,513	14,116	20,629
	12,476	20,586	33,062
Chinipas Concession			
Acquisition costs	3,647	1,275	4,922
Deferred exploration costs	20,587	-	20,587
	24,234	1,275	25,509
Peña Grande Application			
Acquisition costs	12,086	-	12,086
Deferred exploration costs	15,047	965	16,012
	27,133	965	28,098
Victoria Concession			
Acquisition costs	6,178	9,753	15,931
Deferred exploration costs	22,695	19,447	42,142
	28,873	29,200	88,073

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8. MINERAL PROPERTIES AND DEFERRED DEVELOPMENT EXPENDITURES
(Continued)

	Balance December 31, 2007	Additions	Balance September 30, 2008
	\$	\$	\$
Midas Concession			
Acquisition costs	3,165	791	3,956
Deferred exploration costs	2,038	2,941	4,979
	5,203	3,732	8,935
Margarita Concession			
Acquisition costs	-	3,822	3,822
Deferred exploration costs	-	12,122	12,122
	-	15,944	15,944
Other	14,319	14,294	28,613
	2,357,029	827,443	3,184,473

Mineral exploration concessions:

a) El Rayo Concessions

Soltoro-Mexico holds 100% title interest to the “El Rayo” and “Guachinango 1” concessions. These two concessions make up the 10,036 hectare El Rayo project located adjacent to the town of Guachinango in the state of Jalisco, Mexico. On November 24, 2006 Soltoro acquired 100% interest of the “Guachinango 1” concession from Golden Predator Mines Inc. (formerly Fury Explorations Ltd.) for a total consideration of US\$5,000 and a 2% net smelter return royalty. The Company has the right to purchase 1.5% of this royalty for US\$1.5 million.

b) La Tortuga Concessions

The La Tortuga Project comprises numerous contiguous titled concessions and a concession under application in the district of Atengo, Jalisco state, Mexico. Soltoro-Mexico holds a 100% interest in the titled concessions and is the sole applicant for the untitled concession. Titled concessions make up 14,331 hectares with 2,808 hectares under application. On August 20, 2007 Soltoro Ltd. signed a letter of intent with Sumitomo Metal Mining Exploration Ltd. (a subsidiary of Sumitomo Metal Mining Co., Ltd.) whereby Sumitomo may earn a 51% interest in the property by contributing a total of US\$4 million in expenditures over five years. An additional 19% interest may be earned by Sumitomo by making further expenditures of US\$16 million or by delivery of a bankable feasibility study. On February 15, 2008, Sumitomo and Soltoro approved a US\$750,000 budget to enter into the second earn in period. For the period ended September 30, 2008 a total of \$1,146,875 has been spent on the property with \$781,368 received from Sumitomo towards Phase I and II of the programs outlined in the L.O.I

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c) Bacanora Concessions

The Bacanora concessions are held by Soltoro-Mexico through 100% title interest in the "La Dorada Fracc 1" and "La Dorada 2" concessions. These two concessions cover a total area of 4,712 hectares and are located 157 kilometers east of the city of Hermosillo in the state of Sonora, Mexico. On September 1, 2006, the Company paid US\$19,000 to affect a 100% transfer of the concessions and agreed to pay an additional US\$30,000 and issue 100,000 shares of Soltoro to the vendor within 6 months of the date of transfer. A letter agreement extending the payments for 3 months was signed on February 28, 2007. On April 20, 2007 the vendor and Soltoro entered into an amending agreement in which Soltoro agreed to issue the vendor 175,000 common shares as the full and final payment for the "La Dorada Fracc 1" and "La Dorada 2" concessions. Soltoro Ltd. issued and paid 175,000 common shares to the vendor on May 15, 2007.

d) Gavilan Concession

Soltoro-Mexico holds 100% title interest to the 780 hectare "Gavilan" concession located in the San Joaquin mining district on the eastern border of the state of Queretaro, Mexico.

e) Quila Concession

Soltoro-Mexico holds 100% title interest to the 22,428 hectare "Quila" concession located in the Quila district in the state of Jalisco, Mexico.

On January 19, 2007, the Company entered into an earn-in agreement on the property with Southern Silver Exploration Corporation. Southern Silver may acquire a 51% interest in the property by issuing a total of 500,000 shares to Soltoro and spending US\$ 3 million on exploration over five years. Once Southern Silver has earned a 51% interest in the property, Southern Silver may earn an additional 19% interest by delivery of a definitive feasibility study.

On February 7, 2008, Southern Silver entered its second year earn-in period and issued to the Company an additional 75,000 shares with a fair value of \$10,000. The Company now holds 125,000 shares in Southern Silver. On July 5, 2007 Southern Silver's Mexican subsidiary acquired the "Altavista Del Ramos", a 91 hectare concession, located within the Quila claim block. This concession is subject to the terms of the earn-in agreement.

f) El Santuario Concession

Soltoro-Mexico holds 100% title interest to the 2,000 hectare "El Santuario" concession located in the Cardonal mining district in the state of Hidalgo, Mexico. On April 7, 2008 Soltoro-Mexico submitted the "Sant" application to acquire an additional 1,200 hectares contiguous to "El Santuario" concession.

g) Coyote Concessions

Soltoro-Mexico holds 100% title interest to the 852 hectare "Xela" concession. Title was issued on January 25, 2008. On May 12, 2008 an option agreement was signed to acquire

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3 internal concessions within the “Xela” concession totaling 200 hectares. These concessions along with the “Xela” concession are referred to as the “Coyote” concessions. Under the terms of the option agreement, US\$20,000 was paid on signing with a further cash payment of US\$20,000 due within 6 months to effect transfer of the internal concessions. Soltoro is obliged to pay a further US\$200,000 in advance royalty payments over 4 years from the date of transfer to retain the concessions. On November 10, 2008 Soltoro and the vendor signed a ratification letter extending the due date for the US\$20,000 transfer payment for the internal concessions an additional 6 months to May 9, 2009. The advance royalty payments were also extended an additional 6 months as per the terms of the contract. Further work programs are being considered.

h) Other Concessions

On March 3, 2008, Soltoro-Mexico applied for the “Margarita” concession in the state of Michoacan. Soltoro-Mexico holds 100% title interest to the Chinipas concession covering 1,371 hectare located in the state of Chihuahua. The Victoria concession covering 10,985 hectares and the “Midas” concession covering 810 hectares are both located in the Jalisco state.

9. RELATED PARTY TRANSACTIONS

a) Accounts payable and accrued liabilities include amounts due to an officer and director of the Company in the amount of \$133 (September 30, 2007 – \$Nil) reported in the accounts receivables and prepaids. These liability and prepaids were incurred in the normal course of business and is unsecured, non-interest bearing and has no fixed terms of repayment.

b) During the nine months ended September 30, 2008, the Company incurred management and geological consultancy fees of \$214,080 (September 30, 2007 - \$145,513) with respect to management services provided by officers and directors of the Company and its wholly owned subsidiary. These transactions were in the normal course of business and were measured at the exchange amount, which is the amount established and agreed to by the related parties. Of the total amount, \$109,500 (September 30, 2007, - \$54,000) was charged to operations for officers of the Company, and \$104,580 (September 30, 2007 - \$91,513) was capitalized as a component of the Company’s mineral properties and deferred exploration expenditures.

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10. SHARE CAPITAL

- a) Authorized:
An unlimited number of common shares

- b) Issued and outstanding:

	Number of Shares	Amount
		\$
Balance – December 31, 2006	18,023,600	3,629,527
Issued for cash pursuant to private placement of 1,000,000 units, net of \$108,004 attributable to warrants ⁽ⁱ⁾	1,000,000	541,996
Issued as consideration for a property acquisition	175,000	70,000
Issued for cash upon exercise of warrants	716,400	298,200
Transferred from warrants upon exercise	-	59,561
Issued for cash upon exercise of stock options	200,000	26,000
Transferred from contributed surplus	-	5,169
Issued as consideration for a property acquisition	100,000	75,000
Share issue costs	-	(7,250)
Balance – December 31, 2007	20,215,000	4,698,203
Balance – September 30, 2008	20,215,000	4,698,203

- (i) On January 29, 2007, the Company completed a private placement of 1,000,000 units at a price of \$0.65 per unit, generating gross cash proceeds of \$650,000. Each unit consists of one common share and one-half of one share purchase warrant, with each whole warrant exercisable into one common share at a price of \$0.75 per share until January 29, 2009.

In the event that the Company's common shares trade above \$1.25 per share for a period of 20 trading days commencing after May 29, 2007, the Company has the right to accelerate the expiry of the warrants by providing 30 days notice to the warrant holder.

11. WARRANTS

The following table reflects the continuity of warrants for the period ending September 30, 2008.

	Number of warrants	Amount
		\$
Balance - December 31, 2006	716,400	59,561
Issued pursuant to private placement	500,000	108,004
Exercised	(716,400)	(59,561)
Balance – December 31, 2007	500,000	108,004
Balance – September 30, 2008	500,000	108,004

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On January 29, 2007, pursuant to the private placement of units described in note 8(b), the Company issued 500,000 share purchase warrants exercisable into 500,000 common shares at a price of \$0.75 per share and expiring on January 29, 2009. The fair value of these warrants had a fair value of \$108,004 and was estimated using the Black-Scholes option pricing model and the following assumptions:

Risk free interest rate	4%
Dividend yield	nil
Volatility	85%
Expected term	1.5 years

The warrants outstanding at September 30, 2008 are set out below.

Exercise price	Number of warrants	Expiry date
\$0.75	500,000	January 29, 2009
Total	500,000	

12. CONTRIBUTED SURPLUS AND STOCK-BASED COMPENSATION

The continuity of contributed surplus during the period ended September 30, 2008 as follows:

	\$
Balance - December 31, 2006	112,707
Stock-based compensation	250,734
Transferred to share capital upon exercise	(5,169)
Balance - December 31, 2007	358,272
Stock-based compensation	87,736
Balance – September 30, 2008	446,008

The Company has a stock option plan (the “Plan”) under which the Company may grant options to directors, officers and consultants. The maximum number of common shares reserved for issue under the Plan at any point in time may not exceed 10% of the number of shares issued and outstanding.

The purpose of the Plan is to attract, retain and motivate directors, officers, and certain third party service providers by providing them with the opportunity to acquire a proprietary interest in the Company and benefit from its growth. Options granted under the Plan are non-assignable and vest over various terms up to eighteen months from the date of grant.

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The continuity of outstanding stock options for the period ended September 30, 2008 as follows:

	Number of stock options	Weighted average exercise price per share
Balance - December 31, 2006	1,310,000	\$0.25
Issued during the period	770,000	\$0.56
Exercised during the period	(200,000)	\$0.13
Balance – December 31, 2007	1,880,000	\$0.39
Cancelled during the period	(75,000)	\$0.49
Balance – September 30, 2008	1,805,000	\$0.38

Options to purchase common shares carry exercise prices and terms to maturity as follows:

Exercise price \$	Number of options		Expiry date	Remaining
	Outstanding	Exercisable		Contractual life (years)
0.63	150,000	150,000	January 31, 2009	0.3
0.25	410,000	410,000	October 24, 2009	1.1
0.10	220,000	220,000	November 30, 2009	1.2
0.36	440,000	440,000	September 22, 2010	1.9
0.63	295,000	295,000	January 31, 2012	3.3
0.45	290,000	217,500	June 28, 2012	3.7
0.39	1,805,000	1,732,500		2.0

The fair value of the options issued during the years ended December 31, 2006 and 2007 and outstanding at the period ended September 30, 2008 was estimated at the dates of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	December 31, 2007	December 31, 2006
Dividend yield	Nil	Nil
Risk free interest rate	4%	4%
Expected volatility	85%	85%
Expected life	3.0 years	2.7 years
Weighted average fair value per option	\$0.31	\$0.16

During the period ended September 30, 2008, the Company recognized a total expense of \$87,736 (September 30, 2007 - \$211,613) in stock-based compensation, which has been charged to operations.

In addition, the Company will recognize an additional expense of \$3,214 subsequent to September 30, 2008 in respect of options outstanding but unvested at September 30, 2008.

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13. COMMITMENTS AND CONTINGENCIES

Under the terms of the Company's mining concessions, the Company must make periodic tax payments and perform minimum levels of exploration to maintain these concessions in good standing. The failure of the Company to meet these requirements would lead to the forfeiture of the Company's rights to these properties.

14. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period basis of presentation.

15. SUBSEQUENT EVENTS

There are no subsequent events to report.