



SOLTORO LTD.

(A DEVELOPMENT STAGE ENTERPRISE)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2009 & 2008

26 April 2010

Management's Responsibility for Financial Reporting

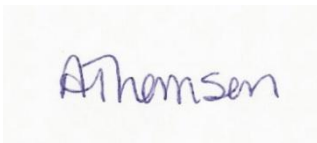
The accompanying consolidated financial statements of Soltoro Ltd. were prepared by management in accordance with Canadian generally accepted accounting principles. Management acknowledges responsibility for the preparation and presentation of the financial statements, including responsibility for significant 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 3 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.

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the audited annual financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the audited annual financial statements and (ii) the audited annual financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited interim financial statements.

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

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.



Andrew Thomson
President and Chief Executive Officer



Douglas Reeson
Chief Financial Officer

AUDITORS' REPORT

SIEVERT & SAWRANTSCHUK LLP CHARTERED ACCOUNTANTS

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

AUDITORS' REPORT

TO THE SHAREHOLDERS OF SOLTORO LTD.:

We have audited the consolidated balance sheets of Soltoro Ltd. as at December 31, 2009 and 2008, and the consolidated statements of operations and comprehensive loss, changes in shareholders' equity, and cash flows for each of the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits 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 statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2009 and 2008 and the results of its operations and its cash flows for each of the years then ended in accordance with Canadian generally accepted accounting principles.



Toronto, Canada
April 26, 2010

Sievert & Sawrantschuk LLP
Chartered Accountants, Licensed Public Accountants

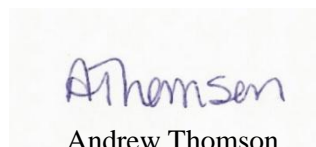
SOLTORO LTD.
Consolidated Balance Sheets
As at December 31, 2009 and 2008
(Audited & expressed in Canadian dollars)

	2009	2008
	\$	\$
ASSETS		
Current		
Cash and short term investments	493,066	803,689
Financial instruments held-for-trading (note 6)	30,000	10,000
Accounts receivable and prepaid expenses	127,729	84,724
	650,795	898,413
Equipment (note 7)	25,434	43,290
Mineral properties and deferred exploration expenditures (note 8)	3,647,232	2,469,584
	4,323,461	3,411,287
LIABILITIES		
Current		
Accounts payable and accrued liabilities (note 9)	211,652	378,380
	211,652	378,380
Basis of Presentation and Going Concern (note 1)		
SHAREHOLDERS' EQUITY		
Share capital (note 10)	6,073,624	4,698,203
Warrants (note 11)	102,085	108,004
Contributed surplus (note 13)	657,881	381,287
Deficit	(2,721,781)	(2,154,587)
	4,111,809	3,032,907
	4,323,461	3,411,287

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 and
Comprehensive Loss
For the years ended December 31, 2009 and 2008
(Audited & expressed in Canadian dollars)

	2009	2008
	\$	\$
Salaries and management fees (note 9)	186,256	177,544
Legal and audit	25,822	74,847
Investor relations	62,404	84,296
Regulatory fees	10,189	10,213
Transfer agent	11,280	8,555
Office expenses	15,798	25,446
Rent	43,355	40,271
Communications	11,857	10,299
Travel	27,613	17,382
Property investigation costs	-	7,328
Foreign exchange (gain)/loss	(15,863)	(26,133)
Amortization	4,464	4,961
Stock-based compensation (note 12)	221,480	23,015
Total administrative expenses	604,655	458,024
Other Income		
Interest (income)	(316)	(25,265)
Mineral properties write-offs (note 8)	-	605,971
Mineral property payments (note 8)	(24,645)	-
Unrealised loss (gain) on held-for-trading securities	(12,500)	30,250
Net loss & comprehensive loss	567,194	1,068,980
Loss per share - basic and diluted	0.02	0.05
Weighted average number of common shares	23,919,245	20,215,000

SOLTORO LTD.
Consolidated Statements of Cash Flows
For the years ended December 31, 2009 and 2008
(Audited & expressed in Canadian dollars)

	2009	2008
	\$	\$
Operating activities		
Net loss and comprehensive loss	(567,694)	(1,068,980)
Amortization charged to operations	4,464	4,961
Stock-based compensation	221,480	23,015
Mineral properties write-offs	-	605,971
Unrealised (gain)/loss on financial instruments held-for-trading (note 6)	(12,500)	30,250
(Increase) decrease in accounts receivable and prepaid expenses	(43,005)	194,961
Increase (decrease) in accounts payable and accrued liabilities	(166,728)	298,978
	(563,483)	89,156
Investing activities		
Purchase of equipment	-	(3,529)
Exploration expenditures (note 8)	(1,171,755)	(1,487,806)
Partner funding	-	761,897
	(1,171,755)	(729,438)
Financing activities		
Issuance of share capital, net of costs (note 10)	1,313,868	-
Issuance of warrants, net of costs (note 11)	110,747	-
	1,424,615	-
Change in cash	(310,623)	(640,282)
Cash at beginning of year	803,689	1,443,971
Cash at end of year	493,066	803,689
Supplementary Information		
Interest paid	-	-
Income tax paid	-	-
Shares received for property payment	7,500	-

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, 2009 and 2008

(Audited & expressed in Canadian dollars)

	2009	2008
	\$	\$
Capital stock		
Balance at beginning of fiscal year	4,698,203	4,689,203
Private placements (net of issue costs)	1,121,870	-
Warrants exercised		
Cash value of warrants exercised	67,500	-
Fair value of warrants exercised	8,661	-
Options exercised		
Cash value of options exercised	124,500	-
Fair value of options exercised	52,890	-
Balance at end of year	6,073,624	4,698,203
Warrants		
Balance at beginning of fiscal year	108,004	108,004
Fair value of warrants issued (net of issue costs)	110,747	-
Fair value of exercised warrants	(8,661)	-
Fair value of expired warrants	(108,004)	-
Balance at end of year	102,085	108,004
Contributed surplus		
Balance at beginning of fiscal year	381,287	358,272
Stock-based compensation (Note 12)	221,480	23,015
Fair value of expired warrants	108,004	-
Fair value of exercised stock options	(52,890)	-
Balance at end of year	657,881	381,287
Deficit		
Balance at beginning of year	(2,154,587)	(1,085,607)
Net loss and comprehensive loss for the year	(567,194)	(1,068,980)
Balance at end of year	(2,721,781)	(2,154,587)
Total	4,111,809	3,032,907

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

SOLTORO LTD.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2009 and 2008

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; confirmation of the Company’s interest in the underlying mineral concessions; 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. 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.

SOLTORO LTD.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2009 and 2008

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.

SOLTORO LTD.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2009 and 2008

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, 2009, 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*.

SOLTORO LTD.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2009 and 2008

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 securities	-	Held-for-trading
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, 2009, the Company had no hedges.

k) New accounting policies

Goodwill and Intangible Assets

Effective January 1, 2009, the Company adopted CICA Section 3064, "Goodwill and Intangible Assets" which replaces CICA Sections 3062, "Goodwill and Other Intangible Assets" and 3450 "Research and Development Costs", as well as EIC-27, "Revenues and Expenditures During the Pre-operating Period", and part of Accounting Guideline 11, "Enterprises in the development stage". Under previous Canadian standards, a greater number of items were recognized as assets than are recognized under International Financial Reporting Standards ("IFRS"). The provisions relating to the definition and initial recognition of intangible assets reduce the differences with IFRS in the accounting for intangible assets. The objectives of CICA 3064 are: 1) to reinforce the principle-based approach to the recognition of assets; 2) to establish the criteria for asset recognition; and 3) to clarify the application of the concept of matching revenues and expenses such that the current practice of recognizing assets items that do not meet the recognition criteria is eliminated. The standard also provides guidance for the recognition of internally developed intangible assets (including research and development activities), ensuring consistent treatment of all intangible assets. The portions in the standard relating to goodwill remain unchanged.

SOLTORO LTD.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2009 and 2008

The adoption of this standard had no impact on the Company's presentation of its financial position or results of operations as at December 31, 2009.

Fair Value Hierarchy and Liquidity Risk Disclosure

In June 2009, the CICA issued an amendment to Handbook Section 3862 to provide improvements to fair value and liquidity risk disclosures. The amendment applies to the Company's fiscal year ending December 31, 2009. This adoption resulted in additional disclosure as provided below. The following summarizes the methods and assumptions used in estimating the fair value of the Company's financial instruments where measurement is required. The fair value of short-term financial instruments approximates their carrying amounts due to the relatively short period to maturity. These include cash, short-term investments, accounts receivable and accounts payable and accrued liabilities. Equity investments classified as available for sale that do not have an active trading market are recorded at cost. Fair value amounts represent point-in-time estimates and may not reflect fair value in the future.

The measurements are subjective in nature, involve uncertainties and are a matter of significant judgment. The methods and assumptions used to develop fair value measurements, for those financial instruments where fair value is recognized in the balance sheet, have been prioritized into three levels as per the fair value hierarchy included in GAAP.

- Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level two includes inputs that are observable other than quoted prices included in level one.
- Level three includes inputs that are not based on observable market data.

	Level One	Level Two	Level Three
Cash and short term investments	\$ 493,066	\$ -	\$ -
Marketable securities	\$ 30,000	\$ -	\$ -

1) 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) 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. Section 1582 replaces section 1581 and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to IFRS 3, "Business Combinations". Sections 1601 and 1602 together replace section 1600, "Consolidated Financial Statements". Section 1601 establishes standards for the preparation of consolidated financial statements. 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

SOLTORO LTD.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2009 and 2008

equivalent to the corresponding provisions of IFRS IAS-27, "Consolidated and Separate Financial Statements". The Company is in the process of evaluating the requirements of the new standards.

4. CAPITAL MANAGEMENT

When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to achieve optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of mineral properties. 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 team to sustain the future development of the business. As at December 31, 2009 total shareholders' equity (managed capital) was \$4,111,809 (December 31, 2008 - \$3,032,907).

The properties in which the Company currently has an interest are in the exploration stage. 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. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient 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 appropriate. There were no changes in the Company's approach to capital management during the year ended December 31, 2009. The Company is not subject to externally imposed capital requirements.

5. 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 Directors 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 minimal.

SOLTORO LTD.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2009 and 2008

(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, 2009, the Company had a cash balance of \$493,066; (December 31, 2008 - \$803,689) to settle current liabilities of \$211,652 (December 31, 2008 - \$378,380). The Company is seeking additional capital to increase liquidity.

(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 the prices of commodities and equities.

(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, 2009, the Company had cash balance of \$493,066 (December 31, 2008 - \$803,689) 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) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. 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, particularly as they relate to gold, silver, copper, and zinc, individual equity movements and the stock market in general to determine the appropriate course of action to be taken by the Company. The Company's investment in marketable securities is subject to fair value fluctuations arising from changes in the resource sector and equity markets.

Sensitivity analysis

The Company has, for accounting purposes, designated its marketable securities as held-for-trading, which is measured at fair value. Accounts receivable are classified for accounting purposes as loans and receivables, which are measured at amortized cost which equals fair value. Accounts payable and accrued liabilities are classified for accounting purposes as other financial liabilities, which are measured at amortized cost which also equals fair market value.

As at December 31, 2009, both the carrying and fair value amounts of the Company's financial instruments related to cash, accounts receivable and accounts payable and accrued liabilities are approximately equivalent.

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over the year:

SOLTORO LTD.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2009 and 2008

- (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 5%, the effect on the financial statements as at December 31, 2009 would be a change in foreign exchange of +/- CDN \$630. If the Mexican Pesos rose or fell in relation to the Canadian dollar by 5%, the effect on the financial statements as at December 31, 2009 would be a change in foreign exchange of +/- CDN \$1,702. Similarly, as at December 31, 2009, the Company's reported shareholders' equity would have been approximately \$2,332 lower/higher as a result of a 5% decrease/increase in foreign exchange.
- (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, 2009, 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.
- (iv) The Company's marketable securities are denominated in Canadian dollars and are subject to fair value fluctuations. As at December 31, 2009, if the fair value of the Company's marketable securities had increased/decreased by 10% with all other variables held constant, accumulated other comprehensive loss for the year ended December 31, 2009 would have been approximately \$3,000 lower/higher. Similarly, as at December 31, 2009, the Company's reported shareholders' equity would have been approximately \$3,000 lower/higher as a result of a 10% decrease/increase in marketable securities.

6. MARKETABLE SECURITIES

Marketable securities consist of common shares of Southern Silver Exploration Corp., a publicly held Canadian company focused on the acquisition, exploration and development of mineral properties in Mexico. The market value of the shares at December 31, 2009 was \$30,000 including the receipt of an additional 75,000 shares on February 7, 2009 (December 31, 2008 - \$10,000).

SOLTORO LTD.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2009 and 2008

7. EQUIPMENT

	December 31, 2009		December 31, 2008	
	Cost	Accumulated amortization	Net	Net
	\$	\$	\$	\$
Equipment	30,056	17,957	12,099	17,646
Vehicles	58,692	45,357	13,335	25,644
Total	88,748	63,314	25,434	43,290

During the year ended December 31, 2009, there were no additions of equipment and amortization charges of \$13,393 (\$15,687 for year ended December 31, 2008) related to equipment used in exploration activities were capitalized to deferred exploration expenditures.

SOLTORO LTD.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2009 and 2008

8. MINERAL PROPERTIES AND DEFERRED DEVELOPMENT EXPENDITURES

At December 31, 2009, 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, 2008	Additions	Balance December 31, 2009
	\$	\$	\$
El Rayo Concessions			
Acquisition costs	162,114	17,843	179,957
Deferred exploration costs	1,831,782	712,186	2,543,968
	<u>1,993,896</u>	<u>730,029</u>	<u>2,723,925</u>
La Tortuga Concessions			
Acquisition costs	127,673	22,856	150,529
Deferred exploration costs	1,246,376	251,737	1,498,113
Partner funding	(1,154,773)	-	(1,154,773)
	<u>219,276</u>	<u>274,593</u>	<u>493,869</u>
Quila Concession			
Acquisition costs	19,189	-	19,189
Deferred exploration costs	6,917	-	6,917
Property payment from JV partner	(43,250)	17,145	(26,105)
	<u>(17,144)</u>	<u>17,145</u>	<u>1</u>
El Santuario Concession			
Acquisition costs	12,609	3,912	16,521
Deferred exploration costs	20,629	26,057	46,686
	<u>33,238</u>	<u>29,969</u>	<u>63,207</u>
Chinipas Concession			
Acquisition costs	4,922	1,305	6,227
Deferred exploration costs	20,587	40,430	61,017
	<u>25,509</u>	<u>41,735</u>	<u>67,244</u>
Coyote Concession			
Acquisition costs	25,357	7,687	33,044
Deferred exploration costs	38,197	10,212	48,409
	<u>63,554</u>	<u>17,899</u>	<u>81,453</u>
Victoria Concession			
Acquisition costs	15,931	9,799	25,730
Deferred exploration costs	40,053	27,136	67,189
	<u>55,984</u>	<u>36,935</u>	<u>92,919</u>
Gavilan Concession			
Acquisition costs	10,427	1,109	11,536
Deferred exploration costs	7,855	2,191	10,046
	<u>18,282</u>	<u>3,300</u>	<u>21,582</u>
Peña Grande Concession			
Acquisition costs	12,086	-	12,086
Deferred exploration costs	16,012	10,824	26,836
	<u>28,098</u>	<u>10,824</u>	<u>38,922</u>

SOLTORO LTD.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2009 and 2008

	Balance December 31, 2008 \$	Additions \$	Balance December 31, 2009 \$
Margarita Concession			
Acquisition costs	3,824	264	4,088
Deferred exploration costs	14,628	146	14,774
	<u>18,452</u>	<u>410</u>	<u>18,862</u>
Other	30,439	14,809	45,248
	<u>2,469,584</u>	<u>1,177,648</u>	<u>3,647,232</u>

Other Cumulative Expenditures since Inception

	\$	\$	\$
Opening Balance	2,469,584	1,177,648	3,647,232
Discontinued Properties			
Bacanora Concession	597,003	-	597,003
Midas Concession	8,968	-	8,968
	<u>605,971</u>	<u>-</u>	<u>605,971</u>
Total Cumulative Mineral Expenditures since Inception	<u>3,075,555</u>	<u>1,177,648</u>	<u>4,253,203</u>

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 concessions.

SOLTORO LTD.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2009 and 2008

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. 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. On January 13, 2010, Southern Silver terminated its option on the Quila property.

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 concessions are held by Soltoro-Mexico which owns 100% title interest covering a total area of 1,471 hectares and are located in the state of Chihuahua, Mexico.

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 to effect transfer of the internal 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. On May 12, 2009, Soltoro signed a second ratification letter agreement with the vendor extending the title transfer date to November 12, 2009. Soltoro made a partial payment of US\$5,000 to the vendor on signing with the balance of US\$15,000 due on November 12, 2009. On November 12, 2009, Soltoro signed a third ratification letter agreement with the vendor extending the title transfer date to May 12, 2010. Soltoro made a partial payment of US\$5,000 to the vendor on signing with the balance of US\$10,000 due on May 12, 2010. 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.

g) Victoria Concession

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

SOLTORO LTD.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2009 and 2008

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

Soltoro-Mexico holds 100% title interest to the 31,678 hectare "Peña Grande" concession in the state of San Luis Potosi.

j) Margarita Concession

The Margarita concessions are held by Soltoro-Mexico which owns 100% title interest covering a total area of 1,500 hectares and are located in the state of Michoacan, Mexico.

9. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2009, the Company incurred management and geological consultancy fees of \$287,451 (December 31, 2008 - \$274,346) 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, \$147,044 (December 31, 2008, - \$153,044) was charged to operations for officers of the Company, and \$140,407 (December 31, 2008 - \$121,302) was capitalized as a component of the Company's mineral properties and deferred exploration expenditures.

SOLTORO LTD.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2009 and 2008

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 the amount attributable to warrants	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
Issued for cash pursuant to private placement of 4,470,000 units, net of the amount attributable to warrants ⁽ⁱ⁾	4,470,000	809,070
Share issue costs	-	(100,512)
Agent Commission	154,700	30,940
Finance fee	75,000	13,575
Issued for cash pursuant to private placement of 2,280,000 units, net of the amount attributable to warrants ⁽ⁱⁱ⁾	2,280,000	412,680
Share issue costs	-	(50,263)
Agent Commission	12,250	2,450
Finance fee	21,700	3,929
Issued for cash upon exercise of stock options	630,000	124,500
Transferred from contributed surplus for stock options	-	52,890
Issued for cash upon exercise of warrants	225,000	67,500
Transferred from contributed surplus for warrants	-	8,661
Balance – December 31, 2009	28,083,650	6,073,623

(i) On June 24, 2009, Soltoro Ltd. closed the first tranche of a \$1,350,000 brokered private placement. The first tranche consisted of 4,470,000 units at \$0.20 per unit for gross proceeds of \$894,000. Each unit consisted of one common share and one half of one share purchase warrant, with each warrant exercisable into one common share at a price of \$0.30 per share until December 24, 2010. The compensation to the broker was comprised of \$15,220 cash, 154,700 common shares and 288,500 agents' warrants (exercisable at \$0.30 for one common share for 18 months). An additional corporate finance fee was paid comprised of 75,000 units and legal fees of \$8,000 cash. Issue costs pursuant to the first tranche amounted to \$127,629 consisting of \$69,572 of cash costs and \$58,057 of non-cash costs. The cost of issue was allocated: \$100,512 to common share capital and \$27,112 to warrants.

SOLTORO LTD.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2009 and 2008

- (ii) On July 3, 2009, Soltoro Ltd. closed the second tranche of a \$1,350,000 brokered private placement. The second tranche consisted of 2,280,000 units at \$0.20 per unit for gross proceeds of \$456,000. Each unit consisted of one common share and one half of one share purchase warrant, with each warrant exercisable into one common share at a price of \$0.30 per share until January 3 2011. The compensation to the broker was comprised of \$28,750 cash, 12,250 common shares and 195,000 agents' warrants (exercisable at \$0.30 for one common share for 18 months). An additional corporate finance fee was paid comprised of 21,700 units and legal fees of \$2,000 cash. Issue costs pursuant to the second tranche amounted to \$62,793 consisting of \$47,613 of cash costs and \$14,980 of non-cash costs. The cost of issue was allocated: \$50,063 to common share capital and \$12,530 to warrants.

11. WARRANTS

The following table reflects the continuity of warrants for the year ended December 31, 2009.

	Number of Warrants	Amount \$
Balance - December 31, 2006	716,400	59,561
Issued pursuant to private placement ⁽ⁱ⁾	500,000	108,004
Exercised	(716,400)	(59,561)
Balance – December 31, 2008 and 2007	500,000	108,004
Expired	(500,000)	(108,004)
Issued pursuant to private placement ⁽ⁱⁱ⁾	2,235,000	84,930
Agent's warrants issued ⁽ⁱⁱ⁾	288,500	12,117
Finance fee warrants issued	37,500	1,425
Issue costs pursuant to private placement		(27,117)
Issued pursuant to private placement ⁽ⁱⁱⁱ⁾	1,140,000	43,320
Agent's warrants issued ⁽ⁱⁱⁱ⁾	195,000	8,190
Finance fee warrants issued ⁽ⁱⁱⁱ⁾	10,850	412
Issue costs pursuant to private placement		(12,530)
Exercised	(225,000)	(8,661)
Balance – December 31, 2009	3,681,850	102,086

- (i) The warrants issued on January 29, 2007, pursuant to the private placement of units, were not exercised by the expiry date of January 29, 2009. These warrants had a fair value of \$108,004 which was estimated using the Black-Scholes option pricing model and the following assumptions:

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

- (ii) The unit warrants issued pursuant to the first tranche of the private placement on June 24, 2009, are described in note 10(b)(i) above, and have a fair value of \$86,355 which was estimated using the Black-Scholes option pricing model and the following assumptions:

Risk-free interest rate	2%	Expected volatility	85%
Dividend yield	nil	Expected life-units	1.2 years

SOLTORO LTD.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2009 and 2008

The agent's warrants issued pursuant to the first tranche of the private placement on June 24, 2009, are described in note 10(b)(i) above, and have a fair value of \$12,117 which was estimated using the Black-Scholes option pricing model and the following assumptions:

Risk-free interest rate	2%	Expected volatility	85%
Dividend yield	nil	Expected life-units	1.3 years

- (iii) The unit warrants issued pursuant to the second tranche of the private placement on July 3, 2009, are described in note 10(b)(ii) above, and have a fair value of \$43,732 which was estimated using the Black-Scholes option pricing model and the following assumptions:

Risk-free interest rate	2%	Expected volatility	85%
Dividend yield	nil	Expected life-units	1.2 years

The agent's warrants issued pursuant to the second tranche of the private placement on July 3, 2009, are described in note 10(b)(ii) above, and have a fair value of \$8,190 which was estimated using the Black-Scholes option pricing model and the following assumptions:

Risk-free interest rate	2%	Expected volatility	85%
Dividend yield	nil	Expected life units	1.3 years

SOLTORO LTD.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2009 and 2008

12. STOCK OPTIONS

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 18 months from the date of grant.

The continuity of outstanding stock options for the period ended December 31, 2009 is 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
Issued during the period ⁽ⁱ⁾	1,225,000	0.42
Issued during the period ⁽ⁱⁱ⁾	550,000	0.35
Exercised during the period	(630,000)	0.20
Balance – December 31, 2009	2,800,000	0.37

⁽ⁱ⁾ On September 8, 2009, the Company granted 1,225,000 stock options to directors, officers and consultants of the Company. The options are exercisable at \$0.42 and expire on September 8, 2012. The resulting fair value of \$243,775 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 85%; a risk-free interest rate of 2% and an expected average life of 2.1 years. The options have a vesting term of 50% at date of grant and 25% at 6 and 18 month intervals. For the year ending December 31, 2009, the impact on expenses was \$172,448 in stock-based compensation, which has been charged to operations.

⁽ⁱⁱ⁾ On December 11 2009, the Company granted 550,000 stock options to directors, officers and consultants of the Company. The options are exercisable at \$0.35 and expire on December 10, 2012. The resulting fair value of \$243,775 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 85%; a risk-free interest rate of 2% and an expected average life of 2.1 years. The options have a vesting term of 50% at date of grant and 25% at 6 and 18 month intervals. For the year ending December 31, 2009, the impact on expenses was \$49,031 in stock-based compensation, which has been charged to operations.

SOLTORO LTD.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2009 and 2008

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

Exercise price \$	Number of options		Expiry Date	Remaining Contractual Life (years)
	Outstanding	Exercisable		
0.36	440,000	440,000	September 22, 2010	0.7
0.63	295,000	295,000	January 31, 2012	2.1
0.45	290,000	290,000	June 28, 2012	2.5
0.42	1,225,000	612,500	September 8, 2012	2.7
0.35	550,000	275,000	December 10, 2012	2.9
0.42	2,800,000	1,912,500		2.2

13. CONTRIBUTED SURPLUS

The continuity of contributed surplus during the year ended December 31, 2009 is as follows:

	\$
Balance - December 31, 2006	112,707
Stock-based compensation	250,734
Transferred to share capital	(5,169)
Balance - December 31, 2007	358,272
Stock-based compensation	23,015
Balance – December 31, 2008	381,287
Warrants expired	108,004
Stock-based Compensation	221,480
Transferred to share capital	(52,890)
Balance – December 31, 2009	657,881

SOLTORO LTD.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2009 and 2008

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:

	2009	2008
Statutory rate	29.00%	33.00%
Loss after income taxes	\$ (164,486)	\$ (352,763)
Loss from foreign operations	121	214,107
Amortization of tangible assets	711	768
Non-deductible meals and entertainment	1,352	1,468
Unrealized gain/(loss) on marketable securities	(3,625)	9,983
Share issue costs	35,426	27,642
Loss carry-forward available	64,229	7,595
Stock-based compensation	66,272	91,201
Income tax expense	\$ -	\$ -

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:

Future income tax assets	2009	2008
Unrealized (gain)/loss on marketable securities	\$ (906)	\$ 11,000
Losses available for carry-forward	372,135	308,000
	371,229	319,000
Valuation allowance	(371,229)	(319,000)
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, 2009, the Company has the following unused tax losses available for tax carry-forward purposes:

Amount	Expiry
\$ 21,000	2015
182,000	2026
370,000	2027
444,000	2028
<u>473,000</u>	2029
<u>\$1,490,000</u>	

The estimated taxable income for the year ended December 31, 2009 is \$Nil (2008: \$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

SOLTORO LTD.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2009 and 2008

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. 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.

16. COMPARATIVE FIGURES

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

17. SUBSEQUENT EVENTS

- (i) On February 12, 2010, Soltoro Ltd. closed a non-brokered private placement of 6,715,000 units ("Units") at \$0.35 per Unit for total gross proceeds of \$2,350,250. Each Unit consists of one common share and one half of one common share purchase warrant. Each whole warrant ("Warrant") entitles the holder to subscribe for one additional common share (a "Warrant Share") at a price of \$0.50 per Warrant Share for a period of 18 months from the date of closing. In the event that after four months and one day after the closing, the volume weighted average trading price of the Company's common shares on the TSX Venture Exchange (or such other stock exchange on which the Company's shares are listed and where a majority of the trading volume occurs), for a period of 20 consecutive trading days exceeds \$0.65, the Company may, within five days after such an event, provide notice to the warrant holders of early expiry and thereafter, the Warrants will expire on the date which is 30 days after the date of the notice to the warrant holders. In connection with the financing, the Company issued a total 199,200 Units, in lieu of a cash finder's fee, 402,300 Finder's Warrants and a cash finder's fee of \$71,085 to two separate brokerage firms. Each Finder's Warrant ("Finder's Warrant") entitles the holder to subscribe for one additional common share (a "Warrant Share") at a price of \$0.50 per Warrant Share for a period of 18 months from the date of closing.
- (ii) On March 2, 2010, Soltoro Ltd. acquired 100% of the 120 hectare Lupita Mine property by making a US\$25,000 payment on signing, agreeing to advance royalty payments totalling US\$535,000 over 10 years and granted a 2% NSR payable to the vendor. Soltoro may at anytime purchase 1% of the NSR for US\$1,000,000 and apply any advance royalty payments made to the buy-out. The Lupita Mine claim is internal to the Victoria Project and increases the project's area to 11,105 hectares.