
SALAZAR RESOURCES LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2008 AND 2007

AUDITORS' REPORT

To the Shareholders of
Salazar Resources Limited

We have audited the consolidated balance sheets of Salazar Resources Limited as at December 31, 2008 and 2007 and the consolidated statements of loss and comprehensive loss and deficit and cash flows 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 financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2008 and 2007 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Vancouver, B.C.
April 24, 2009

"D+H Group LLP"
Chartered Accountants

SALAZAR RESOURCES LIMITED
CONSOLIDATED BALANCE SHEETS
AS AT DECEMBER 31

	2008	2007
	\$	\$
A S S E T S		
CURRENT ASSETS		
Cash and cash equivalents	6,342,493	10,622,621
Amounts receivable	69,561	139,592
Prepaid expenses	<u>15,419</u>	<u>5,030</u>
	6,427,473	10,767,243
CAPITAL ASSETS (Note 4)	165,903	197,472
MINERAL RESOURCE INTERESTS (Note 5)	<u>6,042,805</u>	<u>4,528,203</u>
	<u><u>12,636,181</u></u>	<u><u>15,492,918</u></u>

L I A B I L I T I E S

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	<u>125,847</u>	<u>469,817</u>

S H A R E H O L D E R S ' E Q U I T Y

SHARE CAPITAL (Note 6)	17,029,253	16,931,138
CONTRIBUTED SURPLUS (Note 8)	2,210,051	1,807,543
DEFICIT	<u>(6,728,970)</u>	<u>(3,715,580)</u>
	<u>12,510,334</u>	<u>15,023,101</u>
	<u><u>12,636,181</u></u>	<u><u>15,492,918</u></u>

NATURE AND CONTINUANCE OF OPERATIONS (Note 1)

SUBSEQUENT EVENTS (Note 15)

APPROVED BY THE DIRECTORS

"Fredy Salazar" , Director

"Pablo Acosta" , Director

SALAZAR RESOURCES LIMITED
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED DECEMBER 31

	2008	2007
	\$	\$
EXPENSES		
Accounting and administration	75,522	57,481
Amortization	61,619	36,079
Audit	39,875	17,458
Consulting	58,846	91,239
Corporate development	78,945	169,526
Corporate sponsorship (Note 3)	-	123,000
Finder's fee (Note 3)	-	350,000
General exploration	822,591	39,315
Investor relations	112,000	114,750
Legal	38,012	55,220
Office	218,973	138,795
Regulatory	19,282	28,717
Rent	20,647	27,312
Salaries and benefits	362,059	349,560
Shareholder costs	11,961	18,610
Stock-based compensation (Note 7)	415,523	1,610,531
Transfer agent	12,797	32,266
Travel	118,291	106,857
	<u>2,466,943</u>	<u>3,366,716</u>
LOSS BEFORE OTHER ITEMS	<u>(2,466,943)</u>	<u>(3,366,716)</u>
OTHER ITEMS		
Interest and other income	205,224	282,402
Foreign exchange	108,515	(422,259)
Write-off of mineral resource interests (Note 5)	(856,330)	-
Loss on disposal of capital asset	(3,856)	-
	<u>(546,447)</u>	<u>(139,857)</u>
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	<u><u>(3,013,390)</u></u>	<u><u>(3,506,573)</u></u>
BASIC AND DILUTED LOSS PER SHARE	<u><u>\$(0.10)</u></u>	<u><u>\$(0.16)</u></u>
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	<u><u>28,887,100</u></u>	<u><u>21,828,063</u></u>

The accompanying notes and schedule are an integral part of these consolidated financial statements.

SALAZAR RESOURCES LIMITED
CONSOLIDATED STATEMENTS OF DEFICIT
FOR THE YEARS ENDED DECEMBER 31

	2008 \$	2007 \$
DEFICIT - BEGINNING OF YEAR	(3,715,580)	(30,189)
Net liabilities assumed at time of recapitalization (Note 3)	<u>-</u>	<u>(178,818)</u>
	(3,715,580)	(209,007)
NET LOSS FOR THE YEAR	<u>(3,013,390)</u>	<u>(3,506,573)</u>
DEFICIT - END OF YEAR	<u><u>(6,728,970)</u></u>	<u><u>(3,715,580)</u></u>

The accompanying notes and schedule are an integral part of these consolidated financial statements.

SALAZAR RESOURCES LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31

	2008 \$	2007 \$
CASH PROVIDED FROM (USED FOR)		
OPERATING ACTIVITIES		
Net loss for the year	(3,013,390)	(3,506,573)
Adjustment for items not affecting cash		
Amortization	61,619	36,079
Stock-based compensation	415,523	1,610,531
Write-off of mineral resource interests	856,330	-
Loss on sale of capital asset	3,856	-
Corporate sponsorship	-	98,000
Finder's fee	-	350,000
	<u>(1,676,062)</u>	<u>(1,411,963)</u>
Decrease in amounts receivable	70,031	38,422
Increase in prepaid expenses	(10,389)	(125,211)
Decrease in accounts payable and accrued liabilities	<u>(4,258)</u>	<u>(142,541)</u>
	<u>(1,620,678)</u>	<u>(1,641,293)</u>
INVESTING ACTIVITIES		
Expenditures on mineral resource interests	(2,710,644)	(2,955,525)
Purchases of capital assets	(48,590)	(173,304)
Proceeds on sale of capital asset	<u>14,684</u>	<u>-</u>
	<u>(2,744,550)</u>	<u>(3,128,829)</u>
FINANCING ACTIVITIES		
Issuance of common shares	85,100	15,103,335
Share issue costs	-	(1,014,901)
Advances from legal parent, prior to recapitalization	-	638,333
Repayment of amount due	-	(1,128,993)
Cash assumed on recapitalization	<u>-</u>	<u>1,777,003</u>
	<u>85,100</u>	<u>15,374,777</u>
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS FOR THE YEAR	(4,280,128)	10,604,655
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>10,622,621</u>	<u>17,966</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>6,342,493</u></u>	<u><u>10,622,621</u></u>
CASH AND CASH EQUIVALENTS COMPRISES:		
Cash	235,532	3,020,492
Short-term investments	<u>6,106,961</u>	<u>7,602,129</u>
	<u><u>6,342,493</u></u>	<u><u>10,622,621</u></u>

SUPPLEMENTAL CASH FLOW INFORMATION (Note 14)

The accompanying notes and schedule are an integral part of these consolidated financial statements.

SALAZAR RESOURCES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

1. NATURE AND CONTINUANCE OF OPERATIONS

On March 7, 2007, Consolidated Kookaburra Resources Ltd. changed its name to Salazar Resources Limited (the "Company"). With the recapitalization with Curimining S.A. ("Curimining"), the Company's principal business activity is the acquisition, exploration and development of mineral properties in Latin America. See also Note 3.

The Company presently has no proven or probable reserves and, on the basis of information to date, it has not yet determined whether these properties contain economically recoverable ore reserves. Consequently the Company considers itself to be an exploration stage company. The amounts shown as mineral property interests represent costs incurred to date, less amounts amortized and/or written off, and do not necessarily represent present or future values. The underlying value of the mineral properties and related deferred costs is entirely dependent on the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain the necessary financing to complete development, and upon future profitable production.

On April 18, 2008, Ecuador's Constitutional Assembly passed a Constituent Mandate resolution (the "Mining Mandate"), which provided, among other provisions, for the suspension of mineral exploration activities for 180 days, or until a new Mining Law was approved. In January 2009, the new Mining Law was passed into law. Although senior government representatives have publicly stated that the new Mining Law supersedes the Mining Mandate, to the best of management's knowledge no formal written government document has been issued to confirm this.

Following the approval of the new Mining Law, the Ministry of Mines and Petroleum will be issuing regulations and procedures to operate under the new law. There is no assurance that these regulations and procedures will not adversely affect the Company's business. Furthermore, the new Mining Law states that each company must negotiate an exploitation contract with the government. This exploitation contract is expected to include, amongst other items, the royalty payable to the government. There is no assurance that the Company will be able to agree on an exploitation contract and royalty rate that will not adversely affect the Company's business. In the event that the regulations and procedures issued by the Ministry of Mines and/or the exploitation contract reached with the government impact the viability of the Company's principal projects, it may be necessary, in the future, to re-evaluate the carrying value of the Company's mineral resource interests.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") applicable to a going concern which assumes that the Company will be able to realize assets and discharge liabilities in the normal course of business. Accordingly, the financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts which may differ from those shown in the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These consolidated financial statements of the Company have been prepared by management in accordance with Canadian GAAP and include the accounts of the Company and its wholly-owned subsidiaries, Curimining S.A., incorporated under the laws of Ecuador and Salazar Resources (BVI) Limited, incorporated under the laws of the British Virgin Islands. Inter-company balances and transactions are eliminated on consolidation.

SALAZAR RESOURCES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the period. Examples of significant estimates made by management include amortization, the provision for income taxes, composition of future income tax assets, future income tax liabilities and asset retirement obligations and valuations of mineral resource interests, capital assets and stock-based compensation. Actual results may differ from those estimates.

Cash Equivalents

Cash equivalents include short-term deposits maturing within 90 days of the original date of acquisition.

Mineral Resource Interests

Unproven mineral interests costs and exploration, development and field support costs directly relating to mineral interests are deferred until the mineral interest to which they relate is placed into production, sold or abandoned. The deferred costs will be amortized over the life of the orebody following commencement of production or written off if the mineral interest is sold or abandoned. Administration costs and other exploration costs that do not relate to any specific mineral interest are expensed as incurred.

On a periodic basis, management reviews the carrying values of deferred unproven mineral interest acquisition and exploration expenditures with a view to assessing whether there has been any impairment in value. Management takes into consideration various information including, but not limited to, results of exploration activities conducted to date, estimated future metal prices, and reports and opinions of outside geologists, mine engineers and consultants. When it is determined that a project or mineral interest will be abandoned or its carrying value has been impaired, a provision is made for any expected loss on the project or mineral interest.

Although the Company has taken steps to verify title to the unproven mineral interests, according to the usual industry standards for the stage of exploration of such mineral interests, these procedures do not guarantee the Company's title. Such mineral interests may be subject to prior agreements or transfers and title may be affected by undetected defects.

From time to time the Company acquires or disposes of mineral interests pursuant to the terms of option agreements. Options are exercisable entirely at the discretion of the optionee and, accordingly, are recorded as mineral interest costs or recoveries when the payments are made or received.

Capital Assets

Capital assets are recorded at cost less accumulated amortization. Amortization is recorded on a straight line basis at the following annual rates:

Office equipment and furniture	10%
Vehicles	20%
Computers	33%

SALAZAR RESOURCES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Asset Retirement Obligations

The fair value of a liability for an asset retirement obligation is recognized when a reasonable estimate of fair value can be made. The asset retirement obligation is recorded as a liability with a corresponding increase to the carrying amount of the related long-lived asset. Subsequently, the asset retirement cost is charged to earnings using a systematic and rational method and is adjusted to reflect period-to-period changes in the liability resulting from the passage of time and revisions to either the timing or the amount of the original estimate of undiscounted cash flow. As at December 31, 2008, the Company does not have any asset retirement obligations.

Impairment of Long-Lived Assets

Long-lived assets are assessed for impairment when events and circumstances warrant. The carrying value of a long-lived asset is impaired when the carrying amount exceeds the estimated undiscounted net cash flow from use and fair value. In that event the amount by which the carrying value of an impaired long-lived asset exceeds its fair value is charged to earnings. Fair value is generally determined using a discounted cash flow analysis.

Translation of Foreign Currencies

The Company's foreign operations conducted through its subsidiaries are of an integrated nature and, accordingly, the temporal method of foreign currency translation is used for conversion of foreign denominated amounts. Under this method the Company translates monetary items at the rate of exchange in effect at the balance sheet date. Non-monetary items are translated at rates in effect during the period in which they were earned or incurred. Revenues and expenses are translated at average rates in effect during the period except for depreciation and amortization which are translated at historical rates. Gains and losses resulting from the fluctuation of foreign exchange rates have been included in the determination of income.

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 stock, the expected lives of awards of stock-based compensation, the fair value of the Company's stock and the risk-free interest rate. The estimated fair value of awards of stock-based compensation are charged to expense as they are earned, with offsetting amounts recognized as contributed surplus.

Income Taxes

Future income tax assets and liabilities are recognized for the estimated future income tax consequences attributable to differences between the amounts reported in the consolidated financial statements and their respective tax bases, using enacted income tax rates. The effect of a change in income tax rates on future income tax liabilities and assets is recognized in income in the period that the change occurs. Future income tax assets are recognized to the extent that they are considered more likely than not to be realized.

Earnings (Loss) Per Share

Basic earnings per share is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion,

SALAZAR RESOURCES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

exercise or issuance would have a dilutive effect on earnings per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the “if converted” method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted earnings per share by application of the treasury stock method.

Financial Instruments

Under Section 3251, *Equity*, Section 3855, *Financial Instruments - Recognition and Measurement* and Section 3861, *Financial Instruments - Disclosure and Presentation*, 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 change 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. Loans and receivables, held-to-maturity investments 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 financing will be expensed in the period incurred.

The Company has designated its cash and cash equivalents as held-for-trading, which is measured at fair value. Amounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

Comprehensive Income

Section 1530, *Comprehensive Income*, provides standards for the reporting and presentation of comprehensive income, which is defined as the change in equity, from transactions and other events and circumstances from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income but that are excluded from net income calculated in accordance with generally accepted accounting principles. A statement of comprehensive income has not been presented as no components of comprehensive income have been identified and therefore have not affected the current or comparative period balances on the consolidated financial statements.

Comparative Amounts

Comparative amounts have been reclassified, where necessary, to conform to the presentation adopted in the current year.

Adoption of New Accounting Standards

Effective January 1, 2008, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants (“CICA”) under Section 1400, *General Standards of Financial Statement Presentation*, Section 3862, *Financial Instruments Disclosures*, Section 3863, *Financial Instrument - Presentation* and Section 1535, *Capital Disclosures*.

SALAZAR RESOURCES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Assessing Going Concern

Section 1400 was amended to include requirements for management to assess and disclose an entity's ability to continue as a going concern. The Company has included the required disclosures recommended by Section 1400 in Note 1 of these financial statements.

Financial Instruments

Section 3862 requires entities to provide disclosures in their financial statements that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks. The principles in this section complement the principles for recognizing, measuring and presenting financial assets and financial liabilities in Section 3855, *Financial Instruments - Recognition and Measurement*, Section 3863 and Section 3865, *Hedges*. The Company has included the required disclosures recommended by Section 3862 in Note 12 of these financial statements.

Section 3863 is to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows. This section establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. The Company has included the required disclosures recommended by Section 3863 in Note 12 of these financial statements.

Capital Disclosures

Section 1535 establishes standards for disclosing information about an entity's capital and how it is managed. The Company has included the required disclosures recommended by Section 1535 in Note 13 of these financial statements.

New Accounting Pronouncements

Goodwill and Intangible Assets

The Accounting Standards Board ("AcSB") issued Section 3064, *Goodwill and Intangible Assets*, which replaces Section 3062, *Goodwill and Other Intangible Assets*, and Section 3450, *Research and Development Costs*. This new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008.

The Company is currently assessing the impact of the above new accounting standards on the Company's financial position and results of operations.

SALAZAR RESOURCES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business Combinations, Consolidated Financial Statements and Non-Controlling Interests

The CICA issued three new accounting standards in January 2009: Section 1582, *Business Combinations*, Section 1601, *Consolidated Financial Statements*, and Section 1602, *Non-Controlling Interests*. These new standards will be effective for fiscal years beginning on or after January 1, 2011. The Company is in the process of evaluating the requirements of the new standards.

Section 1582 replaces Section 1581, *Business Combinations*, and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to International Financial Reporting Standards (“IFRS”) 3, *Business Combinations*. The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Sections 1601 and 1602 together replace Section 1600, *Consolidated Financial Statements*. Section 1601, establishes standards for the preparation of consolidated financial statements. Section 1601 applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS IAS 27, *Consolidated and Separate Financial Statements*, and applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011.

International Financial Reporting Standards

In 2006, the 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 GAAP 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 GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011, will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

3. RECAPITALIZATION

On March 8, 2007 (the “Effective Date”), the Company, Curimining and Messrs. Fredy Salazar and Pablo Acosta (collectively the “Curimining Shareholders”) completed an agreement (the “Curimining Agreement”) whereby the Company purchased all of the issued shares of Curimining in exchange for the issuance of 15,000,000 common shares of the Company to the Curimining Shareholders and assumption of US \$970,000 owing to Mr. Salazar (collectively the “Acquisition”). In addition up to 7,000,000 additional common shares may be issued to the Curimining Shareholders on an earn-out basis. To fully earn these additional shares, a total of 11.2 million ounces of gold in an “indicated category” must be identified within a period of four years. The Company also issued 500,000 common shares, at an ascribed value of \$350,000, as a finder’s fee in connection with the Acquisition. In addition the Company paid Canaccord Capital Corporation (“Canaccord”) \$25,000 cash and issued 140,000 common shares, at an ascribed value of \$98,000, as a corporate sponsorship fee.

SALAZAR RESOURCES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

3. RECAPITALIZATION (continued)

The completion of the Acquisition resulted in the Curimining Shareholders holding the majority of the Company's combined issued and outstanding common shares. Since the transaction resulted in the Curimining Shareholders acquiring control of the Company the Acquisition has been treated for accounting purposes as a recapitalization. In accounting for this transaction:

- (i) Curimining is deemed to be the purchaser and parent company for accounting purposes. Accordingly, its net assets are included in the consolidated balance sheets at their historical book value; and
- (ii) control of the net assets and business of the Company was acquired on the Effective Date. The transaction has been accounted for as a purchase of the assets and liabilities of the Company by Curimining. The assets and liabilities of the Company have been recorded at their fair values, as follows:

	\$
Cash	1,777,003
Amounts receivable and prepaids	8,939
Accounts payable and accrued liabilities	<u>(181,537)</u>
Net working capital	1,604,405
Advances to Curimining, eliminated on consolidation	807,560
Share subscriptions received	(2,625,600)
Share issue costs	<u>34,817</u>
Net liabilities assumed	<u><u>(178,818)</u></u>

4. CAPITAL ASSETS

	2008 \$	2007 \$
Office equipment and furniture and computers	125,251	104,190
Vehicles	<u>133,731</u>	<u>133,301</u>
	258,982	237,491
Less accumulated amortization	<u>(93,079)</u>	<u>(40,019)</u>
	<u><u>165,903</u></u>	<u><u>197,472</u></u>

SALAZAR RESOURCES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

5. MINERAL RESOURCE INTERESTS

	2008			2007		
	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$
Curipamba	1,181,785	4,276,098	5,457,883	1,147,805	2,439,737	3,587,542
Ruminahui	340,443	84,668	425,111	511,443	168,413	679,856
Other	44,314	115,497	159,811	101,758	159,047	260,805
	<u>1,566,542</u>	<u>4,476,263</u>	<u>6,042,805</u>	<u>1,761,006</u>	<u>2,767,197</u>	<u>4,528,203</u>

(a) Curipamba Project

As at December 31, 2008, the Company owns or has a right to acquire a 100% interest in 11 concessions covering approximately 49,327 hectares located in the provinces of Bolivar and Los Rios, Ecuador.

A portion of these concessions were acquired pursuant to an option agreement which requires three additional option payments of US \$25,000 on June 30, 2007 (paid), US \$30,000 on June 30, 2008 (paid) and US \$500,000 on June 30, 2009. Giving the introduction of the Mining Mandate in Ecuador the Company declared force majeure and has suspended all payments.

During fiscal 2008, the Company relinquished five concessions and wrote off \$185,674 of acquisition costs and exploration expenditures.

(b) Ruminahui Project

As at December 31, 2008, the Company owns or has a right to acquire a 100% interest in two concessions covering approximately 2,910 hectares located in the province of Pichincha, Ecuador.

One concession, the Moncayo concession, was acquired pursuant to an option agreement which requires two additional option payments of US \$42,000 payable in September 2008 and March 2009. Giving the introduction of the Mining Mandate in Ecuador the Company declared force majeure and has suspended all payments.

During fiscal 2008, the Company relinquished eight concessions and wrote off \$381,406 of acquisition costs and exploration expenditures.

(c) Other

As at December 31, 2008, the Company owns a 100% interest in four concessions covering approximately 9,747 hectares in the province of Morona Santiago, Ecuador.

During fiscal 2008, the Company relinquished 11 concessions and wrote off \$289,250 of acquisition costs and exploration expenditures.

SALAZAR RESOURCES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

6. SHARE CAPITAL

Authorized: unlimited number of common shares without par value

	2008		2007	
	Number of Shares	Amount \$	Number of Shares	Amount \$
Issued:				
Balance, beginning of year	<u>28,825,945</u>	<u>16,931,138</u>	<u>800</u>	<u>933</u>
Adjustment of shares to reflect shares of the legal parent at time of recapitalization	-	-	16,694,982	-
Issued for cash				
Private placements	-	-	9,458,000	15,720,600
Exercise of stock options	19,000	19,000	303,000	368,180
Exercise of warrants	46,500	66,100	1,094,163	1,577,155
Exercise of agent's options	-	-	90,000	63,000
Reallocation from contributed surplus on exercise of agent's warrants	-	6,935	-	3,967
Reallocation from contributed surplus on exercise of stock options	-	6,080	-	179,640
Reallocation from contributed surplus on exercise of agent's options	-	-	-	28,800
Issued for commissions and fees on private placements	-	-	545,000	569,675
Issued for fees incurred on recapitalization (Note 3)	-	-	<u>640,000</u>	<u>448,000</u>
	<u>65,500</u>	<u>98,115</u>	<u>28,825,145</u>	<u>18,959,017</u>
Less: share issue costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,028,812)</u>
	<u>65,500</u>	<u>98,115</u>	<u>28,825,145</u>	<u>16,930,205</u>
Balance, end of year	<u><u>28,891,445</u></u>	<u><u>17,029,253</u></u>	<u><u>28,825,945</u></u>	<u><u>16,931,138</u></u>

(a) During fiscal 2007, the Company:

- (i) completed a non-brokered private placement of 1,500,000 units, at \$1.00 per unit, for gross proceeds of \$1,500,000. Each unit comprised one common share and one share purchase warrant. Each warrant entitles the holder to purchase an additional share at a price of \$1.50 per share on or before March 8, 2009.
- (ii) completed a brokered private placement of 2,458,000 units, at \$0.70 per unit, for gross proceeds of \$1,720,600, which were received prior to the Effective Date. Each unit comprised one common share and one-half warrant. Each full warrant entitled the holder to purchase an additional common share at a price of \$1.40 per share on or before December 22, 2008. The Company also issued 160,000 units, at an ascribed value of \$112,000, to Canaccord as a finder's fee. Each unit comprised one common share and one-half warrant. The units issued to Canaccord had the same terms as the units issued under the private placement. The warrants underlying the units expired on December 22, 2008, without exercise.

SALAZAR RESOURCES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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6. SHARE CAPITAL (continued)

The fair value of the agent's warrants have been estimated using the Black-Scholes option pricing model. The assumptions used were: dividend yield - 0%; expected volatility - 85%; a risk free interest rate of 3.97%; and an expected life of 2 years. The value assigned to the agent's warrants was \$15,200.

The Company also granted an agent's option to Canaccord to acquire 200,000 units, at a price of \$0.70 per unit, on or before December 22, 2008. Each unit comprised of one common share and one-half warrant. Each full warrant entitled Canaccord to purchase an additional common share, at a price of \$1.40 per share, on or before December 22, 2008. During fiscal 2007, Canaccord partially exercised the agent's option and purchased 90,000 units. The remaining portion of the agent's option to purchase 110,000 units expired on December 22, 2008, without exercise.

The fair value of the agent's option have been estimated using the Black-Scholes option pricing model. The assumptions used were: dividend yield - 0%; expected volatility - 85%; a risk free interest rate of 4.06%; and an expected life of 2 years. The value assigned to the agent's option was \$83,000.

The Company incurred a total of \$58,901 for costs associated with the private placement.

- (iii) completed a short-form offering with Canaccord and issued 2,000,000 units, at \$1.00 per unit, for gross proceeds of \$2,000,000. Each unit comprised one common share and one-half share purchase warrant. Each whole warrant entitles the holder to purchase an additional share, at a price of \$1.50 per share, on or before March 19, 2009. The Company paid Canaccord a \$160,000 cash commission and a \$5,000 administration fee and issued 325,000 units, at an ascribed value of \$325,000. Each unit comprised one common share and one-half share purchase warrant. Each whole warrant entitles Canaccord to purchase an additional share, at \$1.00 per share, on or before March 19, 2009.

The fair value of the agent's warrants have been estimated using the Black-Scholes option pricing model. The assumptions used were: dividend yield - 0%; expected volatility - 85%; a risk free interest rate of 3.97%; and an expected life of 2 years. The value assigned to the agent's warrants was \$29,250.

The Company incurred \$36,418 for costs associated with the financing.

- (iv) completed a brokered and non-brokered private placement of 3,500,000 units, at \$3.00 per unit, for gross proceeds of \$10,500,000. Each unit comprised one common share and one share purchase warrant. Each warrant entitles the holder to purchase an additional share, at a price of \$4.00 per share, on or before May 31, 2009. The Company paid the agent a cash commission of \$728,070 and issued a total of 60,000 shares and 2,500 warrants, at an ascribed value of \$180,000. Each warrant entitles the agent to purchase an additional share at \$3.50 per share, on or before May 31, 2009. In addition the Company issued 242,690 share purchase warrants to the agent. Each warrant entitles the agent to purchase an additional share, at \$3.50 per share, on or before May 31, 2009.

SALAZAR RESOURCES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

6. SHARE CAPITAL (continued)

The fair value of the agent's units and warrants have been estimated using the Black-Scholes pricing model. The assumptions used were: dividend yield - 0%; expected volatility - 85%; a risk free interest rate of 3.92%; and an expected life of 2 years. The value assigned to the agent's units and warrants was \$281,969.

The Company incurred a total of \$85,413 for costs associated with the private placement.

- (b) A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at December 31, 2008 and 2007, and the changes for the years ending on those dates is as follows:

	<u>2008</u>		<u>2007</u>	
	Number	Weighted Average Exercise Price \$	Number	Weighted Average Exercise Price \$
Balance, beginning of year	6,813,027	2.84	-	-
Assumed on Acquisition	-	-	152,500	1.40
Issued	-	-	7,761,690	2.67
Exercised	(46,500)	1.42	(1,094,163)	1.44
Expired	(822,100)	1.40	(7,000)	1.40
Balance, end of year	<u>5,944,427</u>	3.05	<u>6,813,027</u>	2.84

The following table summarizes information about the number of common shares reserved pursuant to the Company's warrants outstanding and exercisable at December 31, 2008:

Number	Exercise Price \$	Expiry Date
1,195,000	1.50	March 8, 2009
1,004,237	1.50	March 19, 2009
3,500,000	4.00	May 31, 2009
<u>245,190</u>	3.50	May 31, 2009
<u>5,944,427</u>		

See also Note 15(i).

- (c) As at December 31, 2008, 13,500,000 common shares are held in escrow.
- (d) Pursuant to the Curimining Agreement the Company may be required to issue up to 7,000,000 additional common shares. See Note 3.

SALAZAR RESOURCES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

7. STOCK OPTIONS AND STOCK-BASED COMPENSATION

- (a) The Company has established a rolling stock option plan (the “Plan”), in which the maximum number of common shares which can be reserved for issuance under the Plan is 10% of the issued and outstanding shares of the Company. The minimum exercise price of the stock options is set at the Company’s closing share price on the day before the grant date, less allowable discounts in accordance with the policies of the TSX Venture Exchange. Options granted may be subject to vesting provisions as determined by the Board of Directors and have a maximum term of five years.

During fiscal 2008, the Company recorded compensation expense of \$228,023 (2007 - \$nil) on the vesting of stock options.

During fiscal 2008, the Company granted 250,000 (2007 - 2,793,100) stock options to its directors, employees and consultants and recorded compensation expense of \$132,500 (2007 - \$1,610,531).

The fair value of stock options granted and vested during fiscal 2008 and 2007 is estimated using the Black-Scholes option pricing model with the following assumptions used:

	2008	2007
Risk-free interest rate	2.89% - 4.52%	3.92% - 4.54%
Estimated volatility	85% - 95%	85%
Expected life	2 years - 3 years	2 years - 3 years
Expected dividend yield	0%	0%
Estimated forfeiture rate	0%	0%

The weighted average fair value of all stock options granted during fiscal 2008, to the Company’s directors, employees and consultants was \$0.53 (2007 - \$0.58) per option.

Option-pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide reliable measure of the fair value of the Company’s stock options.

- (b) During fiscal 2008, the Company amended the exercise prices of 292,000 existing stock options, with original exercise prices ranging from \$1.95 to \$2.90 per share, to an amended price of \$1.00 per share. The fair value of the amendments to the stock options have been estimated using the Black-Scholes option pricing model. The assumptions used were: dividend yield - 0%; expected volatility - 95%; a risk-free rate of 2.76%; estimated forfeiture rate of 0%; and an expected life ranging from 1.8 years to 2 years. The value assigned to the extension and amendments of the stock options was \$55,000.

SALAZAR RESOURCES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

7. STOCK OPTIONS AND STOCK-BASED COMPENSATION (continued)

(c) A summary of the Company's stock options at December 31, 2008 and 2007, and the changes for the years ending on those dates, is as follows:

	2008		2007	
	Number of Options Outstanding	Weighted Average Exercise Price \$	Number of Options Outstanding	Weighted Average Exercise Price \$
Balance, beginning of year	2,490,100	1.65	-	-
Granted	250,000	1.00	2,793,100	1.65
Exercised	(19,000)	1.00	(303,000)	1.22
Expired	(465,750)	1.11	-	-
Forfeited	(59,250)	3.00	-	-
Balance, end of year	<u>2,196,100</u>	1.54	<u>2,490,100</u>	1.65

The following table summarizes information about the stock options outstanding and exercisable at December 31, 2008:

Number Outstanding	Number Exercisable	Exercise Price \$	Expiry Date
1,057,000	1,057,000	1.00	February 26, 2010
160,000	160,000	1.00	February 28, 2010
32,000	32,000	1.00	March 12, 2010
100,000	100,000	1.00	May 2, 2010
597,100	471,050	3.00	September 6, 2010
<u>250,000</u>	<u>250,000</u>	1.00	April 11, 2011
<u>2,196,100</u>	<u>2,070,050</u>		

(d) See also Note 15.

8. CONTRIBUTED SURPLUS

The Company's contributed surplus for fiscal 2008 and 2007 is comprised of the following:

	2008 \$	2007 \$
Balance, beginning of year	1,807,543	-
Stock-based compensation (Note 7)	415,523	1,610,531
Stock-based compensation on agent's options and warrants	-	409,419
Stock options exercised	(6,080)	(179,640)
Agent's warrants and options exercised	(6,935)	(32,767)
Balance, end of year	<u>2,210,051</u>	<u>1,807,543</u>

SALAZAR RESOURCES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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9. RELATED PARTY TRANSACTIONS

- (a) During fiscal 2008 and 2007 the Company was billed by certain directors and private corporations owned by directors of the Company, as follows:

	2008 \$	2007 \$
Accounting, administration and management	75,522	57,481
Professional fees	37,297	32,899
Rent	4,008	20,988
	<u>116,827</u>	<u>111,368</u>
Mineral resource exploration expenditures	<u>447,961</u>	<u>-</u>

The above transactions have been recorded at the exchange amounts agreed to by the related parties and the Company. As at December 31, 2008, accounts payable and accrued liabilities include \$8,460 (2007 - \$14,000) due to the related parties.

- (b) The Company incurred an amount of \$1,128,993 (US \$970,000) due to Mr. Salazar under the terms of the Curimining Agreement, as described in Note 3. During fiscal 2007, the Company repaid the full amount.

10. INCOME TAXES

Future income tax assets and liabilities of the Company as at December 31, 2008 and 2007, are as follows:

	2008 \$	2007 \$
Future income tax assets (liabilities):		
Losses available for future periods	1,460,000	688,400
Financing costs	399,900	544,300
Difference between book value and income tax costs of mineral resource interests	<u>317,600</u>	<u>(248,700)</u>
	2,178,100	948,000
Valuation allowance	<u>(2,178,100)</u>	<u>(948,000)</u>
Net future income tax asset	<u>-</u>	<u>-</u>

SALAZAR RESOURCES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

10. INCOME TAXES (continued)

The recovery of income taxes shown in the consolidated statements of operations differs from the amounts obtained by employing substantively enacted statutory rates to the loss before provision for income taxes for fiscal 2008 and 2007 as follows:

	2008	2007
Combined federal and provincial statutory tax rate	<u>30.97%</u>	<u>34.12%</u>
	2008	2007
	\$	\$
Expected income tax recovery	933,200	1,196,400
Effect of income tax rate changes	(129,900)	-
Foreign income tax rate differences	(92,400)	-
Non-deductible stock-based compensation	(128,700)	(549,500)
Other	125,600	129,200
Unrecognized benefit of income tax losses	<u>(707,800)</u>	<u>(776,100)</u>
Actual income tax recovery	<u>-</u>	<u>-</u>

As at December 31, 2008, the Company has approximately \$3,490,300 of non-capital losses carried forward, and unclaimed deductions of \$1,291,300 for Canadian tax purposes available to offset future income. The non-capital losses expire from 2009 to 2028. The Company also has non-capital losses of approximately \$1,237,400 for Ecuadorian tax purposes and approximately \$213,000 for Colombian tax purposes

Future income tax benefits which may arise as a result of these losses have not been recognized in the financial statements as their realization is unlikely.

11. SEGMENTED INFORMATION

The Company operates in one industry segment, the exploration and development of unproven mineral resource interests. As at December 31, 2008, the Company's mineral resource interests are located in Ecuador and its corporate assets, comprising mainly of cash, are located in Canada. The Company also maintains a bank account in Colombia.

	2008			
	Corporate Canada \$	Mineral Operations Ecuador \$	Other \$	Total \$
Current assets	6,320,301	74,111	33,061	6,427,473
Capital assets	-	165,903	-	165,903
Unproven mineral resource interests	<u>-</u>	<u>6,042,805</u>	<u>-</u>	<u>6,042,805</u>
	<u>6,320,301</u>	<u>6,282,819</u>	<u>33,061</u>	<u>12,636,181</u>

SALAZAR RESOURCES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

11. SEGMENTED INFORMATION (continued)

	2007		
	Corporate Canada \$	Mineral Operations Ecuador \$	Total \$
Current assets	10,610,106	157,137	10,767,243
Capital assets	-	197,472	197,472
Unproven mineral resource interests	-	4,528,203	4,528,203
	<u>10,610,106</u>	<u>4,882,812</u>	<u>15,492,918</u>

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The carrying value of cash, cash equivalents, amounts receivable and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to amounts receivable. Management believes that the credit risk concentration with respect to financial instruments included in amounts receivable is remote because these receivables are due primarily from a government agency and various advances receivable.

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. All of the Company's liabilities are classified as current and are anticipated to mature within the next fiscal period. The Company intends to settle these with funds from its positive working capital position.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

(a) Interest Rate Risk

The Company is exposed to interest rate risk to the extent that the cash and cash equivalents bear floating rates of interest. The interest rate risk on cash and cash equivalents and on the Company's obligations are not considered significant.

SALAZAR RESOURCES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(b) Foreign Currency Risk

The Company's significant subsidiary is located in Ecuador which has adopted the US Dollars as its currency. The Company also maintains cash deposits in US Dollars with its Canadian bank. As such, the fluctuation of the Canadian Dollar in relation to the US Dollar will have an impact upon the profitability of the Company and may also affect the value of the Company's assets and the amount of shareholders' equity. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks. At December 31, 2008, 1 Canadian Dollar was equal to 0.81 US Dollar.

Balances in US Dollar currencies are as follows:

	US Dollars
Cash	141,534
Amount receivable	49,108
Accounts payable and accrued liabilities	<u>(72,159)</u>
	<u><u>118,483</u></u>

Based on the net exposures as of December 31, 2008 and assuming that all other variables remain constant, a 10% depreciation on the Canadian Dollar against the US Dollar would be insignificant to the Company's net earnings.

(c) Price Risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and other precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in pricing may be significant.

13. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as share capital, cash equivalents and short-term investments. The properties in which the Company currently has an interest are in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

SALAZAR RESOURCES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

14. SUPPLEMENTAL CASH FLOW INFORMATION

During fiscal 2008 and 2007 non-cash activities were conducted by the Company as follows:

	2008 \$	2007 \$
Investing activity		
Additions to mineral resource interests	<u>(91,109)</u>	<u>(430,821)</u>
Financing activities		
Share issue costs	-	(629,094)
Common shares issued on share issue costs	-	569,675
Contributed surplus	(13,015)	(152,988)
Common shares issued for finder's fees	-	350,000
Common shares issued for non-cash consideration	<u>13,015</u>	<u>212,407</u>
	<u>-</u>	<u>350,000</u>
Operating activities		
Finder's fees	-	(350,000)
Increase in accounts payable	<u>91,109</u>	<u>430,821</u>
	<u>91,109</u>	<u>80,821</u>

15. SUBSEQUENT EVENTS

Subsequent to December 31, 2008:

- (i) warrants to purchase a total of 2,199,237 common shares of the Company expired without exercise;
- (ii) the Company granted stock options to purchase 690,000 common shares, at a price of \$0.36 per share for a term of three years;
- (iii) the Company repriced certain stock options to purchase 763,000 common shares, from \$1.00 and \$3.00 per share, to \$0.36 per share; and
- (iv) stock options to purchase 112,000 common shares at \$3.00 and 3,000 common shares at \$1.00 per share expired.

SALAZAR RESOURCES LIMITED
CONSOLIDATED SCHEDULE OF MINERAL RESOURCE INTERESTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008			2007	
	Curipamba \$	Ruminahui \$	Other \$	Total \$	Total \$
BALANCE -					
BEGINNING OF YEAR	3,587,542	679,856	260,805	4,528,203	163,454
EXPENDITURES DURING THE					
YEAR					
EXPLORATION COSTS					
Assays	261,170	-	-	261,170	108,835
Camp costs	112,547	4,981	10,472	128,000	128,010
Camp supervision and personnel	530,557	34,644	17,677	582,878	929,868
Drilling	602,563	-	-	602,563	715,634
Environmental studies	18,034	-	20,218	38,252	60,470
Exploration site	121,378	3,591	66,469	191,438	216,053
Geological	104,672	-	7,088	111,760	259,608
Geophysics	39,322	-	-	39,322	-
Supplies	44,651	362	1,580	46,593	139,155
Travel and mobilization	111,191	7,716	7,474	126,381	127,757
	1,946,085	51,294	130,978	2,128,357	2,685,390
ACQUISITION COSTS					
Acquisition	-	-	-	-	1,128,993
Concession payments	30,327	42,458	-	72,785	111,310
Legal and land purchase	-	-	-	-	260,301
Patents	79,603	32,909	57,278	169,790	178,755
	109,930	75,367	57,278	242,575	1,679,359
	2,056,015	126,661	188,256	2,370,932	4,364,749
BALANCE BEFORE WRITE-OFF	5,643,557	806,517	449,061	6,899,135	4,528,203
LESS WRITE-OFF	(185,674)	(381,406)	(289,250)	(856,330)	-
BALANCE - END OF YEAR	5,457,883	425,111	159,811	6,042,805	4,528,203