

DEL TORO SILVER CORP.
Form 10-Q
March 20, 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 **January 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

(State or other jurisdiction of incorporation or
organization)

98-0515290

(IRS Employer Identification No.)

320 North Carson Street, Carson City, Nevada

(Address of principal executive offices)

89701

(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 ☐

Smaller reporting company ☒

(Do not check if a 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.

15,802,240 common shares issued and outstanding as of March 13, 2012.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

Our unaudited interim financial statements for the three month period ended January 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.

DEL TORO SILVER CORP.

Consolidated Financial Statements

Periods Ended January 31, 2012 (unaudited) and October 31, 2011

DEL TORO SILVER CORP.

(An Exploration Stage Company)

Consolidated Balance Sheets

(Expressed in US dollars)

<i>As at</i>	January 31, 2012 (unaudited)	October 31, 2011 (audited)
ASSETS		
Current assets		
Cash	\$ 4,781	\$ 24,088
Amounts receivable	-	616
Prepaid expenses	54,299	21,933
Total current assets	59,080	46,637
TOTAL ASSETS	\$ 59,080	\$ 46,637
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 70,605	\$ 50,349
Due to related party	41,649	200
Total current liabilities	112,254	50,549
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	15,762	15,462
Issued and outstanding: 15,762,240 (2011 - 15,462,240) shares		
Additional paid-in capital	1,082,295	1,052,595
Deficit accumulated during exploration stage	(1,151,231)	(1,071,969)
TOTAL STOCKHOLDERS' DEFICIT	(53,174)	(3,912)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	\$ 59,080	\$ 46,637

(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)

	For the three months ended		Accumulated from January 9, 2006 (Date of Inception) to January 31, 2012
	January 31, 2012	January 31, 2011	
Revenue	\$ -	\$ -	\$ -
GENERAL AND ADMINISTRATIVE EXPENSES			
Amortization	-	134	\$ 2,692
Consulting Fee	-	-	296,954
Foreign exchange loss (gain)	(182)	1,273	(2,719)
General and administrative	22,933	10,316	116,162
Mineral property costs	34,163	6,001	287,256
Professional fees	22,348	4,198	359,368
Write-down of property and equipment	-	-	1,838
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	79,262	21,922	1,061,551
OTHER EXPENSES			
Accretion of discount on convertible debt	-	-	(55,000)
Interest expense	-	(22,917)	(7,535)
Loss on change in fair value of derivative liability	-	-	(14,962)
Loss on settlement of debt	-	-	(12,183)
	-	(22,917)	(89,680)
NET LOSS	\$ (79,262)	\$ (44,839)	\$ (1,151,231)
Basic and diluted net loss per common share	\$ (0.01)	\$ (0.00)	
Weighted average number of basic and diluted common shares outstanding	15,481,805	11,817,744	

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

DEL TORO SILVER CORP.

(An Exploration Stage Company)

Statements of Shareholders' Equity

(Expressed in US dollars)

	Common Shares		Additional Paid In Capital	Share Subscriptions Received in Advance	Deficit Accumulated During Exploration Stage	Total Stockholders' Equity (Deficit)
	Number of Shares	Amount				
Balance January 9, 2006 (date of inception)	-	\$ -	\$ -	\$ -	\$ -	-
Issuance of common stock for cash	8,750,000	8,750	114,750	-	-	123,500
Net loss for the year	-	-	-	-	(22,176)	(22,176)
Balance October 31, 2006	8,750,000	8,750	114,750	-	(22,176)	101,324
Issuance of common stock for mineral property	10,000	10	2,190	-	-	2,200
Net loss for the year	-	-	-	-	(69,538)	(69,538)
Balance October 31, 2007	8,760,000	8,760	116,940	-	(91,714)	33,986
Issuance of common stock for mineral property	20,000	20	9,740	-	-	9,760
Net loss for the year	-	-	-	-	(86,666)	(86,666)
Balance October 31, 2008	8,780,000	8,780	126,680	-	(178,380)	(42,920)
Issuance of common stock for cash	1,055,135	1,055	157,215	-	-	158,270
Net loss for the year	-	-	-	-	(135,825)	(135,825)
Balance October 31, 2009	9,835,135	9,835	283,895	-	(314,205)	(20,475)
Issuance of common	600,000	600	129,900	-	-	130,500

stock for
mineral
property

Issuance of common stock for consulting service	100,000	100	20,900	-	-	21,000
Fair value of stock options granted	-	-	245,710	-	-	245,710
Share subscriptions received in advance	-	-	-	109,950	-	109,950
Net loss for the year	-	-	-	-	(514,001)	(514,001)
Balance October 31, 2010	10,535,135	10,535	680,405	109,950	(828,206)	(27,316)
Issuance of common stock for cash	3,875,000	3,875	270,524	(109,950)	-	164,449
Issuance of common stock for settle debt	237,500	237	14,013	-	-	14,250
Issuance of common stock for conversion of debenture	814,605	815	34,185	-	-	35,000
Share issuance costs	-	-	(16,494)	-	-	(16,494)
Fair value of beneficial conversion feature recorded upon conversion of debenture	-	-	69,962	-	-	69,962
Net loss for the period	-	-	-	-	(243,763)	(243,763)
Balance October 31, 2011	15,462,240	\$ 15,462	\$ 1,052,595	\$ -	(1,071,969)\$	(3,912)
Issuance of common stock for	300,000	300	29,700	-	-	30,000

consulting
service

Net loss for
the period

-	-	-	-	(79,262)	(79,262)
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Balance

January 31,

2012	15,762,240 \$	15,762 \$	1,082,295 \$	- \$	(1,151,231)\$	(53,174)
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(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 three months ended		Accumulated from
			January 9, 2006
			(Date of
			Inception) to
	January 31, 2012	January 31, 2011	January 31, 2012
CASH PROVIDED BY (USED FOR):			
OPERATING ACTIVITIES			
Net loss for the period	\$ (79,262)	(44,839)	\$ (1,151,231)
Adjustments to reconcile net loss to net cash used in operating activities			
Accretion of discount on convertible debenture	-	-	55,000
Amortization	-	134	2,692
Loss on change in fair value of derivative liability	-	-	14,962
Loss on settlement of debt	-	-	12,183
Shares issued for mineral property	-	-	142,460
Shares issued for consulting service	-	-	14,060
Share-based compensation	-	-	266,710
Write-down of property and equipment	-	-	1,838
	(79,262)	(44,705)	(641,326)
Changes in operating assets and liabilities			
Amounts receivable	616	(4,262)	-
Prepaid expenses	(2,366)	-	(24,299)
Accounts payable and accrued liabilities	20,256	3,307	71,612
CASH USED FOR OPERATING ACTIVITIES	(60,756)	(45,660)	(594,013)
INVESTING ACTIVITY			
Purchase of property and equipment	-	-	(4,530)
CASH USED FOR INVESTING ACTIVITIES	-	-	(4,530)
FINANCING ACTIVITIES			
Proceeds from issuance of convertible debenture	-	-	55,000
Repayment of convertible debenture	-	-	(33,000)
Proceeds from (paid to) related parties	41,449	(1,658)	41,649
Net proceeds from issuance of common stocks	-	57,422	539,675

CASH PROVIDED BY FINANCING ACTIVITIES	41,449		55,764	603,324
NET INCREASE (DECREASE) IN CASH	(19,307)		10,104	4,781
CASH, BEGINNING OF PERIOD	24,088		82,807	-
CASH, END OF PERIOD	\$ 4,781	\$	92,911	\$ 4,781
NON CASH ACTIVITIES				
Shares issued for conversion of debenture	\$ -	\$ -	\$ -	35,000
Shares issued for subscription advances	\$ -	\$ 109,950	\$ -	-
Shares issued for subscription receivable	\$ -	\$ (10,601)	\$ -	-
Shares issued for services	\$ 30,000	\$ -	\$ -	30,000
Shares issued to settle debt	\$ -	\$ -	\$ -	14,250
SUPPLEMENTAL DISCLOSURE				
Interest paid	\$ -	\$ -	\$ -	6,135
Income taxes paid	\$ -	\$ -	\$ -	-

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

DEL TORO SILVER CORP.
(An Exploration Stage Company)
Notes to the Financial Statements
January 31, 2012
(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 January 31, 2012, the Company has not earned any revenue, has a working capital deficit of \$53,174, and an accumulated deficit of \$1,151,231. 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 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 January 31, 2012, and the results of its operations and cash flows for the three month period ended January 31, 2012 and 2011. The results of operations for the period ended January 31, 2012 is 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.

(d) 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.

(e) Receivable

Receivables consist principally of input sale tax credit due from the government;

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Notes to the Financial Statements
January 31, 2012
(Expressed in US dollars)
(unaudited)

(f) Prepaid expenses

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

(g) Accounts Payable and Accrued Expenses

Accounts Payable and Accrued Expenses consist principally of amounts due to suppliers.

(h) 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.

(i) 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.

3. Mineral Properties

On July 7, 2009, and as 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 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 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.

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 three months ended January 31, 2012, the Company incurred \$34,163 in drilling costs on the property.

DEL TORO SILVER CORP.
(An Exploration Stage Company)
Notes to the Financial Statements
January 31, 2012
(Expressed in US dollars)
(unaudited)

4. Common Shares

Year Ended October 31, 2011

- (a) 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 issuance, the Company incurred share issuance costs of \$14,000.
- (b) On March 9, 2011, the Company issued 165,517 common shares to settle convertible debenture of \$12,000.
- (c) On June 3, 2011, the Company issued 304,260 common shares to settle convertible debenture of \$15,000.
- (d) On September 20, 2011, the Company issued 344,828 common shares to settle convertible debenture of \$8,000.
- (e) 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.
- (f) 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

- (g) On January 31, 2012, the Company issued 300,000 common shares for prepaid consulting services of \$30,000.

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, January 31, 2012 and October 31, 2011	2,000,000	0.25

As at January 31, 2012, the following share purchase warrants were outstanding:

Number of	Exercise
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Warrants	Price \$	Expiry Date	Remaining contractual life (years)
2,000,000	0.25	December 6, 2012	0.84

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DEL TORO SILVER CORP.
 (An Exploration Stage Company)
 Notes to the Financial Statements
 January 31, 2012
 (Expressed in US dollars)
 (unaudited)

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 at January 31, 2012, there were 4,000,000 shares available for issuance under the Company's stock option plan.

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, January 31, 2012	1,000,000	0.10	0.60

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

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

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

7. Related Party Transactions

On January 31, 2012, the Company owed \$41,649 to officers and directors of the Company (October 31, 2011 - \$200). The amounts owing are unsecured, non-interest bearing, and due on demand.

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.

DEL TORO SILVER CORP.
(An Exploration Stage Company)
Notes to the Financial Statements
January 31, 2012
(Expressed in US dollars)
(unaudited)

9. Subsequent events

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.

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.

Corporate History

Effective July 9, 2009, we completed the acquisition of a 50% undivided interest, and the option to acquire a further 30% interest in the Dos Naciones property, located in state of Sonora, Mexico, in accordance with the terms of a property option agreement with Yale Resources Ltd. dated July 7, 2009. We entered into an amendment agreement dated June 25, 2010, amending certain terms of the option agreement. If our company exercises the option, the parties will be deemed to enter into a joint venture agreement in accordance with the terms of the option agreement.

We entered into a further amendment agreement with Yale dated as of October 21, 2010 pursuant to which we amended the property option agreement with Yale dated July 7, 2009, as earlier amended on June 25, 2010. Pursuant to the terms of the further-amended agreement Yale agreed to grant our company an option to acquire a further 20% interest in the Dos Naciones property (for a total of 70%) in consideration of the issuance of 250,000 more shares of our common stock upon signing of the agreement and 400,000 more shares of our common stock to Yale on or before July 7, 2012. Under the terms of the amendment Yale also agreed to rescind its option to repurchase the property during the option period. During the option period, all expenditures at Dos Naciones are the responsibility of Del Toro.

In October, 2010, we announced that we expanded the Josefina target at Dos Naciones. Fieldwork completed by our company was successful in identifying multiple new exposures of veins as well as a historic working that was previously unknown. The Josefina target now consists of a series of at least six sub-parallel veins with the core of the silver/lead system having been traced along surface for approximately 600 meters along the strike and over 250 meters in width. 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 commenced a drill program in October 2011 on the La Espanola target to obtain further information on mineralization occurrences on the area.

In October, 2011, we were notified by our joint venture participant, Yale Resources Ltd., that a drilling contract had been signed with Geometrics Mineral Services S.A. de C.V. Drilling on the property began in November 2011. For this drill program it was agreed between Del Toro and Yale that the costs of the program would be split 50:50 on a one time basis.

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, that have the potential for near-term production and positive cash flow.

On November 14, 2011, we entered into an asset sale agreement with Bowerman Holdings LLC to acquire up to 75% of 100% of Bowerman's 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 May 12, 2012, unless otherwise agreed by the parties, and is subject to satisfactory completion of due diligence by our company.

In consideration of a 60% interest in the property, we have agreed to pay to Bowerman an aggregate purchase price of \$6,525,000, payable as follows:

- \$25,000 payable by December 14, 2011 (the date of the payment has been extended to March 14, 2012 with a possibility of extending the payment to April 14, 2012);
- \$4,500,000 payable upon closing by execution and delivery of a promissory note and a first position deed of trust against the property, which secures our company's full repayment of the amount due under the promissory note; and
- \$2,000,000 payable upon closing by delivery of 40,000,000 shares of our common stock at \$0.05 per share (issued to Bowerman and certain assignees of Bowerman). We have agreed to use our good faith efforts to file with the U.S. Securities and Exchange Commission a reseller prospectus registering the shares within 160 days of the closing, failing which we will be required to pay a \$10,000 fee to Bowerman in lieu of registration.

The \$4,500,000 secured by the promissory note and deed of trust shall accrue interest (on unpaid principal and interest) from November 14, 2011 at the rate of ten percent (10%) interest per annum, compounded monthly. Principal and interest shall be due and payable in full on November 14, 2014 by way of a balloon payment equal to the amount of the entire balance then-due. We may prepay all or any part of the sum due under the promissory note any time without penalty. Delinquent payments under the note will be subject to a late fee equal to 10% of the delinquent payment amount. Subject to timely payment of the promissory note and all consideration due and payable, our company is entitled to acquire, within 48 months from closing, up to an additional fifteen percent (15%) interest in the property at a rate of \$300,000 per 1%.

In addition to the \$6,525,000 aggregate purchase price, we have agreed to incur, within 36 months of the closing, not less than \$1,500,000 in exploration, development, or operating expenses in respect of the property. Our company's work commitment shall be carried out in accordance with a joint operations agreement between our company and Bowerman, also entered into on November 14, 2011, whereby Bowerman and our company have agreed to jointly develop the property through January 1, 2017.

Pursuant to the agreement, our company and Bowerman shall form a single purpose entity to serve as the sole operator of the property, with our company serving as manager of the entity. Subject to and upon completion of the \$1,500,000, 36-month work commitment to be financed by our company, subsequent work programs and budgets shall be determined by our company at our sole discretion, and the operating costs of the entity shall be shared by our company and Bowerman on a pro-rata basis with their respective ownership interest in the property. Net proceeds of the entity shall also be divided between our company and Bowerman on a pro-rata basis with their respective ownership interest in the property.

Bowerman's parent company has caused one of its wholly owned subsidiaries to conditionally license to the entity the use of all equipment, improvements and other items of personal property and improvements overlying the property. Our company shall have the option to exercise the license by paying to Bowerman a license fee of \$100,000 per year. At our company's election and sole determination, our company may pay each license fee either in cash, in common shares of our company discounted by 20% of the then-market value, or by crediting the value of the license fee toward Bowerman's financial obligation to pay its *pro rata* interest for work performed under the joint operations agreement, provided that Bowerman's obligation shall not accrue until our company's \$1,500,000 work commitment has been fully expended. Our company shall also have the option to buy out the licensed equipment and improvements. The entity shall be charged with maintaining, repairing, servicing, supplying, insuring and otherwise keeping in good condition through due care all of the equipment and improvements for the duration of the license.

On January 22, 2012, we entered into a consulting agreement with ATG Inc. wherein ATG will provide financial media relations services to our company for a period of 45 days. The consulting agreement can be cancelled at any time by either party in writing only after each month's work has been performed. Any compensation received by ATG shall be retained by ATG and no further fees shall be due. Pursuant to the terms of the consulting agreement, our company paid ATG \$19,000 upon receipt of the executed consulting agreement and issued 300,000 restricted shares of our company's common stock. As of the date of this Quarterly Report, the term of the consulting agreement has expired.

On January 26, 2012, we entered into an investor relations and consulting agreement with Stock Signal IR and Consulting Group wherein Stock Signal will provide investor relations and promotional services for a period of 6 months. The investor relations agreement can be cancelled at any time by either party upon 10 calendar days' notice to either party. Pursuant to the terms of the investor relations agreement, our company will pay Stock Signal \$1,000 and issue an aggregate of 140,000 restricted shares of our company's common stock. The shares will be issued in increments of 15,000 shares during month one; and 25,000 shares for each of months two, three, four, five and six of the term. As of the date of this report we have paid the \$1,000 and issued 40,000 restricted shares of our company's common stock, on February 29, 2012, for months one and two of the term.

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 100% of the Bowerman's 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 May 12, 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 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 \$448,250, subject to receiving additional financing. The first phase of our exploration program commenced in July, 2010. The first phase consisted of detailed geological mapping, sampling, hand trenching and prospecting. In July, 2010 the 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 commenced a drill program in October 2011 on the La Espanola target to obtain further information on mineralization occurrences on the area.

At Dos Naciones, we have completed Phase I and have commenced Phase II of exploration, which will continue in stages based on results. 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 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. Based upon this analysis, the work program may be modified to include further geologic work as outlined in phase one and additional drilling as outlined in phase two. A detailed breakdown of the current proposed budget and work exploration program (which will be modified according to the ongoing evaluation) 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
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
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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
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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
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Subtotal Phase Two	\$ 174,000
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Phase Three

Phase Three is contingent on IP anomalies from Phase Two work being determined to be favorable 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
Total for Phases One, Two, and Three	\$	407,500
Contingency 10%	\$	40,750
TOTAL THREE PHASE PROGRAM:	\$	448,250

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
<u>Total</u>	\$ 235,000

As of January 31, 2012 we had cash of \$4,781.

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 discussion of our results of operations should be read in conjunction with our unaudited financial statements for the three month period ended January 31, 2012 which are included herein.

Expenses

Our expenses for the three month period ended January 31, 2012 and 2011 are outlined in the table below:

	Three Months Ended January 31,	
	2012	2011
Amortization	Nil	134
Foreign exchange loss (gain)	(182)	1,273
General and administrative	22,933	10,316
Interest expenses	Nil	22,917
Mineral property expenses - exploration	34,163	6,001
Professional fees	22,348	4,198
Total	\$ 79,262	\$ 44,839

General and Administrative

The \$12,617 increase in our general and administrative expenses for the three month period ended January 31, 2012 compared to the three month period ended January 31, 2011 was primarily due to increased business activities.

Interest Expenses

Our interest expenses decreased by \$22,917 during the three month period ended January 31, 2012 compared to the three month period ended January 31, 2011 primarily due to the conversion of all convertible debt in the prior reporting period.

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 \$18,150 during the three month period ended January 31, 2012 compared to the three month period ended January 31, 2011 primarily due to increased due diligence work surrounding issuances of common shares.

Liquidity and Capital Resources

Working Capital

	As at January 31, 2012	As at October 31, 2011	Percentage Increase / (Decrease)
Current Assets	\$ 59,080	\$ 46,637	26.68%
Current Liabilities	\$ 112,254	\$ 50,549	122.07%
Working Capital	\$ (53,174)	\$ (3,912)	1,259.25%

Cash Flows

	Three Month Period Ended January 31, 2012	Three Month Period Ended January 31, 2011	Percentage Increase / (Decrease)
Cash provided by (used in) Operating Activities	\$ (60,756)	\$ (45,660)	33.06%
Cash provided by Financing Activities	\$ 41,449	\$ 55,764	(25.67)%
Net Increase (Decrease) in Cash	\$ (19,307)	\$ 10,104	(291.08)%

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 January 31, 2012 we had cash of \$4,781, 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 \$60,756 during the three period ended January 31, 2012 and \$45,660 during the three month period ended January 31, 2011. Cash used in operating activities was funded by cash from financing activities, and \$26,353 decrease was due to insufficient working capital.

Cash from Financing Activities

We generated cash of \$41,449 from financing activities during the three month period ended January 31, 2012 compared to cash of \$55,764 generated from financing activities during the three month period ended January 31, 2011. The decrease was due to no issuance of convertible debenture.

Disclosure of Outstanding Share Data

As March 13, 2012, we had 15,802,240 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 1,000,000 options to acquire additional shares of common stock at a price of \$0.10 per share. We do not have shares of any other class issued and outstanding as at the date of this report.

Going Concern

The financial statements accompanying this report have been prepared on a going concern basis, which implies that our company will continue to realize its assets and discharge its liabilities and commitments in the normal course of business. Our company has not generated revenues since inception and has never paid any dividends and is unlikely to pay dividends or generate earnings in the immediate or foreseeable future. The continuation of our company as a going concern is dependent upon the continued financial support from our shareholders, the ability of our company to obtain necessary equity financing to achieve our operating objectives, and the attainment of profitable operations. As at January 31, 2012, our company has accumulated losses of \$1,151,231 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.

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, labor 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 80% of his working time on providing management services to us and Patrick Fagen, our chief financial officer, devotes approximately 40% of his working time on providing management services to us. If the demands on our executive officers from their other obligations increase, they may no longer be able to devote sufficient time to the management of our business. This could negatively impact our business development.

Risks Related to Our Company

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

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

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

We have not generated any revenue from operations since our incorporation and we anticipate that we will continue to incur operating expenses without revenues unless and until we are able to identify a mineral resource in a commercially exploitable quantity on one or more of our mineral properties and we build and operate a mine. At January 31, 2012 we had working capital deficit of \$53,174. We incurred a net loss of \$79,262 for the three month period ended January 31, 2012 and \$1,151,231 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 10, 2012, 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

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 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mining Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit

Number Description

(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)
- 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 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)
- 10.4 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)

(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

(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

Exhibit

Number Description

(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.SCH XBRL Taxonomy Extension Schema Document

101.CAL XBRL Taxonomy Extension Calculation Linkbase Document

101.DEF XBRL Taxonomy Extension Definition Linkbase Document

101.LAB XBRL Taxonomy Extension Label Linkbase Document

101.PRE XBRL 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: March 19, 2012

/s/ Greg Painter

Greg Painter

Chief Executive Officer, President, Secretary, Treasurer
and Director

(Principal Executive Officer)

Date: March 19, 2012

/s/ Patrick Fagen

Patrick Fagen

Chief Financial Officer and Director

(Principal Financial Officer and Principal Accounting
Officer)