



Transcript of initial interview with Mr. Andrew Thomson



President and CEO of Soltoro Ltd.



TSX Venture Exchange: SOL

November 28, 2011

**Mr. Andrew Thomson - President and CEO of Soltoro Ltd.** Mr. Thomson has 15 years of experience in mineral exploration in Central America. He's been actively exploring 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.

**Smallcaps.us:** Welcome and thanks for tuning in to another Smallcaps.us interview. Today we have the pleasure of speaking with Mr. Andrew Thomson, the President and CEO of Soltoro Ltd. Soltoro is a exploration Company engaged in several exciting projects in Mexico and is listed on the TSX Venture Exchange under ticker symbol SOL. Andrew, we're very pleased you could join us to discuss the Company and its potential. Welcome.

**Andrew Thomson:** Thank you for taking interest in our Company.

**Smallcaps.us:** First, to help us get a better picture of Soltoro, can you tell us a bit about the Company and its projects, including where they're situated?

**Andrew Thomson:** Soltoro is an exploration Company. We are exclusively focused in central and south western Mexico and at the moment we have of the largest property positions in Jalisco state, in south western Mexico. We have over 55,000 hectares and most of the property was acquired through staking. We are focused on our flagship property El Rayo where we have a silver resource that we're expanding.

**Smallcaps.us:** Thank you. The El Rayo property in Jalisco State is Soltoro's most advanced project at the moment. In June of 2011, a NI 43-101 compliant resource estimate was published for the property with over 58 million ounces of silver in the measured and indicated categories. How do you feel about that estimate?

**Andrew Thomson:** Quite happy with it. Our first resource estimate was 26 million ounces and that was in the indicated and inferred categories. With some closer space drilling we managed to increase the resource to more than double the previous resource. Currently the

resources is 58.6 million, and of that 58.3 million is in the measured and indicated categories.

It's also an in-pit resource, so the global resource is actually closer to 64 million ounces, but in terms of what is pitable we are above fifty eight million ounces. So we are quite happy with that.

At the end of the day, we surpassed the one million gold equivalent ounce level, so it's put us into a nice category as a junior. Not only have we got a fairly robust reserves because it's measured indicated but we've also managed to put enough ounces on the books so we can differentiate ourselves somewhat from the rest of the pack.

**Smallcaps.us:** This resource estimate was based on two zones within the El Rayo property. What's very exciting is that next to these two zones there are more interesting areas at El Rayo, which seems to suggest that there's plenty of room for expansion. Is that correct?

**Andrew Thomson:** Yeah in fact we did an initial orientation program. We drilled a lot of the north-east structures because we got very constant grades in our drill holes when we did our initial orientation program. We elected to drill those first because we felt those where the areas where we could best block out the resource.

So there are two areas Las Bolas and the Highway Zone where Las Bolas is 52 million ounces and the Highway Zone is 6.6 million ounces. We believe that both are open-pitable and there is a nice natural pit and the mineralization is exposed at surface.

When we were look for the south end of the Las Bolas deposit, we've made a new discovery called Soledad. We have a new resource

underway, which is going to include some of the step-out drilling we did this year that was not included in the last resource

So it's getting pretty exciting. We've had very high grade mineralization there we are about to put a new resource out on it.

**Smallcaps.us: And a final question about El Rayo. How do you envision the short to medium term future of the property?**

**Andrew Thomson:** Well we've been doing a lot of post finding the deposit. We have done a fair amount of soil sampling and a lot of it's performance failed so we had to go to a sea horizon, but we conducted soil sampling over the areas where we have the known deposits that we are finding a quite effective tool.

So beyond the Soledad structure there is another historically mined area called Catarina where we also conducting resource drilling. It won't be included in this resource, but there is really a lot of room to move this property up in terms of adding a lot more ounces.

And we've only covered about thirty percent of the surface area and again we have 3.5 kilometres of structure that is fairly well mineralized. So we are starting to see a foot print that speaks to a possible world class deposit.

The current focus is on the ore shoots at Soledad. We've identified two of them, the central ore shoot is really going to be the bulk of the addition to the new revised resource. And we had some pretty spectacular holes. The first hole we drilled, drilled 21.6 meters of 388 grams that included seven meters at a kilo and then down hole we had another intercept that was 6.9 meters of 527 grams, so effectively 7 metres at a half kilo. And then the best step-out hole in that zone returned 62 meters of a 182 grams. That's all going to be part of the new resource.

**Smallcaps.us: Next to El Rayo, Soltoro has a few more exciting properties. Can you tell us some more about those projects?**

**Andrew Thomson:** In Jalisco state we were the early stakers. There are twelve known historic districts that are significant and we staked seven of these. We currently have three properties optioned out to two different producers Timmins Gold and Argentum Silver. We are in negotiation with Timmins to extend the option, so I'm not sure where that will end up. But with the Argentum Silver deal, they're about to start drilling on Coyote and that's a newer deal where we have effectively taken equity in the Company and retained a royalty.

**Smallcaps.us: That's good to know. And can you share a bit about the shareholder structure of Soltoro and its financing activities? And could you also go into a little bit more detail about your strategic relationship with Coeur D'Alene Mines and Pinetree Capital?**

**Andrew Thomson:** We put our resource out in June of this year, which more than doubled our last resource with some pretty spectacular drill holes and thanks to that we had a fair amount of interest to finance us. There is not a lot of trouble, even in this market, for silver companies that are approaching the 60 million ounce silver level.

We were able to choose from several different groups and we ended up selling 8.2% of the Company to Coeur D'Alene Mines. Coeur D'Alene has a \$2.5 billion dollar market cap, and recently put the Palmarejo Project in Mexico under production so they have very good cash flow. Additionally, they have \$350 million dollar in the bank and they are looking for other projects to develop. So this initial investment in Soltoro is really to get familiar with us and the project.

We have around \$7.2 million in cash right now and we have a series of warrant that I think are going to be exercised in the next month. This would bring in another \$3 million.

We also have Pinetree Capital, which is a firm here out of Toronto. They own just under 6 percent. They've been with us from the

beginning they are good shareholders in the sense that they are in it for the long term.

Next to Pinetree, we also have a lot of smaller funds that are participating and directors and management still hold just under 7% of the Company.

We have 56.6 million shares issued and 66.3 million fully diluted. So we are still fairly tight in terms of our shares outstanding.

**Smallcaps.us: From your perspective, how do the commodities markets in general and the silver market in particular look like, both now and in the next couple of years?**

**Andrew Thomson:** Well I am fairly bullish with silver, but I'm not in the camp where I think it's going to see the \$100 dollar price level. I feel confident that the new pricing regime is going to stay for a while and that companies like Soltoro are really well positioned once certainty comes back to the market.

From my prospect I think silver will continue to outperform gold. I think there is a good argument for higher inflation and higher interest rates which typically leads to a race to precious metals as a safe haven.

**Smallcaps.us: Would you mind sharing a bit about Soltoro's management team and the other key members of the Company?**

**Andrew Thomson:** This is really our strength. Our slogan is "Eyes on the Ground" and that really speaks to the depth of the management and the depth of the directors.

Steve Priesmeyer, is our V.P. Exploration. He was formally with Monarch Resources where he made three significant discoveries. He is really somebody that participates in discoveries and more important he has a very good quality control and strong database management background which is key to being able to develop these projects.

Patrick Toth who was formally with Aura Silver Resources and he has a very strong project

management exploration background in Mexico. He has really been able to form a good relationship with our Mexican employees.

Chester Millar is on our advisory board he is responsible for a lot of the production assets in Mexico.

Bill McGuinty is part of the Marwest team in Honduras and spent a lot of time working with Intrepid Mines.

We have a very dynamic group of people with a tremendous amount of exploration and development mining experience.

**Smallcaps.us: Great. And before we close, what would you say makes Soltoro an attractive investment at this moment?**

**Andrew Thomson:** Well I think political and country risk is becoming more of an issue. Recently, Peru had its share of problems where a deposit was effectively was taken away from a Company.

Mind, I don't think Peru is a bad place to do business, but from an exploration point of view, those are the sorts of events that make it difficult to finance.

Mexico is not suffering from that, and really Mexico and Peru are the two silver districts in the world. So if you are looking to participate in silver, I think there's a brighter shine on Mexico.

I really think this is the time to go in and find the lower hanging fruit in Mexico. I'm quite happy with what we are doing and where we are going.

**Smallcaps.us: Excellent. Andrew, thank you so much for taking time out of your schedule to answer our questions. We'll be keeping an eye on Soltoro and hope it achieves great success. And, of course, we'd be happy to welcome you back for another interview in the future.**

**Andrew Thomson:** OK, that would be great. I appreciate you taking the time to call us.

## **Interview Feedback**

We welcome your questions and feedback regarding this interview at: <http://smallcaps.us/soltoro-silver-project-makes-waves-in-mexico-%e2%80%93-interview-with-ceo-andrew-thomson>

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