

PLATORO WEST HOLDINGS INC.
CONSOLIDATED FINANCIAL STATEMENTS

May 31, 2009 and 2008

(Stated in Canadian Dollars)



Chartered Accountants

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AUDITORS' REPORT

To the Shareholders,
Platoro West Holdings Inc.

We have audited the consolidated balance sheets of Platoro West Holdings Inc. as at May 31, 2009 and 2008 and the consolidated statements of operations and comprehensive income, cash flows and shareholders' equity for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at May 31, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

(signed) "BDO Dunwoody LLP"

Chartered Accountants

Vancouver, Canada
August 13, 2009

PLATORO WEST HOLDINGS INC.
CONSOLIDATED BALANCE SHEETS
May 31, 2009 and 2008
(Stated in Canadian Dollars)

	2009	2008
<u>ASSETS</u>		
Current		
Cash	\$ 1,858,400	\$ 876,208
Prepaid expenses and deposits – Note 7	33,793	12,821
Goods and services taxes receivable	8,707	9,561
Investments – Note 3	1,539,345	-
	3,440,245	898,590
Equipment and leaseholds – Note 4	15,142	9,868
Reclamation bond – Note 5	11,441	-
Resource properties – Notes 5 and 7	468,311	306,341
	\$ 3,935,139	\$ 1,214,799

<u>LIABILITIES</u>		
Current		
Accounts payable and accrued liabilities – Note 7	\$ 63,965	\$ 127,755

<u>SHAREHOLDERS' EQUITY</u>		
Share capital – Notes 5 and 6	3,905,221	1,181,489
Shares subscribed – Note 6	-	90,000
Share subscriptions receivable	-	(27,900)
Contributed surplus – Note 6	178,982	178,982
Accumulated other comprehensive income	633,848	-
Deficit	(846,877)	(335,527)
	3,871,174	1,087,044
	\$ 3,935,139	\$ 1,214,799

Nature of Operations and Ability to Continue as a Going Concern – Note 1
Commitments – Notes 5 and 6
Subsequent Events – Notes 3, 5 and 12

APPROVED BY THE DIRECTORS:

<u>“Edward Devenyns”</u> Edward Devenyns	Director	<u>“John Legg”</u> John Legg	Director
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SEE ACCOMPANYING NOTES

PLATORO WEST HOLDINGS INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND OTHER COMPREHENSIVE INCOME
for the years ended May 31, 2009 and 2008
(Stated in Canadian Dollars)

	2009	2008
Expenses		
Accounting and audit fees	\$ 21,968	\$ 27,081
Amortization	4,860	2,654
Bank charges and interest	1,756	831
Consulting fees – Note 7	62,894	30,000
Corporate and administration fees	38,295	27,650
Filing fees	42,057	14,589
Insurance	10,762	937
Legal fees	34,860	7,485
Management fees – Note 7	57,560	48,000
Office and miscellaneous – Note 7	52,858	22,505
Rent – Note 7	15,844	26,601
Shareholder communications	20,034	7,197
Loss for the year before other items	(363,748)	(215,530)
Other items:		
Foreign exchange (loss) gain	(153,678)	104
Interest and investment income	6,076	6,818
	(147,602)	6,922
Net loss for the year	(511,350)	(208,608)
Other comprehensive income:		
Unrealized gain on marketable securities – Note 3	633,848	-
Comprehensive income (loss) for the year	\$ 122,498	\$ (208,608)
Basic and diluted loss per share	\$ (0.03)	\$ (0.03)
Weighted average number of shares outstanding	16,020,625	7,009,115

SEE ACCOMPANYING NOTES

PLATORO WEST HOLDINGS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
for the years ended May 31, 2009 and 2008
(Stated in Canadian Dollars)

	2009	2008
Cash Flows used in Operating Activities		
Net loss for the period	\$ (511,350)	\$ (208,608)
Non-cash items:		
Amortization	4,860	2,654
	(506,490)	(205,954)
Changes in non-cash working capital items:		
Prepaid expenses and deposits	(20,972)	(10,321)
Goods and services tax receivable	11,511	(8,914)
Accounts payable and accrued liabilities	(235,558)	102,255
	(751,509)	(122,934)
Cash Flows used in Investing Activities		
Resource properties	(152,970)	(173,327)
Reclamation bond	(11,441)	-
Equipment and leaseholds	(10,134)	(2,816)
	(174,545)	(176,143)
Cash Flows from Financing Activities		
Issuance of common shares	2,003,284	792,720
Share issue costs	(95,038)	(22,249)
Share subscriptions	-	90,000
Share subscriptions receivable	-	(27,900)
	1,908,246	832,571
Increase in cash	982,192	533,494
Cash, beginning of the year	876,208	342,714
Cash, end of the year	\$ 1,858,400	\$ 876,208
Supplementary disclosure of cash flow information:		
Cash paid for:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -

Non-cash Transaction – Note 8

SEE ACCOMPANYING NOTES

PLATORO WEST HOLDINGS INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
for the years ended May 31, 2009 and 2008
(Stated in Canadian Dollars)

	Shares	Amount	Contributed Surplus	Shares Subscribed	Share Subscriptions Received	Accumulated Other Comprehensive Income	Deficit	Total
Balance, May 31, 2007	8,350,001	\$ 520,000	\$ 70,000	\$ -	\$ -	\$ -	\$ (126,919)	\$ 463,081
Returned to treasury (Founders' Shares)	(1,750,001)	(108,982)	108,982	-	-	-	-	-
Issued for cash pursuant to:								
Private placement -at \$0.18	4,404,000	792,720	-	-	-	-	-	792,720
Share issue costs on private placement	-	(22,249)	-	-	-	-	-	(22,249)
Share subscriptions received	-	-	-	90,000	(27,900)	-	-	62,100
Net loss for the year	-	-	-	-	-	-	(208,608)	(208,608)
Balance, May 31, 2008	11,004,000	1,181,489	178,982	90,000	(27,900)	-	(335,527)	1,087,044
Issued for cash pursuant to:								
Private placement -at \$0.18	2,821,000	507,780	-	(90,000)	27,900	-	-	445,680
Share issue costs on private placement	-	(78,811)	-	-	-	-	-	(78,811)
Issued pursuant to Zacoro transaction (Note 6)	36,562,937	2,301,990	-	-	-	-	-	2,301,990
Share issue costs on Zacoro transaction	-	(16,227)	-	-	-	-	-	(16,227)
Issued for property (Note 5)	50,000	9,000	-	-	-	-	-	9,000
Unrealized gain on marketable securities	-	-	-	-	-	633,848	-	633,848
Net loss for the year	-	-	-	-	-	-	(511,350)	(511,350)
Balance, May 31, 2009	50,437,937	\$ 3,905,221	\$ 178,982	\$ -	\$ -	\$ 633,848	\$ (846,877)	\$ 3,871,174

SEE ACCOMPANYING NOTES

PLATORO WEST HOLDINGS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
May 31, 2009 and 2008
(Stated in Canadian Dollars)

Note 1 **Nature of Operations and Ability to Continue as a Going Concern**

The Company was incorporated on May 16, 2006 under the British Columbia Business Corporations Act, and commenced operations on June 1, 2006.

The Company is in the exploration stage and has entered into an option agreement and a right of first refusal agreement to acquire resource properties in the United States of America. The recoverability of amounts from the properties will be dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying properties, the ability of the Company to obtain necessary financing to satisfy the expenditure requirements under the property agreement and to complete the development of the properties and upon future profitable production or proceeds from the sale thereof. The outcome of these matters cannot be predicted with any certainty at this time.

These accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of the assets and the satisfaction of liabilities and commitments in the normal course of business. The Company is currently operating at a loss and has an accumulated deficit of \$846,877. If the Company should be unable to continue as a going concern, realization of its assets and settlement of its liabilities in other than the normal course of the business may be at amounts significantly different from those in the financial statements.

As at May 31, 2009, the Company had working capital of \$3,376,280, however this may not be adequate to meet the Company's operating, exploration and other obligations over the next twelve months (see Note 12). As such, the Company's ability to continue as a going concern is in substantial doubt. The Company's continued existence as a going concern is dependent upon its ability to continue to obtain adequate financing arrangements and to achieve profitable operations. These financial statements do not include adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. It is anticipated that any additional funding will be in the form of equity financing from the sale of common shares, however there is no guarantee that funding from such financings will be available in amounts sufficient to meet the commitments of the Company.

Note 2 **Significant Accounting Policies**

Management has prepared the consolidated financial statements of the Company in accordance with Canadian generally accepted accounting principles. The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that effect amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. These consolidated financial statements have been prepared within the framework of the significant accounting policies summarized below.

Platoro West Holdings Inc.

Notes to the Consolidated Financial Statements

May 31, 2009 and 2008

(Stated in Canadian Dollars) – Page 2

Note 2 Significant Accounting Policies – (cont'd)

a) Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, PWH Nevada Inc. and 1794298 Ontario Inc. All significant inter-company transactions have been eliminated.

b) Basic and Diluted Loss per Share

Basic loss per share is computed by dividing the loss for the period by the weighted average number of common shares outstanding during the period. Diluted loss per share reflects the potential dilution that could occur if potentially dilutive securities were exercised or converted to common stock. The dilutive effect of options and warrants and their equivalent is computed by application of the treasury stock method. Fully diluted amounts are not presented when the effect of the computations are anti-dilutive due to the losses incurred. Accordingly, there is no difference in the amounts presented for basic and diluted loss per share.

c) Equipment and leaseholds

Equipment and leaseholds are recorded at cost. The Company provides for amortization using the following methods and annual rates:

Furniture and equipment	20% declining balance method
Leasehold improvements	5 years straight-line basis

d) Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, current income taxes are recognized for the estimated income taxes payable for the current period. Future income tax assets and liabilities are determined based on differences between the tax and accounting basis of assets and liabilities. The future tax assets or liabilities are calculated using the tax rates for the period in which the differences are expected to be settled. Future tax assets are recognized to the extent that they are considered more likely than not to be realized.

Platoro West Holdings Inc.

Notes to the Consolidated Financial Statements

May 31, 2009 and 2008

(Stated in Canadian Dollars) – Page 3

Note 2 Significant Accounting Policies – (cont'd)

e) Resource Properties

The Company defers the cost of acquiring, maintaining its interest, exploring and developing mineral properties until such time as the properties are placed into production, abandoned, sold or considered to be impaired in value. Costs of producing properties will be amortized on a unit of production basis and costs of abandoned properties are written-off. Proceeds received on the sale of interests in mineral properties are credited to the carrying value of the mineral properties, with any excess included in operations. Write-downs due to impairment in value are charged to operations.

The Company is in the process of exploring and developing its mineral properties and has not yet determined the amount of reserves available. Management reviews the carrying value of mineral properties on an annual basis and will recognize impairment in value based upon current exploration results, the prospect of further work being carried out by the Company, the assessment of future probability of profitable revenues from the property or from the sale of the property. Amounts shown for properties represent costs incurred net of write-downs and recoveries, and are not intended to represent present or future values.

f) Asset Retirement Obligations

The Company records the fair value of an asset retirement obligation as a liability in the period in which it incurs a legal obligation associated with the retirement of tangible long-lived assets that results from the acquisition, construction, development, and/or normal use of the assets. The obligation is measured initially at fair value using present value methodology and the resulting costs are capitalized into the carrying amount of the related asset. In subsequent periods, the liability will be adjusted for any changes in the amount or timing of the underlying future cash flows. Capitalized asset retirement costs are depreciated on the same basis as the related asset and the discounted accretion of the liability is included in determining the results of operations.

The Company has performed only preliminary exploratory work on its mineral properties, and has not incurred significant reclamation obligations in the current year or prior periods.

Platoro West Holdings Inc.

Notes to the Consolidated Financial Statements

May 31, 2009 and 2008

(Stated in Canadian Dollars) – Page 4

Note 2 Significant Accounting Policies – (cont'd)

g) Foreign Currency Translation

The Company and its wholly-owned subsidiaries maintain accounting records in their local currencies, Canadian dollars and US dollars, respectively.

The Company and its subsidiaries translate foreign currency transactions into their respective local currencies in the following manner: at the transaction date, each asset, liability, revenue and expense is translated into the local currency by the use of the exchange rate in effect at that date; at the period end, foreign currency monetary assets and liabilities are translated into the local currency by using the exchange rate in effect at the balance sheet date. The resulting difference is allocated to resource properties based on the amount of expenditure spent on the properties during the year.

In preparing the consolidated financial statements, the Company translates the monetary assets and liabilities of its subsidiaries into Canadian dollars at the exchange rate in effect at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate prevailing at the respective transaction dates. Revenue and expenses are translated into Canadian dollars at the average exchange rate for the applicable period except for amortization, which is translated at historical exchange rates. Translation gains or losses are included in operations.

h) Stock-based Compensation

Stock-based compensation is accounted for at fair value as determined by the Black-Scholes option pricing model using amounts that are believed to approximate the volatility of the trading price of the Company's shares, the expected lives of awards of stock-based compensation, the fair value of the Company's stock and the risk-free interest rate, as determined at the grant date. Changes in these assumptions can materially affect the fair value estimate and, therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's share purchase options. The estimated fair value of awards of stock-based compensation are charged to expense over their vesting period, with offsetting amounts recognized as contributed surplus. Upon exercise of share purchase options, the consideration paid by the option holder, together with the amount previously recognized in contributed surplus, is recorded as an increase to share capital. To date the Company has not issued any stock-based compensation.

i) Share Issue Costs

Share issue costs, which include commissions, professional and regulatory fees are charged directly to share capital.

Platoro West Holdings Inc.

Notes to the Consolidated Financial Statements

May 31, 2009 and 2008

(Stated in Canadian Dollars) – Page 5

Note 2 Significant Accounting Policies – (cont'd)

j) Financial Instruments

All financial instruments are classified into one of the following five categories: held for trading, held-to-maturity investments, loans and receivables, available-for-sale assets or other financial liabilities. All financial instruments, including derivatives, are included on the balance sheet and are measured at fair market value upon inception with the exception of certain related party transactions. Subsequent measurement and recognition of changes in the fair value of financial instruments depends on their initial classification. Held-for-trading financial investments are measured at fair value and all gains and losses are included in operations in the period in which they arise. Available-for-sale financial instruments are measured at fair value with revaluation gains and losses included in other comprehensive income until the asset is removed from the balance sheet or there is a decline in value that is other than temporary. Loans and receivables, investments held to maturity and other financial liabilities are measured at amortized cost using the effective interest method. Gains and losses upon inception, derecognition, impairment write-downs and foreign exchange translation adjustments are recognized immediately. Transaction costs related to debt financings will be expensed in the period incurred.

The Company's financial instruments consist of cash, which is classified as held-for-trading, marketable securities, which are classified as available-for-sale, and accounts payable, which is classified as other financial liabilities. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments (Note 10).

k) Recently Adopted Canadian Accounting Standards

Going Concern

Effective June 1, 2008, the Company adopted the amendments to the guidelines of CICA Handbook Section 1400, General Standards of Financial Statement Presentation.

The Canadian Accountability Standards Board amended Section 1400, to include requirements for management to assess and disclose an entity's ability to continue as a going concern. The adoption of these amendments resulted in no disclosure changes to the Company's financial statements.

Financial Instruments

Effective June 1, 2008, the Company adopted the new guidelines of CICA Handbook Section 3862, Financial Instruments – Disclosures, and Section 3863, Financial Instruments – Presentation. These standards replace CICA Handbook Section 3861, Financial Instruments – Disclosure and Presentation.

Platoro West Holdings Inc.

Notes to the Consolidated Financial Statements

May 31, 2009 and 2008

(Stated in Canadian Dollars) – Page 6

Note 2 Significant Accounting Policies – (cont'd)

k) Recently Adopted Canadian Accounting Standards – (cont'd)

Financial Instruments – (cont'd)

These standards increase the disclosures previously required, enabling users to evaluate the significance of financial instruments for an entity's financial position and performance, including disclosures about fair value. In addition, qualitative and quantitative disclosure is required about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk. The quantitative disclosures must provide information about the extent to which the Company is exposed to such risk, based on information provided internally to the entity's key management personnel. The disclosure required under this accounting standard is contained within Note 10.

Capital Disclosures

Effective June 1, 2008, the Company adopted the new guidelines of CICA Handbook Section 1535, Capital Disclosures, which requires companies to disclose their objectives, policies and processes for managing capital, quantitative data about what the entity regards as capital, and whether they have complied with externally imposed capital requirements and, if not in compliance, the consequences of such non-compliance. The disclosure required under this accounting standard is contained within Note 11.

l) Future Accounting Changes

International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian generally accepted accounting principles with IFRS over an expected five-year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own generally accepted accounting principles. The effective date for the Company is for interim and annual financial statements relating to fiscal years beginning on or after June 1, 2011. This transition will require the restatement, for comparative purposes, of amounts reported by the Company for the year ended May 31, 2011. The Company continues to monitor and assess the impact of the convergence of Canadian GAAP and IFRS.

Platoro West Holdings Inc.

Notes to the Consolidated Financial Statements

May 31, 2009 and 2008

(Stated in Canadian Dollars) – Page 7

Note 3 Investments

At May 31, 2009, the Company held 4,527,484 shares of Aura Minerals Inc. (“Aura”) which are classified as available-for-sale, has a historical cost of \$905,497 and a market value of \$1,539,345. During the year ended May 31, 2009, the Company reported an unrealized gain on these shares of \$633,848 in its comprehensive income.

Subsequent to May 31, 2009, Aura consolidated its shares outstanding on a 5 to 1 basis and the Company sold 2,706,000 pre-consolidation shares (541,200 post-consolidation) for gross proceeds of \$1,553,464.

Note 4 Equipment and Leaseholds

	May 31, 2009		
	Cost	Accumulated Amortization	Net
Furniture and equipment	\$ 4,248	\$ 1,489	\$ 2,759
Leasehold improvements	20,835	8,452	12,383
	\$ 25,083	\$ 9,941	\$ 15,142

	May 31, 2008		
	Cost	Accumulated Amortization	Net
Furniture and equipment	\$ 4,248	\$ 800	\$ 3,448
Leasehold improvements	10,700	4,280	6,420
	\$ 14,948	\$ 5,080	\$ 9,868

Platoro West Holdings Inc.

Notes to the Consolidated Financial Statements

May 31, 2009 and 2008

(Stated in Canadian Dollars) – Page 8

Note 5 Resource Propertiesa) Summary of Resource Properties:

	May 31, 2009	May 31, 2008
<u>Wildhorse Property</u>		
Balance, beginning of year	\$ 197,396	\$ 104,962
Acquisition costs	9,000	32,718
Deferred expenditures		
Assays and cores	3,421	-
Claims maintenance fees	10,950	8,082
Consulting fees	43,240	41,978
Field work and supplies	454	6,556
Mapping and reports	-	2,915
Sampling and surveying	2,661	-
Vehicles	-	185
	60,726	59,716
Balance, end of year	267,122	197,396
<u>Right of First Refusal Properties</u>		
Balance, beginning of year	87,531	28,052
Deferred expenditures		
Assays and cores	1,602	-
Claims maintenance fees	21,573	23,794
Consulting fees	53,750	28,686
Field work and supplies	1,890	5,032
Vehicles	2,149	1,967
	80,964	59,479
Balance, end of year	168,495	87,531
<u>Other Properties</u>		
Balance, beginning of year	21,414	-
Deferred expenditures		
Claims maintenance fees	11,280	21,414
Balance, end of year	32,694	21,414
Total of Resource Properties	\$ 468,311	\$ 306,341

Platoro West Holdings Inc.

Notes to the Consolidated Financial Statements

May 31, 2009 and 2008

(Stated in Canadian Dollars) – Page 9

Note 5 Resource Properties - (cont'd)

b) Wildhorse Property

Pursuant to a mineral property option agreement (“Option Agreement”) dated September 1, 2006, and as amended on August 10, 2007, Sept 17, 2008, and June 1, 2009, with a director of the Company (“Optionor”), the Company may acquire a 100% undivided interest, subject to a 3% net smelter royalty (“NSR”), in 68 mining claims located in Pershing County, State of Nevada, United States of America (“Wildhorse Property”). Consideration for the acquisition is reimbursement of the Optionor’s costs associated with the acquisition of the property (paid), cash payments totalling an aggregate amount of US\$970,000, issuance of 450,000 common shares of the Company and exploration expenditures of US\$1,000,000 on the property as disclosed below. Shares issued as consideration for option rights are valued at the market price of the shares on the date of issuance.

- pay US\$10,000 (paid) upon signing of the agreement and issue 50,000 common shares forthwith after June 13, 2008, the effective date (issued);
- issue 50,000 common shares on or before June 13, 2009 (subsequently issued);
- pay US\$45,000, issue 150,000 common shares and incur US\$150,000 in exploration expenditures on or before June 13, 2010;
- pay US\$75,000, issue 200,000 common shares and incur US\$200,000 in exploration expenditures on or before June 13, 2011;
- pay US\$80,000 and incur US\$200,000 in exploration expenditures on or before June 13, 2012;
- pay US\$100,000 and incur US\$200,000 in exploration expenditures on or before Jun 13, 2013;
- pay US\$120,000, and incur US\$250,000 in exploration expenditures on or before June 13, 2014;
- pay US\$140,000 on or before June 13, 2015; and
- pay US\$400,000 on or before June 13, 2016.

Pursuant to the Option Agreement, the Company may purchase up to one half of the NSR for US\$2,000,000 for each 1% of the royalty purchased (total of \$3,000,000 for the entire 1.5%). During the term of the Option Agreement, the Company is responsible for maintaining the claims in good standing, including paying required taxes, fees and rentals, and completing necessary assessment work.

In the event that the Company enters into a transaction with an arms-length third party which provides for payment of cash or shares to the Company, the Company shall pay 10% of the value received up to \$40,000 to the Optionor.

During the year ended May 31, 2009, the Company posted a reclamation bond of \$11,441.

During the year ended May 31, 2008, the Company staked an additional 32 claims.

On August 29, 2007, the Company entered into a Purchase and Sale Agreement with Nevada Lands & Resource Company, whereby the Company acquired 160 acres of land in Pershing County, Nevada, for a purchase price of US\$32,000.

Platoro West Holdings Inc.

Notes to the Consolidated Financial Statements

May 31, 2009 and 2008

(Stated in Canadian Dollars) – Page 10

Note 5 Resource Properties - (cont'd)

c) Right of First Refusal Properties

Pursuant to a right of first refusal agreement on September 1, 2006 (“ROFR Agreement”), amended on June 1, 2009, with a director of the Company, the Company entered into an agreement to have the right of first refusal to acquire up to 172 claims in various counties in the State of Nevada, as listed below (“ROFR Properties”). Under the terms of the ROFR Agreement, the Company, as optionee, was granted the sole right and option to purchase the ROFR Properties in consideration of the Company reimbursing all acquisition costs including filing fees, holding fees, staking costs, and other costs directly associated with the acquisition of the ROFR Properties (paid). The former officer and director and the Company agreed to determine the terms of the purchase by June 13, 2009, which period was extended to June 13, 2010 by the Company maintaining the claims in good standing. The ROFR Properties are comprised of 172 claims as follows:

- Antelope Springs Project in Pershing County, Nevada, comprised of 24 claims;
- Willow Project in Pershing County, Nevada, comprised of 6 claims;
- Buckhorn East Project in Eureka County, Nevada, comprised of 52 claims;
- Fencemaker Project in Pershing County, Nevada comprised of 37 claims;
- Kennedy North Project in Pershing County, Nevada comprised of 13 claims;
- Rangefront Project in Humboldt County, Nevada comprised of 9 claims;
- Rosial Project in Pershing County, Nevada comprised of 23 claims; and
- Spring City Project in Humboldt County, Nevada comprised of 8 claims.

d) Other Properties

During the year ended May 31, 2008, the Company expended \$21,414 for filing and recording fees for 52 unpatented lode mining claims located within the White Mountains in eastern Esmeralda County, Nevada.

Pursuant to a mineral property lease agreement (“Lease Agreement”) dated November 1, 2008, with a group of individuals, including a director of the Company, the Company may acquire a 100% undivided interest, subject to a 3%-4% NSR (dependant on the price of Gold exceeding US\$700 per ounce), in 24 mining claims located in San Bernardino County, California, United States of America (“Sacramento property”). Consideration for the acquisition was reimbursement of US\$3,207 for 2008 mining claim maintenance fees (paid), and future mining claim maintenance fees in addition to the annual cash payment as follows:

- pay US\$5,000 annually from November 1, 2010 to 2013;
- pay US\$7,500 annually from November 1, 2014 to 2018;
- pay US\$75,000 annually from November 1, 2019 onward;

These claims are all exploration phase projects.

Platoro West Holdings Inc.

Notes to the Consolidated Financial Statements

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(Stated in Canadian Dollars) – Page 11

Note 5 Resource Properties - (cont'd)

e) Environmental Protection Practices

The Company is subject to laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

Note 6 Share Capital and Contributed Surplus

a) Authorized:

Unlimited common shares without par value

b) Share Issuances:

Private Placements

On April 28, 2008, the Company completed the first tranche of a private placement and issued 4,404,000 shares at a price of \$0.18 per share, for gross proceeds of \$792,720.

On June 5, 2008, the Company completed the second tranche of the private placement and issued 2,821,000 shares at a price of \$0.18 per share, for gross proceeds of \$507,780. A finders' fee of \$78,811 was paid in cash.

Zacoro Metals Corp. Transaction

On March 27, 2009, the Company completed a transaction with Zacoro Metals Corp. ("Zacoro") (the "Transaction"), an inactive private Ontario corporation whose only significant assets at the closing date consisted of cash and near-cash investments with a net value of \$2,301,990. As the Transaction was in substance an equity financing, it was accounted for as a private placement during the year ended May 31, 2009. In accordance with the terms of the Transaction, the Company has reserved 36,562,937 common shares for issuance to the Zacoro shareholders as part of the amalgamation ("Reserve Shares"). The exchange ratio was 0.46 Platoro Shares for each Zacoro share. At May 31, 2009, 8,545,516 Reserve Shares remained to be issued. Reserve Shares will be issued to Zacoro shareholders once they have tendered their Zacoro shares to the Company's transfer agent.

Platoro West Holdings Inc.

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Note 6 **Share Capital and Contributed Surplus** – (cont'd)

c) Stock Options and Warrants

As at May 31, 2009 and 2008, there were no outstanding stock options and warrants.

Note 7 **Related Party Transactions**

The Company incurred the following fees and reimbursement of costs with a director, companies controlled by directors and a former director of the Company:

	2009	2008
Consulting fees	\$ 59,323	\$ 30,000
Equipment and leaseholds	10,135	2,815
Management fees	45,000	48,000
Office and telephone	16,345	8,958
Rent	15,844	26,601
Shareholder communications	3,881	-
Resource properties	72,064	29,770
	\$ 222,592	\$ 146,144

During the period, the Company issued 50,000 shares, valued at \$0.18 per share, to a director with respect to a mineral property agreement.

These expenditures were measured by the exchange amount, which are the amounts agreed upon by the transacting parties.

Included in accounts payable and accrued liabilities is \$Nil due to companies controlled by directors for consulting and management fees (May 31, 2008 - \$39,000).

Included in prepaid expense and deposits is \$2,500 (May 31, 2008 - \$2,500) paid to a company controlled by a director for rent and administrative expenses.

Note 8 **Non-cash Transactions**

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statement of cash flows. During the year ended May 31, 2009:

- A total of 50,000 shares were issued in connection with the Wildhorse Property Agreement at a fair value of \$9,000.
- 4,527,484 common shares of Aura were acquired through the Transaction with Zacoro (Note 6). On the date the Transaction completed, the Aura shares had a market value of \$0.20 per share of \$905,497. This amount has been excluded from the statement of cash flows.

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Note 9 Corporate Income Taxes

The Company has available a non-capital loss of approximately \$786,000 as at May 31, 2009 (May 31, 2008 – approximately \$258,000), which may be carried forward to reduce taxable income in future years. These losses expire beginning in 2028.

The significant components of the Company's future income tax assets are as follows:

	May 31, 2009	May 31, 2008
Non-capital losses	\$ 204,000	\$ 67,000
Share issue costs	23,000	5,000
Investments	(82,000)	-
Capital assets	3,000	1,000
Less: valuation allowance	(148,000)	(73,000)
	\$ -	\$ -

The Company has recorded a valuation allowance against its future income tax assets based on the extent to which it is more-likely-than-not that sufficient taxable income will not be realized during the carry-forward period to utilize all the future tax assets.

A reconciliation of income taxes at statutory rates to the reported income tax provision is as follows:

	2009	2008
Loss before income taxes	\$ (511,350)	\$ (208,608)
Basic statutory and provincial income tax rates	<u>29.96%</u>	<u>34.12%</u>
Expected tax recovery on net loss, before income tax	\$ (153,200)	\$ (68,700)
Differences due to recognition of items for tax purposes:		
Permanent differences	82,400	-
Effect of reduction in statutory tax rate	20,200	21,000
Increase in valuation allowance	50,600	47,700
	\$ -	\$ -

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Note 10 **Financial Instruments**

(a) Interest rate risk

The Company's cash earns interest at a variable interest rate. Because of the nature of this financial instrument, fluctuations in market rates do not have a significant impact on its estimated fair value as of May 31, 2009. Future cash flows from interest income on cash will be affected by interest rate fluctuations. Interest rate risk consists of two components:

- (i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- (ii) To the extent that changes in prevailing market interest rates differ from the interest rates in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company's exposure to interest rate fluctuations is minimal.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk with respect to its cash, the balance of which at May 31, 2009 is \$1,849,280. Cash is held at, primarily, at a chartered Canadian financial institution and \$136,825 is held at a Canadian brokerage firm.

(c) Liquidity risk

Liquidity risk arises from the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. The Company achieves this by maintaining sufficient cash reserves. As at May 31, 2009, the Company was holding cash of \$1,849,280. The Company's accounts payable and accrued liabilities are due in the short term.

(d) Currency risk

Currency risk is the risk that funds held in currencies other than the operating currency will fluctuate negatively, resulting in a foreign exchange loss. The Company is exposed to currency risk with respect to its cash, the balance of which at May 31, 2009 is \$1,849,280. Of this balance US Dollars of \$1,053,044 (CDN\$1,129,166) and Mexican Pesos of \$10,890 (CDN\$905) is held at a Canadian financial institution.

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Note 11 Capital Management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Company considers the items included in the consolidated statements of shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, sell assets to reduce debt or return capital to shareholders. The Company is not subject to externally imposed capital requirements.

Note 12 Subsequent Event

On May 28, 2009 and amended on July 7, 2009, the Company entered into a subscription and distribution agreement with Copper Ridge Explorations Inc. ("Copper Ridge") pursuant to which the Company will subscribe, on a nonbrokered private placement basis, for up to 100,000,000 common shares of Copper Ridge at a price of \$0.03 per common share for up to \$3,000,000. The amount of the private placement is subject to adjustment in certain circumstances.

Following the closing of the financing, the Company will distribute the Copper Ridge shares received to its shareholders by way of a return of capital. Closing of the Agreement is subject to several conditions precedent including receipt of all required regulatory approvals:

At closing, three directors of Copper Ridge will resign and three nominees of the Company will be appointed in their place.