

DEL TORO SILVER CORP.  
Form 10-Q  
September 10, 2012

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, 2012

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

98-0515290

(State or other jurisdiction of incorporation or organization)

(IRS Employer Identification No.)

320 North Carson Street, Carson City, Nevada

89701

(Address of principal executive offices)

(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 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 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.

16,002,240 common shares issued and outstanding as of September 6, 2012.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

Our unaudited interim financial statements for the three and nine month periods ended July 31, 2012 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

PERIODS ENDED JULY 31, 2012 (UNAUDITED) AND OCTOBER 31, 2011

DEL TORO SILVER CORP  
(An Exploration Stage Company)

CONSOLIDATED BALANCE SHEETS

JULY 31, 2012 AND OCTOBER 31, 2011

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	July 31, 2012	October 31, 2011
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash	\$ 20,239	\$ 24,088
Amounts receivable	-	616
Prepaid expenses	54,200	21,933
<b>TOTAL CURRENT ASSETS</b>	<b>74,439</b>	<b>46,637</b>
<b>TOTAL ASSETS</b>	<b>\$ 74,439</b>	<b>\$ 46,637</b>

See accompanying notes to financial statements.

DEL TORO SILVER CORP  
(An Exploration Stage Company)

CONSOLIDATED BALANCE SHEETS

JULY 31, 2012 AND OCTOBER 31, 2011

	July 31, 2012	October 31, 2011
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued liabilities	\$ 26,230	\$ 50,349
Convertible debenture	40,000	-
Due to related party	7,767	200
Convertible loans from related parties	157,030	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>231,027</b>	<b>50,549</b>
<b>TOTAL LIABILITIES</b>	<b>231,027</b>	<b>50,549</b>
<b>STOCKHOLDERS' DEFICIT:</b>		
Preferred stock: 100,000,000 shares authorized, par value \$0.001 issued and outstanding: none	-	-
Common stock: 100,000,000 shares authorized, par value \$0.001 issued and outstanding: 16,002,240 (2011 - 15,462,240) shares	16,002	15,462
Additional paid-in capital	1,099,109	1,052,595
Deficit accumulated during exploration stage	(1,271,699 )	(1,071,969 )
<b>TOTAL STOCKHOLDERS' DEFICIT</b>	<b>(156,588 )</b>	<b>(3,912 )</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS DEFICIT</b>	<b>\$ 74,439</b>	<b>\$ 46,637</b>

See accompanying notes to financial statements.

DEL TORO SILVER CORP  
(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE THREE AND NINE MONTHS ENDED JULY 31, 2012 AND 2011 AND FOR THE DATE OF INCEPTION TO JULY 31, 2012

	For the Three Months Ended		For the Nine Months Ended		Accumulated
	July 31, 2012	July 31, 2011	July 31, 2012	July 31, 2011	Amounts from Inception to July 31, 2012
<b>GENERAL AND ADMINISTRATIVE EXPENSES:</b>					
Amortization	\$ -	\$ 134	\$ -	\$ 402	\$ 2,692
Consulting fee	-	-	-	15,999	296,954
Foreign exchange (gain) loss	81	4,445	400	2,797	(2,137 )
General and administrative	13,723	6,429	52,217	23,192	145,446
Mineral property costs	54,208	9,000	89,837	20,001	342,930
Professional fees	20,306	13,894	54,161	50,654	391,181
Write-down of property and equipment	-	-	-	-	1,838
<b>TOTAL GENERAL AND ADMINISTRATIVE EXPENSES</b>	<b>88,318</b>	<b>33,902</b>	<b>196,615</b>	<b>113,045</b>	<b>1,178,904</b>
<b>OTHER EXPENSES:</b>					
Accretion of discount on convertible debt	-	(1,279 )	-	(43,489 )	(55,000 )
Interest expense	(3,030 )	(1,415 )	(3,115 )	(6,066 )	(10,650 )
Loss on change in fair value of derivative liability	-	-	-	-	(14,962 )
Loss/(Gain) on settlement of debt	-	-	-	-	(12,183 )
<b>TOTAL OTHER EXPENSES</b>	<b>(3,030 )</b>	<b>(2,694 )</b>	<b>(3,115 )</b>	<b>(49,555 )</b>	<b>(92,795 )</b>
<b>NET LOSS</b>	<b>\$ (91,348 )</b>	<b>\$ (36,596 )</b>	<b>\$ (199,730 )</b>	<b>\$ (162,600 )</b>	<b>\$ (1,271,699)</b>
Basic and diluted net loss per common share	\$ (0.01 )	\$ -	\$ (0.01 )	\$ (0.01 )	
Weighted average number of basic and diluted common shares outstanding	\$ 15,852,240	\$ 12,895,775	\$ 15,701,004	\$ 12,446,438	

See accompanying notes to financial statements.





DEL TORO SILVER CORP  
(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED JULY 31 , 2012 AND 2011 AND FOR THE DATE OF INCEPTION TO JULY 31, 2012

	For the Nine Months Ended		Accumulated
	July 31, 2012	July 31, 2011	Amounts from Inception to July 31, 2012
<b>CASH PROVIDED BY (USED FOR):</b>			
<b>OPERATING ACTIVITIES</b>			
Net loss for the period	\$(199,730 )	\$(162,600 )	\$(1,271,699 )
Items not requiring (providing) cash:			
Accretion of discount on convertible debenture	-	43,489	55,000
Accrued interest - related party	3,030	-	3,030
Amortization	-	402	2,692
Foreign exchange (gain) loss	400	2,797	(2,137 )
Loss on change in fair value of derivative liability	-	-	14,962
Loss on settlement of debt	-	-	12,183
Shares issued for consulting service	34,000	-	51,285
Shares issued for mineral property	16,000	-	158,460
Share-based compensation	-	-	266,710
Write-down of property and equipment	-	-	1,838
Changes in operating assets and liabilities:			
Receivables	616	(12,088 )	-
Prepaid expenses	(32,267 )	-	(54,200 )
Accounts payable and accrued liabilities	(24,519 )	(10,926 )	26,149
Due to related party	7,567	-	7,767
<b>CASH USED FOR OPERATING ACTIVITIES</b>	<b>(194,903 )</b>	<b>(138,926 )</b>	<b>(727,960 )</b>
<b>INVESTING ACTIVITY:</b>			
Equipment acquired	-	-	(4,530 )
<b>CASH USED FOR INVESTING ACTIVITIES</b>	<b>-</b>	<b>-</b>	<b>(4,530 )</b>
<b>FINANCING ACTIVITIES:</b>			
Net proceeds from (paid for) issuance of common stocks	(2,946 )	67,422	536,729
Proceeds from issuance of convertible debenture	40,000	-	95,000
Proceeds from (paid to) related party notes	154,000	(2,767 )	154,000
Repayment of convertible debenture	-	-	(33,000 )
<b>CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>191,054</b>	<b>64,655</b>	<b>752,729</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(3,849 )</b>	<b>(74,271 )</b>	<b>20,239</b>
<b>CASH, BEGINNING OF PERIOD</b>	<b>24,088</b>	<b>82,807</b>	<b>-</b>
<b>CASH, END OF PERIOD</b>	<b>\$20,239</b>	<b>\$8,536</b>	<b>\$20,239</b>

**NON CASH ACTIVITIES**

Shares issued for conversion of debenture	\$-	\$27,000	\$35,000
Shares issued for subscription advances	\$-	\$-	\$109,950
Shares issued for subscription receivable	\$-	\$-	\$(601 )
Shares issued to settle debt	\$-	\$-	\$14,250
Shares issued for mineral property	\$16,000	\$-	\$156,260

**SUPPLEMENTAL DISCLOSURE**

Interest paid	\$85	\$-	\$9,335
Income taxes paid	\$-	\$-	\$-

See accompanying notes to financial statements.

DEL TORO SILVER CORP.  
(An Exploration Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JULY 31, 2012

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NOTE 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 of July 31, 2012, the Company has not earned any revenue, has a working capital deficit of \$156,588, and an accumulated deficit of \$1,271,699. 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**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.

**Interim Financial Statements** – These interim unaudited financial statements 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, 2012, and the results of its operations and cash flows for the nine month period ended July 31, 2012 and 2011. The results of operations for the period ended July 31, 2012 is not necessarily indicative of the results to be expected for future quarters or the full year.

**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.

**Cash and Cash Equivalents** – The Company considers all highly liquid investments with maturity of three months or less at the date of acquisition to be cash equivalents.

Receivable – Receivables consist principally of input sale tax credit due from Canada.

Prepaid Expenses – Prepaid expenses are expenses paid by the Company in cash or stock before they are used or consumed.

Accounts Payable and Accrued Expenses – Accounts payable and accrued expenses consist principally of amounts due to suppliers.

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DEL TORO SILVER CORP.  
(An Exploration Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JULY 31, 2012

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Mineral Property Exploration and Development – The Company has been in the exploration stage since its inception and has not yet realized any revenues from its planned operations. It is primarily engaged in the acquisition and exploration of mining properties. Mineral property exploration costs are expensed as incurred. Mineral property acquisition costs are initially capitalized. The Company assesses the carrying costs for impairment under ASC 360 “Property, Plant and Equipment” at each fiscal quarter end. When it has been determined that a mineral property can be economically developed as a result of establishing proven and probable reserves, the costs then incurred to develop such property, are capitalized. Such costs will be amortized using the units-of-production method over the estimated life of the probable reserve. If mineral properties are subsequently abandoned or impaired, any capitalized costs will be charged to operations.

Due to Related Parties – Due to related parties consist principally of amounts due to officers and directors of the Company, in respect of expenditures paid by officers and directors on behalf of the Company.

NOTE 3 – MINERAL PROPERTIES

On July 7, 2009, and as amended on June 25, 2010, October 21, 2010, and July 9, 2012 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 paid a purchase price of \$29,658 (Cdn \$35,000) and has an option to acquire a further 20% interest in the property subject to the following terms:

- Issuance of 150,000 common shares on or before January 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 200,000 common shares on or before July 9, 2012 (issued);
- Issuance of 200,000 common shares on or before September 15, 2012; and
- Incur exploration expenditures of Cdn \$800,000 on or before July 7, 2013.

If the Company exercises the option, the Company will be deemed to enter into a joint venture agreement in accordance with the terms of the Option Agreement.

During the nine months ended July 31, 2012, the Company incurred \$89,837 in mineral properties costs on the property.

NOTE 4 – COMMON SHARES

Year Ended October 31, 2011

- On December 6, 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 6, 2012. As part of the issuances, the Company incurred share issuance costs of \$14,000.

- On March 9, 2011, the Company issued 165,517 common shares to settle convertible debenture of \$12,000.
- On June 3, 2011, the Company issued 304,260 common shares to settle convertible debenture of \$15,000.
- On September 20, 2011, the Company issued 344,828 common shares to settle convertible debenture of \$8,000.
- On August 19, 2011, the Company issued 237,500 common shares to settle debt of \$9,500, resulting in a loss on settlement of debt of \$4,750.

DEL TORO SILVER CORP.  
(An Exploration Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JULY 31, 2012

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NOTE 4 – COMMON SHARES – (CONTINUED)

- On September 30, 2011, the Company issued 1,875,000 common shares for proceeds of \$75,000, less share issuance costs of \$2,494.

Quarter Ended January 31, 2012

- On January 26, 2012, the Company issued 300,000 common shares for prepaid consulting services of \$30,000.

Quarter Ended April 30, 2012

- On February 29, 2012, the Company issued 40,000 common shares for consulting services of \$4,000, less share issuance costs of \$18.

Quarter Ended July 31, 2012

- On July 9, 2012 the Company issued 200,000 common shares as part of the Agreement described in Note 3 and charged \$16,000 to mineral property costs.

NOTE 5 – SHARE PURCHASE WARRANTS

The following table summarizes the continuity of share purchase warrants:

	Number of Warrants	Weighted Average Exercise Price \$
Balance, October 31, 2010	1,055,135	\$ 0.30
Issued	2,000,000	0.25
Expired	(1,055,135 )	(0.30 )
Balance, July 31, 2012 and October 31, 2011	2,000,000	\$ 0.25

As of July 31, 2012, the following share purchase warrants were outstanding:

Number of Warrants	Exercise Price \$	Expiry Date	Remaining contractual life (years)
2,000,000	\$ 0.25	December 6, 2012	0.34

NOTE 6 – 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 of July 31, 2012, 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 CONSOLIDATED FINANCIAL STATEMENTS

JULY 31, 2012

NOTE 6 – 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)
Outstanding and exercisable, October 31, 2010	1,500,000	\$0.10	
Expired	(500,000 )	(0.10 )	
Outstanding and exercisable, October 31, 2011	1,000,000	0.10	
Outstanding and exercisable, July 31, 2012	1,000,000	0.10	0.10

Additional information regarding stock options as of July 31, 2012, is as follows:

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

As of July 31, 2012, the Company had no unrecognized compensation expense relating to unvested options.

NOTE 7 – RELATED PARTY TRANSACTIONS

On May 26, 2012, the Company formalized a convertible loan agreement with officers and directors. Under the terms of the convertible loan agreement, the officers and directors loaned the Company the sum of \$104,000. The principal amount of the loan plus any accrued and unpaid interest shall be due and payable in full one year from the advancement date. The officers and directors may provide the Company with written notice of conversion at any time to exercise their rights of conversion in respect of either a portion of or the total outstanding amount of the loan plus accrued interest as of that date into shares of the Company at the price of \$0.06 per share. The loan shall bear interest at a rate of 8% per annum. The balance of the loans and accrued interest as of July 31, 2012 was \$106,855.

On July 16, 2012 the Company entered into a convertible loan agreement with an officer and director. Under the terms of the convertible loan agreement the officer and director agreed to loan the Company the sum of \$50,000. The principal amount of the loan plus any accrued and unpaid interest shall be due and payable in one full year from the advancement date. The officer and director may provide the Company with written notice of conversion at any time to exercise their rights of conversion in respect of either a portion of or the total outstanding amount of the loan plus accrued interest as of that date into shares of the Company at the price of \$0.08 per share. The loan shall bear interest at a rate of 8% per annum. The balance of the loan and accrued interest as of July 31, 2012 was \$50,175.

The Company is in debt to an officer and director of the Company for an additional \$7,767 as of July 31, 2012. The additional related party indebtedness is unsecured, non-interest bearing, and due on demand.

DEL TORO SILVER CORP.  
(An Exploration Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JULY 31, 2012

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NOTE 8 – COMMITMENTS

The Company entered into an investor relations agreement with a consulting company on January 26, 2012. Pursuant to the agreement, the Company agreed to pay \$1,000 and issue an aggregate of 140,000 common shares during the next six months. As of July 31, 2012 40,000 shares have been issued relative to this agreement. At the time the financial statements were released, both parties have agreed to temporarily delay the agreement.

NOTE 9 – CONVERTIBLE DEBENTURE

On February 29, 2012, the Company issued a convertible debenture with a non-related party for \$40,000. Under the terms of the debenture, the amount is unsecured, with a stated interest rate of 8% per annum, and is due on or before December 2, 2012. Any amount of principal or interest on this debenture which is not paid when due will bear interest at the rate of 22% per annum from the due date thereof. The debenture is convertible into common shares of the Company commencing August 27, 2012 (180 days from the issuance date), at a conversion price equal to 58% of the market price on conversion date, where the market price is equal to the average of the lowest three trading prices in the prior ten trading days as of the conversion date. The conversion feature limits issuing shares of stock to 4.99% of the total issued and outstanding shares.

NOTE 10 – SUBSEQUENT EVENTS

On August 30, 2012, the Company entered into an additional convertible loan agreement with an officer and director of the Company. Under the terms of the convertible loan agreement, the officer and director loaned the Company \$100,000. The principal amount of the loan plus any accrued and unpaid interest shall be due and payable in full one year from the advancement date. The officer and director may provide the Company with written notice of conversion at any time to exercise their rights of conversion in respect of either a portion of or the total outstanding amount of the loan plus accrued interest as of that date into shares of the Company at the price of \$0.10 per share. The loan shall bear interest at a rate of 8% per annum.

The Company entered into an option agreement (“Option Agreement”) on August 31, 2012 to acquire a 67.5% interest certain mineral claims with Natchez Pass, LLC. In order to earn the interest on the claim, the Company is required to make aggregate cash payments of \$4,005,000 and issue 5,000,000 restricted shares of common stock to Natchez Pass, LLC over a five year period. If the Company fully exercises its option, there is an additional option for the Company to acquire an additional 7.5% interest at the price of \$150,000 per one percentage point.

Management has evaluated subsequent events through the date of the report, the date which the financial statements were available to be issued. Other than what has been disclosed above, management noted no significant events subsequent to the balance sheet date.



## 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.

Our head office is located at 320 North Carson Street, Carson City, Nevada 89701.

### Our Current Business

We are presently an exploration stage company focused on conducting exploration activities on our Dos Naciones property in Mexico. In November 2011, our management announced that our company will begin to change our corporate strategy to target high grade precious metals properties, located in the western US, with the potential for near-term production and positive cash flow. In keeping with this strategy on November 14, 2011, we entered into an asset sale agreement with Bowerman Holdings LLC to acquire up to 75% of Bowerman's 100% right, title and interest in and to 31 KM mining claims and 17 Raddlefinger mining claims located in Siskiyou County, California. Closing of the acquisition is scheduled to occur by November 8, 2012, unless otherwise agreed by the parties, and is subject to satisfactory completion of due diligence by our company.

While our corporate strategy has changed we remain focused on exercising our option under an option agreement with Yale Resources Ltd. dated July 7, 2009, as amended June 25, 2010, October 21, 2010, and July 9, 2012. 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.

On May 26, 2012, we entered into a convertible loan agreement with Greg Painter, a director and officer of our company. Under the terms of the convertible loan agreement, Mr. Painter agreed to loan our company the sum of US\$10,000, which was advanced to our company on January 9, 2012. The principal amount of the loan plus any accrued and unpaid interest shall be due and payable in full one year from the advancement date. Mr. Painter may provide our company with written notice of conversion at any time to exercise his rights of conversion in respect of either a portion of or the total outstanding amount of the loan plus accrued interest as of that date into shares of our company at the price of US\$0.06 per share. The loan shall bear interest at a rate of 8% per annum.

Also on May 26, 2012, we entered into a convertible loan agreement with Patrick Fagen, a director and officer of our company. Under the terms of the convertible loan agreement, Mr. Fagen agreed to loan our company the sum of US\$94,000, the first installment of which was received on December 8, 2011 and which remaining funds have been advanced in installments by Mr. Fagen. The principal amount of the loan plus any accrued and unpaid interest shall be due and payable in full one year from each of the advancement dates. Mr. Fagen may provide our company with written notice of conversion at any time to exercise his rights of conversion in respect of either a portion of or the total outstanding amount of the loan plus accrued interest as of that date into shares of our company, at the price of US\$0.06 per share. The loan shall bear interest at a rate of 8% per annum.

On July 16, 2012, we entered into a convertible loan agreement with Patrick Fagen, a director and officer of our company. Under the terms of the convertible loan agreement, Mr. Fagen has agreed to loan our company the sum of US\$50,000, which was advanced to our company on July 16, 2012. The principal amount of the loan plus any accrued and unpaid interest shall be due and payable in full one year from the advancement date. Mr. Fagen may provide our company with written notice of conversion at any time to exercise his rights of conversion in respect of either a portion of or the total outstanding amount of the loan plus accrued interest as of that date into shares of our company, at the price of US\$0.08 per share. The loan shall bear interest at a rate of 8% per annum.

On August 30, 2012, we entered into a convertible loan agreement with Patrick Fagen, a director and officer of our company. Under the terms of the convertible loan agreement, Mr. Fagen has agreed to loan our company the sum of US\$100,000, which was advanced to our company on August 30, 2012. The principal amount of the loan plus any accrued and unpaid interest shall be due and payable in full one year from the advancement date. Mr. Fagen may provide our company with written notice of conversion at any time to exercise his rights of conversion in respect of either a portion of or the total outstanding amount of the loan plus accrued interest as of that date into shares of our company, at the price of US\$0.10 per share. The loan shall bear interest at a rate of 8% per annum.

Effective August 31, 2012, we entered into a partial purchase option agreement with Natchez Pass LLC to acquire up to a 67.5% interest, in leasehold interests to land in Pershing County, Nevada. In order to earn the option, over a five year period our company is required to make aggregate cash payments of \$4,005,000, consisting of payments to Natchez Pass, certain repayments on behalf of the Natchez Pass and certain amounts for the work program on the property, and issue up to 5,000,000 restricted shares of common stock to Natchez Pass. If our company fully exercises the option to earn 67.5% interest, our company then has an option to earn up to an additional 7.5% interest at the price of \$150,000 per point.

Effective September 1, 2012, our company entered into consulting agreements with Greg Painter, a director and officer of our company, for services performed as our company's president and chief executive officer and with Patrick Fagen, for services performed as our company's chief financial officer.

#### Plan of Operation

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.

The three phase exploration program on the Dos Naciones property carries an aggregate estimated cost of \$448,250. The first phase of our exploration program was completed during the quarter ended October 31, 2010 and 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. The results of the first work comprising the second phase of our exploration program warrant the continuation into the second phase of the program. The timing and scale of the next work program has yet to be determined but the company is working with Yale to determine how best to advance the exploration at Dos Naciones.

#### 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	70,000
Total Expenses	\$280,000

As of July 31, 2012 we had cash of \$20,239.

Based on the above estimated annual expenses of \$280,000, we do not have enough funds to proceed with our plan of operation over the next twelve months. We plan to rely on 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 discussion 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, 2012 which are included herein.

Our operating results for the three and nine month periods ended July 31, 2012 and 2011 are summarized as follows:

	Three Months Ended		Nine Months Ended	
	July 31, 2012	2011	July 31, 2012	2011
Revenue	\$0	\$0	\$0	\$0
General & Administrative Expenses	88,318	33,902	196,615	113,045
Other Expenses	3,030	2,694	3,115	49,555
Net Loss	\$(91,348	) \$(36,596	) \$(199,730	) \$(162,600

## General and Administrative

For this discussion we have defined general and administrative costs to also include mineral property costs and professional fees. The \$54,416 increase in our general and administrative expenses for the three month period ended July 31, 2012 compared to the three month period ended July 31, 2011 was primarily due to an increase in mineral property costs for the current period related to the option agreement with Yale Resources Ltd.

The \$83,570 increase in our general and administrative expenses for the nine month period ended July 31, 2012 compared to the nine month period ended July 31, 2011 was primarily due to an overall increase in mineral property costs and legal and accounting expenses.

## Other Income/ Expenses

We had \$43,489 of accretion of discount on convertible debt for the nine month period ended July 31, 2011. There was no such activity for the same nine month period ended July 31, 2012.

## Liquidity and Capital Resources

## Working Capital

	As of July 31, 2012	As of October 31, 2011	Percentage Increase / (Decrease)	
Current Assets	\$74,439	\$46,637	59.61	%
Current Liabilities	\$231,027	\$50,549	357.04	%
Working Capital	\$(156,588	) \$(3,912	) (3,902.76	)%

## Cash Flows

	Nine Month Period Ended July 31, 2012	Nine Month Period Ended July 31, 2011	Percentage Increase / (Decrease)	
Cash used for Operating Activities	\$ (194,903	) \$ (138,926	) 40.29	%

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Cash provided by Financing Activities	191,054	64,655	195.50	%
Cash provided by (used in) Investing Activities	0	0	0	%
Net Increase (Decrease) in Cash	\$ (3,849 )	\$ (74,271 )	(94.82	)%

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We anticipate that we will incur approximately \$280,000 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, 2012 we had cash of \$20,239, accordingly, we will need to obtain additional financing in order to complete our business plan.

#### Cash Used For Operating Activities

We used cash in operating activities in the amount of \$194,903 during the nine month period ended July 31, 2012 and \$138,926 during the nine month period ended July 31, 2011. Cash used in operating activities for both periods was funded by cash from financing activities, and \$55,977 increase in cash used compared to the nine month period end July 31, 2011 was due to timing differences between the ongoing needs for general and administrative expenses.

#### Cash Provided by Financing Activities

We generated cash of \$191,054 from financing activities during the nine month period ended July 31, 2012 compared to cash generated of \$64,655 by financing activities during the nine month period ended July 31, 2011. The increase of cash provided of \$126,399 was also due to timing differences between the ongoing needs for general and administrative expenses.

#### 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 of July 31, 2012, our company has accumulated losses of \$1,271,699 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, 2011, 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.

#### 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.



## Critical Accounting Policies

### Basis of Presentation

The financial statements and the related notes of our company are prepared in accordance with generally accepted accounting principles in the United States and are expressed in US dollars. Our company's fiscal year end is October 31.

### Interim Financial Statements

These interim unaudited financial statements 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 our 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 our company's financial position at July 31, 2012, and the results of its operations and cash flows for the nine month period ended July 31, 2012 and 2011. The results of operations for the period ended July 31, 2012 is not necessarily indicative of the results to be expected for future quarters or the full year.

### Recent Accounting Pronouncements

Our 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.

### Mineral Property Exploration and Development

Our company has been in the exploration stage since its inception and has not yet realized any revenues from its planned operations. It is primarily engaged in the acquisition and exploration of mining properties. Mineral property exploration costs are expensed as incurred. Mineral property acquisition costs are initially capitalized. Our company assesses the carrying costs for impairment under ASC 360 "Property, Plant and Equipment" at each fiscal quarter end. When it has been determined that a mineral property can be economically developed as a result of establishing proven and probable reserves, the costs then incurred to develop such property, are capitalized. Such costs will be amortized using the units-of-production method over the estimated life of the probable reserve. If mineral properties are subsequently abandoned or impaired, any capitalized costs will be charged to operations.

### Due to Related Parties

Due to related parties consist principally of amounts due to officers and directors of our company, in respect of expenditures paid by officers and directors on behalf of our company.

### 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

During the period covered by this report there were no changes in our internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control 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

In addition to the risk and uncertainties discussed herein, particularly those in the “Safe Harbor” Cautionary Statement and the other sections of Management’s Discussion and Analysis of Financial Conditions and Results of Operations in Part I, Item 2, see the risk factors set forth in Part I, Item 1A of our annual report on Form 10-K for the fiscal year ended October 31, 2011.

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

Effective July 9, 2012, we issued 200,000 shares of common stock to Yale Resources Ltd. pursuant to the third amendment of the option agreement between our company and Yale. All of these securities were issued to one non-U.S. person (as that term is defined in Regulation S of the Securities Act of 1933) in an offshore transaction relying on Regulation S and/or Section 4(2) of the Securities Act of 1933.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mining Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Description  
Number

(3) Articles of Incorporation and Bylaws

3.1 Articles of Incorporation (incorporated by reference to our Form SB-2 Registration Statement filed on January 22, 2007)

3.2 Bylaws (incorporated by reference to our Form SB-2 Registration Statement, filed on January 22, 2007)

- 3.3 Articles of Merger (incorporated by reference to our Current Report on Form 8-K, filed on August 19, 2009)
  
- (10) Material Contracts
  
- 10.1 Letter of Intent between our company and Yale Resources Ltd. dated February 24, 2009 (incorporated by reference to our Quarterly Report on Form 10-Q, filed on June 18, 2009)

Exhibit Description  
Number

- 10.2 Amendment to Letter of Intent between our company and Yale Resources Ltd. dated March 11, 2009 (incorporated by reference to our Quarterly Report on Form 10-Q, filed on June 18, 2009)
- 10.3 Option Agreement between our company and Yale Resources Ltd. dated July 7, 2009 (incorporated by reference to our Current Report on Form 8-K, filed on July 15, 2009)
- 10.4 Amendment to Option Agreement between our company and Yale Resources Ltd. dated June 25, 2010 (incorporated by reference to our Current Report on Form 8-K, filed on June 29, 2010)
- 10.5 2010 Stock Option Plan (incorporated by reference to our Quarterly Report on Form 10-Q, filed on September 20, 2010)
- 10.6 Amendment #2 to Option Agreement between our company and Yale Resources Ltd. dated October 21, 2010 (incorporated by reference to our Current Report on Form 8-K filed on October 25, 2010)
- 10.7 Asset Sale Agreement between our company and Bowerman Holdings, LLC dated November 14, 2011 (incorporated by reference to an exhibit to our Current Report on Form 8-K filed on November 21, 2011)
- 10.8 Joint Operations Agreement between our company and Bowerman Holdings, LLC dated November 14, 2011 (incorporated by reference to an exhibit to our Current Report on Form 8-K filed on November 21, 2011)
- 10.9 Consulting Agreement between our company and ATG Inc. dated January 22, 2012 (incorporated by reference to an exhibit to our Current Report on Form 8-K filed on February 2, 2012)
- 10.10 Investor Relations and Consulting Agreement between our company and Stock Signal IR and Consulting Group dated January 26, 2012 (incorporated by reference to an exhibit to our Current Report on Form 8-K filed on February 2, 2012)
- 10.11 Amendment #3 to Option Agreement between our company and Yale Resources Ltd. Dated July 9, 2012 (incorporated by reference to our Current Report on Form 8-K filed on July 9, 2012)
- 10.12 Convertible Loan Agreement between our company and Greg Painter dated May 26, 2012 (incorporated by reference to our Current Report on Form 8-K filed on May 29, 2012)
- 10.13 Convertible Loan Agreement between our company and Patrick Fagen dated May 26, 2012 (incorporated by reference to our Current Report on Form 8-K filed on

May 29, 2012)

- 10.14 Convertible Loan Agreement between our company and Patrick Fagen dated July 16, 2012 (incorporated by reference to our Current Report on Form 8-K filed on July 20, 2012)
- 10.15 2012 Stock Option Plan (incorporated by reference to our Current Report on Form 8-K filed on August 30, 2012)
- 10.16 Convertible Loan Agreement between our company and Patrick Fagen dated August 30, 2012 (incorporated by reference to our Current Report on Form 8-K filed on September 5, 2012)
- 10.17 Partial Property Option Agreement between our company and Natchez Pass LLC dated August 31, 2012 (incorporated by reference to our Current Report on Form 8-K filed on September 6, 2012)
- 10.18 Consulting Agreement between our company and Greg Painter dated September 1, 2012 (incorporated by reference to our Current Report on Form 8-K filed on September 5, 2012)
- 10.19 Consulting Agreement between our company and Patrick Fagen dated September 1, 2012 (incorporated by reference to our Current Report on Form 8-K filed on September 5, 2012)
- (31) Rule 13a-14(a) / 15d-14(a) Certifications
- 31.1\* Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 of the Chief Executive Officer
- 31.2\* Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 of the Chief Financial Officer

Exhibit Description  
Number

(32) Section 1350 Certifications

32.1\* Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 of the Chief Executive Officer

32.2\* Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 of the Chief Financial Officer

(99) Additional Exhibits

99.1 Audit Committee Charter (incorporated by reference to our Annual Report on Form 10-K filed on January 29, 2009)

101\*\* Interactive Data Files

101.INS XBRL Instance Document

101.SCHXBRL Taxonomy Extension Schema Document

101.CALXBRL Taxonomy Extension Calculation Linkbase Document

101.DEF XBRL Taxonomy Extension Definition Linkbase Document

101.LABXBRL Taxonomy Extension Label Linkbase Document

101.PREXBRL Taxonomy Extension Presentation Linkbase Document

\* Filed herewith.

\*\* Furnished herewith. Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files on Exhibit 101 hereto are deemed not filed or part of any registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, are deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, and otherwise are not subject to liability under those sections.

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 10, 2012

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

Date: September 10, 2012

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