

Eyes on the Ground™



SOLTORO LTD.

Corporate Objective

Soltoro is focused on identifying bulk-tonnage copper, gold and silver projects in Mexico with the potential to attract senior partners. All projects are 100% owned by Soltoro, with one project under option.

Corporate Achievements in 2008

- Resource drill program completed at El Rayo defines 16 to 18 M ounce silver potential
- Drill program completed at La Tortuga
- Drill program completed by JV partner at Quila
- Acquisition and trenching program completed at Coyote
- Additional projects acquired 100% through staking

Corporate Outlook for 2009

- Complete metallurgical testing at El Rayo and expand resource potential
- Focus on advancing Chinipas and El Santuario gold properties
- JV partners at Quila required to spend US\$ 500k in 2009 to maintain earn-in option
- Seek JV partner at La Tortuga to further test I.O.C.G. potential
- Complete financing & add to management



Chris Lloyd, Laurie Curtis & Feliciano Barrios examining rock face at La Tortuga

“ JV PARTNERS SPENT IN
EXCESS OF \$1.5 M ON
SOLTORO PROPERTIES IN 2008 ”

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Locals sifting for coarse gold at El Santuario



Alvaro Lopez overseeing RC drill program at El Rayo

LETTER TO THE SHAREHOLDERS

Dear Shareholders:

Although difficult market conditions have persisted for the last year, Soltoro has made major strides in developing its portfolio of projects. During the year in excess of 9,000 metres of drilling was completed on three of Soltoro's projects. A resource drill program was carried out at the El Rayo property while our joint venture partners spent in excess of \$1.5 million funding drilling at the La Tortuga and Quila properties.

At El Rayo, Soltoro completed a 41 hole drill program to extend the known mineralized zone north-east along the Las Bolas structure. It is encouraging that the widest intersections of mineralization were generally encountered at depth with the best intersection returning 90 meters of 150 gpt silver. An independent consultant, GeoVector Management Inc. concluded: "Bolas has excellent potential to increase its tonnage base, both down dip, and along strike. It is conceivable, based on the current drilling and the historical production areas along strike, that expansion drilling could bring the total Bolas structure (approximately 1.7 km long) to 25-35Mt @ 100-115 gpt for 90-110M oz silver. To test this potential it is suggested that Soltoro should carry out a program of aggressive expansion drilling". Metallurgical work will be completed in 2009 before drilling is resumed. The Company has initiated several steps towards securing land tenure and is investigating permitting to place the deposit into production.

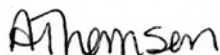
At the La Tortuga property, Induced Polarization studies were completed after which a drill program was carried out to test a geophysical target along strike from the historic Las Garrochas mine. In January of 2009, our funding partner Sumitomo elected to withdraw from the project citing the economic downturn and the fall in the price of copper. Sumitomo expended over \$1.1 million on exploration in the prior 15 months. Soltoro continued with the drill program which was successful in confirming an Iron Oxide Copper Gold (I.O.C.G.) system potential which may explain the widespread copper and gold mineralization on the property. The potential for I.O.C.G. style deposits is just beginning to be realised in Mexico.

Independent of our efforts at La Tortuga, our exploration partner, Southern Silver informed Soltoro of an I.O.C.G. style target on the Quila property that warranted drill testing. One initial hole examining the I.O.C.G. potential at the El Texcalame zone was highly encouraging with a 90 metre intercept containing traces of chalcopyrite, bornite and native copper throughout. In 2009, Southern Silver is required to spend an additional US \$500,000 to maintain its option on the Quila property and plan to carry out a drill program. Also of note Timmins Gold announced a gold discovery that trends onto the Quila claim.

The lack of investor interest in junior exploration companies during the year affected Soltoro's stock performance particularly during the year end tax loss selling period. The Company has taken the necessary steps to reduce overhead and scale back geological programs to preserve the Company's cash position. In excess of \$4.5 million has been spent in exploration expenditures on Soltoro's properties since inception.

I would like to thank Soltoro's management, employees and directors for their assistance and ongoing commitment despite the economic downturn. In 2008, the success of our geological programs speaks to the quality and experience of our staff and their ability to successfully operate in Mexico. We look forward to further growth and value generation for Soltoro shareholders in 2009.

Sincerely,



Andrew Thomson
President & C.E.O.

PROPERTY LOCATION MAP

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SOLTORO LTD. 2008 Annual Report



Soltoro holds 100% of the mining rights to more than 88,000 hectares of titled property and property under application in Mexico. In Jalisco state, we hold in excess of 50,000 hectares. All of our properties in Jalisco have excellent access and infrastructure and are within a three hour and a half drive of our exploration office in Guadalajara.

In 2008, a total of over 9,000 metres of drilling was completed on the El Rayo, La Tortuga, and Quila projects in Jalisco. Important discoveries were made at El Rayo and within our Quila claim. At El Rayo we carried out a 41 hole reverse circulation drill program on a previously untested extension of the Las Bolas structure which yielded a 90 metre intercept of 150 gpt silver. In 2009, metallurgical work will be carried out at El Rayo with further drilling to assess the resource potential if warranted. Some consideration is being given to placing the property into production.

At La Tortuga and Quila, an Iron Oxide Copper Gold deposit model may explain the source of widespread mineralization on both properties. Within our Quila claim, Southern Silver Exploration Corporation (our JV partner) intercepted a 90 metre interval containing traces of chalcopyrite, bornite and native copper. At Coyote additional internal claims were acquired where a trenching program was subsequently completed.

In 2008, we were titled a further 1,200 hectares at El Santuario, an additional 50 hectares were staked within the Chinipas claim and the Margarita copper claim was staked in Michoacan. In 2009, we plan on carrying out sampling and mapping programs on our El Santuario and Chinipas properties as both have reported visible gold. All of our properties have large footprints and require minimal exploration to begin drill testing for bulk tonnage targets.

El Rayo Silver/Gold/Lead Project

100% title to 10,036 hectares

At El Rayo mineralization has been traced over 5 km within two structures: El Rayo and Las Bolas. Exploration has been carried out to expand a historic, non 43-101 compliant, 7 million ounce silver resource previously outlined within these structures. In 2008, a 41 hole reverse circulation drill program was carried out on a 500 metre section of the 1,700 metre long mineralized Las Bolas structure. Moderate to steeply dipping mineralization was encountered which returned an average thickness of 13 metres grading 119 gpt silver in 40 holes. An additional RC drill hole twinned with a prior diamond drill hole and generated a 30% better recovery improvement indicating that cost effective RC drilling can continue to be used at El Rayo. In this section of the Las Bolas structure, mineralization extends from surface, remains open along strike and has not been tested beyond a 100 metre vertical depth. The widest intersections of mineralization were located at the bottom of all but 3 sections. The best intersection returned a 90 meter interval of 150 gpt silver. Results from an third party target deposit estimate prepared by GeoVector Management Inc. are as follows:

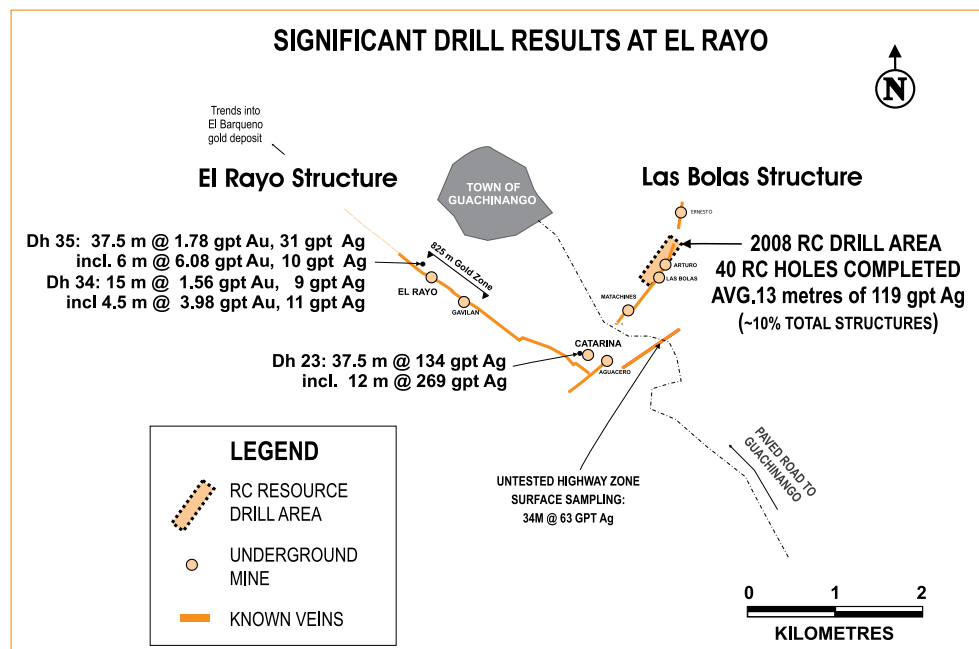
Target Deposit Potential – Las Bolas Deposit - April 2009*

Potential Tonnage Range (tonnes)	Cut-off Grade Range (gpt)	Silver Range (gpt)	Potential Silver Inventory (ounces)
4.2 to 5.6 million	40 to 60	100 to 117	16.0 to 18.0 million



RC resource definition drilling at El Rayo

In 2009, metallurgical work will be carried out before further drilling is completed. Future drilling will be designed to test the Las Bolas structure for continuity of mineralization at depth and along strike in both directions, the 825 metre gold zone on the El Rayo structure and to expand the silver potential beneath the Catarina mine area. It should be noted that the El Rayo and Catarina mines are the most significant historic mines on the property. The Company will also consider and has yet to test below the highway zone at the juncture of the EL Rayo and Las Bolas structures where surface sampling returned 34 metres of 63 gpt silver in a road cut.



*The reader should be cautioned that the potential quantities and grades reflected above and in the target deposit potential table are conceptual in nature, that there has been insufficient exploration to define a mineral resource and that it is uncertain if further exploration will result in the target being delineated as a mineral resource.

PROJECTS IN JALISCO STATE

La Tortuga Copper/Gold Project 100% title interest to 11,526 Hectares

The La Tortuga project is located in the State of Jalisco. At La Tortuga wide-spread copper and gold mineralization occurs over 49 square kilometers.

In 2007, La Tortuga was optioned to Sumitomo Metal Mining Exploration Corporation. In January of 2009, Sumitomo advised Soltoro that it intended to terminate its option to earn an interest in the La Tortuga project. During the term of the option Sumitomo contributed a total of CDN\$1,154,773 in exploration expense and earned no interest.

In 2006 and 2007, the Company completed Induced Polarization ("I.P.") surveys covering 112 line-km which outlined a 4 km by 0.6 km I.P. anomaly. In March of 2008, the Company completed 5 diamond drill holes over 2,005 metres to drill test the most favourable porphyry copper-gold targets in the Papagayo area. The drill holes cut extensive zones of potassically altered intrusive rocks which had been affected by at least 5 fracturing and veining events. Tourmaline breccias were also encountered along with zones of disseminated pyrite which may account for the chargeability anomalies. No copper mineralization was encountered.



Red Mega Breccia in core evidencing I.O.C.G. potential

In April of 2008, an I.P. survey was conducted over an area covering 32.5 line-kilometres in the Lauralito zone. A number of weak chargeability anomalies were returned however none were of sufficient size to justify drilling at this time.

In the last two quarters of 2008, follow-up mapping and sampling were completed in the historic Las Garrochas and Macuchi mine areas with a view to drill testing for a significant copper deposit. In October of 2008, three 2 km long lines of pole-dipole I.P. were completed at Las Garrochas. Significant chargeability anomalies were located along the third line of I.P. north-east of the Las Garrochas mine. In November of 2008, 2 drill holes tested the chargeability anomaly at a 300 metres depth. The holes failed to locate any copper mineralization. Sumitomo elected to withdraw from the project after completion of these 2 holes.



Diamond drilling

In the Macuchi mine area, mapping and sampling identified two separate zones of hematite matrix mega breccias with specularite suggesting a possible Iron Oxide Copper Gold (I.O.C.G) system related to a possible diatreme as the source of the mineralization in this portion of the property. Two third party consultants visited the property and confirmed the I.O.C.G. potential.

In February of 2009, following Sumitomo's withdrawal, Soltoro drill tested the Macuchi mine area to investigate the I.O.C.G potential. A total of 1,005 metres of drilling was completed in 4 separate drill holes. Drilling was successful in confirming several hematite matrix mega breccias with specularite suggesting the potential for an I.O.C.G. system related to a possible diatreme. Drilling intersected a couple of narrow intervals associated with specularite veinlets hosting gold and copper mineralization as follows:

Drill Hole	Sample	From	To	Interval metres	Gold gpt	Silver gpt	Cu %
Mac09-03	697390	223.0	225.0	2.0	0.318	0.7	0.04
Mac09-03	697394	230.0	231.5	1.5	0.045	35	1.74

Further drilling is warranted to test the I.O.C.G. potential on the property. The Company is seeking a joint venture partner to carry out further exploration on the property.

Quila Copper/Gold/Silver Project

100% title interest to 22,760 Hectares

Optioned to Southern Silver Exploration Corporation

The Quila concession is located east of the La Tortuga project and covers numerous bornite veins, south-east trending magnetic highs and numerous historical silver/lead exploitation areas south-east of the Magistral mine. Two different potential deposit types are emerging from work completed to date: a bulk tonnage gold/silver system and a potential Iron Oxide Copper Gold (I.O.C.G) system.

Southern Silver controls a 337 sq. km claim land package in a 25 kilometre long mineralized trend in Jalisco State which it has named the "Minas de Ameca Project". Quila represents approximately two-thirds of the surface area of the package. As of Oct 31, 2008, Southern Silver had reported exploration expenditures of CDN\$ 529,111 on the Quila concession.

On November 3, 2008, Southern Silver issued a press release stating they had completed 1,020 metres of core drilling in five holes in the Altavista de Ramos area. Drilling targeted widespread copper-gold-bearing hematite-specularite breccias and quartz-sulphide veins and returned thick intervals of highly anomalous gold and copper in two holes ranging from 27.1 metres averaging 0.1 gpt gold and 0.15% copper in drill hole QAL08-05 and 0.02 gpt gold and 0.28% copper in drill hole QAL08-03. Prior surface sampling returned 3.8 metres of 7.12 gpt gold at surface. The Altavista de Ramos area is 5 km north of the Cocula prospect being explored by Timmins Gold Corp.

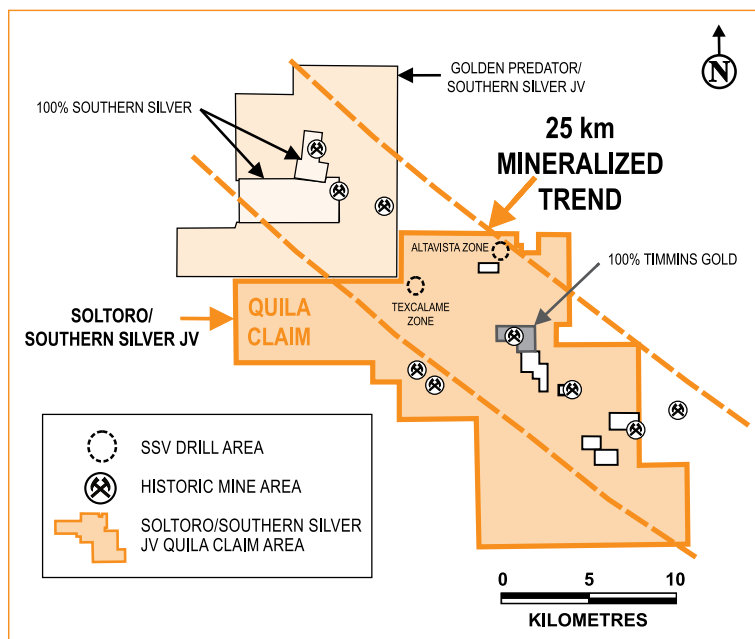
Timmins Gold Corp. holds a 234 hectares claim known as the Cocula Project within the 22,427 hectare Quila claim. On February 17, 2009, Timmins Gold announced assay results of a 26 hole, 1,974 meter reverse circulation drill program at Cocula. Timmins Gold has identified a bulk tonnage gold target with a potential low strip ratio. The Cocula discovery occurs on the flank of a magnetic high.

Further drilling by Southern Silver in 2008 targeted the El Texcalame area where two drill holes were completed for a total of 418.4 metres.



Native copper in drill core at El Texcalame

Drilling intersected a strongly fractured zone over 90 metres containing traces of chalcopryrite, bornite and native copper throughout the interval and returned 1 to 7.8 metre thick intervals of strongly anomalous copper ranging from 0.1% to 0.6%. This discovery supports Southern Silver's theory that alteration and mineralization throughout the entire Quila concession, and particularly the association of copper and gold mineralization with Fe-oxides such as hematite, specularite and magnetite indicate a large scale I.O.C.G-style target. Southern Silver is in the third year of its earn-in option and has advised Soltoro that it plans to carry out a drill program on the property in 2009.



I.O.C.G. STYLE TARGETS ON ADJACENT LA TORTUGA AND QUILA PROJECTS



PROJECTS IN JALISCO STATE & OTHER PROPERTIES

Coyote Silver/Gold Prospect

100% interest to 852 Hectares

Coyote is located in Jalisco State and covers a portion of a large epithermal quartz vein system rich in silver and lesser amounts of gold. In 2008, Soltoro signed an agreement to acquire 200 hectares within the project area. A payment of US\$20,000 is due to effect the transfer of the property to Soltoro with the vendor retaining a 2% NSR. The Coyote concession is a drill-ready silver-gold project where a series of known vein systems cumulatively extends for over 5 kilometres in five principal veins. Initial sampling by Soltoro returned up to 656 gpt silver over 1.1 metres. In 2008, follow-up trenching program returned values over 200 gpt silver over an average width of 1.5 metres in 19 out of 40 trenches. Further mapping and sampling is planned in 2009.

Victoria Silver/Gold Project

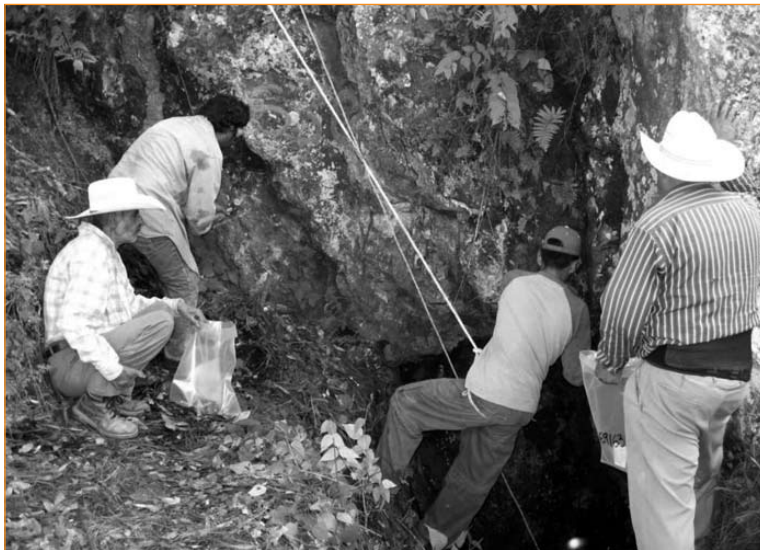
100% interest to 10,985 Hectares

Victoria is located in Jalisco State and covers a system of north-south trending quartz veins with numerous historic high grade gold/silver past producing mines within the trend. A soil sampling program returned up to 1.23 gpt gold in soils which appears to delineate an untested target north of a past producing mine. Soltoro continues to negotiate with internal claim holders.

El Santuario Gold Project

100% title interest to 3200 Hectares

El Santuario is located in Hidalgo State and covers the historic San Clemente gold district approximately 70 km NW of Pachuca. Pachuca is the largest silver and second largest gold mine in Mexico having produced over 1.1 billion ounces of silver and 7 to 10 million ounces of gold.



Feliciano Barrios conducting trenching program at Coyote

Access to the property is very good with paved highways and electrical service on the east and west ends of the property.

Numerous historic gold mines and dozens of prospect pits can be found on the property. The San Severano Gold Mine last operated during the 1950's over a period of 6 years. The area was put into a National Mineral Reserve in the 1970's and extensive mapping and sampling was completed by the Consejo de Recursos Minerales in the early 1980's.

In January of 2007, a geological program was carried out to locate old workings and collect orientation samples to confirm data from historic government reports. Values up to 10.2 gpt gold were returned. Half the samples showed a strong bias towards coarse gold in metallic screen assaying. Mapping provided an understanding of the controls on the structural system hosting the mineralization and recognition that the mineralization trends off the claim block to the NE. An additional 1,200 hectare concession to cover the extension was granted to Soltoro on October 30, 2008.

In April of 2009, a follow-up geologic mapping and sampling program was completed to investigate reports from locals that visible gold has been observed in areas outside the known mine areas. The area of known mineralization has been traced over a total 3 km NE-SW length across a 600 metres width. Stream sediment samples collected NE of the known mineralization were found to be related to a series of rhyolite dikes that cuts the host andesite package and a possible rhyolite flow dome. In 2009, further mapping and soil sampling is planned.



Chinipas Gold Project

100% title interest to 1,371 Hectares + 50 Hectares Under Application

On February 6, 2008, Soltoro-Mexico received 100% title to the 1,371 hectare Chinipas property in Chihuahua State. The property is located in the western portion of the Sierra Madre Occidental, one of the world's largest and most prolific epithermal gold and silver belts. Chinipas is located 14 km NNW of the Palmarejo Gold-Silver Mine. Local prospectors have worked a few prospect pits where they have extracted coarse visible gold.

In March 2007, an orientation sampling program was conducted at Chinipas to assess the style of mineralization and to determine its lateral extent. Gold was found to be hosted in tourmaline and pyrite bearing quartz veins and veinlets. Sampling returned values up to 17.65 gpt gold, in a 15cm chip sample and 5.43% copper and 110 gpt silver respectively from two mine dump samples.

In February of 2009, a follow-up mapping and sampling program was completed. The property is located in the Lower Series of the Sierra Madre Occidental which is a series of andesite flows intercalated with rhyolite flows and volcanoclastic units. On the property this sequence has been intruded by multiple intrusive units.

Mapping confirmed that veining occurs over a 3.4 km of strike trending roughly NE-SW is about 500 meters wide and is hosted in a quartz feldspar porphyry intrusive. The veins vary from very fine to 10's of cm in width and while there is a prominent direction to the larger veins, there are extensive zones of veinlet stockworks between those larger veins. The host intrusive is also frequently silicified. The intrusive appears to be fault bounded and has zones of iron skarn developed along the contact zone in the SW and along parts of the north boundary. Locally the iron skarn is gold bearing, though little sampling has been done to confirm the continuity or extent of that style of mineralization. Highlights of the recent sampling program include: 2 metres of 2.92 gpt gold , 1.3 metres of 2.49 gold and 2.14 gpt gold in a 3 metre x 3 metre panel sample.

In 2009, a limited bulk sampling program is planned to test apparent irregular distribution of coarse gold within the tourmaline quartz veinlets along with further mapping.



Local prospector extracting visible gold at Chinipas

Peña Grande Gold/Silver Project

31,678 Hectares Under Application

The property is located in the State of San Luis Potosi and was staked to investigate the potential for a Peñasquito style deposit. No field work was completed during 2008 as title has still not been received. An evaluation is planned for the second quarter of 2009.

Gavilan Zinc/Silver/Gold Prospect

100% interest to 780 Hectares

The property is located in the San Joaquin district in the State of Queretaro. The Gavilan prospect was staked from historical reports to investigate the potential for the area to host a zinc/silver/gold skarn. No field work was completed during 2008.

Margarita Copper Prospect

1,500 Hectares Under Application

The property is located in the Tiamaro district in Michoacan State. The Margarita claim was staked from historical reports to investigate the potential for the area to host a copper/gold porphyry. In September of 2008, Soltoro, accompanied by a third party consultant, carried out a brief sampling program where quartz veins and quartz veinlet stockworks hosting chalcocopyrite mineralization were observed.



MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

March 28, 2009

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SOLTORO LTD. 2008 Annual Report

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
President and Chief Executive Officer



Douglas Reeson
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

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.



Toronto, Canada
March 28, 2009

Sievert & Sawrantschuk LLP
Chartered Accountants, Licensed Public Accountants

CONSOLIDATED BALANCE SHEETS

Soltoro Ltd.

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
Broker 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.



CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT

Soltoro Ltd.

For the years ended December 31, 2008 and 2007

	2008	2007
	\$	\$
Expenses		
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.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Soltoro Ltd.

For the years ended at 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.



CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Soltoro Ltd.

For the years ended December 31, 2008 and 2007

	2008	2007
	\$	\$
Capital Stock		
Balance at beginning 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
Options exercised	-	26,000
Fair value of options exercised	-	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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Soltoro Ltd.

For the years ended December 31, 2008 and 2007

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(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

	<i>December 31, 2008</i>			<i>December 31, 2007</i>
	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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. Mineral Properties and Deferred Development Expenditures cont.

	Balance December 31, 2007	Additions	Balance December 31, 2008
	\$	\$	\$
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
Bacanora Concession			
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 Concession			
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
Total	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 1,371 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 1,500 hectare "Margarita" concession in the state of Michoacan. 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 date	Remaining
	Outstanding	Exercisable		Contractual 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).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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.





Collecting RC chip samples at El Rayo



Chris Lloyd, Alvaro Lopez, Feliciano Barrios examining drill core at La Tortuga

Directors & Management

Andrew Thomson, Director & President¹

Hamilton, Ontario

Douglas Reeson, Director & Chief Financial Officer

Toronto, Ontario

Phillip Walford, Director

Mississauga, Ontario

William McGuinty, Director¹

Pickering, Ontario

Mark Lawrence, Director¹

Toronto, Ontario

Chris Lloyd, Vice President Mexico

Guadalajara, Mexico

¹Member of the audit committee

Executive Office

SOLTORO LTD.

20 Adelaide Street E., Suite 400

Toronto, ON M5C 2T6

Tel: (416) 987-0722

Fax: (866) 688-4671

Company email: contact@soltoro.com

Stock Exchange

TSX - Venture

Stock Symbol

SOL

Auditors

Sievert & Sawrantschuk LLP

Toronto, Ontario

Transfer Agent

Olympia Trust Company

2300, 125 – 9 Avenue SE

Calgary, AB T2G 0P6

Tel: (403) 261-0900 or 1 (800) 727-4493

Legal Counsel

Weir Foulds LLP

Toronto, Ontario





SOLTORO LTD.

Eyes on the Ground™

ANNUAL GENERAL & SPECIAL MEETING

Wednesday June 24th, 2009, 3:00 PM

To be held at Soltoro Offices:

SOLTORO LTD • 20 Adelaide Street East, Suite 400

Toronto, ON M5C 2T6 Canada

Tel: (416) 987-0722 • Fax: (866) 688-4671

Email: contact@soltoro.com • www.soltoro.com

Stock Exchange: TSX - Venture • Stock Symbol: SOL

Cover: Chip sample analysis from El Rayo RC Drill Program

