

DEL TORO SILVER CORP.
Form 10-Q
September 20, 2011

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

FORM 10-Q

(Mark One)

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

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

or

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number **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

(IRS Employer Identification No.)

Suite 103 318 North Carson Street, Carson City,

Nevada

(Address of principal executive offices)

89701-4597

(Zip Code)

775.782.3999

(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

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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

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

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act

YES NO

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

Check whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court.

YES NO

APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

13,004,912 common shares issued and outstanding as of September 12, 2011.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

Our unaudited interim financial statements for the three and nine month periods ended July 31, 2011 form part of this quarterly report. They are stated in United States Dollars (US\$) and are prepared in accordance with United States generally accepted accounting principles.

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DEL TORO SILVER CORP.

Consolidated Financial Statements

(Expressed in US dollars)

Periods Ended July 31, 2011 (unaudited) and October 31, 2010

DEL TORO SILVER CORP.

(An Exploration Stage Company)

Consolidated Balance Sheets

(Expressed in US dollars)

| | July 31, 2011 \$ (unaudited) | October 31, 2010 \$ |
|--|---------------------------------------|---------------------------|
| Assets | | |
| Current Assets | | |
| Cash | 8,536 | 82,807 |
| Amounts receivable | 19,744 | 8,311 |
| Due from directors (Note 9) | 1,109 | |
| Total Current Assets | 29,389 | 91,118 |
| Property and equipment (Note 3) | 1,972 | 2,374 |
| Deferred financing costs | | 9,204 |
| Total Assets | 31,361 | 102,696 |
| Liabilities and Stockholders Deficit | | |
| Current Liabilities | | |
| Accounts payable and accrued liabilities | 64,570 | 73,354 |
| Due to related parties (Note 9) | | 1,658 |
| Convertible debenture, net of unamortized discount of \$nil (Note 5) | 28,000 | 55,000 |
| Total Current Liabilities | 92,570 | 130,012 |
| Nature of operations and continuance of business (Note 1) | | |
| Stockholders Deficit | | |
| Preferred stock: 100,000,000 shares authorized, par value \$0.001 | | |
| Issued and outstanding: Nil shares | | |
| Common stock: 100,000,000 shares authorized, par value \$0.001 | | |
| Issued and outstanding: 13,004,912 (2010 10,535,135) shares | 13,005 | 10,535 |
| Equity portion of convertible debenture (Note 5) | 43,489 | |
| Additional paid-in capital | 873,704 | 680,405 |
| Share subscriptions receivable (Note 6) | (601) | 109,950 |
| Accumulated deficit during the exploration stage | (990,806) | (828,206) |
| Total Stockholders Deficit | (61,209) | (27,316) |
| Total Liabilities and Stockholders Deficit | 31,361 | 102,696 |

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

DEL TORO SILVER CORP.

(An Exploration Stage Company)

Statements of Operations

(Expressed in US dollars)

| | Three Months Ended July 31, 2011 \$ | Three Months Ended July 31, 2010 \$ | Nine months ended July 31, 2011 \$ | Nine months ended July 31, 2010 \$ | Accumulated from January 9, 2006 (Date of Inception) to July 31, 2011 \$ |
|---|---|---|--|--|--|
| Revenue | | | | | |
| Expenses | | | | | |
| Amortization | 134 | 175 | 402 | 527 | 2,558 |
| Consulting | | | 15,999 | | 296,894 |
| Foreign exchange loss (gain) | 4,445 | (497) | 2,797 | 466 | (1,727) |
| General and administrative | 6,429 | 2,176 | 23,192 | 9,925 | 82,972 |
| Mineral property expenses | 9,000 | 75,500 | 20,001 | 87,803 | 253,094 |
| Professional fees | 13,894 | 1,845 | 50,654 | 19,028 | 307,460 |
| Total expenses | 33,902 | 79,199 | 113,045 | 117,749 | 941,251 |
| Loss before other expense | (33,902) | (79,199) | (113,045) | (117,749) | (941,251) |
| Other expense | | | | | |
| Accretion of discount on convertible debt (Note 5) | (1,279) | | (43,489) | | (43,489) |
| Interest expense | (1,415) | | (6,066) | | (6,066) |
| Total other expense | (2,694) | | (49,555) | | (49,555) |
| Net loss | (36,596) | (79,199) | (162,600) | (117,749) | (990,806) |
| Loss per share, basic and diluted | | (0.01) | (0.01) | (0.01) | |
| Weighted average number of shares outstanding | 12,895,775 | 9,946,005 | 12,446,438 | 9,872,498 | |

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

DEL TORO SILVER CORP.

(An Exploration Stage Company)

Statements of Cash Flows

(Expressed in US dollars)

| | For the nine months ended July 31, 2011 \$ | For the nine months ended July 31, 2010 \$ | Accumulated from January 9, 2006 (Date of Inception) to April 30, 2011 \$ |
|---|--|--|---|
| Operating Activities | | | |
| Net loss for the period | (162,600) | (117,749) | (990,806) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | | |
| Accretion of discount on convertible debt | 43,489 | | 43,489 |
| Amortization | 402 | 527 | 2,558 |
| Foreign exchange (gain) loss | 2,797 | 466 | (1,727) |
| Shares issued for mineral property | | 75,500 | 142,460 |
| Shares issued for services | | | 21,000 |
| Stock-based compensation | | | 245,710 |
| Changes in operating assets and liabilities: | | | |
| Amounts receivable | (12,088) | (1,677) | (20,399) |
| Accounts payable and accrued liabilities | (10,926) | 35,690 | 66,952 |
| Net Cash Used In Operating Activities | (138,926) | (7,243) | (490,763) |
| Investing Activities | | | |
| Purchase of property and equipment | | | (4,530) |
| Net Cash Used In Investing Activities | | | (4,530) |
| Financing Activities | | | |
| Proceeds (repayment) to related parties | (2,767) | 6,691 | (1,109) |
| Proceeds from issuance of convertible debenture | | | 55,000 |
| Proceeds from issuance of common shares | 89,450 | | 481,170 |
| Shares issuance costs | (22,028) | | (31,232) |
| Net Cash Provided by Financing Activities | 64,655 | 6,691 | 503,829 |
| Increase (Decrease) in Cash | (74,271) | (552) | 8,536 |
| Cash Beginning of Period | 82,807 | 738 | |
| Cash End of Period | 8,536 | 186 | 8,536 |
| Supplemental disclosures: | | | |
| Interest paid | | | 378 |
| Income tax paid | | | |
| Non-cash investing and financing activities: | | | |
| | 27,000 | | 27,000 |

Shares issued for conversion of
convertible debt

| | | |
|---|--------|--------|
| Equity portion of convertible debenture | 43,489 | 43,489 |
| | 6 | |

DEL TORO SILVER CORP.

(An Exploration Stage Company)

Notes to the Financial Statements

Three months ended July 31, 2011

(Expressed in US dollars)

(unaudited)

1. Nature of Operations and Continuance 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 extra-provincially 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.

These financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at July 31, 2011, the Company has not earned any revenue, has a working capital deficit of \$63,181, and an accumulated deficit of \$990,806. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. These factors raise substantial doubt about the Company s ability to continue as a going concern. These financial statements do not include any adjustments to the recorded assets or liabilities that might be necessary should the Company be unable to continue as a going concern.

2. Significant Accounting Policies

(a) Basis of Presentation

The financial statements and the related notes of the Company are prepared in accordance with generally accepted accounting principles in the United States and are Expressed in US dollars. The Company s fiscal year-end is October 31.

(b) Interim Financial Statements

These interim unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information. They do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. Therefore, these financial statements should be read in conjunction with the Company s audited financial statements and notes thereto for the year ended October 31, 2011.

The financial statements included herein are unaudited; however, they contain all normal recurring accruals and adjustments that, in the opinion of management, are necessary to present fairly the Company s financial position at July 31, 2011, and the results of its operations and cash flows for the three month period ended July 31, 2011 and 2010. The results of operations for the periods ended July 31, 2011 are not necessarily indicative of the results to be expected for future quarters or the full year.

(c) Recent Accounting Pronouncements

The Company has implemented all new accounting pronouncements that are in effect and that may impact its financial statements and does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

DEL TORO SILVER CORP.

(An Exploration Stage Company)

Notes to the Financial Statements

Three months ended July 31, 2011

(Expressed in US dollars)

(unaudited)

3. Property and Equipment

| | Cost | Accumulated amortization | July 31, 2011 Net carrying value | October 31, 2010 Net carrying value |
|-------------------------|-------|-----------------------------|---|--|
| | \$ | \$ | \$ | \$ |
| Computer equipment | 1,477 | 1,000 | 477 | 6158 |
| Furniture and equipment | 3,053 | 1,558 | 1,495 | 1,759 |
| | 4,530 | 2,558 | 1,972 | 2,374 |

4. Mineral Properties

On July 7, 2009, and amended on June 25, 2010 and October 21, 2010, the Company entered into an option agreement (the Agreement) to acquire a 50% undivided interest in the Dos Naciones Property located in Sonora, Mexico. Under the terms of the Agreement, the Company would pay a purchase price of \$29,658 (Cdn \$35,000) and have a option to acquire a further 20% interest in the property subject to the following terms:

- Issuance of 150,000 common shares on or before June 25, 2010 (issued);
- Issuance of 200,000 common shares on or before July 7, 2010 (issued);
- Issuance of 250,000 common shares on or before October 21, 2010 (issued);
- Issuance of 400,000 common shares on or before July 7, 2012; and
- Incur exploration expenditures of Cdn \$800,000 on or before July 7, 2013.

DEL TORO SILVER CORP.

(An Exploration Stage Company)

Notes to the Financial Statements

Three months ended July 31, 2011

(Expressed in US dollars)

(unaudited)

6. Common Shares

- (a) On December 3, 2010, the Company issued 2,000,000 units at \$0.10 per unit for proceeds of \$200,000, of which \$109,950 was received prior to October 31, 2010. Each unit is comprised of one common share and one share purchase warrant which grants the holder to purchase one additional common share at \$0.25 per share until December 3, 2012. As at July 31, 2011, \$601 of share subscriptions was receivable.
- (b) On March 9, 2011, the Company issued 165,517 common shares to settle debt of \$12,000.
- (c) On June 3, 2011, the Company issued 304,260 common shares to settle debt of \$15,000.

7. Share Purchase Warrants

The following table summarizes the continuity of share purchase warrants:

| | Number of Warrants | Weighted Average Exercise Price \$ |
|------------------------------------|-----------------------|---|
| Balance, October 31, 2009 and 2010 | 1,055,135 | 0.30 |
| Issued | 2,000,000 | 0.25 |
| Expired | (1,055,135) | (0.30) |
| Balance, July 31, 2011 | 2,000,000 | 0.25 |

As at July 31, 2011, the following share purchase warrants were outstanding:

| Number of Warrants | Exercise Price \$ | Expiry Date |
|-----------------------|-------------------------|------------------|
| 2,000,000 | 0.25 | December 3, 2012 |

8. Stock Options

On September 7, 2010, the Company adopted a stock option plan allowing for the issuance of stock options to acquire up to 5,000,000 common shares. As at July 31, 2011, there were 4,000,000 shares available for issuance under the Company's stock option plan.

DEL TORO SILVER CORP.

(An Exploration Stage Company)

Notes to the Financial Statements

Three months ended July 31, 2011

(Expressed in US dollars)

(unaudited)

8. Stock Options (continued)

The following table summarizes the continuity of the Company's stock options:

| | Number of options | Weighted average exercise price (US\$) | Weighted average remaining contractual life (years) | Aggregate intrinsic value (US\$) |
|---|----------------------|--|---|---|
| Outstanding and exercisable, October 31, 2009 | | | | |
| Granted | 1,500,000 | 0.10 | | |
| Outstanding and exercisable, October 31, 2010 | 1,500,000 | 0.10 | | |
| Expired | (500,000) | (0.10) | | |
| Outstanding and exercisable, July 31, 2011 | 1,000,000 | 0.10 | 1.11 | |

Additional information regarding stock options as of July 31, 2011, is as follows:

| Number of Options | Exercise Price \$ | Expiry Date |
|----------------------|-------------------------|-------------------|
| 1,000,000 | 0.10 | September 7, 2012 |

As of July 31, 2011, the Company had no unrecognized compensation expense relating to unvested options.

9. Related Party Transactions

- (a) As at July 31, 2011, the Company advanced \$1,109 (October 31, 2010 - owed \$1,658) to a director of the Company. The amounts owing are unsecured, non-interest bearing, and due on demand.
- (b) During the period ended July 31, 2011, the Company incurred \$15,000 (2010 - \$nil) in consulting fees to a director of the Company.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

This quarterly report contains forward-looking statements. 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" or "continue" or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors that 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. 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 consolidated unaudited financial statements are stated in United States Dollars (US\$) and are prepared in accordance with United States Generally Accepted Accounting Principles. The following discussion should be read in conjunction with our financial statements and the related notes that appear elsewhere in this quarterly report. The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed below and elsewhere in this quarterly report.

In this quarterly report, unless otherwise specified, all dollar amounts are expressed in United States dollars. All references to "US\$" refer to 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 our company mean Del Toro Silver Corp., unless otherwise indicated.

General Overview

Our company was incorporated on January 9, 2006 as Candev Resource Exploration, Inc. under the laws of the State of Nevada and extra-provincially registered under the laws of the Province of British Columbia on August 15, 2006. Effective July 28, 2009, our company completed a merger with our wholly owned subsidiary, Del Toro Silver Corp., a Nevada corporation which was incorporated on July 7, 2009 solely to change our company's name to Del Toro Silver Corp.

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 an 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.

Our company received a technical report dated March 25, 2009 from our 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, our operator on the Dos Naciones property engaged geological consultants to conduct mapping and sampling on the property.

We have submitted 38 samples from the July/August 2010 work program to an assay lab to confirm the sampling results. In October, 2010, fieldwork completed by us 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 October, 2011 on the La Espanola target to obtain further information on mineralization occurrences on the area. Our company decided to delay the drill program to October, 2011 due to the unavailability of drilling companies for the program.

We have completed Phase I and have commenced Phase II 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.

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 a joint venture agreement with Yale.

We intend to conduct a three 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 our company's operator on the Dos Naciones property engaged geological consultants to conduct mapping and sampling on the property. Our company commenced the second phase of its exploration program in September, 2011. 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 \$174,000. A detailed breakdown of the proposed budget and work exploration program is as follows:

Estimated Dos Naciones Work Program Costs

Phase One

| Detailed geological mapping, stripping and trenching | 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 |

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| | | |
|---|----|--------|
| Analytical costs: 300 samples @ \$30 per sample: | \$ | 9,000 |
| Total geological mapping, stripping and trenching: | \$ | 51,000 |
| Report preparation | | |
| For reporting on all of the above work, including drafting: | \$ | 2,500 |

| | |
|--|-------------------|
| Subtotal Phase One | \$ 53,500 |
| Phase Two | |
| IP surveying in area of aeromagnetic low | |
| 15 days of surveying along cut grid lines with pickets at 25 m intervals (slope distance) at an all-inclusive cost | \$ 30,000 |
| Diamond drilling to test mineralized vein structures at Josefina | |
| 500 meters at an all-inclusive (drilled, logged, split, sampled, water haul) cost of \$180 per meter: | \$ 90,000 |
| Diamond drilling to test mineralized vein structures at Dos Naciones | |
| 300 meters at an all-inclusive (drilled, logged, split, sampled, water haul) cost of \$180 per meter: | \$ 54,000 |
| Subtotal Phase Two | \$ 174,000 |

Phase Three

Phase Three is 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 |
| Subtotal Phase Three | \$ 180,000 |
| Contingency 10% | \$ 42,500 |
| TOTAL THREE PHASE PROGRAM: | \$ 450,000 |

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:

| 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 |
| Total | \$ 235,000 |

As of July 31, 2011 we had cash of \$8,536. 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.

On March 11, 2011, we issued 165,517 shares of our common stock to Asher Enterprises, Inc. (Asher) pursuant to our 8% convertible note (the Note) with Asher dated August 25, 2010 in the amount of \$55,000. Asher provided us with a notice to convert \$12,000 of the principal amount of the Note.

On June 3, 2011 \$15,000 of the Note was converted into shares at a rate of \$0.0493 per share for a total of 304,260 shares. As result of the June 3, 2011 conversion, the face value of the convertible debt has been decreased to \$28,000 as at July 31, 2011.

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 and nine month periods ended July 31, 2011 which are included herein.

Our operating results for the three and nine month periods ended July 31, 2011 and 2010 are summarized as follows:

| | Three Months Ended July 31, | | Nine Months Ended July 31, | |
|--------------------|--------------------------------|-------------|-------------------------------|--------------|
| | 2011 | 2010 | 2011 | 2010 |
| Revenue | \$ Nil | \$ Nil | \$ Nil | \$ Nil |
| Operating Expenses | 33,902 | 79,199 | 113,045 | 117,749 |
| Other Expenses | 2,694 | Nil | 49,555 | Nil |
| Net Loss | \$ (36,596) | \$ (79,199) | \$ (162,600) | \$ (117,749) |

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, and of which there are no assurances.

Expenses

Our expenses for the three and nine month periods ended July 31, 2011 and 2010 are outlined in the table below:

| | Three Months Ended July 31, | | Nine Months Ended July 31, | |
|---|--------------------------------|------------------|-------------------------------|----------------|
| | 2011 | 2010 | 2011 | 2010 |
| Amortization | \$ 134 | \$ 175 | \$ 402 | \$ 527 |
| Consulting | Nil | Nil | 15,999 | Nil |
| Foreign exchange loss (gain) | 4,445 | (497) | 2,797 | 466 |
| General and administrative | 6,429 | 2,176 | 23,192 | 9,925 |
| Mineral property expenses | 9,000 | 75,500 | 20,001 | 87,803 |
| Professional fees | 13,894 | 1,845 | 50,654 | 19,028 |
| Accretion on discount of convertible debt | 1,279 | Nil | 43,489 | Nil |
| Interest expense | 1,415 | Nil | 6,066 | Nil |
| Total | \$ 36,596 | \$ 79,199 | \$ 162,600 | 117,749 |

General and Administrative

The \$4,253 increase in our general and administrative expenses for the three month period ended July 31, 2011 compared to July 31, 2010 was primarily due to increases in transfer agent fees relating to issuances of common shares.

The \$13,267 increase in our general and administrative expenses for the nine month period ended July 31, 2011 compared to July 31, 2010 was primarily due to increases of transfer agent fees relating to issuances of common share and shareholder communications.

Interest Expenses

Our interest expenses increased by \$6,066 during the six month period ended July 31, 2011 primarily due to accretion on the convertible debt.

Professional Fees

Professional fees include our accounting and auditing expenses incurred in connection with the preparation and audit of our financial statements and professional fees that we pay to our legal counsel. Our professional fees increased by \$12,049 during the three month period ended July 31, 2011 primarily due to due diligence work surrounding issuances of common shares. Our professional fees increased by \$31,626 during the six month period ended July 31, 2011 primarily due to Increased costs in our audit and legal work. Professional fees are expected to increase during fiscal 2011 due to our ongoing reporting obligations of the Securities Exchange Act of 1934.

Consulting Expenses

Our consulting expenses increased by \$15,999 during the nine month period ended July 31, 2011 primarily due to increased management and consulting expenses during the quarter.

Liquidity And Capital Resources*Working Capital*

| As at | As at October | Percentage Increase / |
|-------|---------------|--------------------------|
|-------|---------------|--------------------------|

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| | July 31, 2011 | 31, 2010 | (Decrease) |
|---------------------|----------------------|-----------------|-------------------|
| Current Assets | \$ 29,389 | \$ 91,118 | (67.75%) |
| Current Liabilities | \$ 92,570 | \$ 130,012 | (28.80%) |
| Working Capital | \$ (63,181) | \$ (38,894) | 34.44% |

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Cash Flows

| | Nine Month Period Ended July 31, 2011 | Nine Month Period Ended July 31, 2010 | Percentage Increase / (Decrease) |
|---|--|--|---|
| Cash provided by (used in) Operating Activities | \$ (138,926) | \$ (7,243) | 94.79% |
| Cash provided by Financing Activities | \$ 64,655 | \$ 6,691 | 89.67% |
| Net Increase (Decrease) in Cash | \$ (74,271) | \$ (552) | 99.26% |

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 July 31, 2011 we had cash of \$8,536, 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 \$138,926 during the nine period ended July 31, 2011 and \$7,243 during the nine month period ended July 31, 2010. Cash used in operating activities was funded by cash from financing activities, and increase was due to receipt of \$89,450 from the issuance of common shares.

Cash From Investing Activities

We generated cash of \$Nil in investing activities during the nine month periods ended July 31, 2011 and 2010.

Cash from Financing Activities

We generated cash of \$64,655 from financing activities during the nine month period ended July 31, 2011 compared to cash of \$6,691 generated from financing activities during the nine month period ended July 31, 2010. The increase was due to proceeds of \$89,450 from issuance of common shares less payment of \$22,028 for share issuance costs.

Disclosure of Outstanding Share Data

As at the date of this quarterly report, we had 13,004,912 shares of common stock issued and outstanding, and 2,000,000 warrants outstanding, exercisable at a price of \$0.25 per share until December 3, 2012.

We have 500,000 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 July 31, 2011, our company has accumulated losses of \$990,806 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 is 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.

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.

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.

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 our company.

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. 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.

Greg Painter our president and chief executive officer devotes approximately 40% of his working time on providing management services to us and Patrick Fagen our chief financial officer devotes approximately 25% 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 July 31, 2011 we had working capital deficit of \$63,181. We incurred a net loss of \$36,596 for the three month period ended July 31, 2011 and \$990,806 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.

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.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

As a smaller reporting company, we are not required to provide the information required by this Item.

Item 4. Controls and Procedures.

Management's Report on Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports filed under the *Securities Exchange Act of 1934*, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our president (our principal executive officer) and chief financial officer (our principal financial officer and principal accounting officer) to allow for timely decisions regarding required disclosure.

As the end of the quarter covered by this report, we carried out an evaluation, under the supervision and with the participation of our president (our principal executive officer) and chief financial officer (our principal financial officer and principal accounting officer), of the effectiveness of the design and operation of our disclosure controls and procedures. Based on the foregoing, our president (our principal executive officer) and chief financial officer (our principal financial officer and principal accounting officer) concluded that our disclosure controls and procedures were not effective in providing reasonable assurance in the reliability of our reports as of the end of the period covered by this quarterly report.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal controls over financial reporting that occurred during the quarter ended July 31, 2011 that have materially or are reasonably likely to materially affect, our internal controls over financial reporting.

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

As a smaller reporting company, we are not required to provide the information required by this Item.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. [Removed and Reserved]

Item 5. Other Information

On July 6, 2011, Mark McLeary resigned as our chief executive officer, president, secretary, treasurer and a director of our company. Mr. McLeary's resignation was not due to any disagreement with any of our company's policies, procedures or practices. Subsequently, on July 6, 2011, we appointed Greg Painter to our board of directors and as our chief executive officer, president, secretary and treasurer.

Effective August 24, 2011, our board of directors accepted the resignation of Ezra Jiminez as a director and chief financial officer of our company. The resignation of Mr. Jiminez was not due to any disagreement with our company. Subsequently on August 24, 2011, we appointed Patrick Fagen to the board of directors and as chief financial officer of our company.

Item 6. Exhibits**Exhibit****Number Description****(3) Articles of Incorporation and Bylaws**

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) Material Contracts

10.1 Property Option Agreement dated August 25, 2006 (incorporated by reference to our Form SB-2 Registration Statement filed on January 22, 2007)

10.2 Amended Property Option Agreement dated January 15, 2008 (incorporated by reference to our Current Report on Form 8-K, filed on January 16, 2008)

10.3 Termination Agreement and Mutual Release dated December 3, 2008 (incorporated by reference to our Current Report on Form 8-K, filed on December 12, 2008)

10.4 Letter of Intent between Candev Resource Exploration Inc. and Yale Resources Ltd. dated February 24, 2009 (incorporated by reference 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 (incorporated by reference 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 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 our Current Report on Form 8-K, filed on July 15, 2009)

10.8

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Subscription Agreement between Mark McLeary and Candev Resource Exploration Inc. (incorporated by reference 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 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 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 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 our Quarterly Report on Form 10-Q, filed on September 20, 2010)

**Exhibit
Number Description**

10.13 2010 Stock Option Plan (incorporated by reference 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 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 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 our Annual Report on Form 10-K filed on February 15, 2011)

(31) Rule 13a-14(a) / 15d-14(a) Certifications

31.1* Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

31.2* Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

(32) Section 1350 Certifications

32.1* Certification of Chief Executive Officer pursuant Section 906 Certifications under Sarbanes-Oxley Act of 2002

32.2* Certification of Chief Financial Officer pursuant Section 906 Certifications under Sarbanes-Oxley Act of 2002

* Filed herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DEL TORO SILVER CORP.

Date: September 19, 2011

/s/ Greg Painter
Greg Painter
Chief Executive Officer, President, Secretary, Treasurer
and Director)
(Principal Executive Officer)

Date: September 19, 2011

/s/ Patrick Fagen
Patrick Fagen
Chief Financial Officer and Director
(Principal Financial Officer and Principal Accounting
Officer)