

DEL TORO SILVER CORP.  
Form 10-Q  
March 17, 2011

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 10-Q**

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT  
OF 1934

For the quarterly period ended **January 31, 2011**

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE EXCHANGE ACT

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No. **000-52499**

**DEL TORO SILVER CORP.**

(Exact name of registrant as specified in its charter)

**Nevada**

(State or other jurisdiction of incorporation or  
organization)

**98-0515290**

(I.R.S. Employer Identification No.)

**Suite 400 409 Granville Street, Vancouver, British Columbia, Canada**

(Address of principal executive offices) (zip code)

**604 678-2531**

(Registrant's telephone number, including area code)

**N/A**

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Non-accelerated filer

Accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  
Yes [ ] No [x]

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE  
PRECEDING FIVE YEARS

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12,  
13 or 15(d) of the Securities and Exchange Act of 1933 subsequent to the distribution of securities under a plan  
confirmed by a court.  
Yes [ ] No [ ] N/A

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common equity as of the latest practicable  
date:

**As of March 14, 2011, there were 12,700,652 shares of common stock, par value \$0.001, outstanding.**

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PART I - FINANCIAL INFORMATION

**ITEM 1. FINANCIAL STATEMENTS**

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**DEL TORO SILVER CORP.**  
**(An Exploration Stage Company)**  
**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED JANUARY 31, 2011**  
(Unaudited - Prepared by Management)

(Stated in US Dollars)

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**Interim Consolidated Balance Sheets**

**Interim Consolidated Statements of Operations**

**Interim Consolidated Statements of Cash Flows**

**Interim Consolidated Statement of Stockholders' Equity (Deficit)**

**Notes to the Interim Consolidated Financial Statements**

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**DEL TORO SILVER CORP.**  
**(An Exploration Stage Company)**  
**INTERIM CONSOLIDATED BALANCE SHEETS**  
(Unaudited - Prepared by Management)

**(Stated in US Dollars)**

|   | January 31<br>2011 | October 31<br>2010<br>(Audited) |
|---|--------------------|---------------------------------|
| <b>ASSETS</b>   |                    |                                 |
| Current Assets  |                    |                                 |
| Cash  | \$ 92,911          | \$ 82,807                       |
| Receivables   | 12,573             | 8,311                           |
| Total Current Assets                                      | 105,484            | 91,118                          |
| Deferred Share Issue Costs                                | -                  | 9,204                           |
| Property and equipment (Note 5)                           | 2,240              | 2,374                           |
| Total Assets  | \$ 107,724         | \$ 102,696                      |
| <b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>              |                    |                                 |
| Current Liabilities                                       |                    |                                 |
| Accounts payable and accrued liabilities                  | \$ 53,744          | \$ 73,354                       |
| Due to director (Note 6)                                  | -                  | 1,658                           |
| Convertible Debenture (Note 8)                            | 77,917             | 55,000                          |
| Total Liabilities   | 131,661            | 130,012                         |
| Stockholders' Deficit                                     |                    |                                 |
| Capital Stock   |                    |                                 |
| Authorized:   |                    |                                 |
| 100,000,000 preferred shares, par value \$0.001 per share |                    |                                 |
| 100,000,000 common shares, par value \$0.001 per share    |                    |                                 |
| Issued and outstanding:                                   |                    |                                 |
| 12,535,135 (2010 10,535,135) common shares                | 12,535             | 10,535                          |
| Additional paid in capital                                | 847,174            | 680,405                         |
| Share subscriptions received in advance                   | -                  | 109,950                         |
| Share subscription receivable (Note 10(a))                | (10,601)           | -                               |
| Deficit - Accumulated during exploration stage            | (873,045)          | (828,206)                       |
| Total Stockholders' Deficit                               | (23,937)           | (27,316)                        |
| Total Liabilities and Stockholders' Deficit               | \$ 107,724         | \$ 102,696                      |
| Going concern (Note 2)                                    |                    |                                 |

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



**DEL TORO SILVER CORP.**  
**(An Exploration Stage Company)**  
**INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited - Prepared by Management)

**(Stated in US Dollars)**

|  | Cumulative<br>Amounts<br>from<br>Inception to<br>January 31<br>2011 | Three months ended January 31<br>2011 | 2010       |
|--|---|---------------------------------------|------------|
| <b>GENERAL AND ADMINISTRATIVE EXPENSES</b>         |   |                                       |            |
| Accounting and auditing                            | \$ 104,434  | \$ 3,998                              | \$ 3,000   |
| Advertising and promotion                          | 10,743  | 160                                   | -          |
| Amortization                                       | 2,290   | 134                                   | 176        |
| Bank charges                                       | 1,347   | 91                                    | 37         |
| Consulting   | 35,185  | -                                     | -          |
| Filing fees  | 18,923  | 1,790                                 | -          |
| Foreign exchange (gain) loss                       | (3,251)   | 1,273                                 | 112        |
| Interest   | 22,917  | 22,917                                | -          |
| Legal  | 156,570   | 200                                   | 3,080      |
| Meals and entertainment                            | 4,113   | -                                     | -          |
| Office and sundry                                  | 1,705   | -                                     | -          |
| Rent   | 14,047  | 1,493                                 | -          |
| Shareholders' communications                       | 4,667   | 2,034                                 | -          |
| Stock-based compensation                           | 245,710   | -                                     | -          |
| Telephone  | 1,632   | 149                                   | 59         |
| Transfer agent                                     | 10,267  | 4,599                                 | -          |
| Travel and accommodation                           | 3,102   | -                                     | -          |
|  | 634,401   | 38,838                                | 6,464      |
| <b>MINERAL PROPERTY EXPENSES</b>                   |   |                                       |            |
| Acquisition  | 174,418   | -                                     | -          |
| Exploration  | 64,226  | 6,001                                 | -          |
|  | 238,644   | 6,001                                 | -          |
| <b>NET LOSS AND COMPREHENSIVE LOSS</b>             |   |                                       |            |
|  | \$ (873,045)  | \$ (44,839)                           | \$ (6,464) |
| <b>BASIC AND DILUTED NET LOSS PER COMMON SHARE</b> |   |                                       |            |
|  |   | \$ (0.00)                             | \$ (0.00)  |
|  |   | 11,817,744                            | 9,835,135  |



WEIGHTED AVERAGE NUMBER OF  
BASIC AND DILUTED COMMON  
SHARES OUTSTANDING

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

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**DEL TORO SILVER CORP.**  
**(An Exploration Stage Company)**  
**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited - Prepared by Management)

**(Stated in US Dollars)**

|  | Cumulative<br>Amounts<br>from<br>Inception to<br>January 31<br>2011 | Three months ended January 31 |               |
|--|---|-------------------------------|---------------|
|  |   | 2011                          | 2010          |
| <b>OPERATING ACTIVITIES</b>                        |   |                               |               |
| Net loss for the period                            | \$ (873,045)  | \$ (44,839)                   | \$ (6,464)    |
| Items not affecting cash                           |   |                               |               |
| Shares issued for mineral property                 | 142,460   | -                             | -             |
| Shares issued for service                          | 21,000  | -                             | -             |
| Amortization                                       | 2,290   | 134                           | 176           |
| Foreign exchange loss (gain)                       | (3,251)   | 1,273                         | 112           |
| Stock-based compensation                           | 245,710   | -                             | -             |
| Interest accrued                                   | 22,917  | 22,917                        | -             |
| Changes in operating assets and liabilities        |   |                               |               |
| Receivables  | (12,573)  | (4,262)                       | (51)          |
| Accounts payable and accrued liabilities           | 56,995  | (20,883)                      | 6,054         |
| Cash used in operating activities                  | (397,497)   | (45,660)                      | (173)         |
| <b>INVESTING ACTIVITY</b>                          |   |                               |               |
| Equipment acquired                                 | (4,530)   | -                             | -             |
| Cash used in investing activity                    | (4,530)   | -                             | -             |
| <b>FINANCING ACTIVITIES</b>                        |   |                               |               |
| Repayment to director                              | -   | (1,658)                       | -             |
| Issuance of convertible debt                       | 55,000  | -                             | -             |
| Share issue costs                                  | (31,232)  | (22,028)                      | -             |
| Common stock issued for cash                       | 471,170   | 79,450                        | -             |
| Cash provided by financing activities              | 494,938   | 55,764                        | -             |
| <b>NET INCREASE (DECREASE) IN CASH</b>             | <b>92,911</b>   | <b>10,104</b>                 | <b>(173)</b>  |
| <b>CASH, BEGINNING OF PERIOD</b>                   | <b>-</b>  | <b>82,807</b>                 | <b>738</b>    |
| <b>CASH, END OF PERIOD</b>                         | <b>\$ 92,911</b>  | <b>\$ 92,911</b>              | <b>\$ 565</b> |
| <b>SUPPLEMENTAL DISCLOSURE</b>                     |   |                               |               |
| Interest paid                                      | \$ 378  | \$ -                          | \$ -          |
| Income taxes paid                                  | \$ -  | \$ -                          | \$ -          |
| <b>NON CASH INVESTING AND FINANCING ACTIVITIES</b> |   |                               |               |

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|   |    |          |    |          |    |   |
|---|----|----------|----|----------|----|---|
| Shares issued for subscription advances   | \$ | 109,950  | \$ | 109,950  | \$ | - |
| Shares issued for subscription receivable | \$ | (10,601) | \$ | (10,601) | \$ | - |

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

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**DEL TORO SILVER CORP.**  
**(An Exploration Stage Company)**  
**INTERIM CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIT)**  
**FROM INCEPTION ON JANUARY 9, 2006 TO JANUARY 31, 2011**  
(Unaudited - Prepared by Management)

(Stated in US Dollars)

|  | Common Shares |          | Additional | Deficit     | Share         | Share         | Total         |
|--|---------------|----------|------------|-------------|---------------|---------------|---------------|
|  | Number        | Amount   | Paid In    | Accumulated | Subscriptions | Subscriptions | Stockholders' |
|  | of Shares     |          | Capital    | During      | Received      | Receivable    | Equity        |
|  |               |          |            | Exploration | In Advance    |               | (Deficit)     |
|  |               |          |            | Stage       |               |               |               |
| Shares issued for cash @ \$0.001 on January 13, 2006             | 5,500,000     | \$ 5,500 | \$ -       | \$ -        | \$ -          | \$ -          | 5,500         |
| Shares issued for cash @ \$0.01 on August 24, 2006               | 2,300,000     | 2,300    | 20,700     | -           | -             | -             | 23,000        |
| Shares issued for cash @ \$0.10 on October 31, 2006              | 950,000       | 950      | 94,050     | -           | -             | -             | 95,000        |
| Net loss for the period  | -             | -        | -          | (22,176)    | -             | -             | -             |
| Balance, October 31, 2006  | 8,750,000     | 8,750    | 114,750    | (22,176)    | -             | -             | 101,324       |
| Shares issued for mineral property @ \$0.22 on September 7, 2007 | 10,000        | 10       | 2,190      | -           | -             | -             | 2,200         |
| Net loss for the year  | -             | -        | -          | (69,538)    | -             | -             | (69,538)      |
| Balance, October 31, 2007  | 8,760,000     | 8,760    | 116,940    | (91,714)    | -             | -             | 33,986        |
| Shares issued for mineral property @ \$0.488                     | 20,000        | 20       | 9,740      | -           | -             | -             | 9,760         |

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|  |            |        |         |           |         |   |           |
|--|------------|--------|---------|-----------|---------|---|-----------|
| on January 16,<br>2008   |            |        |         |           |         |   |           |
| Net loss for<br>the year   | -          | -      | -       | (86,666)  | -       | - | (86,666)  |
| Balance,<br>October 31,<br>2008  | 8,780,000  | 8,780  | 126,680 | (178,380) | -       | - | (42,920)  |
| Shares issued<br>for cash @<br>\$0.15<br>on June<br>30, 2009                     | 1,055,135  | 1,055  | 157,215 | -         | -       | - | 158,270   |
| Net loss for<br>the year   | -          | -      | -       | (135,825) | -       | - | (135,825) |
| Balance,<br>October 31,<br>2009  | 9,835,135  | 9,835  | 283,895 | (314,205) | -       | - | (20,475)  |
| Shares issued<br>for mineral<br>property<br>@ \$0.17<br>on June 25,<br>2010      | 150,000    | 150    | 25,350  | -         | -       | - | 25,500    |
| Shares issued<br>for mineral<br>property<br>@ \$0.25<br>on July 7,<br>2010       | 200,000    | 200    | 49,800  | -         | -       | - | 50,000    |
| Shares issued<br>for consulting<br>service<br>@ \$0.21<br>on October<br>20, 2010 | 100,000    | 100    | 20,900  | -         | -       | - | 21,000    |
| Shares issued<br>for mineral<br>property<br>@ \$0.22<br>on October<br>21, 2010   | 250,000    | 250    | 54,750  | -         | -       | - | 55,000    |
| Stock-based<br>compensation  | -          | -      | 245,710 | -         | -       | - | 245,710   |
| Share<br>subscriptions<br>received in<br>advance                                 | -          | -      | -       | -         | 109,950 | - | 109,950   |
| Net loss for<br>the period   | -          | -      | -       | (514,001) | -       | - | (514,001) |
|  | 10,535,135 | 10,535 | 680,405 | (828,206) | 109,950 | - | (27,316)  |

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|   |            |           |            |              |           |          |             |  |
|---|------------|-----------|------------|--------------|-----------|----------|-------------|--|
| Balance,<br>October 31,<br>2010                                 |            |           |            |              |           |          |             |  |
| Shares issued<br>for cash @<br>\$0.10<br>on December<br>3, 2010 | 2,000,000  | 2,000     | 166,769    | -            | (109,950) | (10,601) | 48,218      |  |
| Net loss for<br>the period                                      | -          | -         | -          | (44,839)     | -         | -        | (44,839)    |  |
| Balance,<br>January 31,<br>2011                                 | 12,535,135 | \$ 12,535 | \$ 847,174 | \$ (873,045) | \$ -      | (10,601) | \$ (23,937) |  |

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

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**DEL TORO SILVER CORP.**  
**(An Exploration Stage Company)**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**JANUARY 31, 2011**  
**(Unaudited - Prepared by Management)**  
**(Stated in US Dollars)**

**1. ORGANIZATION AND DESCRIPTION OF BUSINESS**

Del Toro Silver Corp. (the Company ) was incorporated on January 9, 2006 as Candev Resource Exploration, Inc. under the laws of the State of Nevada and extraprovincially registered under the laws of the Province of British Columbia on August 15, 2006.

Effective July 28, 2009, the Company completed a merger with its wholly owned subsidiary, Del Toro Silver Corp., a Nevada corporation which was incorporated on July 7, 2009 solely to change the Company s name to Del Toro Silver Corp.

The Company is an exploration stage company engaged in the acquisition, exploration and development of mineral properties.

**2. GOING CONCERN**

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates, among other things, the realization of assets and satisfaction of liabilities in the normal course of business. As shown in the accompanying financial statements, the Company incurred a net loss of \$44,839 for the period ended January 31, 2011, and has an accumulated deficit of \$873,045. The Company intends to fund operations through equity financing arrangements, which may be insufficient to fund its capital expenditures, working capital, and other cash requirements.

The ability of the Company to emerge from the exploration stage is dependent upon, among other things, obtaining additional financing to continue operations, explore and develop mineral properties, and the discovery, development and sale of ore reserves.

These factors, among others, raise substantial doubt about the Company s ability to continue as a going concern. In response to these problems, management intends to raise additional funds through public or private placement offerings. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**3. BASIS OF PRESENTATION**

These interim financial statements have been prepared in accordance with United States generally accepted accounting principles for financial information and with the instructions to Form 10-Q and Item 310(b) of Regulation S. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three months ended January 31, 2011 are not necessarily indicative of the results that may be expected for any interim period or an entire year. The Company applies the same accounting policies and methods in its interim financial statements as those in the most recent audited annual financial statements, except as discussed in Note 4 below.

These consolidated financial statements include the accounts of the Company and its wholly owned Mexican subsidiary, Mineral Plata Del Toro S.A. de C.V. All significant intercompany transactions have been eliminated.

**4. RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS**

- (i) In May 2009, the FASB issued Accounting Standards Codification ( ASC ) 855-10, Subsequent Events ( ASC 855- 10 ) (amended in February 2010) (formerly SFAS Statement No 165), which establishes principles and requirements for subsequent events. In particular, ASC 855-10 sets forth: (a) the period after the balance sheet date during which management of a reporting entity shall evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements; (b) the circumstances under which an entity shall recognize events or transactions occurring after the balance sheet date in its financial statements; and (c) the disclosures that an entity shall make about events or transactions that occurred after the balance sheet date. The adoption of this new standard did not have an impact on the Company s financial statements.

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**DEL TORO SILVER CORP.**  
**(An Exploration Stage Company)**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**JANUARY 31, 2011**  
**(Unaudited - Prepared by Management)**  
**(Stated in US Dollars)**

**4. RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS (continued)**

- (ii) In June 2009, the FASB issued new guidance which is now a part of ASC 860-10 (formerly SFAS Statement No 166), to improve the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial statements about a transfer of financial assets; the effects of a transfer on its financial position, financial performance, and cash flows; and a transferor's continuing involvement, if any, in transferred financial assets. The FASB undertook this project to address (1) practices that have developed since the issuance of FASB Statement No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities (which is now a part of ASC 860-10), that are not consistent with the original intent and key requirements of that Statement and (2) concerns of financial statement users that many of the financial assets (and related obligations) that have been derecognized should continue to be reported in the financial statements of transferors. This new guidance is effective for fiscal years beginning after November 15, 2009. The Company adopted this guidance on November 1, 2010 and the adoption did not have a material impact on the Company's financial statements.
- (iii) In June 2009, the FASB issued new guidance which is now part of ASC 810-10 (formerly SFAS Statement No. 167), to improve financial reporting by enterprises involved with variable interest entities. The FASB undertook this project to address (1) the effects on certain provisions of FASB Interpretation No. 46 (revised December 2003), Consolidation of Variable Interest Entities (which is now part of ASC 810-10), as a result of the elimination of the qualifying special-purpose entity, and (2) constituent concerns about the application of certain key provisions of ASC 810-10, including those in which the accounting and disclosures under ASC 810-10 do not always provide timely and useful information about an enterprise's involvement in a variable interest entity. This new guidance is effective as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period, and for interim and annual reporting periods thereafter. Earlier application is prohibited. The Company adopted this guidance on November 1, 2010 and the adoption did not have a material impact on the Company's financial statements.
- (v) In January 2010, the FASB issued Accounting Standards Update No. 2010-06, Fair Value Measurements and Disclosures (ASU 2010-06). This update provides amendments to ASC Topic 820, Fair Value Measurements and Disclosures, that requires new disclosure for transfers in and out of Levels 1 and 2 and activity in Level 3 fair value measurements. The update also provides amendments that clarify existing disclosures surrounding levels of disaggregation and inputs and valuation techniques. ASU 2010-06 is effective for reporting periods beginning after December 15, 2009 with the exception of Level 3 activity fair value measurements which is effective for reporting periods beginning after December 15, 2010.
- (vi) In April 2010, the FASB issued Accounting Standards Update No. 2010-13 Compensation - Stock Compensation (ASU 2010-13). This update addresses whether an employee stock option should be classified as a liability or as an equity instrument if the exercise price is denominated in the currency in which a substantial portion of the entity's equity securities trades. That currency may differ from the entity's functional currency and from the payroll currency of the employee receiving the option. This update provides amendments to ASC 718, Compensation - Stock Compensation to clarify that an employee

share-based payment award that has an exercise price denominated in the currency of the market in which a substantial portion of the entity's equity shares trades should not be considered to contain a condition that is not a market, performance, or service condition. Therefore, an entity should not classify such an award as a liability if it otherwise qualifies as equity. ASU 2010-13 is effective for reporting periods beginning after December 15, 2010.

**DEL TORO SILVER CORP.**  
**(An Exploration Stage Company)**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**JANUARY 31, 2011**  
**(Unaudited - Prepared by Management)**  
**(Stated in US Dollars)**

**5. PROPERTY AND EQUIPMENT**

|                         | Cost     | January 31, 2011<br>Accumulated<br>Amortization | Net Book<br>Value | October 31, 2010<br>Net Book<br>Value |
|-------------------------|----------|---|-------------------|---------------------------------------|
| Computer equipment      | \$ 1,477 | \$ 908  | \$ 569            | \$ 615                                |
| Furniture and equipment | 3,053    | 1,382   | 1,671             | 1,759                                 |
|                         | \$ 4,530 | \$ 2,290  | \$ 2,240          | \$ 2,374                              |

**6. DUE TO DIRECTOR**

The amount due to the Company's director was non-interest bearing, unsecured and had no specific repayment terms.

**7. FINANCIAL INSTRUMENTS**

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities, and convertible debenture. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency, or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values due to their short term-maturity or capacity of prompt liquidation.

As at January 31, 2011, the Company had the following financial assets and liabilities denominated in Canadian dollars:

|                  | Cdn dollars |
|------------------|-------------|
| Cash             | \$ 18,538   |
| Receivables      | \$ 12,535   |
| Accounts payable | \$ 27,488   |

The above amounts are subject to gains and losses arising from fluctuations in the exchange rate between the Canadian dollar and the U.S. dollar. As of January 31, 2011, Canadian dollar amounts were converted at a rate of \$1.0015 Canadian dollars to \$1.00 U.S. dollar.

**DEL TORO SILVER CORP.**  
**(An Exploration Stage Company)**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**JANUARY 31, 2011**  
**(Unaudited - Prepared by Management)**  
**(Stated in US Dollars)**

**8. CONVERTIBLE DEBENTURE**

Effective September 8, 2010, the Company closed a convertible debt financing with Asher Enterprises, Inc. pursuant to a securities purchase agreement dated August 25, 2010. Under the terms of the Agreement, the Company issued an 8% convertible note (the Note ) in the aggregate principal amount of \$55,000, unsecured, maturing on May 27, 2011.

The Note may be converted into shares of the Company's common stock at a rate of 58% of the market price on any conversion date, any time after 180 days from August 25, 2010, i.e. February 21, 2011, subject to adjustments as further set out in the Note. After the maturity date May 27, 2011, any unpaid principal or interest on the Note will bear interest at a rate of 22% per annum. The Company has the right to repay the note within 180 days from August 25, 2010, in consideration of the payment of cash equal to 150% of the outstanding principal amount of the Note, plus accrued interest. To January 31, 2011, interest has been accrued in the amount of \$22,917.

After the Note becomes convertible on February 21, 2011, the Company will account for the convertible debenture according to Note 3 (o) from the annual audited consolidated financial statements for the year ended October 31, 2010. The liability component of the debt will be classified as current liabilities and the equity component will be considered a redeemable security and presented as redeemable equity on the balance sheet if the debt is considered current at the balance sheet date.

**9. DOS NACIONES PROPERTY**

The Company entered into an option agreement (Option Agreement ) to acquire a 50% undivided interest, and an option (the Option ) to acquire a further 20% interest in the Dos Naciones Property (the Property ), located in state of Sonora, Mexico, with Yale Resources Ltd. ( Yale ), a company with an officer who is also an officer and director of the Company on July 7, 2009, amended June 25, 2010 and October 21, 2010. In consideration of the transfer of a 50% undivided interest in the Property, the Company agreed to pay a purchase price of \$29,658 (CAD\$35,000) (paid). To exercise the Option to acquire a further 20% interest in the Property, the Company is required to issue securities and fund exploration, development and other expenditures (the Expenditures ) on the Property as follows:

- i) Upon signing June 25, 2010 amended agreement, issue 150,000 shares of common stock to Yale (issued);
- ii) On or before July 7, 2010, issue 200,000 shares of common stock to Yale (issued);
- iii) Upon signing October 21, 2010 amended agreement, issue 250,000 shares of common stock to Yale (issued);
- iv) On or before July 7, 2012, issue 400,000 shares of common stock to Yale; and
- v) On or before July 7, 2013, fund expenditures on the exploration program on the Property aggregating CDN\$800,000.

If the Company exercises the Option, the parties will be deemed to enter into a joint venture agreement (the Joint Venture Agreement ) in accordance with the terms of the Option Agreement.

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**DEL TORO SILVER CORP.**  
**(An Exploration Stage Company)**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**JANUARY 31, 2011**  
**(Unaudited - Prepared by Management)**  
**(Stated in US Dollars)**

**10. CAPITAL STOCK**

## a) Common shares issued:

On December 3, 2010, the Company closed a non-brokered private placement consisting of 2,000,000 units at a price of \$0.10 per unit, for total proceeds of \$200,000, of which \$109,950 was received before October 31, 2010, and \$10,601 remained receivable at January 31, 2011, with \$10,000 subsequently received. Each unit consisted of one common share and one share purchase warrant, entitling the holder to purchase an additional common share at a price of \$0.25 for a period of two years.

## b) Stock options

Effective September 7, 2010, the Company adopted a stock option plan that allows for the issuance of stock options to acquire up to 5,000,000 common shares. At January 31, 2011, 3,500,000 shares were available for future grants under the Company's stock option plan.

|   | Number of Shares | Weighted Average<br>Exercise Price |
|---|------------------|------------------------------------|
| Balance, October 31, 2009                   | -                | \$ -                               |
| Granted                                     | 1,500,000        | 0.10                               |
| Options exercisable at October 31, 2010     | 1,500,000        | \$ 0.10                            |
| Weighted average remaining contractual life | 1.60 years       |                                    |

On January 31, 2011, the Company had outstanding 1,500,000 stock options, exercisable at a price of \$0.10 per common share, on or before September 7, 2012.

## c) Share purchase warrants

As at October 31, 2010, the Company has share purchase warrants outstanding entitling the holders to acquire common shares as follows:

| Exercise Price | Expiry Date         | Outstanding at<br>October 31, 2010 | Issued    | Exercised | Expired | Outstanding at<br>January 31, 2011                        |
|----------------|---------------------|------------------------------------|-----------|-----------|---------|---|
| \$0.30         | June 30, 2011       | 1,055,135                          | -         | -         | -       | 1,055,135   |
| \$0.25         | December 3,<br>2012 | -                                  | 2,000,000 | -         | -       | 2,000,000   |
|                |                     | 1,055,135                          | 2,000,000 | -         | -       | 3,055,135   |
|                |                     |                                    |           |           |         | Weighted average remaining contractual life<br>1.35 years |

**11. SUBSEQUENT EVENTS**

500,000 stock options expired without exercise on March 5, 2011.

165,517 common shares were issued on March 11, 2011 pursuant to the convertible debenture agreement dated August 25, 2010 (see note 8) to convert \$12,000 of the principal amount.

The Company has evaluated subsequent events and has determined that there are no other events to disclose.

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**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.**

This quarterly report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as *may*, *should*, *expects*, *plans*, *anticipates*, *believes*, *estimates*, *predicts*, *potential* negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks in the section entitled *Risk Factors* and the risks set out below, any of which may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. These risks include, by way of example and not in limitation:

- risks and uncertainties relating to the interpretation of sampling results, the geology, grade and continuity of mineral deposits;
- risks and uncertainties that results of initial sampling and mapping will not be consistent with our expectations;
- mining and development risks, including risks related to accidents, equipment breakdowns, labor disputes or other unanticipated difficulties with or interruptions in production;
- the potential for delays in exploration activities;
- risks related to the inherent uncertainty of cost estimates and the potential for unexpected costs and expenses;
- risks related to commodity price fluctuations;
- the uncertainty of profitability based upon our limited history;
- risks related to failure to obtain adequate financing on a timely basis and on acceptable terms for our planned exploration project;
- risks related to environmental regulation and liability;
- risks that the amounts reserved or allocated for environmental compliance, reclamation, post-closure control measures, monitoring and on-going maintenance may not be sufficient to cover such costs;
- risks related to tax assessments;
- political and regulatory risks associated with mining development and exploration; and
- other risks and uncertainties related to our mineral property and business strategy.

This list is not an exhaustive list of the factors that may affect any of our forward-looking statements. These and other factors should be considered carefully and readers should not place undue reliance on our forward-looking statements.

Forward looking statements are made based on management's beliefs, estimates and opinions on the date the statements are made and we undertake no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results.

Our financial statements are stated in United States dollars (US\$) and are prepared in accordance with United States Generally Accepted Accounting Principles.

In this quarterly report, unless otherwise specified, all dollar amounts are expressed in United States dollars and all references to *common stock* refer to the common shares in our capital stock.



As used in this quarterly report, the terms we , us , our , and Del Toro mean Del Toro Silver Corp., unless the context clearly requires otherwise.

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## Our Current Business

We are presently an exploration stage company focused on conducting exploration activities on our Dos Naciones Property in Mexico and exercising our option under the Option Agreement with Yale Resources Ltd. dated July 7, 2009, as amended June 25, 2010 and October 21, 2010. The Dos Naciones Property is located approximately 140 km north northeast of the city of Hermosillo, in north-central Sonora, Mexico and is approximately 75 km southwest of the important Cananea mining district. The Dos Naciones Property is comprised of one mineral concession that covers approximately 2,391 hectares.

Del Toro received a technical report dated March 25, 2009 from its consulting geologist David J. Pawliuk respecting the Dos Naciones Property. Pursuant to the report, Mr. Pawliuk recommended a three phase exploration program on the Dos Naciones Property to explore potential mineralization on the property. The report found that Dos Naciones Property hosts different styles of significant metallic mineralization and that economic concentrations of silver and lead occur in quartz veins at both the Josefina and the Dos Naciones occurrence areas within the property.

We intend to conduct a three phase exploration program on the Dos Naciones Property at an aggregate estimated cost of \$450,000 subject to receiving additional financing. The first phase of our exploration program commenced in July, 2010. The first phase consists of detailed geological mapping, sampling, hand trenching and prospecting. In July, 2010 the Company's operator on the Dos Naciones property engaged geological consultants to conduct mapping and sampling on the property.

The Company has submitted 38 samples from the July/August work program to an assay lab to confirm the sampling results. The Company is also conducting a satellite imaging study on the Dos Naciones Property and the surrounding area. If the results of the first phase of our exploration program warrant the continuation into the second phase of the program, we intend to conduct the second phase of the program consisting of diamond drilling and IP surveys of the entire property. The second phase is anticipated to cost approximately \$174,000. If the results of the second phase of our exploration program warrant the continuation into the third phase of the program, we intend to conduct the third phase of the program consisting of further diamond drilling of identified IP anomalies from Phase II at an estimated cost of \$180,000.

In October, 2010, fieldwork completed by the Company was successful in identifying multiple new exposures of veins as well as a historic working that was previously unknown. The Josefina target now consists of a series of at least six sub-parallel veins with the core of the silver/lead system having been traced along surface for approximately 600 meters along strike and over 250 meters wide. Highlights from the 38 samples submitted are channel chip samples from the interior of the Josefina working returning 129g/t Ag with 5.23% Pb over 1.0 meters and 105g/t Ag with 4.21% Pb over 0.50 meters.

In December, 2010 we completed an ASTER (Satellite Imaging) study on the Dos Naciones property and surrounding mines, and continued our field work consisting of detailed geological mapping, sampling and prospecting towards identifying drill targets. A follow up field program in the area was commenced in January, 2011 to expand the mapping and sampling of the surrounding areas based on the ASTER report study. Based on the results of our past field program we intend to commence a drill program in April, 2011 on the La Espanola target to obtain further information on mineralization occurrences on the area. Our plan of operation is to carry out exploration work on our Dos Naciones Property in order to ascertain whether it possesses commercially exploitable quantities of gold, silver, and other metals. We intend to primarily explore for gold, silver, and copper but if we discover that our mineral property holds potential for other minerals that our management determines are worth exploring further, then we intend to explore for those other minerals. We will not be able to determine whether or not the Dos Naciones Property contains a commercially exploitable mineral deposit, or reserve, until appropriate exploratory work is done and an economic evaluation based on that work indicates economic viability.

We have commenced the initial phase of exploration on our Dos Naciones Property. Once we complete each phase of exploration, we will make a decision as to whether or not we proceed with each successive phase based upon the analysis of the results of that program. Our management will make these decisions based upon the recommendations of the independent geologist who oversees the program and records the results.

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## Recent Corporate Developments

Since the commencement of our first quarter ended January 31, 2011, we experienced the following significant corporate developments:

1. In December, 2010 we completed an ASTER (Satellite Imaging) study on the Dos Naciones property and surrounding mines, and continued our field work consisting of detailed geological mapping, sampling and prospecting towards identifying drill targets. A follow up field program in the area was commenced in January, 2011 to expand the mapping and sampling of the surrounding areas based on the ASTER report study. Based on the results of our past field program we intend to commence a drill program in April, 2011 on the La Espanola target to obtain further information on mineralization occurrences on the area.
2. Effective December 3, 2010, we issued 2,000,000 units at a price of \$0.10 per unit for gross proceeds of \$200,000. Each unit consisted of one share of common stock and one share purchase warrant entitling the warrant holder to purchase an additional share of common stock at a price of \$0.25 per share for a period of two years from closing. We issued an aggregate of 1,930,000 units to twenty-seven subscribers that each represented that they were not a US person (as that term is defined in Regulation S of the Securities Act of 1933, as amended) in an offshore transaction pursuant to Regulation S and/or Section 4(2) of the Securities Act of 1933, as amended. We issued an additional 70,000 units to two U.S. persons, who represented that they were accredited investors (as that term is defined in Rule 501 of Regulation D, promulgated by the Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended, pursuant to Rule 506 of Regulation D and/or Section 4(2) of the Securities Act of 1933, as amended.
3. Effective February 3, 2011, Richard Tschauder resigned as a director of the Company. The resignation was not as a result of any disagreement relating to the Company's operations, policies or practices.

## Plan of Operation

Our Plan of Operation is to conduct exploration activities on our Dos Naciones Property, exercise the Option under the Option Agreement with Yale and subsequently enter into the Joint Venture Agreement with Yale. The Dos Naciones Property is located approximately 140 km north northeast of the city of Hermosillo, in north-central Sonora, Mexico and is approximately 75 km southwest of the important Cananea mining district. The Dos Naciones Property is comprised of one mineral concession that covers approximately 2,391 hectares.

We intend to conduct a two phase exploration program on the Dos Naciones Property at an aggregate estimated cost of \$450,000. The first phase of our exploration program was completed during the quarter ended October 31, 2010. The first phase consisted of detailed geological mapping, sampling, hand trenching and prospecting. In July, 2010 the Company's operator on the Dos Naciones property engaged geological consultants to conduct mapping and sampling on the property. The Company has commenced the second phase of its exploration program. If the results of the second phase of our exploration program warrant the continuation into the third phase of the program, we intend to conduct the third phase of the program consisting of diamond drilling and IP surveys of the entire property. If the results of the second phase of our exploration program warrant the continuation into the third phase of the program, we intend to conduct the third phase of the program consisting of further diamond drilling of identified IP anomalies from Phase II at an estimated cost of \$180,000. A detailed breakdown of the proposed budget and work exploration program is as follows:

### Estimated Dos Naciones Work Program Costs

#### Phase One



| <b>Detailed geological mapping, stripping and trenching</b> | Cost             |
|---|------------------|
| 1 Geologist for 50 days @ \$300 per day:                    | \$ 15,000        |
| 3 Field Assistants for 50 days @ \$100 per day:             | \$ 15,000        |
| Food and accommodation @ \$30 per man-day:                  | \$ 6,000         |
| Field supplies:   | \$ 1,000         |
| Vehicle rental, fuel and maintenance:                       | \$ 5,000         |
| Analytical costs: 300 samples @ \$30 per sample:            | \$ 9,000         |
| <b>Total geological mapping, stripping and trenching:</b>   | <b>\$ 51,000</b> |
| <b>Report preparation</b>                                   |                  |
| For reporting on all of the above work, including drafting: | \$ 2,500         |
| <b>Subtotal Phase One</b>                                   | <b>\$ 53,500</b> |

**Phase Two**

|  |                   |
|--|-------------------|
| <b>IP surveying in area of aeromagnetic low</b>  |                   |
| 15 days of surveying along cut grid lines with pickets at 25 m intervals (slope distance) at an all-inclusive cost | \$ 30,000         |
| <b>Diamond drilling to test mineralized vein structures at Josefina</b>  |                   |
| 500 meters at an all-inclusive (drilled, logged, split, sampled, water haul)                                       |                   |
| cost of \$180 per meter:   | \$ 90,000         |
| <b>Diamond drilling to test mineralized vein structures at Dos Naciones</b>  |                   |
| 300 meters at an all-inclusive (drilled, logged, split, sampled, water haul)                                       |                   |
| cost of \$180 per meter:   | \$ 54,000         |
| <b>Subtotal Phase Two</b>  | <b>\$ 174,000</b> |

**Phase Three**

(contingent on IP anomalies from Phase Two work being determined to be favourable for testing with diamond drill holes)

**Diamond drilling in area of IP chargeability anomalies**

1,000 meters at an all-inclusive (drilled, logged, split, sampled, water haul)

|                                   |                   |
|-----------------------------------|-------------------|
| cost of \$180 per meter:          | \$ 180,000        |
| <b>Subtotal Phase Three</b>       | <b>\$ 180,000</b> |
| <b>Contingency 10%</b>            | <b>\$ 42,500</b>  |
| <b>TOTAL THREE PHASE PROGRAM:</b> | <b>\$ 450,000</b> |

Our plan of operation is to carry out exploration work on our Dos Naciones Property in order to ascertain whether it possesses commercially exploitable quantities of gold, silver, and other metals. We intend to primarily explore for gold, silver, and copper but if we discover that our mineral property holds potential for other minerals that our management determines are worth exploring further, then we intend to explore for those other minerals. We will not be able to determine whether or not the Dos Naciones Property contains a commercially exploitable mineral deposit, or reserve, until appropriate exploratory work is done and an economic evaluation based on that work indicates

economic viability.

Mineral property exploration is typically conducted in phases. Each subsequent phase of exploration work is recommended by a geologist based on the results from the most recent phase of exploration. Once we complete each phase of exploration, we will make a decision as to whether or not we proceed with each successive phase based upon the analysis of the results of that program. Our management will make these decisions based upon the recommendations of the independent geologist who oversees the program and records the results.

**Anticipated Cash Requirements**

We anticipate that we will incur the following expenses over the next twelve months:

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| Expense Item   | Cost              |
|--|-------------------|
| Expenditures on the Dos Naciones Property in accordance with the terms of our Option Agreement \$ with Yale Resources Ltd.   | 150,000           |
| Ongoing professional expenses associated with our company being a reporting issuer under the Securities Exchange Act of 1934 | \$ 60,000         |
| General and administrative expenses  | \$ 25,000         |
| <b>Total</b>   | <b>\$ 235,000</b> |

As of January 31, 2011 we had cash of \$92,911. Effective December 3, 2010, we issued 2,000,000 units at a price of \$0.10 per unit for gross proceeds of \$200,000. Each unit consisted of one share of common stock and one share purchase warrant entitling the warrant holder to purchase an additional share of common stock at a price of \$0.25 per share for a period of two years from closing. Based on the above estimate of \$235,000 for our expenses for the next twelve months we do not have enough funds to proceed with our plan of operation over the next twelve months. We plan to rely on the equity financing in order to raise any additional funds necessary to pursue our plan of operation and to fund our working capital deficit in order to enable us to pay our accounts payable and accrued liabilities. We currently do not have any arrangements in place for the completion of any equity financings and there is no assurance that we will be successful in completing any equity financings.

### Results of Operations

The following summary of our results of operations should be read in conjunction with our unaudited financial statements for the three month period ended January 31, 2011 which are included herein.

Our operating results for the three month period ended January 31, 2011 and 2010 are summarized as follows:

|                    | <b>Three Months Ended</b> |             |
|--------------------|---------------------------|-------------|
|                    | <b>January 31,</b>        |             |
|                    | <b>2011</b>               | <b>2010</b> |
| Revenue            | \$ -                      | \$ -        |
| Operating Expenses | 44,839                    | 6,464       |
| Net Loss           | 44,839                    | \$ 6,464    |

#### *Revenues*

We have not earned any revenues to date. We do not anticipate earning revenues from our planned mineral operations until such time as we enter into commercial production of the Doc Naciones Property, or other mineral properties we may acquire from time to time of which there is no assurance.

#### *Expenses*

Our expenses for the three month period ended January 31, 2011 and 2010 are outlined in the table below:

|  | <b>Three Months Ended</b> |             | <b>Percentage Increase / (Decrease)</b> |
|--|---------------------------|-------------|---|
|  | <b>2011</b>               | <b>2010</b> |   |
| <b>General and Administrative Expenses</b> |                           |             |   |
| Professional Fees                          | \$ 4,198                  | \$ 6,080    | (30.9%)                                 |



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|                              |        |     |         |
|------------------------------|--------|-----|---------|
| Advertising                  | 160    | -   | 100%    |
| Amortization                 | 134    | 176 | (23.8%) |
| Bank Charges and Interest    | 91     | 37  | 145.9%  |
| Foreign Exchange Loss (gain) | 1,273  | 112 | 1,036%  |
| Interest                     | 22,917 | -   | 100%    |

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|                             |                  |                 |               |
|-----------------------------|------------------|-----------------|---------------|
| Office expenses             | 149              | 59              | 152.5%        |
| Transfer Agent              | 4,599            | -               | 100%          |
| Rent                        | 1,493            | -               | 100%          |
| Shareholders Communications | 2,034            | -               | 100%          |
| Filing Fees                 | 1,790            | -               | 100%          |
| <b>Total</b>                | <b>\$ 38,838</b> | <b>\$ 6,464</b> | <b>500.8%</b> |

General and Administrative

The \$32,374 increase in our general and administrative expenses for the three month period ended January 31, 2011 compared to January 31, 2010 was primarily due to: (i) a \$22,917 increase in interest expenses associated with our outstanding convertible loans; and (ii) an increase in transfer agent and shareholder communication expenses.

Professional Fees

Professional fees include our accounting and auditing expenses incurred in connection with the preparation and audit of our financial statements and legal fees. Our professional fees decreased by 30.9% during the period ended January 31, 2011. Professional fees are expected to increase during fiscal 2011 due to our ongoing reporting obligations of the Securities Exchange Act of 1934.

**Liquidity And Capital Resources***Working Capital*

|                     | <b>As at<br/>January 31, 2011</b> | <b>As at October<br/>31, 2010</b> | <b>Percentage<br/>Increase /<br/>(Decrease)</b> |
|---------------------|-----------------------------------|-----------------------------------|---|
| Current Assets      | \$ 105,484                        | \$ 91,118                         | 15.8%   |
| Current Liabilities | \$ 131,661                        | \$ 130,012                        | 1.3%  |
| Working Capital     | \$ (26,177)                       | \$ (38,894)                       | (32.7%)   |

*Cash Flows*

|                                       | <b>Three Month<br/>Period Ended<br/>January 31, 2011</b> | <b>Three Month<br/>Period Ended<br/>January 31, 2010</b> |
|---------------------------------------|--|--|
| Cash used in Operating Activities     | \$ 45,660  | \$ (173)   |
| Cash provided by Investing Activities | \$ -   | \$ -   |
| Cash provided by Financing Activities | \$ 55,764  | \$ -   |
| Net Increase (Decrease) in Cash       | \$ 10,104  | \$ (173)   |

We anticipate that we will incur approximately \$235,000 for operating expenses, including professional, legal and accounting expenses associated with our reporting requirements under the Exchange Act during the next twelve months. As of the date of this report we had cash of \$92,911, accordingly, we will need to obtain additional financing in order to complete our business plan.

Cash Used In Operating Activities

We used cash in operating activities in the amount of \$45,660 during the three period ended January 31, 2011 and \$173 during the three month period ended January 31, 2010. Cash used in operating activities was funded by cash from financing activities.

Cash From Investing Activities

No cash was used or provided in investing activities during the three month period ended January 31, 2011.

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### Cash from Financing Activities

We generated cash of \$55,764 from financing activities during the three month period ended January 31, 2011 compared to cash of \$Nil generated from financing activities during the three month period ended January 31, 2010.

### Disclosure of Outstanding Share Data

As at the date of this quarterly report, the Company had 12,700,652 shares of common stock issued and outstanding, and 3,055,135 warrants outstanding. 1,055,135 of the warrants are exercisable at a price of \$0.30 per share until June 30, 2011 and 2,000,000 of the warrants are exercisable at a price of \$0.25 per share until December 3, 2012. We have 1,000,000 options to acquire additional shares of common stock at a price of \$0.10 per share. We do not have shares of any other class issued and outstanding as at the date of this report.

### **Going Concern**

The financial statements accompanying this report have been prepared on a going concern basis, which implies that our company will continue to realize its assets and discharge its liabilities and commitments in the normal course of business. Our company has not generated revenues since inception and has never paid any dividends and is unlikely to pay dividends or generate earnings in the immediate or foreseeable future. The continuation of our company as a going concern is dependent upon the continued financial support from our shareholders, the ability of our company to obtain necessary equity financing to achieve our operating objectives, and the attainment of profitable operations. As at January 31, 2011, our company has accumulated losses of \$873,045 since inception. We do not have sufficient working capital to enable us to carry out our stated plan of operation for the next twelve months.

Due to the uncertainty of our ability to meet our current operating expenses and the capital expenses noted above in their report on the financial statements for the year ended October 31, 2010, our independent auditors included an explanatory paragraph regarding concerns about our ability to continue as a going concern. Our financial statements contain additional note disclosures describing the circumstances that lead to this disclosure by our independent auditors.

The continuation of our business is dependent upon us raising additional financial support. The issuance of additional equity securities by us could result in a significant dilution in the equity interests of our current stockholders. Obtaining commercial loans, assuming those loans would be available, will increase our liabilities and future cash commitments.

### **Future Financings**

We anticipate continuing to rely on equity sales of our shares of common stock in order to continue to fund our business operations. Issuances of additional shares will result in dilution to our existing stockholders. There is no assurance that we will achieve any additional sales of our equity securities or arrange for debt or other financing to fund our planned activities.

### **Off-Balance Sheet Arrangements**

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to stockholders.

### **Risks And Uncertainties**

Risks Associated with Mining

*All of our properties are in the exploration stage. There is no assurance that we can establish the existence of any mineral resource on any of our properties in commercially exploitable quantities. Until we can do so, we cannot earn any revenues from operations and if we do not do so we will lose all of the funds that we expend on exploration. If we do not discover any mineral resource in a commercially exploitable quantity, our business could fail.*

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Despite exploration work on our mineral properties, we have not established that any of them contain any mineral reserve, nor can there be any assurance that we will be able to do so. If we do not, our business could fail.

A mineral reserve is defined by the Securities and Exchange Commission in its Industry Guide 7 (which can be viewed over the Internet at <http://www.sec.gov/divisions/corpfin/forms/industry.htm#secguide7>) as that part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination. The probability of an individual prospect ever having a reserve that meets the requirements of the Securities and Exchange Commission's Industry Guide 7 is extremely remote; in all probability our mineral resource property does not contain any reserve and any funds that we spend on exploration will probably be lost.

Even if we do eventually discover a mineral reserve on one or more of our properties, there can be no assurance that we will be able to develop our properties into producing mines and extract those resources. Both mineral exploration and development involve a high degree of risk and few properties which are explored are ultimately developed into producing mines.

The commercial viability of an established mineral deposit will depend on a number of factors including, by way of example, the size, grade and other attributes of the mineral deposit, the proximity of the resource to infrastructure such as a smelter, roads and a point for shipping, government regulation and market prices. Most of these factors will be beyond our control, and any of them could increase costs and make extraction of any identified mineral resource unprofitable.

*Mineral operations are subject to applicable law and government regulation. Even if we discover a mineral resource in a commercially exploitable quantity, these laws and regulations could restrict or prohibit the exploitation of that mineral resource. If we cannot exploit any mineral resource that we might discover on our properties, our business may fail.*

Both mineral exploration and extraction require permits from various foreign, federal, state, provincial and local governmental authorities and are governed by laws and regulations, including those with respect to prospecting, mine development, mineral production, transport, export, taxation, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. There can be no assurance that we will be able to obtain or maintain any of the permits required for the continued exploration of our mineral properties or for the construction and operation of a mine on our properties at economically viable costs. If we cannot accomplish these objectives, our business could fail.

We believe that we are in compliance with all material laws and regulations that currently apply to our activities but there can be no assurance that we can continue to remain in compliance. Current laws and regulations could be amended and we might not be able to comply with them, as amended. Further, there can be no assurance that we will be able to obtain or maintain all permits necessary for our future operations, or that we will be able to obtain them on reasonable terms. To the extent such approvals are required and are not obtained, we may be delayed or prohibited from proceeding with planned exploration or development of our mineral properties.

*If we establish the existence of a mineral resource on any of our properties in a commercially exploitable quantity, we will require additional capital in order to develop the property into a producing mine. If we cannot raise this additional capital, we will not be able to exploit the resource, and our business could fail.*

If we do discover mineral resources in commercially exploitable quantities on any of our properties, we will be required to expend substantial sums of money to establish the extent of the resource, develop processes to extract it and develop extraction and processing facilities and infrastructure. Although we may derive substantial benefits from the discovery of a major deposit, there can be no assurance that such a resource will be large enough to justify

commercial operations, nor can there be any assurance that we will be able to raise the funds required for development on a timely basis. If we cannot raise the necessary capital or complete the necessary facilities and infrastructure, our business may fail.

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*Mineral exploration and development is subject to extraordinary operating risks. We do not currently insure against these risks. In the event of a cave-in or similar occurrence, our liability may exceed our resources, which would have an adverse impact on our company.*

Mineral exploration, development and production involves many risks which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Our operations will be subject to all the hazards and risks inherent in the exploration for mineral resources and, if we discover a mineral resource in commercially exploitable quantity, our operations could be subject to all of the hazards and risks inherent in the development and production of resources, including liability for pollution, cave-ins or similar hazards against which we cannot insure or against which we may elect not to insure. Any such event could result in work stoppages and damage to property, including damage to the environment. We do not currently maintain any insurance coverage against these operating hazards. The payment of any liabilities that arise from any such occurrence would have a material adverse impact on our company.

*Mineral prices are subject to dramatic and unpredictable fluctuations.*

We expect to derive revenues, if any, either from the sale of our mineral resource properties or from the extraction and sale of precious and base metals such as gold, silver and copper. The price of those commodities has fluctuated widely in recent years, and is affected by numerous factors beyond our control, including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, speculative activities and increased production due to new extraction developments and improved extraction and production methods. The effect of these factors on the price of base and precious metals, and therefore the economic viability of any of our exploration properties and projects, cannot accurately be predicted.

*The mining industry is highly competitive and there is no assurance that we will continue to be successful in acquiring mineral claims. If we cannot continue to acquire properties to explore for mineral resources, we may be required to reduce or cease operations.*

The mineral exploration, development, and production industry is largely un-integrated. We compete with other exploration companies looking for mineral resource properties. While we compete with other exploration companies in the effort to locate and acquire mineral resource properties, we will not compete with them for the removal or sales of mineral products from our properties if we should eventually discover the presence of them in quantities sufficient to make production economically feasible. Readily available markets exist worldwide for the sale of mineral products. Therefore, we will likely be able to sell any mineral products that we identify and produce.

In identifying and acquiring mineral resource properties, we compete with many companies possessing greater financial resources and technical facilities. This competition could adversely affect our ability to acquire suitable prospects for exploration in the future. Accordingly, there can be no assurance that we will acquire any interest in additional mineral resource properties that might yield reserves or result in commercial mining operations.

*If our costs of exploration are greater than anticipated, then we may not be able to complete the exploration program for our Dos Naciones Property without additional financing, of which there is no assurance that we would be able to obtain.*

We are proceeding with the initial stages of exploration on our Dos Naciones Property. We intend to carry out an exploration program that has been recommended by a consulting geologist. This exploration program outlines a budget for completion of the recommended exploration program. However, there is no assurance that our actual costs will not exceed the budgeted costs. Factors that could cause actual costs to exceed budgeted costs include increased prices due to competition for personnel and supplies during the exploration season, unanticipated problems in



completing the exploration program and delays experienced in completing the exploration program. Increases in exploration costs could result in our not being able to carry out our exploration program without additional financing. There is no assurance that we would be able to obtain additional financing in this event.

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*Because of the speculative nature of exploration of mining properties, there is substantial risk that no commercially exploitable minerals will be found and our business will fail.*

We are in the initial stage of exploration of our mineral property, and thus have no way to evaluate the likelihood that we will be successful in establishing commercially exploitable reserves of gold, silver or other valuable minerals on our Dos Naciones Property. The search for valuable minerals as a business is extremely risky. We may not find commercially exploitable reserves of gold, silver or other valuable minerals in our mineral property. Exploration for minerals is a speculative venture necessarily involving substantial risk. The expenditures to be made by us on our exploration program may not result in the discovery of commercial quantities of ore. The likelihood of success must be considered in light of the problems, expenses, difficulties, complications and delays encountered in connection with the exploration of the mineral properties that we plan to undertake. Problems such as unusual or unexpected formations and other conditions are involved in mineral exploration and often result in unsuccessful exploration efforts. In such a case, we would be unable to complete our business plan.

*Because of the inherent dangers involved in mineral exploration, there is a risk that we may incur liability or damages as we conduct our business.*

The search for valuable minerals involves numerous hazards. In the course of carrying out exploration of our Dos Naciones Property, we may become subject to liability for such hazards, including pollution, cave-ins and other hazards against which we cannot insure or against which we may elect not to insure. We currently have no such insurance nor do we expect to get such insurance for the foreseeable future. If a hazard were to occur, the costs of rectifying the hazard may exceed our asset value and cause us to liquidate all of our assets, resulting in the loss of your entire investment in this offering.

*Because access to our mineral property is often restricted by inclement weather, we may be delayed in our exploration and any future mining efforts.*

Access to the mineral property is restricted to the period between August to March of each year because the period between April and July are typically rainy season in the area. We can attempt to visit, test or explore our mineral property only when weather permits such activities. These limitations can result in significant delays in exploration efforts, as well as in mining and production in the event that commercial amounts of minerals are found. Such delays can cause our business to fail.

*As we undertake exploration of our mineral property, we will be subject to compliance with government regulation that may increase the anticipated time and cost of our exploration program, which could increase our expenses.*

We will be subject to the mining laws and regulations in Mexico as we carry out our exploration program. We will be required to pay mining taxes to the Mexican government. We will be required to prove our compliance with relevant Mexican environmental and workplace safety laws, regulations and standards by submitting receipts showing the purchase of equipment used for workplace safety or the prevention of pollution or the undertaking of environmental remediation projects before we are able to obtain drilling permits. If our exploration activities lead us to make a decision to go into mining production, before we initiate a major drilling program, we will have to obtain an environmental impact statement authorization. This could potentially take more than 10 months to obtain and could potentially be refused. New regulations, if any, could increase our time and costs of doing business and prevent us from carrying out our exploration program. These factors could prevent us from becoming profitable.

*Because our executive officers have limited experience in mineral exploration and do not have formal training specific to the technicalities of mineral exploration, there is a higher risk that our business will fail.*

Our executive officers have limited experience in mineral exploration and do not have formal training as geologists or in the technical aspects of management of a mineral resource exploration company. As a result of this inexperience, there is a higher risk of our being unable to complete our business plan for the exploration of our mineral property. With no direct training or experience in these areas, our management may not be fully aware of many of the specific requirements related to working within this industry. Our decisions and choices may not take into account standard engineering or managerial approaches mineral resource exploration companies commonly use.

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Consequently, the lack of training and experience of our management in this industry could result in management making decisions that could result in a reduced likelihood of our being able to locate commercially exploitable reserves on our mineral property with the result that we would not be able to achieve revenues or raise further financing to continue exploration activities. In addition, we will have to rely on the technical services of others with expertise in geological exploration in order for us to carry out our planned exploration program. If we are unable to contract for the services of such individuals, it will make it difficult and maybe impossible to pursue our business plan. There is thus a higher risk that our operations, earnings and ultimate financial success could suffer irreparable harm and our business will likely fail.

*Because our executive officers have other business interests, they may not be able or willing to devote a sufficient amount of time to our business operation, causing our business to fail.*

Mark McLeary our president and chief executive officer devotes approximately 30% of his working time on providing management services to us and Ezra Jimenez our chief financial officer devotes approximately 20% of his working time on providing management services to us. If the demands on our executive officers from their other obligations increase, they may no longer be able to devote sufficient time to the management of our business. This could negatively impact our business development.

#### Risks Related to Our Company

*We have a limited operating history on which to base an evaluation of our business and prospects.*

We have been in the business of exploring mineral resource properties since January 2006 and we have not yet located any mineral reserve. As a result, we have never had any revenues from our operations. In addition, our operating history has been restricted to the acquisition and exploration of our mineral properties and this does not provide a meaningful basis for an evaluation of our prospects if we ever determine that we have a mineral reserve and commence the construction and operation of a mine. We have no way to evaluate the likelihood of whether our mineral properties contain any mineral reserve or, if they do that we will be able to build or operate a mine successfully. We anticipate that we will continue to incur operating costs without realizing any revenues during the period when we are exploring our properties. We therefore expect to continue to incur significant losses into the foreseeable future. We recognize that if we are unable to generate significant revenues from mining operations and any dispositions of our properties, we will not be able to earn profits or continue operations. At this early stage of our operation, we also expect to face the risks, uncertainties, expenses and difficulties frequently encountered by companies at the start up stage of their business development. We cannot be sure that we will be successful in addressing these risks and uncertainties and our failure to do so could have a materially adverse effect on our financial condition. There is no history upon which to base any assumption as to the likelihood that we will prove successful and we can provide investors with no assurance that we will generate any operating revenues or ever achieve profitable operations.

*The fact that we have not earned any operating revenues since our incorporation raises substantial doubt about our ability to continue to explore our mineral properties as a going concern.*

We have not generated any revenue from operations since our incorporation and we anticipate that we will continue to incur operating expenses without revenues unless and until we are able to identify a mineral resource in a commercially exploitable quantity on one or more of our mineral properties and we build and operate a mine. At January 31, 2011, we had working capital deficit of \$26,177. We incurred a net loss of \$44,839 for the three month period ended January 31, 2011 and \$873,045 since inception. We will require additional financing to sustain our business operations if we are not successful in earning revenues once exploration is complete. If our exploration programs are successful in discovering reserves of commercial tonnage and grade, we will require significant

additional funds in order to place the Dos Naciones Property into commercial production. Should the results of our planned exploration require us to increase our current operating budget, we may have to raise additional funds to meet our currently budgeted operating requirements for the next 12 months. As we cannot assure a lender that we will be able to successfully explore and develop our mineral properties, we will probably find it difficult to raise debt financing from traditional lending sources. We have traditionally raised our operating capital from sales of equity and debt securities, but there can be no assurance that we will continue to be able to do so. If we cannot raise the money that we need to continue exploration of our mineral properties, we may be forced to delay, scale back, or eliminate our exploration activities. If any of these were to occur, there is a substantial risk that our business would fail.

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These circumstances lead our independent registered public accounting firm, in their report dated February 7, 2011, to comment about our company's ability to continue as a going concern. When an auditor issues a going concern opinion, the auditor has substantial doubt that the company will continue to operate indefinitely and not go out of business and liquidate its assets. These conditions raise substantial doubt about our company's ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts of and classification of liabilities that might be necessary in the event our company cannot continue in existence. We continue to experience net operating losses.

#### Risks Associated with Our Common Stock

*Trading on the OTC Bulletin Board may be volatile and sporadic, which could depress the market price of our common stock and make it difficult for our stockholders to resell their shares.*

Our common stock is quoted on the OTC Bulletin Board service of the Financial Industry Regulatory Authority. Trading in stock quoted on the OTC Bulletin Board is often thin and characterized by wide fluctuations in trading prices, due to many factors that may have little to do with our operations or business prospects. This volatility could depress the market price of our common stock for reasons unrelated to operating performance. Moreover, the OTC Bulletin Board is not a stock exchange, and trading of securities on the OTC Bulletin Board is often more sporadic than the trading of securities listed on a quotation system like NASDAQ or a stock exchange like Amex. Accordingly, shareholders may have difficulty reselling any of their shares.

*Our stock is a penny stock. Trading of our stock may be restricted by the Securities and Exchange Commission's penny stock regulations which may limit a stockholder's ability to buy and sell our stock.*

Our stock is a penny stock. The Securities and Exchange Commission has adopted Rule 15c-9 which generally defines "penny stock" to be any equity security that has a market price (as defined) less than \$5.00 per share or an exercise price of less than \$5.00 per share, subject to certain exceptions. Our securities are covered by the penny stock rules, which impose additional sales practice requirements on broker-dealers who sell to persons other than established customers and accredited investors. The term "accredited investor" refers generally to institutions with assets in excess of \$5,000,000 or individuals with a net worth in excess of \$1,000,000 or annual income exceeding \$200,000 or \$300,000 jointly with their spouse. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document in a form prepared by the Securities and Exchange Commission which provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction and monthly account statements showing the market value of each penny stock held in the customer's account. The bid and offer quotations, and the broker-dealer and salesperson compensation information, must be given to the customer orally or in writing prior to effecting the transaction and must be given to the customer in writing before or with the customer's confirmation. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from these rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for the stock that is subject to these penny stock rules. Consequently, these penny stock rules may affect the ability of broker-dealers to trade our securities. We believe that the penny stock rules discourage investor interest in, and limit the marketability of, our common stock.

*The Financial Industry Regulatory Authority sales practice requirements may also limit a stockholder's ability to buy and sell our stock.*

In addition to the penny stock rules described above, the Financial Industry Regulatory Authority, which we refer to as FINRA, has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low-priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, the FINRA believes that there is a high probability that speculative low-priced securities will not be suitable for at least some customers. The FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit your ability to buy and sell our stock and have an adverse effect on the market for shares of our common stock.

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**Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

Not Applicable.

**Item 4. Controls and Procedures.***Disclosure Controls and Procedures*

As required by Rule 13a-15 of the Exchange Act, our principal executive officer and principal financial officer evaluated our company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of the end of the period covered by this report. Based on this evaluation, these officers concluded that as of the end of the period covered by this report, these disclosure controls and procedures were not effective to ensure that the information required to be disclosed by our company in reports it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities Exchange Commission and include controls and procedures designed to ensure that such information is accumulated and communicated to our company's management, including our company's principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure. The conclusion that our disclosure controls and procedures were not effective was due to the presence of the following material weaknesses in internal control over financial reporting which are indicative of many small companies with small staff: (i) inadequate segregation of duties and effective risk assessment; and (ii) insufficient written policies and procedures for accounting and financial reporting with respect to the requirements and application of both US GAAP and SEC guidelines. Management anticipates that such disclosure controls and procedures will not be effective until the material weaknesses are remediated.

We plan to take steps to enhance and improve the design of our internal controls over financial reporting. During the period covered by this quarterly report on Form 10-Q, we have not been able to remediate the material weaknesses identified above. To remediate such weaknesses, we plan to implement the following changes during our fiscal year ending October 31, 2011: (i) appoint additional qualified personnel to address inadequate segregation of duties and ineffective risk management; and (ii) adopt sufficient written policies and procedures for accounting and financial reporting. The remediation efforts set out above are largely dependent upon our securing additional financing to cover the costs of implementing the changes required. If we are unsuccessful in securing such funds, remediation efforts may be adversely effected in a material manner.

Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, if any, within our company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake.

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*Changes in Internal Control Over Financial Reporting*

There were no changes in our internal control over financial reporting during the fiscal quarter ended January 31, 2011 that have materially affected or are reasonably likely to materially affect, our internal control over financial reporting.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed by our company in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by our company in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

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**PART II - OTHER INFORMATION****ITEM 1. LEGAL PROCEEDINGS**

We know of no material, active or pending legal proceedings against our company, nor are we involved as a plaintiff in any material proceeding or pending litigation. There are no proceedings in which any of our directors, officers or affiliates, or any registered or beneficial shareholder, is an adverse party or has a material interest adverse to our interest.

**ITEM 1A. RISK FACTORS.**

Not Applicable.

**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

Other than as disclosed below, we have not sold any equity securities that were not registered under the Securities Act since the commencement of our fiscal quarter ended January 31, 2011.

On March 11, 2011, we issued 165,517 shares of our common stock to Asher Enterprises, Inc. pursuant to our 8% convertible note with Asher dated August 25, 2010 in the amount of \$55,000. Asher Enterprises provided the Company with a notice to convert \$12,000 of the principal amount of the note. The shares were issued to Asher Enterprises pursuant to Rule 506 of Regulation D and/or Section 4(2) of the Securities Act of 1933 on the basis that Asher represented to the Company that they are an accredited investor as such term is defined in Regulation D.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None.

**ITEM 4. (REMOVED AND RESERVED)****ITEM 5. OTHER INFORMATION**

None.

**ITEM 6. EXHIBITS**

| <b>Exhibit Number</b> | <b>Description</b>  |
|-----------------------|---|
| 3.1                   | Articles of Incorporation (filed as an exhibit to our Form SB-2 Registration Statement, filed on January 22, 2007)  |
| 3.2                   | Bylaws (filed as an exhibit to our Form SB-2 Registration Statement, filed on January 22, 2007)   |
| 3.3                   | Articles of Merger filed with the Secretary of State of Nevada on July 24, 2009 dated effective July 28, 2009 (filed as an exhibit to our Current Report on Form 8-K, filed on August 19, 2009) |
| 10.1                  | Property Option Agreement dated August 25, 2006 (filed as an exhibit to our Form SB-2 Registration Statement, filed on January 22, 2007)  |
| 10.2                  |   |

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|      |   |
|------|---|
|      | Amended Property Option Agreement dated January 15, 2008 (filed as an exhibit to our Current Report on Form 8-K, filed on January 16, 2008)         |
| 10.3 | Termination Agreement and Mutual Release dated December 3, 2008 (filed as an exhibit to our Current Report on Form 8-K, filed on December 12, 2008) |

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|--------------|---|
| 10.4         | Letter of Intent between Candev Resource Exploration Inc. and Yale Resources Ltd. dated February 24, 2009 (filed as an exhibit to our Quarterly Report on Form 10-Q, filed on June 18, 2009)                        |
| 10.5         | Amendment to Letter of Intent between Candev Resource Exploration Inc. and Yale Resources Ltd. dated March 11, 2009 (filed as an exhibit to our Quarterly Report on Form 10-Q, filed on June 18, 2009)              |
| 10.6         | Form of Subscription Agreement for the Private Placement Completed on June 30, 2009 (incorporated by reference to an exhibit to our Current Report on Form 8-K, filed on July 8, 2009)                              |
| 10.7         | Option Agreement dated July 7, 2009 between Yale Resources Ltd. and our company (incorporated by reference to an exhibit to our Current Report on Form 8-K, filed on July 15, 2009)                                 |
| 10.8         | Subscription Agreement between Mark McLeary and Candev Resource Exploration Inc. (incorporated by reference to an exhibit to Schedule 13D filed on July 16, 2009)   |
| 10.9         | Amendment to Option Agreement between Del Toro Silver Corp. and Yale Resources Ltd. dated June 25, 2010 (incorporated by reference to an exhibit to our Current Report on Form 8-K, filed on June 29, 2010)         |
| 10.10        | Investor Relations Agreement with Goal Capital LLC dated July 15, 2010 (incorporated by reference to an exhibit to our Quarterly Report on Form 10-Q, filed on September 20, 2010)                                  |
| 10.11        | Convertible Promissory Note dated August 25, 2010 (incorporated by reference to an exhibit to our Quarterly Report on Form 10-Q, filed on September 20, 2010)   |
| 10.12        | Securities Purchase Agreement dated August 23, 2010 (incorporated by reference to an exhibit to our Quarterly Report on Form 10-Q, filed on September 20, 2010)   |
| 10.13        | 2010 Stock Option Plan (incorporated by reference to an exhibit to our Quarterly Report on Form 10-Q, filed on September 20, 2010)  |
| 10.14        | Amendment #2 to Option Agreement between Del Toro Silver Corp. and Yale Resources Ltd. dated October 21, 2010 (incorporated by reference to an exhibit to our Current Report on Form 8-K filed on October 25, 2010) |
| 10.15        | Form of Subscription Agreement for the Private Placement completed on December 3, 2010 (incorporated by reference to an exhibit to our Annual Report on Form 10-K filed on February 15, 2011)                       |
| 10.16        | Form of US Subscription Agreement for the Private Placement completed on December 3, 2010 (incorporated by reference to an exhibit to our Annual Report on Form 10-K filed on February 15, 2011)                    |
| 14.1         | Code of Ethics (filed as an exhibit to our Quarterly Report on Form 10-QSB filed on September 19, 2007)   |
| <u>31.1*</u> | <u>Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>   |
| <u>31.2*</u> | <u>Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>   |
| <u>32.1*</u> | <u>Certification of Chief Executive Officer pursuant Section 906 Certifications under Sarbanes-Oxley Act of 2002</u>  |
| <u>32.2*</u> | <u>Certification of Chief Financial Officer pursuant Section 906 Certifications under Sarbanes-Oxley Act of 2002</u>  |
| 99.1         | Audit Committee Charter (filed as an exhibit to our Annual Report on Form 10-K filed on January 29, 2009)   |

\* Filed herewith.

**SIGNATURES**

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**DEL TORO SILVER CORP.**

By

/s/Mark McLeary

Mark McLeary

President, Secretary, Treasurer, Chief Executive Officer

(Principal Executive Officer)

Date: March 17, 2011

By

/s/Ezra Jimenez

Ezra Jimenez

Chief Financial Officer

(Principal Accounting Officer and Principal Financial Officer)

Date: March 17, 2011

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