SOLTORO LTD.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

(A DEVELOPMENT STAGE ENTERPRISE)

The accompanying audited consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditors, Sievert & Sawrantschuk LLP, have performed an audit of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants.

March 28, 2009

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of Soltoro Ltd. were prepared by management in accordance with Canadian generally accepted accounting principles. Management is responsible for the preparation and presentation of the financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances. The significant accounting policies of the Company are summarized in Note 4 to the financial statements.

Sievert & Sawrantschuk LLP, the Company's independent auditors, perform an audit of the consolidated financial statements in accordance with Canadian generally accepted auditing standards. Their audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the consolidated financial statements. As well, they assess the accounting principles used and significant estimates made by management, and they evaluate the overall financial statement presentation.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The members of the Audit Committee are members of the Board of Directors and the majority are independent. The Audit Committee meets with the independent auditors to discuss the results of their audit and their audit report prior to submitting the consolidated financial statements to the Board of Directors for its consideration and approval for issuance to shareholders. On the recommendation of the Audit Committee, the Board of Directors has approved the consolidated financial statements.

Andrew Thomson	Douglas Reeson
President and Chief Executive Officer	Chief Financial Officer

SIEVERT & SAWRANTSCHUK LLP
CHARTERED ACCOUNTANTS

43 Colborne Street, PH
Toronto, Ontario M5E 1E3
Tel: (416) 979-7444 Fax: (416) 979-8432
e-mail: sievertca@baxter.net
www.sievert.on.ca

AUDITORS' REPORT

To the Shareholders of:
Soltoro Ltd.

We have audited the consolidated balance sheet of **Soltoro Ltd.** as at **December 31, 2008** and the consolidated statements of operations, comprehensive loss and deficit and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the year as at **December 31, 2008** and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements as at December 31, 2007 and for the year then ended were audited by another firm of auditors who expressed an opinion without reservation on those statements in their report dated April 4, 2008.

Sievert & Sawrantschuk LLP.

Toronto, Canada
March 28, 2009

Sievert & Sawrantschuk LLP
Chartered Accountants, Licensed Public Accountants

SOLTORO LTD.
Consolidated Balance Sheets
As at December 31, 2008 and 2007

	2008 $	2007 $
ASSETS		
Current		
Cash and short term investments	**803,689**	1,443,971
Financial instruments held-for-trading	**10,000**	17,000
Accounts receivable and prepaid expenses	**84,724**	279,685
	898,413	1,740,656
Equipment (note 7)	**43,290**	60,589
Mineral properties and deferred exploration expenditures (note 8)	**2,469,584**	2,357,029
	3,411,287	4,158,274
LIABILITIES		
Current		
Accounts payable and accrued liabilities (note 9)	**378,380**	79,402
	378,380	79,402
Basis of Presentation and Going Concern (note 1)		
SHAREHOLDERS' EQUITY		
Capital stock (note 10)	**4,698,203**	4,698,203
Warrants (note 11)	**108,004**	108,004
Contributed surplus (note 12)	**381,287**	358,272
Deficit	**(2,154,587)**	(1,085,607)
	3,032,907	4,078,872
	3,411,287	4,158,274

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 years ended December 31, 2008 and 2007

	2008	**2007**
	$	**$**
Salaries and management fees (note 9)	**177,544**	155,830
Legal and audit	**74,847**	77,626
Investor relations	**84,296**	164,873
Regulatory fees	**10,213**	6,095
Transfer agent	**8,555**	9,685
Office expenses	**25,446**	18,363
Rent	**40,271**	15,655
Communications	**10,299**	5,464
Travel	**17,382**	20,568
Property investigation costs	**7,328**	-
Foreign exchange (gain)/loss	**(26,133)**	73,993
Amortization	**4,961**	2,936
Stock-based compensation (note 12)	**23,015**	250,734
Total administrative expenses	**458,024**	801,822
Other Income		
Revaluation loss on marketable securities held for trading	**30,250**	3,000
Mineral properties write-offs	**605,971**	-
Interest (income)	**(25,265)**	(67,676)
Net loss and comprehensive loss	**1,068,980**	737,146
Deficit, beginning of period	**1,085,607**	348,461
Deficit, end of period	**2,154,587**	1,085,607
Loss per share - basic and diluted	**0.05**	0.04
Weighted average number of common shares	**20,215,000**	19,511,786

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

SOLTORO LTD.
Consolidated Statements of Cash Flows
For the years ended December 31, 2008 and 2007

	2008	2007
Operating activities	**$**	**$**
Net loss and comprehensive loss	**(1,068,980)**	(737,146)
Revaluation loss on financial instruments (gain)/loss held-for-trading	**30,250**	3,000
Amortization charged to operations	**4,961**	2,936
Stock- based compensation	**23,015**	250,734
Mineral properties write-offs	**605,971**	-
(Increase) decrease in accounts receivable and prepaid expenses	**194,961**	(201,674)
Increase (decrease) in accounts payable and accrued liabilities	**298,978**	(8,195)
	89,156	(690,345)
Investing activities		
Purchase of equipment	**(3,529)**	(18,321)
Exploration expenditures	**(1,487,806)**	(1,957,113)
JV partner funding	**761,897**	392,876
	(729,438)	(1,582,558)
Financing activities		
Issuance of share capital, net of costs	**-**	966,950
	-	966,950
Change in cash	**(34,311)**	(1,305,953)
Cash, beginning of period	**1,443,971**	2,749,924
Cash, end of period	**803,689**	1,443,971

Interest paid	-	-
Income tax paid	-	-

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

SOLTORO LTD.
Consolidated Statements of Changes in Shareholders' Equity
For the years ended December 31, 2008 and 2007

	2008	2007
	$	$
Capital stock		
Balance at begin of year	4,698,203	3,629,527
Private placements (net of issue costs)	-	534,746
Warrants exercise	-	298,200
Fair value of warrant exercise	-	59,561
Property payments	-	70,000
Shares in lieu of advance royalty payment on property	-	75,000
Option exercised	-	26,000
Fair value of options exercise	-	5,169
	-	
Balance at end of year	**4,698,203**	**4,698,203**
Broker warrants		
Balance at beginning of year	108,004	59,561
Assumed pursuant to RTO	-	-
Fair value of warrants issued	-	108,004
Fair value of exercised warrants	-	(59,561)
	-	
Balance at end of year	**108,004**	**108,004**
Contributed surplus		
Balance at beginning of year	358,272	112,707
Stock-based compensation (Note 10)	23,015	250,734
Fair value of exercised options		(5,169)
Balance at end of year	**381,287**	**358,272**
Deficit		
Balance at beginning of year	(1,085,607)	(348,461)
Net loss and comprehensive loss for the year	(1,068,980)	(737,146)
Balance at end of year	**(2,154,587)**	**(1,085,607)**
Total	**3,032,907**	**4,078,872**

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

1. BASIS OF PRESENTATION AND GOING CONCERN

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 one business segment being the 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.

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. Accounts which require management to make material estimates in determining amounts recorded include fair value of assets, asset retirement obligations, future income, taxes and stock-based compensation.

d) 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 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.

e) 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.

f) 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.

g) 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.

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

i) 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 December 31, 2008, there are no asset retirement obligations associated with any of the Company's properties.

j) Financial Instruments and Comprehensive Income (Loss)

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*.

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 consolidated statement of operations, comprehensive loss and deficit. Cumulative changes in other comprehensive income are included in accumulated other comprehensive income ("AOCI") which is presented as a new category in shareholders' equity.

All financial instruments are classified into one of these five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are measured in the balance sheet at fair value except for loans and receivables, held to maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification, as follows: held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net earnings; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is derecognized or impaired at which time the amounts would be recorded in net earnings.

The Company has made the following classifications:

Cash and cash equivalents	-	Held-for-trading
Marketable security	-	Available-for-sale
Accounts receivable	-	Loans and receivables
Accounts payable and accrued liabilities	-	Other financial liabilities

Transaction costs are expensed as incurred for all financial instruments.

Section 3865 specifies the circumstances under which hedge accounting is permissible and how hedge accounting may be performed. As at and during the year ended December 31, 2008, the Company had no hedges. At January 1, 2007, there was no effect on the Company's consolidated balance sheet of adopting these standards.

k) Accounting policy choice for transaction costs

On June 1, 2007, the Emerging Issues Committee of the CICA issued Abstract No. 166, Accounting Policy Choice of Transaction Costs (EIC-166). This EIC addresses the accounting policy choice of expensing or adding transaction costs related to the acquisition of financial assets and financial liabilities that are classified as other than held-for-trading. Specifically, it requires that the same accounting policy choice be applied to all similar financial instruments classified as other than held-for-trading, but permits a different policy choice for financial instruments that are not similar. The Company has adopted EIC-166 effective September 30, 2007 and requires retroactive application to all transaction costs accounted for in effect September 30, 2007 and requires retroactive application to all transaction costs accounted for in accordance with CICA Handbook Section 3855, Financial Instruments – Recognition and Measurement. The Company has evaluated the impact of IEC-166 and determined that no adjustments were required.

l) Accounting changes

In July 2006, the Accounting Standards Board ("AcSB") issued a replacement of The Canadian Institute of Chartered Accountants' Handbook ("CICA" Handbook") Section 1506, Accounting Changes. The new standards allow for voluntary changes in accounting policy only when they result in the financial statements providing reliable and more relevant information, requires changes in accounting policy to be applied retrospectively unless doing so is impracticable, requires prior period errors to be corrected retrospectively and calls for enhanced disclosures about the effects of changes in accounting policies estimates and errors on the financial statements. The impact that the adoption of Section 1506 will have on the Company's results of operations and financial condition will depend on the nature of future accounting changes.

m) 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.

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.

CICA Section 1400 – *General Standards of Financial Statements* presentation requires an entity to include additional requirements to assess and disclose an entity's ability to continue as a going concern. Section 1400 is effective for interim and annual reporting periods beginning on or after January 1, 2008. The adoption of this standard has no impact on the Company's operating results or financial position.

n) Future accounting changes

(i) 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.

(ii) Goodwill and Intangible Assets

In November 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". Under current Canadian standards, more items are recognized as assets than under International Financial Reporting Standards (IFRS). The objective of CICA 3064 are to reinforce the principle-based approach to the recognition of assets only in accordance with the definition of an asset and the criteria for asset recognition; and to clarify the application of the concept of matching revenues and expenses such that the current practice of recognizing asset items that do not meet the definition and recognition criteria is eliminated. The provisions relating to the new standards with respect to Goodwill remain unchanged. The provisions relating to the definition and initial recognition of intangible assets intends to reduce the differences with IFRS in the accounting of intangible assets. The new standard also provides guidance for the recognition of internally developed intangible assets (including research and development activities), ensuring consistent treatment of all intangible assets.

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 and the Company is currently assessing the impact of this new accounting standard on its financial statements.

(iii)Business combination;. Consolidated financial statements and non-controlling interests.

The CICA issued three new accounting standards in January 2009: Section 1582, Business Combinations, Section 1601, Consolidated Financial Statements and Section 1602, Non-Controlling Interests. These new standards will be effective for fiscal years beginning on or after January 1, 2011. The Company is in the process of evaluating the requirements for the new standards.

Section 1852 replaces section 1581 and established standards for the accounting for a business combination. It provides the Canadian equivalent to International Financial Reporting Standards IFRS 3 – Business Combinations. The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Section 1601 and 1602 together replace Section 1600, Consolidated Financial Statements. Section 1601, establishes standards for the preparation of consolidated financial statements. Section 1601 applies to interim, and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of International Financial Reporting Standard IAS-27 – Consolidated and Separate Financial Statements and applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011.

(iv) EIC - Credit risk and the fair value of financial assets and financial liabilities

In January 2009, the CICA approved EIC 173 Credit Risk and the Fair Value of Financial Assets and Financial Liabilities. This guidance clarified that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities including derivative instruments. This guidance is applicable to fiscal periods ending on or after January 12, 2009. The Company is continually evaluating its counterparties and their credit risks.

(v) EIC - Mining exploration costs

On March 27, 2009, the Emerging Issues Committee of the CICA approved an abstract EIC 174 Mining Exploration Costs, which provides guidance on capitalization of exploration costs related to mining properties in particular, and on impairment of long lived assets in general. 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 year ended December 31, 2008. The Company is not subject to externally imposed capital requirements.

6. PROPERTY AND FINANCIAL RISK FACTORS

Risk management is carried out by the Company’s management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Director also provides regular guidance for overall risk management.

(i) Property risk

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.

(ii) 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 deposited with reputable financial institutions 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.

(iii) 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 December 31, 2008, the Company had a cash balance of $803,689; (December 31, 2007 - $1,443,971) to settle current liabilities of $378,380 (December 31, 2007 - $79,402).

(iv) 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.

(v) 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 December 31, 2008, the Company had cash balance of $803,689 (December 31, 2007 - $1,443,971) which includes investment-grade short-term deposit certificates.

(vi) 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.

(vii) Commodity price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as 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 December 31, 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 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 3%, the effect on the financial statements as at December 31, 2008 would be a change in foreign exchange of +/- CDN $18,370. If the Mexican Pesos rose or fell in relation to the Canadian dollar by 3%, the effect on the financial statements as at December 31, 2008 would be a change in foreign exchange of +/- CDN $610.

(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 December 31, 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

	December 30, 2008			December 31,2007
	Cost	**Accumulated amortization**	**Net**	**Net**
	$	**$**	**$**	**$**
Equipment	30,056	12,410	17,646	20,273
Vehicles	58,692	33,048	25,644	40,316
Total	**88,748**	**45,458**	**43,290**	**60,589**

During the period ended December 31, 2008, the Company charged amortization expense of $15,687 ($15,349 for year ended December 31, 2007) related to equipment used in exploration activities to deferred exploration expenditures.

8. MINERAL PROPERTIES AND DEFERRED DEVELOPMENT EXPENDITURES

At December 31, 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 December 31, 2008 $
El Rayo Concessions			
Acquisition costs	148,727	13,387	162,114
Deferred exploration costs	1,294,990	536,792	1,831,782
	1,443,717	550,179	1,993,896
La Tortuga Concessions			
Acquisition costs	105,903	21,770	127,673
Deferred exploration costs	487,971	758,405	1,246,376
JV partner funding	(392,876)	(761,897)	(1,154,773)
	200,998	18,278	219,276
Quila Concession			
Acquisition costs	19,189	-	19,189
Deferred exploration costs	5,498	1,419	6,917
Property payment from JV partner	(20,000)	(23,250)	(43,250)
	4,687	(21,831)	(17,144)
El Santuario Concession			
Acquisition costs	5,963	6,646	12,609
Deferred exploration costs	6,513	14,116	20,629
	12,476	20,762	33,238
Chinipas Concession			
Acquisition costs	3,647	1,275	4,922
Deferred exploration costs	20,587	-	20,587
	24,234	1,275	25,509
Coyote Concession			
Acquisition costs	3,560	21,797	25,357
Deferred exploration costs	4,029	34,168	38,197
	7,589	55,965	63,554
Victoria Concession			
Acquisition costs	6,178	9,753	15,931
Deferred exploration costs	22,695	17,358	40,053
	28,873	27,111	55,984
Gavilan Concession			
Acquisition costs	7,106	3,321	10,427
Deferred exploration costs	7,251	604	7,855
	14,357	3,925	18,282
Peña Grande Concession			
Acquisition costs	12,086	-	12,086
Deferred exploration costs	15,047	965	16,012
	27,133	965	28,098
Margarita Concession			
Acquisition costs	-	3,824	3,824
Deferred exploration costs	-	14,628	14,628
	-	18,452	18,452

	Balance December 31, 2007 $	Additions $	Balance December 31, 2008 $
Bacanora Concessions			
Acquisition costs	117,011	13,533	130,544
Deferred exploration costs	456,432	10,027	466,459
Property write-off		(597,003)	(597,003)
	573,443	(573,443)	0
Midas Concessions			
Acquisition costs	3,165	791	3,956
Deferred exploration costs	2,038	2,974	5,012
Property write-off		(8,968)	(8,968)
	5,203	(5,203)	0
Other	14,319	16,120	30,439
	2,357,029	112,555	2,469,584

Other Cumulative Expenditures since Inception

	$	$	$
Opening Balance	2,357,029	112,555	2,469,584
Discontinued Properties			
Bacanora Concession	573,443	23,560	597,003
Midas Concession	5,203	3,765	8,968
	578,646	27,325	605,971
Total Cumulative Mineral Expenditures since Inception	2,935,675	139,880	3,075,555

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. In January of 2009, Soltoro Ltd was advised by Sumitomo that it intended to terminate its option to earn an interest in the La Tortuga project. Final settling of accounts and termination of the option to earn-in was completed on April 8, 2009. Soltoro-Mexico retains 100% title interest to the La Tortuga concession.

c) 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 July 5, 2007, Southern Silver's Mexican subsidiary acquired the "Altavista Del Ramos" 91 hectare concession, located within the Quila claim block. This concession is subject to the terms of the earn-in agreement. On February 7, 2009, Southern Silver entered its third year earn-in period and issued to the Company an additional 75,000 shares with a fair value of $7,500. The Company now holds 200,000 shares in Southern Silver.

d) El Santuario Concessions

The El Santuario concessions are held by Soltoro-Mexico which owns 100% title interest to the "El Santuario" and "Sant" concessions. These two concessions cover a total area of 3,200 hectares and are located in the Cardonal mining district in the state of Hidalgo, Mexico.

e) Chinipas Concessions

The Chinipas Project comprises a titled concession and a concession under application in the Chinipas district in the state of Chihuahua, Mexico. Soltoro-Mexico holds a 100% interest in the titled concession and is the sole applicant for the untitled concession. The titled concession is 1,421 hectares with 50 hectares under application.

f) 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 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.

g) Victoria Concession

Soltoro-Mexico holds 100% title interest to the 10,985 hectare "Victoria" concession located in the state of Jalisco, Mexico.

h) 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.

i) Peña Grande Concession

On December 7, 2006, Soltoro-Mexico applied for the 31,678 hectare “Peña Grande” concession in the state of San Luis Potosi. Title has not yet been issued.

j) Margarita Concession

On March 3, 2008, Soltoro-Mexico applied for the 1,371 hectare “Margarita” concession in the state of Michocan. Title has not yet been issued.

k) 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 The Bacanora concessions were abandoned during the year ended December 31, 2008 with a total expenditure of $597,003 being written down.

l) Midas Concession

The Midas concession which was titled on November 28, 2007 covering 810 hectares is located in the Jalisco state and was abandoned during the year ended December 31, 2008 with a total expenditure of $8,968 being written down.

9. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2008, the Company incurred management and geological consultancy fees of $274,346 (December 31, 2007 - $183,287) 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, $153,044 (December 31, 2007, - $63,000) was charged to operations for officers of the Company, and $121,302 (December 31, 2007 - $120,287) was capitalized as a component of the Company’s mineral properties and deferred exploration expenditures.

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 – December 31, 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.

11. WARRANTS

The following table reflects the continuity of warrants for the year ended December 31, 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 – December 31, 2008	**500,000**	**108,004**

On January 29, 2007, pursuant to the private placement of units described in note 10(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. These warrants had a fair value of $108,004 which estimated using the Black-Scholes option pricing model and the following assumptions:

Risk free interest rate	4%
Dividend yield	nil
Expected volatility	85%
Expected life	1.5 years

The warrants outstanding at December 31, 2008 are set out below.

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

12. CONTRIBUTED SURPLUS AND STOCK-BASED COMPENSATION

The continuity of contributed surplus during the period ended December 31, 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	23,015
Balance – December 31, 2008	**381,287**

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.

The continuity of outstanding stock options for the year ended December 31, 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	(225,000)	**0.58**
Balance – December 31, 2008	**1,655,000**	**0.36**

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

Exercise price	**Number of options**		**Expiry**	**Remaining Contractual**
$	**Outstanding**	**Exercisable**	**Date**	**Life (years)**
0.25	410,000	410,000	October 24, 2009	0.8
0.10	220,000	220,000	November 30, 2009	0.9
0.36	440,000	440,000	September 22, 2010	1.7
0.63	295,000	295,000	January 31, 2012	3.0
0.45	290,000	290,000	June 28, 2012	3.4
0.39	**1,655,000**	**1,655,000**		**1.9**

The fair value of the options issued and outstanding prior to the year ended December 31, 2008 was estimated at the dates of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

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

During the year ended December 31, 2008, there were no options granted and the Company recognized a total expense of $23,015 (December 31, 2007 - $250,734) in stock-based compensation, which has been charged to operations over the vesting period. In addition, the Company will recognize an additional expense of $NIL subsequent to December 31, 2008 (December 31, 2007 – $28,228).

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. INCOME TAX INFORMATION

The provision for income taxes reported differs from the amounts computed by applying the cumulative Canadian federal and provincial income tax rates to the net loss and comprehensive loss due to the following:

	2008	2007
Statutory rate	33.00%	36.12%
Loss before income taxes	$ (1,068,980)	$ (737,146)
Loss from foreign operations	648,810	107,049
Amortization of tangible assets	2,326	1,157
Non-deductible meals and entertainment	4,447	6,139
Unrealized loss on marketable securities	30,250	3,000
Stock-based compensation	23,015	250,734
Net loss for income tax purposes	**$ (360,132)**	**$ (369,067)**

The tax effect of temporary differences that would give rise to significant portions of the future tax assets and future tax liabilities at December 31, were as follows:

	2008	2007
Unrealized loss on marketable securities	$ 11,000	$ 1,000
Losses available for carry-forward	308,000	206,000
	319,000	207,000
Valuation allowance	(319,000)	(207,000)
Net loss for income tax purposes	**$ -**	**$ -**

The Company has placed a full valuation allowance on its excess tax assets due to a lack of past taxable profits. It does not believe significant income tax obligations will occur in the near future. At December 31, 2008, the Company has the following unused tax losses available for tax carry-forward purposes:

Amount	Expiry
$ 21,000	2015
181,678	2026
369,067	2027
360,132	2028
$ 931,877	

The estimated taxable income for the year ended December 31, 2008 is $Nil (2007: $Nil). It cannot be reasonably estimated at this time if it is more likely than not that the Company will realize the benefits from future income tax assets or the amounts owing from future income tax liabilities. Consequently, the future recovery or loss arising from differences in tax values and accounting values has been reduced by an equivalent estimated taxable temporary difference valuation adjustment.

The estimated taxable temporary valuation allowance will be adjusted in the period in which it is determined that it is more likely than not that some portion or all of the future tax assets or future tax liabilities will be realized.

15. COMPARATIVE FIGURES

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

16. SUBSEQUENT EVENTS

a) In January of 2009, Soltoro Ltd was advised by SMM Exploration Corporation, a subsidiary of Sumitomo Metal Mining Co., Ltd, ("Sumitomo"), that it intended to terminate its option to earn an interest in the La Tortuga project subject to receiving the results from the first two drill holes of a planned 2,000 metre drill program that commenced in December 2008. On February 5, 2009, all assay results for these holes were submitted to Sumitomo. Upon review of the results and due to current economic conditions, Sumitomo elected to withdraw from its option. The option to earn-in to the project was completed on April 8, 2009 and final settlement of the accounts resulted in Soltoro Ltd. repaying Sumitomo US$ 200,000 in prior advances. Soltoro-Mexico retains 100% title interest to the La Tortuga concession.

b) On January 16, 2009 Soltoro Ltd. signed a contract with B.D.W. Drilling whereby both parties agreed to defer a portion of the drill costs on the La Tortuga Project for a 6 month period. At the end of the six month period Soltoro Ltd. may elect to satisfy any outstanding liability by issuance of common shares subject to regulatory approval.

c) On January 29, 2009, the 500,000 share purchase warrants that were exercisable at $0.75 expired. As a result the Company no longer has any warrants outstanding.