

## EL RAYO SILVER GOLD LEAD PROJECT

**Location:** The El Rayo concessions are located south of the town of Guachinango in Jalisco State, Mexico. Local infrastructure and access to the property are excellent as it sits just off a main highway and the main paved road to Guachinango crosses the property. Electricity and water are abundant.

**History:** Silver mining has taken place in the Guachinango area since 1545 with the bulk of materials mined in the early 1900's and briefly during WW 2 for lead. A total of 15 underground mines have been identified to date. The Mina Catarina is the largest of the old mines and has old workings that extend roughly 500m along strike and cover about 100m of vertical range (mainly above the lower adit which is still open and in good condition). The entire area was incorporated into a National Mineral Reserve (NMR) in the 1970's. From 1978 through 1981 the government geologic agency (CRM) carried out extensive surface trenching, underground sampling and development work, surface and underground drilling and an induced polarization study to define a 1,346,072 tonnes 169 gpt silver resource. A portion of NMR was released in the early 1990's with the change in the mining act to allow 100% foreign ownership. Summex Mining Ltd. acquired the released ground covering the Guachinango mines in the early 1990's and later reported a 7 million ounce silver resource based on the CRM data then completed an airborne geophysical survey in late 1997. Summex was delisted in early 1998 and the ground came open for staking in January 2005. The main mined areas were staked in April 2005 then acquired by Soltoro in November of 2005. Soltoro acquired the balance of the airborne surveyed areas in November of 2006.

**Geology:** The property is located at the western end of the Trans Mexican Volcanic Belt (TMVB) in central Jalisco state. A package of rhyolites and andesites are exposed on the property and have been intruded by a multi-phase intrusive complex ranging from diorite through granodiorite to granite. All these units have been cut by later rhyolite domes and then all these units later cut by three main vein / stockwork systems. The main intrusive complex shows up as a large magnetic high with a peak of 300 nT and forms somewhat of a ridge about 7km long with three distinct peaks. The strongest structure is a NW trending banded quartz vein which varies from 1 to 6m wide and has an associated zone of quartz veinlet stockwork zone developed mainly in the hangingwall which appears to be up to 50m thick in some areas. This structure is host to the Catarina and El Rayo mines.

Roughly perpendicular to the Catarina vein system is a NE trending structure which is host to the Aguacero, Matachines and Bolas mines. The SW portion of this structure appears as a 1 to 2m wide fault breccia which develops into a 15 to 25m wide zone in the area of the Aguacero mine. The structure then appears to be fault offset about 400m to the SE and continues as the Highway Zone. Here a rhyolite dike / dome appears to have intruded along the structure and itself has then been strongly cut by a quartz stockwork system. Shortly after crossing the highway the structure is then off set again to the NW and continues to the NE past the Matachines mine. Strong stockwork fracturing is developed for at least 15m in the footwall of the structure at the Matachines mine, while further to the NE the structure becomes strongly brecciated at the Bolas mine with widths of at least 10m seen in the underground workings. Recent RC drilling has identified stockwork zones up to 90m wide.

A third main structural system has been located about 1.5km to the south of these first two structures and is composed of an almost east-west trending quartz vein system with two main branches. The northern branch hosts the Ocote mine and extends about 2km with a steep dip to the south, while the southern branch hosts the Nueva Suerte mine and extends about 3km and dips steeply to the north. This vein system is hosted in a weakly to strongly argillically altered magnetic granite intrusive and locally also cuts a later rhyolite flow dome. Widths along the vein vary from 1.5m to 4m and also show a number of splays in the SE area. At the intersection of the two branches the width swells to 12m and hosts the Sacramento mine, while further to the west is the San Rafael mine.

Additional veins occur in this central portion of the property such as the El Camino quartz vein which trends NW and outcrops on both sides of an intrusive matrix breccia.