

DEL TORO SILVER CORP.
Form 10-Q
June 14, 2013

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 **April 30, 2013**

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

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.

19,763,623 common shares issued and outstanding as of June 5, 2013.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

Our unaudited consolidated interim financial statements for the three and six month periods ended April 30, 2013 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 APRIL 30, 2013 (UNAUDITED) AND OCTOBER 31, 2012

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DEL TORO SILVER CORP**(An Exploration Stage Company)****CONSOLIDATED BALANCE SHEETS****APRIL 30, 2013 AND OCTOBER 31, 2012**

	April 30, 2013 (unaudited)	October 31, 2012 (audited)
ASSETS		
CURRENT ASSETS		
Cash	\$2,126	\$14,590
Prepaid expense	5,520	3,753
TOTAL CURRENT ASSETS	7,646	18,343
TOTAL ASSETS	\$7,646	\$18,343
LIABILITIES AND STOCKHOLDERS DEFICIT		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$9,794	\$16,804
Convertible debenture	111,500	51,500
Shareholder convertible loan	555,587	421,763
Due to related party	58,698	59,030
TOTAL CURRENT LIABILITIES	735,579	549,097
TOTAL LIABILITIES	735,579	549,097
STOCKHOLDERS' DEFICIT:		
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: 18,026,954 (2012 - 17,452,240) shares	18,026	17,452
Additional paid-in capital	1,347,497	1,289,273
Deficit accumulated during exploration stage	(2,093,456)	(1,837,479)
TOTAL STOCKHOLDERS' DEFICIT	(727,933)	(530,754)

TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	\$7,646	\$18,343
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See accompanying notes to financial statements.

DEL TORO SILVER CORP**(An Exploration Stage Company)****CONSOLIDATED STATEMENTS OF OPERATIONS****(UNAUDITED)****FOR THE THREE AND SIX MONTHS ENDED APRIL 30, 2013 AND 2012 AND FROM THE DATE OF INCEPTION TO APRIL 30, 2013**

	For the Three Months Ended		For the Six Months Ended		Accumulated Amounts from Inception January 9, 2006 to April 30, 2013
	April 30, 2013	April 30, 2012	April 30, 2013	April 30, 2012	
GENERAL AND ADMINISTRATIVE EXPENSES:					
Amortization	\$-	\$-	\$-	\$-	\$2,692
Consulting fee	75,399	-	150,798	-	829,366
Foreign exchange (gain) loss	(74)) 501	(85)) 319	(2,309)
General and administrative	11,290	15,561	24,083	38,494	183,051
Mineral property costs	3,500	1,466	18,750	35,629	462,609
Professional fees	27,887	11,507	45,534	33,855	479,099
Write-down of property and equipment	-	-	-	-	1,838
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	118,002	29,035	239,080	108,297	1,956,346
OTHER EXPENSES:					

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Accretion of discount on convertible debt	-	-	-	-	(55,000)
Interest expense	(8,734)	(85)	(16,897)	(85)	(34,158)
Loss on change in fair value of derivative liability	-	-	-	-	(14,962)
Gain/(loss) on settlement of debt	-	-	-	-	(32,990)
TOTAL OTHER EXPENSES	(8,734)	(85)	(16,897)	(85)	(137,110)
NET LOSS	\$(126,736)	\$(29,120)	\$(255,977)	\$(108,382)	\$(2,093,456)
Basic and diluted net loss per common share	\$(0.01)	\$(0.00)	\$(0.01)	\$(0.01)	
Weighted average number of basic and diluted common shares outstanding	\$17,490,985	\$15,789,351	\$17,471,291	\$15,624,972	

See accompanying notes to financial statements.

DEL TORO SILVER CORP**(An Exploration Stage Company)****CONSOLIDATED STATEMENTS OF CASH FLOWS****(UNAUDITED)****FOR THE SIX MONTHS ENDED APRIL 30, 2013 AND 2012 AND FOR THE DATE OF INCEPTION TO APRIL 30, 2013**

	For the Six Months Ended		Accumulated Amounts From Inception to April 30, 2013
	April 30, 2013	April 30,2012	
CASH PROVIDED BY (USED FOR):			
OPERATING ACTIVITIES			
Net loss for the period	\$(255,977)	\$(108,382)	\$(2,093,456)
Items not requiring (providing) cash:			
Accretion of discount on convertible debenture	-	-	55,000
Amortization	-	-	2,692
Loss on change in fair value of derivative liability	-	-	14,962
Loss on settlement of debt	-	-	12,183
Shareholder loan issued for consulting service	102,000	-	261,000
Shares issued for mineral property	-	-	176,460
Shares issued to settle debt	-	-	14,060
Shares issued for consulting service	-	34,000	134,000
Share-based compensation	48,798	-	389,122
Write-down of property and equipment	-	-	1,838
Changes in operating assets and liabilities:			
Receivables	-	616	-

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Prepaid expenses	(1,767)	(31,407)	(5,520)
Related party liabilities	12,993	-	17,497
Accounts payable and accrued liabilities	(7,010)	(6,183)	51,666
CASH USED FOR OPERATING ACTIVITIES	(100,963)	(111,356)	(968,496)
INVESTING ACTIVITY:			
Equipment acquired	-	-	(4,530)
CASH USED FOR INVESTING ACTIVITIES	-	-	(4,530)
FINANCING ACTIVITIES:			
Net proceeds from (paid for) issuance of common stocks	-	(2,946)	536,729
Proceeds from issuance of convertible debenture	70,000	40,000	216,500
Proceeds from (paid to) related parties	18,499	56,449	294,923
Repayment of convertible debenture	-	-	(73,000)
CASH PROVIDED BY FINANCING ACTIVITIES	88,499	93,503	975,152
NET INCREASE (DECREASE) IN CASH	(12,464)	(17,853)	2,126
CASH, BEGINNING OF PERIOD	14,590	24,088	-
CASH, END OF PERIOD	\$2,126	\$6,235	\$2,126
NON CASH ACTIVITIES			
Shares issued for conversion of debenture	\$10,000	\$-	\$35,000
Shares issued to settle debt	\$-	\$-	\$14,250
SUPPLEMENTAL DISCLOSURE			
Interest paid	\$400	\$85	\$16,261
Income taxes paid	\$-	\$-	\$-

See accompanying notes to financial statements.

DEL TORO SILVER CORP.

(An Exploration Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

April 30, 2013

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 as defined by Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 915, “Development Stage Entities”, and is 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 April 30, 2013, the Company has not earned any revenue, has a working capital deficit of \$ 727,933, and an accumulated deficit of \$2,093,456. 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, 2012.

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 April 30, 2013, and the results of its operations and cash flows for the six month period ended April 30, 2013 and 2012. The results of operations for the period ended April 30, 2013 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.

Reclassification – The cash flow statement for accumulated amounts from inception to April 30, 2013 has been reclassified to conform to the current quarter presentation.

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.

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 various suppliers and professional service providers.

DEL TORO SILVER CORP.

(An Exploration Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

April 30, 2013

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, with respect to expenditures paid by officers and directors on behalf of the Company.

NOTE 3 – MINERAL PROPERTIES

Dos Naciones

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 “Dos Naciones Agreement”) to acquire a 50% undivided interest in the Dos Naciones Property located in Sonora, Mexico. Under the terms of the Dos Naciones 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 (issued); 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 Dos Naciones Agreement.

During the six months ended April 30, 2013, the Company incurred \$8,250 in mineral properties costs on the property.

Natchez Pass

On August 31, 2012 and as amended on September 27, 2012 the Company 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 (the “Property”). In order to earn the option, over a five year period the Company is required to make an aggregate cash payment of \$4,001,000 to, or on behalf of, Natchez Pass LLC 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, LLC.

If the Company fully exercises the option, the Company has an option to earn up to an additional 7.5% interest at the price of \$150,000 per point. As of April 30, 2013 the Company was conducting due diligence and had not exercised the option.

DEL TORO SILVER CORP.

(An Exploration Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

April 30, 2013

NOTE 3 – MINERAL PROPERTIES – (CONTINUED)

During the six months ended April 30, 2013, the Company incurred \$10,500 in mineral properties costs on the property and has accumulated \$93,413, since inception of the agreement.

NOTE 4 – COMMON SHARES

Year Ended October 31, 2012

On January 31, 2012, the Company issued 300,000 common shares for prepaid consulting services of \$30,000 less the share issuance costs of \$2,928.

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

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

On September 14, 2012 the Company issued 200,000 common shares as part of the Dos Naciones Agreement described in Note 3 and charged \$18,000 to mineral property costs.

On October 31, 2012 the Company issued 1,250,000 common shares as part of the agreement described in Note 7 for consulting services of \$100,000.

Six Months Ended April 30, 2013

On April 24, 2013, the Company issued 574,714 common shares to partially settle a convertible debenture of \$10,000.

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, 2011	-	
Issued	2,000,000	0.25
Expired	-	-
Balance, October 31, 2012	2,000,000	0.25
Expired	(2,000,000)	(0.25)
Balance, April 30, 2013	-	-

As of April 30, 2013, no share purchase warrants were outstanding. The balance of share purchase warrants expired on December 6, 2012.

DEL TORO SILVER CORP.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

April 30, 2013

NOTE 6 – STOCK OPTIONS

On September 7, 2010, the Company adopted a stock option plan (“2010 Stock Option Plan”) allowing for the issuance of stock options to acquire up to 5,000,000 common shares. There were a total of 1,000,000 options outstanding at October 31, 2011 with a weighted average exercise price of \$0.10. All of the outstanding shares expired and the stock option plan expired on September 7, 2012.

On August 29, 2012 the Company adopted a stock option plan (the “2012 Stock Option Plan”) allowing for the issuance of stock options to acquire up to 3,000,000 common shares. As of April 30, 2013 and October 31, 2012, there were 1,000,000 shares available for issuance under the 2012 Stock Option Plan. Officers and directors have been granted 1,500,000 of the 2,000,000 granted stock options.

The following table summarizes the continuity of the Company’s 2012 Stock Option Plan:

	Number of options	Weighted average exercise price (US \$)	Weighted average remaining contractual life (years)
Outstanding, October 31, 2012	2,000,000	0.145	

Outstanding and exercisable, April 30, 2013 2,000,000 0.145 4.37

The Company's options vest at different periods. As such, the Company records stock-based compensation over the requisite service period for each separately vesting portion of the award as if the award was, in-substance, multiple awards.

Additional information regarding stock options as of April 30, 2013, is as follows:

Number of Options	Exercise	Vesting Date	Expiry Date	Life (in years)
	Price			
	\$			
575,000	0.10	9/12/2012	9/12/2017	5
505,000	0.15	3/12/2013	9/12/2017	4.5
560,000	0.15	9/12/2013	9/12/2017	4
360,000	0.20	3/12/2014	9/12/2017	3.5
2,000,000				

Compensation cost will be recognized over the requisite service period that began September 12, 2012. For the six months ended April 30, 2013, the Company recognized \$48,798 (2012 \$nil) as compensation cost. Stock-based compensation expense was estimated using the Black-Scholes option pricing model assuming no expected dividends, a risk-free interest rate ranging from 0.42% to 0.70%, expected option life of 3.5 to 5 years and a volatility of 281%.

DEL TORO SILVER CORP.

(An Exploration Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

April 30, 2013

NOTE 7 – RELATED PARTY TRANSACTIONS

The Company has entered into various convertible loan agreements with officers and directors. The principal amount of the loans plus any accrued and unpaid interest shall be due and payable in full one year from the advancement date of each loan. 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 each loan plus accrued interest as of that date into shares of the Company.

On September 1, 2012 the Company entered into consulting agreements with officers and directors. Under the terms of the agreement compensation for the provision of services for the 14 months prior to the effective date shall be \$125,000 and the issuance of 1,250,000 shares of common stock of the Company. The cash portion plus any accrued and unpaid interest shall be due and payable in one full year from the date of the agreement. The officers and directors may provide the Company with written notice 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 5% per annum.

Additionally, compensation per the agreements is \$17,000 per month. The cash portion shall continue to accrue and interest shall accrue on the unpaid balance of the cash portion at a rate of 5% per annum. The officers and directors may provide the Company with written notice of conversion of all accrued and unpaid compensation including interest, payable in common shares of the company based on the price of 80% of the average closing prices for the five trading days prior to the end of the one year term.

Additional information on these agreements as of April 30, 2013 and October 31, 2012 is as follows:

Loan Agreement	Loan Balance Including Accrued Interest	
	April 30, 2013	October 31, 2012
On May 26, 2012 agreements were formalized for the advancement of \$104,000, accruing interest at 8.0%, with a conversion price of \$0.06 per share. Accrued interest as of 4/30/13 was \$1,237.	\$72,997	\$93,946
On July 16, 2012 an agreement was formalized for the advancement of \$50,000, accruing interest at 8.0%, with a conversion price of \$0.08 per share. Accrued interest as of 4/30/13 was \$3,167.	53,167	51,184
On August 30, 2012 an agreement was formalized for the advancement of \$100,000, accruing interest at 8.0%, with a conversion price of \$0.10 per share. Accrued interest as of 4/30/13 was \$5,348.	105,348	101,381
On September 1, 2012 an agreement was entered (see consulting agreement above) totaling \$125,000, accruing interest at 5%, with a conversion price of \$0.10 per share. Accrued interest as of 4/30/13 was \$4,144.	129,144	126,045
On September 1, 2012 an agreement was entered (see consulting agreement above) totaling \$17,000 per month, accruing interest at 5%, with an unknown future conversion price. Accrued interest as of 4/30/13 was \$1,965.	137,965	34,072

DEL TORO SILVER CORP.**(An Exploration Stage Company)****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****April 30, 2013**

NOTE 7 – RELATED PARTY TRANSACTIONS – (CONTINUED)

	Loan Balance Including Accrued Interest	
	April 30, 2013	October 31, 2012
Loan Agreement - continued		
On September 21, 2012 an agreement was formalized for the advancement of \$15,000, accruing interest at 8.0%, with a conversion price of \$0.10 per share. Accrued interest as of 4/30/13 was \$730.	15,730	15,135
On December 11, 2012 an agreement was formalized for the advancement of \$40,000, accruing interest at 8.0%, with a conversion price of \$0.10 per share. Accrued interest as of 4/30/13 was \$1,236.	41,236	-
Total Convertible Loans Payable to Related Parties	\$555,587	\$421,763

The Company is in debt to officers and directors of the Company for an additional \$17,833 and \$18,165 as of April 30, 2013 and October 31, 2012, respectively. An additional amount is due Natchez Pass LLC, a related party, totaling \$40,865 as of April 30, 2013. The additional related party indebtedness is unsecured, non-interest bearing, and due on demand.

NOTE 8 – CONVERTIBLE DEBENTURES

On October 10, 2012 the Company issued a convertible debenture with a non-related party for \$51,500. 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 July 15, 2013. 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 April 8, 2013 (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. The Company has the right to repay the note within 180 days from April 8, 2013, in consideration of the payment of cash equal to 120% to 140% of the outstanding balance plus accrued interest. A total of \$10,000 of the debenture was converted to common stock (Note 4) during the six months ended April 30, 2013. The remaining balance of the convertible debenture as of April 30, 2013 was \$41,500.

On February 12, 2013 the Company issued a convertible debenture with a non-related party for \$37,500. 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 November 14, 2013. 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 11, 2013 (180 days from the issuance date), at a conversion price equal to 50% 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. The Company has the right to repay the note within 180 days from February 12, 2013, in consideration of the payment of cash equal to 120% to 140% of the outstanding balance plus accrued interest.

On April 2, 2013 the Company issued a convertible debenture with a non-related party for \$32,500. 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 January 4, 2014. 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 September 29, 2013 (180 days from the issuance date), at a conversion price equal to 50% 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

DEL TORO SILVER CORP.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

April 30, 2013

NOTE 8 – CONVERTIBLE DEBENTURES – (CONTINUED)

4.99% of the total issued and outstanding shares. The Company has the right to repay the note within 180 days from April 2, 2013, in consideration of the payment of cash equal to 120% to 140% of the outstanding balance plus accrued interest.

NOTE 9 – 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 April 30, 2013 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 10 – SUBSEQUENT EVENTS

On May 6, 2013, the Company entered into a convertible loan agreement with an officer of the Company. Under the terms of the agreement, the Company issued an 8% convertible loan, in the principal amount of \$20,000 that matures on May 6, 2014. The loan, plus accrued interest, may be converted into shares of common stock at a rate of \$0.10 per

share at any time.

On May 10, 2013, 870,690 shares of common stock were issued for the conversion of \$10,100 of principal on a non-related party convertible debenture.

On May 23, 2013, 865,979 shares of common stock were issued for the conversion of \$8,400 of principal on a non-related party convertible debenture.

On May 24, 2013, the Company entered into a convertible loan agreement with a shareholder of the Company. Under the terms of the agreement, the Company issued an 8% convertible loan, in the principal amount of \$40,000, that matures on May 24, 2013. The loan, plus any accrued interest, may be converted into shares of common stock at a rate of \$0.10 per share at any time.

On August 31, 2012, the Company entered into a partial purchase option agreement, as subsequently amended, with Natchez Pass LLC (Note 3).

Subsequently, on June 6, 2013, The Company entered into a purchase option termination agreement with Natchez Pass LLC wherein the Company has agreed to terminate the partial purchase agreement pursuant to the following terms:

the Company has been released from all obligations under the partial purchase agreement;

the Company has been granted a 5% net smelter royalty related to all of the claims under the partial purchase agreement. Within 10 days Natchez Pass LLC will record the net smelter royalty against those claims with the Bureau of Land Management;

the Company shall be paid 5% of the gross sale price, such price to be reduced by sales commissions, closing costs and Natchez Pass LLC's repayment of its third party debts related to the claims. The sales proceeds to the Company shall not be less than \$300,000;

the Company shall issue 2,000,000 shares of its common stock, and

Natchez Pass LLC shall retain all money paid to it under the partial purchase agreement and, upon sale of the claims to a third party, or upon the sale to a third party of a majority or greater of interest in the claims, the Company shall assign all of its rights in the net smelter royalty to Natchez Pass LLC.

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 the 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.

In October 2010, we announced that we expanded the Josefina target at the Dos Naciones Property. Fieldwork completed by our company was successful in identifying multiple new exposures of veins as well as an 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.

In October 2011, we were notified by our joint venture participant, Yale, that a drilling contract had been signed with Geometrics Mineral Services S.A. de C.V. Drilling on the property began in November 2011.

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

On July 9, 2012, we entered into a further amendment agreement to the Dos Naciones Property option agreement with Yale as amended on June 25, 2010 and October 21, 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 the issuance of 400,000 more shares of our common stock to Yale. Yale also agreed to rescind its option to repurchase the property during the option period.

Under the terms of the July 9, 2012 amendment agreement, our 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 (issued); and

Incur exploration expenditures of Cdn \$800,000 on or before July 7, 2013.

If our company exercises the option, we will be deemed to enter into a joint venture agreement in accordance with the terms of the Dos Naciones option agreement.

During the six months ended April 30, 2013, we incurred \$8,250 of mineral property costs on the Dos Naciones property.

On November 14, 2011, we entered into an asset sale agreement with Bowerman Holdings LLC, a related party, 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, known as the Discovery Day Gold Property, located in Siskiyou County, California. Closing of the acquisition was scheduled to occur by May 12, 2012. On November 13, 2012, our company and Bowerman extended the closing date through May 31, 2013, and subsequently, on May 31, 2013, our company and Bowerman extended the closing date through November 31, 2013.

In consideration of a 60% interest in the Discovery Day Gold 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 November 31, 2013);

\$4,500,000 payable upon closing by execution and delivery of a promissory note and a first position deed of trust against the Discovery Day Gold 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 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 closing at the rate of 10% interest per annum, compounded monthly. Principal and interest shall be due and payable in full on closing 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 15% interest in the Discovery Day Gold 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 Discovery Day Gold 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 Discovery Day Gold 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 Discovery Day Gold 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 Discovery Day Gold 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 Discovery Day Gold 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 Discovery Day Gold 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 August 31, 2012 and as amended on September 27, 2012 our company 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 an aggregate cash payment of \$4,005,000 to, or on behalf of, Natchez Pass and certain amounts for the work program on the Natchez Pass 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.

During the six months ended April 30, 2013, we incurred \$10,500 in mineral property costs on the Natchez Pass property.

Our Current Business

In November 2011, our management announced that our company will change our corporate strategy from that of a junior exploration company to one which targets high grade precious metals properties, located in the western United States, with the potential for near-term production and positive cash flow. Most junior explorers and majors have had little interest in such properties due to permitting issues, smaller resource potential and lower projected production rates. We believe that this niche market offers many opportunities ignored or overlooked by the junior gold companies. Our new corporate strategy is to best position our company to capitalize on this opportunity and build shareholder value.

We have established five performance milestones for this strategy which include: 1) identifying and purchasing high grade prospects and/or past producers that can be cost-effectively put into production, 2) designing an efficient development plan tailored for each property, 3) obtaining the necessary operating permits, 4) validating the status of the property through an independently written Canadian National Instrument 43-101 technical report and 5) monetizing the asset either through production, a sale or joint venture. We plan to have several such high-grade mines in the development pipeline and achieving each of these milestones is expected to build significant value to each asset. Throughout the development process our company will constantly assess the monetization options available for each of the advanced properties with the intention of putting the most profitable into production ourselves and selling or optioning the others to generate additional cash flow.

Based on our experience, the recent increase in gold prices along with the popularity of owning physical gold has generated a significant demand in the private and international markets for turnkey, permitted, cost-effective gold producers. We intend to be the industry leader in this market and build shareholder value by diligently implementing our new corporate strategy.

On May 26, 2012, we entered into a convertible loan agreement with Greg Painter, a director and officer of our company, for the sum of \$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 at the conversion price of \$0.06 per share. The loan shall bear interest at a rate of 8% per annum. As at the date of this report the loan has neither been repaid nor converted to shares.

Also on May 26, 2012, we entered into a convertible loan agreement with Patrick Fagen, a director and officer of our company, for the sum of \$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 at the conversion price of price of \$0.06 per share. The loan shall bear interest at a rate of 8% per annum. As at the date of this report the loan has neither been repaid nor converted to shares.

On July 16, 2012, we entered into a convertible loan agreement with Patrick Fagen, a director and officer of our company, for the sum of \$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 at the conversion price of \$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, for the sum of \$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 at the conversion price of \$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. As of April 30, 2013 our company was conducting due diligence and had not exercised the option.

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.

On September 21, 2012, we entered into a convertible loan agreement with Patrick Fagen, a director and officer of our company, for the sum of \$15,000, which was advanced to our company on September 21, 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 at the conversion price of \$0.10 per share. The loan shall bear interest at a rate of 8% per annum.

On October 10, 2012, we entered into a securities purchase agreement with Asher Enterprises, Inc. Under the terms of the securities purchase agreement we issued an 8% convertible note in the aggregate principal amount of \$51,500, which note matures on July 15, 2013 and may be converted into shares of our company's common stock at a rate of 58% of the market price on any conversion date, any time after 180 days from October 10, 2012. Our company has the right to prepay the note within 60 days of October 10, 2012, in consideration of the payment of an amount in cash equal to 120%, multiplied by the sum of: the then outstanding principal amount of the note plus accrued and unpaid interest on the unpaid principal. Our company received the \$51,500 principal under the note on October 15, 2012. A total of \$10,000 of the debenture was converted to common stock (Note 4) during the six months ended April 30, 2013. The remaining balance of the convertible debenture as of April 30, 2013 was \$41,500.

On December 11, 2012, we entered into a convertible loan agreement with Patrick Fagen, a director and officer of our company for the sum of \$40,000, which was advanced to our company on December 11, 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 at the conversion price of \$0.10 per share. The loan shall bear interest at a rate of 8% per annum.

On February 12, 2013, we entered into a securities purchase agreement with Asher Enterprises, Inc. Under the terms of the agreement our company issued an 8% convertible promissory note, in the principal amount of \$37,500, which note matures on November 30, 2013 and may be converted into shares of our company's common stock at a rate of 50% of the market price on any conversion date, any time after 180 days from February 28, 2013. Our company has the right to prepay the note within 30 days of February 28, 2013, in consideration of the payment of an amount equal to 120%, multiplied by the sum of: the then outstanding principal amount of the note plus accrued and unpaid interest on the unpaid principal. Our company received the sum of \$36,000 principal under the note on February 28, 2013.

On March 15, 2013, we signed a joint venture partnership terms agreement with Noble Mining Inc. with respect to the acquisition of a toll milling facility in the western United States. Pursuant to the terms agreement, Noble Mining will provide financing of up to \$6,000,000 for the acquisition, development, permitting and operating capital for the toll milling partnership. Our company will be responsible for securing and delivering the toll milling facility through the necessary permitting requirements in order to process ore, locating mining customers that will contract with the toll mill to process ore, and managing day to day operations of the toll mill. Once both parties have successfully executed their respective roles and responsibilities, Noble Mining and our company will share ownership and profits from the toll mill in a 50/50 split. Noble Mining and our company will also partner together with respect to the acquisition of mines that they become aware of through servicing the toll mill customers. The joint venture partnership terms agreement will terminate 180 days from March 15, 2013.

On April 2, 2013, we entered into a securities purchase agreement with Asher Enterprises Inc. Under the terms of the agreement our company issued an 8% convertible promissory note, in the principal amount of \$32,500, which note matures on January 4, 2014 and may be converted into shares of our company's common stock at any time after 180 days from April 2, 2013, subject to adjustments as further set out in the note. The conversion price shall be at a variable conversion rate of 50% multiplied by the market price, being the average of the lowest three trading prices for our company's common stock during the 10 trading day period ended on the latest complete trading day prior to the conversion date, subject to adjustments as further set out in the note. Our company has the right to prepay the note within 30 days of April 2, 2013, in consideration of the payment of an amount equal to 120%, multiplied by the sum of the then outstanding principal amount of the note plus accrued and unpaid interest on the unpaid principal. Our company received the sum of \$31,000 principal under the note on April 2, 2013.

On May 6, 2013, we entered into a convertible loan agreement with Greg Painter, a director and officer of our company for the sum of \$20,000, which was advanced to our company on May 6, 2013. 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 at the conversion price of \$0.10 per share. The loan shall bear interest at a rate of 8% per annum.

On May 24, 2013, we entered into a convertible loan agreement with Arnold Fagen, a shareholder of our company, for the sum of \$40,000, which was advanced to our company on May 24, 2013. 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 at the conversion price of \$0.10 per share. The loan shall bear interest at a rate of 8% per annum.

On August 31, 2012, we entered into a partial purchase option agreement, as subsequently amended, with Natchez Pass LLC Nevada to acquire up to a 67.5% interest, in leasehold interests to land in Pershing County.

Subsequently, on June 6, 2013, we entered into a purchase option termination agreement with Natchez Pass LLC wherein we have agreed to terminate the partial purchase option agreement dated August 31, 2012 pursuant to the following terms:

our company has been released from all obligations under the partial purchase option agreement;

our company has been granted a 5% net smelter royalty related to all of the claims under the partial purchase option agreement. Within 10 days Natchez Pass LLC will record the net smelter royalty against those claims with the Bureau of Land Management;

our company shall be paid 5% of the gross sale price, such price to be reduced by sales commissions, closing costs and of Natchez Pass LLC's repayment of its third party debts related to the claims. The sales proceeds to our company shall not be less than \$300,000;

our company shall issue 2,000,000 shares of our common stock, as more particularly described in the termination agreement; and

Natchez Pass LLC shall retain all money paid to it under the partial purchase option agreement and, upon sale of the claims to a third party, or upon the sale to a third party of a majority or greater of interest in the claims, our company shall assign all of our rights in the net smelter royalty to Natchez Pass LLC.

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	25,000
Total Expenses	\$235,000

In addition to the above expense items, if we elect to proceed with the Discovery Day Property and the Natchez Pass Property, we shall incur additional costs.

In the event we proceed with Discovery Day, we must make an initial payment of \$25,000 and, in addition to assuming the promissory note portion of the purchase price for \$4,500,000, within 36 months from closing of the acquisition we will be required to spend at least \$1,500,000 to further explore, develop and/or operate the property.

If we elect to proceed with the Natchez Pass acquisition of up to a 67.5% interest in the property 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 Natchez Pass and certain amounts for the work program on the property. The initial payment, which is comprised of a \$25,000 payment on the effective date of the agreement is required. Subsequently, in order to acquire the initial 20% interest, a payment of \$500,000 is required, which amount does not include exploration expenditures that may also be incurred.

As of April 30, 2013 we had cash of \$2,126.

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. Note that this amount does not include any funds that may be required under the terms of our agreements regarding Natchez Pass or the Discovery Day Property. 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 consolidated financial statements for the three and six month periods ended April 30, 2013 which are included herein.

Our operating results for the three and six month periods ended April 30, 2013 and 2012 are summarized as follows:

	Three Months Ended		Six Months Ended	
	April 30, 2013	2012	April 30, 2013	2012
Revenue	\$Nil	\$Nil	\$Nil	\$Nil
Operating Expenses	118,002	29,035	239,080	108,297
Other Expenses	8,734	85	16,897	85
Net Loss	\$(126,736)	\$(29,120)	\$(255,977)	\$(108,382)

Revenues

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

Expenses

Our expenses for the three and six months ended April 30, 2013 and 2012 are outlined in the table below:

	Three Months Ended		Six Months Ended	
	April 30, 2013	2012	April 30, 2013	2012
Consulting	\$75,399	\$Nil	\$150,798	\$Nil
Foreign exchange loss (gain)	(74)	501	(85)	319
General and administrative	11,290	15,561	24,083	38,494
Mineral property expense	3,500	1,466	18,750	35,629
Professional fees	27,887	11,507	45,534	33,855
Interest expense	8,734	85	16,897	85
Total	\$126,736	\$29,120	\$255,977	\$108,382

General and Administrative

For this discussion we have defined general and administrative costs to also include mineral property costs and professional fees. The \$88,967 increase in our general and administrative expenses for the three month period ended April 30, 2013 compared to the three month period ended April 30, 2012 was primarily due to consulting fees incurred with our officers and directors, stock based compensation incurred in 2013 and not in 2012 as well as an increase in professional fees. The \$130,783 increase in our general and administrative expenses for the six month period ended April 30, 2013 compared to the six month period ended April 30, 2012 was primarily due to the same factors.

Other Income/ Expenses

We had \$8,734 of interest expense on convertible debt for the three month period ended April 30, 2013. There was \$85 of interest expense on convertible debt for the same three month period ended April 30, 2012. We had \$16,897 of interest expense on convertible debt for the six month period ended April 30, 2013. There was \$85 of interest expense on convertible debt for the same six month period ended April 30, 2012.

Liquidity and Capital Resources

Working Capital

	As of	As of	Percentage	
	April 30,	October	Increase /	
	2013	31,	(Decrease)	
		2012		
Current Assets	\$7,646	\$18,343	\$ (58.3)%
Current Liabilities	\$735,579	\$549,097	\$ 34.0	%
Working Deficit	\$(727,933)	\$(530,754)	\$ 37.2	%

Cash Flows

	Six Month Period Ended	Six Month Period Ended	Percentage Increase / (Decrease)	
	April 30,	April 30,		
	2013	2012		
Cash used for Operating Activities	\$100,963	\$111,356	\$ (9.3)%
Cash provided by Financing Activities	\$88,499	\$93,503	\$ (5.4)%
Cash provided by (used in) Investing Activities	\$Nil	\$Nil	\$ 0	%
Net Decrease in Cash	\$(12,464)	\$(17,853)	\$ (30.2)%

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 April 30, 2013 we had cash of \$2,126, 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 \$100,963 during the six month period ended April 30, 2013 and \$111,356 during the six month period ended April 30, 2012. Cash used in operating activities for both periods was funded by cash from financing activities, and a \$5,389 decrease in cash used compared to the six month period end April 30, 2012 was primarily due to there being less cash basis operating expenses.

Cash Provided by Financing Activities

We generated cash of \$88,499 from financing activities during the six month period ended April 30, 2013 compared to cash generated of \$93,503 by financing activities during the six month period ended April 30, 2012. Total cash received remained constant for both periods. However, there was a \$30,000 increase in third party sources of financing and \$37,950 decrease in cash received from our shareholders.

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 April 30, 2013, our company has accumulated losses of \$2,093,456 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, 2012, 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, 2012.

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 April 30, 2013, and the results of its operations and cash flows for the three and six month periods ended April 30, 2013 and 2012. The results of operations for the period ended April 30, 2013 is not necessarily indicative of the results to be expected for future quarters or the full year.

Reclassification

The cash flow statement for accumulated amounts from inception to April 30, 2013 has been reclassified to conform to the current quarter presentation.

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.

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.

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

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

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

On February 12, 2013, we entered into a securities purchase agreement with Asher Enterprises, Inc. Under the terms of the agreement our company issued an 8% convertible promissory note, in the principal amount of \$37,500, which note matures on November 30, 2013 and may be converted into shares of our company's common stock at a rate of 50% of the market price on any conversion date, any time after 180 days from February 28, 2013, subject to adjustments as further set out in the note. The note is issued to Asher pursuant to Rule 506 of Regulation D of the Securities Act of 1933 on the basis that they represented to our company that they are an "accredited investor" as such term is defined in Rule 501(a) of Regulation D.

On April 2, 2013, we entered into a securities purchase agreement with Asher Enterprises, Inc. Under the terms of the agreement our company issued an 8% convertible promissory note, in the principal amount of \$32,500, which note matures on January 4, 2014 and may be converted into shares of our company's common stock at any time after 180 days from April 2, 2013, subject to adjustments as further set out in the note. The note is issued to Asher pursuant to Rule 506 of Regulation D of the Securities Act of 1933 on the basis that they represented to our company that they are an "accredited investor" as such term is defined in Rule 501(a) of Regulation D.

On April 25, 2013, we issued 574,714 common shares in the capital of our company. The securities were issued in connection with the conversion of a portion of a \$51,500 convertible note dated October 10, 2012. We issued the securities to one U.S. person pursuant to the exemption from registration provided for under Rule 506 of Regulation D, promulgated under the United States Securities Act of 1933, as amended.

On May 10, 2013, we issued 870,690 common shares in the capital of our company. The securities were issued in connection with the conversion of a portion of a \$51,500 convertible note dated October 10, 2012. We issued the securities to one U.S. person pursuant to the exemption from registration provided for under Rule 506 of Regulation D, promulgated under the United States Securities Act of 1933, as amended.

On May 23, 2013, we issued 865,979 common shares in the capital of our company. The securities were issued in connection with the conversion of a portion of a \$51,500 convertible note dated October 10, 2012. We issued the securities to one U.S. person pursuant to the exemption from registration provided for under Rule 506 of Regulation D, promulgated under the United States Securities Act of 1933, as amended.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mining Safety Disclosures

Not applicable.

Item 5. Other Information

None.

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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 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	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)
10.6	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)
10.7	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)
10.8	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)