



## Soltoro Ltd. (SOL)

Intro Report – January 17, 2013



### Market Data

Price	C\$0.57
Sector	Metals & Mining
52-Week Price Range	C\$0.35 - C\$0.99
Shares Issued (m)	59.40
Market Cap (m)	C\$33.86
Listing	SOL (TSX Venture)
Website	<a href="http://www.soltoro.com">http://www.soltoro.com</a>

## Introduction

Soltoro Ltd (SOL:TSX.V) is a Canadian mineral exploration Company holding in excess of 110,000 hectares of property in Mexico with over 55,000 hectares of ground in Jalisco State, Mexico. The Company is most active in the Guachinango district in Jalisco where the area was first explored by Spanish conquistadors in the sixteenth century and was most actively mined until the 1920s. Since 2006, Soltoro has staked portions of 7 of the 12 more historical mining districts in Jalisco State.



Soltoro's main property, the El Rayo primary silver property, has excellent access and infrastructure. Drill rigs may be driven right onto the property and can operate year round. Access to the Mexican power grid is readily available.

Soltoro is especially focusing on expanding the silver resources at El Rayo, which currently has a NI 43-101 resource estimate of 77.4 million ounces silver. The Company is actively expanding the mineralized footprint at El Rayo with several field programs, including ground magnetic and induced polarization geophysical surveys, an aerial photographic survey over the entire property, soil geochemical, etc. Moreover, drilling continues at several highly prospective zones on the property.

The Company is seeking partners to advance the balance of its projects. Soltoro holds 15% of the common shares of Argentum Silver Corp. pursuant to the completion of the sale to Argentum Silver of the Victoria and Coyote properties. Soltoro's La Tortuga project has been optioned to Gold Reserve Inc. whereby Gold Reserve can acquire a 51% interest in the project by making \$3.65 million in property and cash payments to Soltoro.

With over \$2.8 million in the bank, Soltoro continues to develop its resource at El Rayo through drilling. Soltoro is an excellent buy-out candidate with a pure silver property that's moving towards a 100 million ounce silver resource.

## 100% Owned Properties

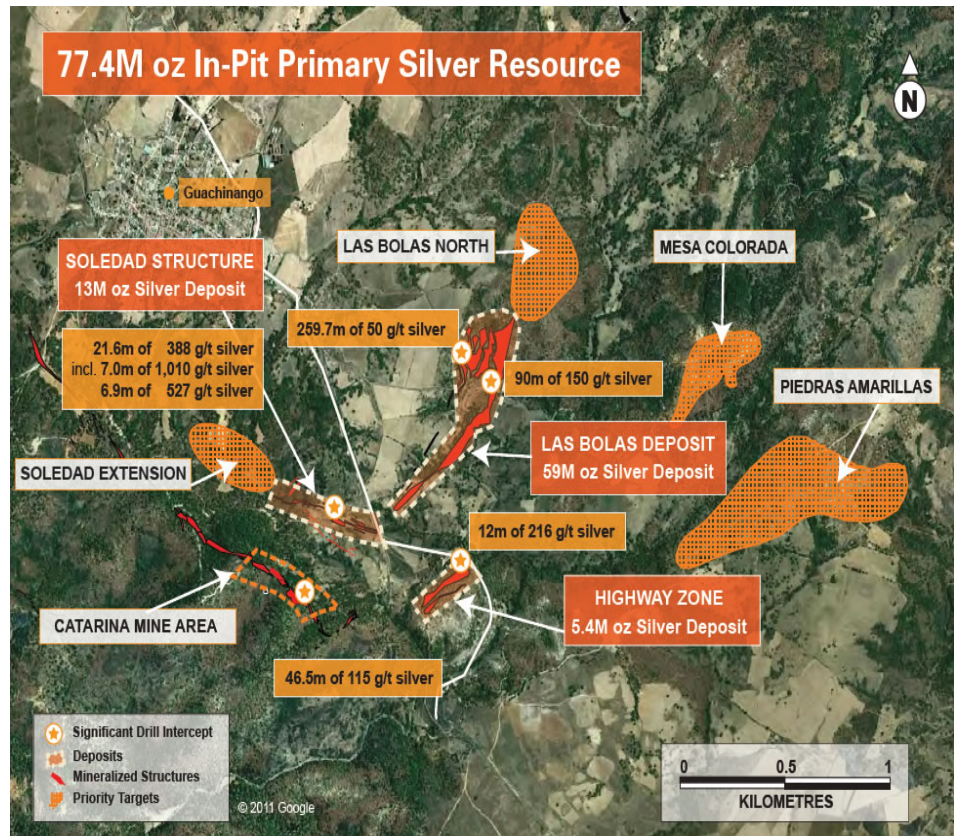
### El Rayo Primary Silver Deposit

The El Rayo concessions are located two hours west of Guadalajara in Jalisco State, Mexico. Silver mining in the area has taken place since 1545. To date, the El Rayo silver deposit hosts numerous mineralized structures and 16 underground mines.

In the 1970s, the area was incorporated into the Mexican National Mineral Reserve (NMR), where the government geologic agency conducted extensive surface and underground mapping and sampling, underground development work, and surface and underground drilling. A portion of the NMR was again released in the early 1990s and Soltoro acquired the property in 2005.

Local infrastructure and access to the El Rayo property is excellent. Exploration has been focused on four mineralized structures where silver/gold mineralization has been traced over 5.5 km: the Las Bolas/Matachines/Highway Zone structure; the El Rayo/Catarina structure; the La Soledad structure; and the Piedras Amarillas structure.

In December of 2011, Soltoro announced a Measured and Indicated in-pit resource of 77.4 million ounces silver on the El Rayo project, up from 58.3 million ounces in June of 2011. The resource is based on approximately 13,341 metres of diamond drilling in 73 holes and 14,120 metres of reverse-circulation drilling in 104 holes in the Las Bolas, La Soledad, Highway Zone and El Rayo areas.



Deposit Area	Cut-off Grade (Silver g/t)	Tonnes (millions)	Average Grade (Silver g/t)	Contained Ounces of Silver
<b>Measured Mineral Resources</b>				
Las Bolas	20	6.1	63.4	12,400,000
<b>Indicated Mineral Resources</b>				
Las Bolas	20	29.3	49.5	46,600,000
Highway Zone	20	2.9	57.4	5,400,000
La Soledad	20	3.9	104.2	13,000,000
<b>Total Measured &amp; Indicated Mineral Resources</b>				
Las Bolas, Highway Zone and La Soledad	20	42.2	57.1	77,400,000
<b>Inferred Mineral Resources</b>				
Highway Zone	20	0.21	36.34	45,000
La Soledad	20	0.37	82.15	935,000
<b>Total Inferred Mineral Resources</b>				
Highway Zone and La Soledad	20	0.58	65.51	1,180,000
<p>The in-pit mineral resource estimate for El Rayo. At a cut-off grade of 20 g/t Ag the Measured and Indicated Mineral Resources are 42,200,000 tonnes at an average grade of 57.11 g/t Ag containing approximately 77.4 million ounces of silver, and 580,000 tonnes of Inferred Mineral Resources at an average grade of 65.51 g/t silver, containing approximately 1,180,000 ounces of silver.</p>				

## Activities in 2012



In 2012, the Company completed over 13,000 metres of diamond drilling, an environmental baseline study, ground geophysics over the entire property, aerial photography resulting in the generation of topographic maps at one metre contour intervals suitable for mine planning; further metallurgical testing; reinterpretation of airborne geophysics; and the Company collected and processed over 11,000 soil samples.

Late in 2012, Soltoro resumed diamond drilling at El Rayo. The Company suspended drilling in August of 2012 in order to submit a new application to permit drilling and trenching in new zones of interest on the property. By year end, the drill rig tested the La Soledad north zone to expand the existing high-grade silver resource. One deep drill hole into the Las Bolas silver

resource area was also completed. In 2013 drilling will test the newly identified northwest extension of the El Rayo gold zone.

The main focus at El Rayo is on drill testing extensions to the known deposit areas in order to prove up further resources. The ultimate goal is taking the project to production with a 1,000 to 1,500 ton per day model.

## Tecolote

The 3,052 hectare Tecolote Project is located less than 10 kilometres north of Soltoro's El Rayo primary silver project and 10 kilometres northeast of Grupo Mexico S.A.B. de C.V.'s El Barqueño property, currently optioned to Cayden Resources Inc.

The property was formerly part of the national mineral reserve before being sold to Grupo Mexico in the late 1990's. Grupo Mexico completed geological mapping and sampling, which identified more than thirty vein systems. A nine hole drill program was completed in select areas near historic mines before the property was abandoned.

When Tecolote became available for staking, Soltoro and Golden Minerals Company both submitted applications for the claim area. Soltoro won the lottery process and, as such, obtained title to the Tecolote claim area.



Detailed mapping and sampling has already delivered some remarkable results at Tecolote. The Carmelita vein system, for example, was traced for over 40 metres at surface. Sampling returned numerous high-grade gold and silver values including 24.0 g/t gold and 333 g/t silver over 0.8 metres, 12.5 g/t gold and 512 g/t silver over 0.7 metres, and 8.4 g/t gold and 172 g/t silver.

The San Eusebio vein system was traced for over 150 metres at surface and sampling also returned high-grade gold and silver values of 12.9 g/t gold and 12 g/t silver over 1.0 metre, and 6.4 g/t gold and 6 g/t silver over 1.0 metre.

Highlights of sampling from the Asunción vein system include 5.3 g/t gold and 40 g/t silver over 3.4 metres from a channel sample, and 13.40 g/t gold and 62 g/t silver over 1.0 metre from a chip sample.

Two geologists are currently assigned to Tecolote with additional staff assisting to complete regional mapping, sampling and ground magnetic surveys. Trenching, followed by drilling, can be initiated once permits have been obtained. The permitting process is expected to be completed in 2013.

Tecolote hosts the potential for both high-grade gold/silver veins in addition to low-grade, bulk tonnage stockwork systems.

## Equity & Royalty in Argentum Silver

### Coyote & Victoria

In April of 2011, Soltoro entered into an option agreement with Argentum Silver Corp. (ASL:TSX.V) whereby the latter could earn a 100% interest in Soltoro's Victoria and Coyote silver/gold projects by completing \$255,000 in cash payments, issuing an aggregate 5,000,000 common shares of ASL to Soltoro and spending a total of \$1.1 million on exploration over two years.

In August of 2012, Argentum exercised its right to acquire a 100% undivided interest in both properties. Soltoro currently holds a total of 7,000,000 common shares of Argentum and also retains a separate 3% Net Smelter Return (N.S.R.) interest in the Coyote and Victoria properties whereby 1% can be purchased by Argentum for US\$1.5 million to a maximum of 2% per project.

The 1,053 hectares **Coyote Property** is located near the town of Chilicayote, within the state of Jalisco, Mexico. Road access and infrastructure are excellent. The property is approximately 150 linear kilometres southwest of Guadalajara. A regional electrical power line crosses the property.

The project includes the historic El Tajo silver mine, last operated from the 1890's until the Mexican revolution. The silver/gold mineralized zone extends over an area of about 2,500 metres by 2,000 metres. Five known principal veins systems with a cumulative strike length of at least 5 km appear to be related to a set of strike slip faults and their subsidiary dilation zones.

Argentum Silver so far has completed two drill programs totaling 42 diamond drill holes, or 4,850 metres. Especially the following zones were targeted: 25 holes at El Tajo, 7 holes at La Florida, 6 holes at La Colorada and 4 holes at Bocanacha. Highlights from these holes include 2.0 metres averaging 2,745 g/t silver in hole 2012-3 and 1.2 metres of 1,645 g/t silver in hole 2012-7. Moreover, hole 2012-29 intersected 0.85 metres of 1,083 g/t silver and 3.65 metres of 328 g/t Ag and hole 2012-23 intersected 5.2 metres of 438 g/t silver, including 2.0 metres of 899 g/t silver. All holes, except six, intercepted significant silver values.

On completion of the Phase II program, Argentum Silver has drill tested the El Tajo, La Colorada, Bocanacha and La Florida veins over a total 3.1 kilometres strike length. An additional 3 kilometres of total strike length remains untested at the San Rafael, El Tajo Norte and the La Valenciana vein zones. Further drilling will be carried out in the El Tajo mine area as it remains open at depth and along strike. A target deposit calculation is being completed for the El Tajo mine area.

The 11,105 hectares **Victoria Property** covers a large portion of the historic Mascota–Navidad mining district. Mining of this 20 kilometre long silver-gold trend dates back to the mid 1500's and was most active at the turn of the 19th century.

The Lupita Mine, located within the Victoria claim, hosts high-grade silver-gold mineralization. Historic data reports 6 metre wide high-grade silver-gold veins 87 metres below surface. These veins were mined down to a depth of 230 metres over 11 levels. Argentum plans to conduct drilling on the property in 2013.

## Project Under Option: La Tortuga

In May of 2012, Soltoro entered into an option agreement with Gold Reserve Inc. (GRZ:TSX.V), whereby Gold Reserve can earn an undivided 51% interest in Soltoro's La Tortuga project by making US\$3,000,000 in exploration expenditures on the property and by paying Soltoro a total US\$650,000 over 3 years. Upon exercise of the option, Gold Reserve may acquire an additional 9% interest for US\$2,000,000.

La Tortuga is an 11,562-hectare property being investigated for its base and precious metal potential. At La Tortuga, widespread copper and gold mineralization occurs over 49 square kilometers. From 2006 to 2008, the Company completed 151 line-kilometers of Induced Polarization and in 2008, seven diamond drill holes were completed to test chargeability anomalies in the historic Las Garrochas and Macuchi mine areas and along Papagayo ridge.

In 2009, mapping and sampling identified two separate zones of hematite matrix breccia with associated secondary copper minerals on fractures suggesting that an Iron Oxide Copper Gold (I.O.C.G) system may be present on this portion of the property. In the same year, Soltoro drill tested the breccia targets in Macuchi mine area with four diamond drill holes totaling 1,005 metres. Drilling was successful in confirming the presence of hematite matrix breccias further suggesting that an I.O.C.G. system may be present.

Gold Reserve has a mapping and sampling program underway with a view to initiating a drill program in 2013.

## Balance Sheet

Amounts in \$000's	09/30/12	12/31/11
Cash and Cash Equivalents	3,820	7,713
Other Financial Assets	207	211
Value-Add Taxes Receivable	428	412
Investments	722	78
<b>Total Assets</b>	<b>5,367</b>	<b>8,584</b>
Trade and Other Payables	354	286
<b>Total Liabilities</b>	<b>354</b>	<b>286</b>
Total Stockholder Equity	5,013	8,298
<b>Most important balance sheet data for the periods ending September 30, 2012 and December 31, 2011. Source: Company Filings</b>		

As at September 30, 2012 the Company had assets of \$5,366,990 and an equity position of \$5,013,053. This compares with assets of \$8,583,934 and an equity position of \$8,297,969 at December 31, 2011. Total assets for the period ended September 30, 2012 consisted primarily of cash and cash equivalents of \$3,819,781 compared to \$7,713,278 at December 31, 2011.

Thanks to a current cash position of roughly \$2.8 million, Soltoro is sufficiently funded to continue exploration work on its properties in the near term. Additional funds will be required going forward to advance exploration on the Company's properties and replenish working capital.

## Share Data & Ownership

There are 59,783,037 common shares issued and outstanding. Soltoro also has 5,978,034 stock options outstanding with exercise prices ranging between \$0.54 and \$0.83 per option, which expire from January 4, 2014 through to December 10, 2017. There are no warrants outstanding.

Type of Securities	Number of Securities
Common shares	59,783,037
Options	5,978,304
<b>Outstanding shares and options for Soltoro Ltd. as of December 31, 2012.</b>	

The principal owners of the Company's common stock are Coeur d'Alene Mines Corporation (7.6%), Directors and Management of Soltoro (6.7%) and Pinetree Capital (4.6%).

Interesting to note is that on July 19, 2011, the Company completed a non-brokered private placement of 4,500,000 common shares at \$1.00 per share for gross proceeds of \$4,500,000 with Coeur d'Alene Mines Corporation (CDM:T). As part of the financing, Coeur d'Alene has been granted a first right of refusal to maintain its current proportionate interest in Soltoro by participating in each of the next two financings undertaken by Soltoro. In addition, Coeur d'Alene has agreed to a standstill, whereby it will not purchase any shares of Soltoro that would result in Coeur d'Alene, together with any affiliates, holding over 9.9% of the issued and outstanding shares of Soltoro, except in accordance with a take-over bid for 100% of the issued and outstanding shares of Soltoro.

Also noteworthy, is the relatively high share position of the Company's President and CEO, Andrew Thomson, who controls about 6% of the outstanding shares. It's always a big plus when the management of a company is a major shareholder, as it will try to advance the company, and its share price, while keeping dilution to a minimum.

## Conclusion

Soltoro offers a number of compelling reasons for investors to consider the Company today:

### The El Rayo Expansion

El Rayo currently has 77.4 million ounces, and Soltoro's aim is to move it to the +100 million ounces category. The Company is currently drilling at the La Soledad zone to expand the existing high-grade silver resource and to depth in the Las Bolas silver resource area. Later in 2013, Soltoro plans to test the newly identified northwest extension of the El Rayo gold zone.

### Possible Buy-Out

Unlike exploration companies, the senior miners' valuation is much more in sync with current commodity prices. As a result, they have the cash to acquire projects with production potential. Because good silver projects simply aren't there for the picking, those majors always have to be on the lookout for smaller undervalued companies with an attractive property to keep their business going.

The El Rayo primary silver resource can be found close to the surface and is open pit, which means it's relatively inexpensive and easy to develop, making it a possible target for a major company.

Mexico has seen quite a number of buyouts of Mexico-focused companies and deposits lately. For example, Pan American Silver (PAA:T) bought Minefinders and its producing Dolores gold mine in northern Mexico for \$1.5 billion. In a friendly take-over, valued at \$275 million, Agnico-Eagle (AEM:T) acquired the La India project in Sonora State from Grayd Resource Corporation. Endeavour (EDV:T) bought AuRico Gold's silver-gold projects in a cash and share deal worth US\$200 million. And First Majestic Silver (FR:T) acquired Silvermex Resources and its La Guitarra mine for more than \$175 million. More recently First Majestic Silver (FR:T) announced the acquisition of Orko Silver Corp. (OK:T).

### Stake in Argentum Silver

Soltoro holds 15% of the common shares of Argentum Silver. The Company also retains a 3% N.S.R. royalty in the Coyote and Victoria properties. At today's stock price Soltoro's stake in Argentum Silver is worth close to \$1 million.

### What Others Are Saying

Over the past several months numerous property tours were conducted at El Rayo, which resulted in six mining analysts initiating coverage on Soltoro. Stonecap Securities, a well-known investment dealer for institutional investors has an “outperform” rating on the stock and a 12-month target price of \$1.70 per share. Euro Pacific Canada has a “buy” rating on the stock with the target price under review.

## Management

### ➤ **Andrew Thomson - President and CEO**

Mr. Thomson has 15 years of experience in mineral exploration in Central America. He actively explored in Mexico, Honduras and Panama since 1993. Mr. Thomson is fluent in Spanish and currently on the Board of Directors for Gossan Resources Ltd. and Montero Mining and Exploration Ltd.

### ➤ **Brian Jennings - Chief Financial Officer**

Mr. Jennings has over 20 years of financial experience and holds a Chartered Accountant designation combined with a Bachelor of Science with a major in Geology. He has 10 years of experience as a CFO or member of the Board of Directors of several public companies in the resource, internet technology, manufacturing and aerospace industries. He also has significant experience specializing in corporate restructuring with Ernst & Young and contract positions working as interim CFO, turnaround management, and distressed investing. Early in his career Mr. Jennings spent several summers working as an exploration geologist.

### ➤ **Steven T, Priesmeyer - Vice President of Exploration**

Mr. Priesmeyer is an established geologist with 25 years of experience operating in Latin America managing exploration programs and developing projects. Mr. Priesmeyer is responsible for proving up a minable resource at El Rayo and continued development of the Company’s extensive portfolio of properties. Previously Mr. Priesmeyer served as Exploration Manager for Monarch Resources Ltd. in Venezuela and Argentina, and worked for Santa Cruz Gold Mines Inc., Queenstake Resources Ltd. and MinCore Inc. in Mexico. During this time, he managed exploration for the advanced-stage Magistral gold deposit and the Tameapa copper-molybdenum porphyry deposit, both in Mexico. Mr. Priesmeyer has been involved in all aspects of exploration from grassroots through feasibility stage, including minesite exploration. He has a Master’s degree in Geology, is a Qualified Person as defined by NI 43-101 and speaks Spanish.

### ➤ **Patrick Toth**

Mr. Toth is an established geologist with 15 years of experience operating in Latin America; specifically Argentina, El Salvador, Honduras, Nicaragua and Mexico. Previously Mr. Toth served as Exploration Manager for Aura Silver Resources Ltd. and Senior Project Geologist for Intrepid Mines Ltd. and VenCan Gold Corp. Mr. Toth has strong management and organizational skills and has worked on projects ranging from grass roots exploration programs to detailed resource delineation. He has a B.Sc. in Geology, is a Qualified Person as defined by NI 43-101 and speaks Spanish.





## TSX Venture Exchange: SOL

### **Company Headquarters**

20 Adelaide Street East, Suite 400  
Toronto, ON, M5C 2T6  
Canada

### **Company Contact Information**

Andrew Thomson, President & CEO  
Phone: +1 416.987.0722  
Fax: +1 866.688.4671  
E-mail: [contact@soltoro.com](mailto:contact@soltoro.com)

This Company Report is prepared and distributed by Smallcaps.us  
[editor@smallcaps.us](mailto:editor@smallcaps.us)

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