SALAZAR RESOURCES LIMITED

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2009

(Unaudited - Prepared by Management)

MANAGEMENT'S COMMENTS ON
UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited interim consolidated financial statements of Salazar Resources Limited for the nine months ended September 30, 2009, have been prepared by and are the responsibility of the Company's management. These statements have not been reviewed by the Company's external auditors.

SALAZAR RESOURCES LIMITED

INTERIM CONSOLIDATED BALANCE SHEETS

(Unaudited - Prepared by Management)

	September 30, 2009 $	December 31, 2008 $
A S S E T S		
CURRENT ASSETS		
Cash and cash equivalents	3,849,145	6,342,493
Amounts receivable	59,999	69,561
Prepaid expenses	3,652	15,419
	3,912,796	6,427,473
CAPITAL ASSETS (Note 3)	402,409	165,903
MINERAL RESOURCE INTERESTS (Note 4)	7,014,563	6,042,805
	11,329,768	12,636,181
L I A B I L I T I E S		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	100,469	125,847
Amount due (Note 3)	160,830	-
	261,299	125,847
S H A R E H O L D E R S' E Q U I T Y		
SHARE CAPITAL (Note 5)	17,161,073	17,029,253
CONTRIBUTED SURPLUS (Note 7)	2,653,442	2,210,051
DEFICIT	(8,746,046)	(6,728,970)
	11,068,469	12,510,334
	11,329,768	12,636,181

NATURE AND CONTINUANCE OF OPERATIONS (Note 1)

APPROVED BY THE DIRECTORS

"Fredy Salazar" , Director

"Pablo Acosta" , Director

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

SALAZAR RESOURCES LIMITED

INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS AND DEFICIT

(Unaudited - Prepared by Management)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009 $	2008 $	2009 $	2008 $
EXPENSES				
Accounting and administration	15,676	16,135	58,019	53,941
Amortization	11,119	11,212	32,814	38,747
Audit	-	-	51,815	39,875
Consulting	46,046	9,820	89,204	48,056
Corporate development	66,410	17,567	129,544	67,668
General exploration	132,441	312,697	476,673	558,638
Investor relations	15,000	30,000	45,000	87,000
Legal	496	6,892	7,611	34,036
Office	63,540	44,108	168,600	156,315
Regulatory	2,374	3,535	9,600	14,530
Rent	8,738	1,002	21,890	3,006
Salaries and benefits	62,985	95,560	200,766	254,663
Shareholder costs	1,870	650	6,408	11,961
Stock-based compensation (Note 6)	182,598	115,896	549,291	336,598
Transfer agent	3,527	7,034	10,911	10,545
Travel	19,406	13,825	51,526	93,168
	632,226	685,933	1,909,672	1,808,747
LOSS BEFORE OTHER ITEMS	(632,226)	(685,933)	(1,909,672)	(1,808,747)
OTHER ITEMS				
Interest and other income	551	41,439	15,941	173,532
Foreign exchange	(52,219)	33,241	(123,345)	84,382
	(51,668)	74,680	(107,404)	257,914
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	(683,894)	(611,253)	(2,017,076)	(1,550,833)
DEFICIT - BEGINNING OF PERIOD	(8,062,152)	(4,655,160)	(6,728,970)	(3,715,580)
DEFICIT - END OF PERIOD	(8,746,046)	(5,266,413)	(8,746,046)	(5,266,413)
BASIC AND DILUTED LOSS PER SHARE	$(0.02)	$(0.02)	$(0.07)	$(0.05)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	28,935,001	28,891,445	28,909,638	28,887,232

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

SALAZAR RESOURCES LIMITED

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited - Prepared by Management)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009 $	2008 $	2009 $	2008 $
CASH PROVIDED FROM (USED FOR)				
OPERATING ACTIVITIES				
Net loss for the period	(683,894)	(611,253)	(2,017,076)	(1,550,833)
Adjustment for items not affecting cash				
Amortization	11,119	11,212	32,814	38,747
Stock-based compensation	182,598	115,896	549,291	336,598
Foreign exchange	(2,310)	-	(2,310)	-
	(492,487)	(484,145)	(1,437,281)	(1,175,488)
Decrease (increase) in amounts receivable	(1,470)	212,207	9,562	6,321
Decrease (increase) in prepaid expenses and deposits	36,167	(28,597)	11,767	(20,800)
Increase (decrease) in accounts payable and accrued liabilities	16,668	(126,435)	7,409	(162,694)
	(441,122)	(426,970)	(1,408,543)	(1,352,661)
INVESTING ACTIVITIES				
Additions to mineral resource interests	(709,850)	(34,084)	(995,408)	(2,471,829)
Additions to capital assets	(111,976)	(17,301)	(115,317)	(41,131)
	(821,826)	(51,385)	(1,110,725)	(2,512,960)
FINANCING ACTIVITY				
Issuance of common shares	14,400	-	25,920	85,100
DECREASE IN CASH AND CASH EQUIVALENTS FOR THE PERIOD	(1,248,548)	(478,355)	(2,493,348)	(3,780,521)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	5,097,693	7,320,455	6,342,493	10,622,621
CASH AND CASH EQUIVALENTS - END OF PERIOD	3,849,145	6,842,100	3,849,145	6,842,100
CASH AND CASH EQUIVALENTS COMPRISES:				
Cash	1,848,474	583,163	1,848,474	583,163
Short-term investments	2,000,671	6,258,937	2,000,671	6,258,937
	3,849,145	6,842,100	3,849,145	6,842,100

SUPPLEMENTAL CASH FLOW INFORMATION (Note 12)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company's principal business activity is the acquisition, exploration and development of mineral properties in Latin America.

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 and the Ministry of Mines and Petroleum will be issuing regulations with respect to operating under the new Mining Law. 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 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.

Subsequent to September 30, 2009 the new mining regulations were implemented. A detailed analysis of the new regulations and the potential effect on the long term goals of the Company is ongoing. The analysis to date indicates that the Company should be able to resume its work programs in the near future.

These interim 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

These interim consolidated financial statements of the Company have been prepared by management in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the amounts reported in the interim financial statements and accompanying notes.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Actual results could differ from those estimates. These interim consolidated financial statements have, in management's opinion, been properly prepared using careful judgement with reasonable limits of materiality. These interim consolidated financial statements should be read in conjunction with the most recent annual consolidated financial statements. The significant accounting policies follow that of the most recently reported annual consolidated financial statements.

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., and Perforaciones Andes Drilling S.A., both 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.

Adoption of New Accounting Standards

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 has determined that there is no impact of the above new accounting standards on the Company's financial position and results of operations.

Future Accounting Policies

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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. CAPITAL ASSETS

	September 30, 2009 $	December 31, 2008 $
Office and computer equipment	128,983	125,251
Vehicles	133,731	133,731
Drill rig and related	274,096	-
	536,810	258,982
Less accumulated amortization	(134,401)	(93,079)
	402,409	165,903

In August 2009, the Company completed the purchase of the shares of Perforaciones Andes Drilling S.A. ("Perforaciones"), a private corporation, for a purchase price of US $250,000, of which US $100,000 was paid in cash and the remaining US $150,000 is payable when the Company completes a further equity financing. Perforaciones' only asset is a drill rig and related parts and supplies.

The owners of Perforaciones included two officers of the Company who owned a combined 64% interest in Perforaciones.

4. MINERAL RESOURCE INTERESTS

	September 30, 2009			December 31, 2008		
	Acquisition Costs $	Deferred Exploration Costs $	Total $	Acquisition Costs $	Deferred Exploration Costs $	Total $
Curipamba	1,891,129	4,467,818	6,358,947	1,181,785	4,276,098	5,457,883
Ruminahui	362,198	84,796	446,994	340,443	84,668	425,111
Other	62,935	145,687	208,622	44,314	115,497	159,811
	2,316,262	4,698,301	7,014,563	1,566,542	4,476,263	6,042,805

4. MINERAL RESOURCE INTERESTS (continued)

(a) Curipamba Project

As at September 30, 2009, the Company owns a 100% interest in seven concessions, covering approximately 30,327 hectares, located in the provinces of Bolivar and Los Rios, Ecuador. During the nine months ended September 30, 2009, the Company paid the final payment of US $500,000 pursuant to the option agreement.

(b) Ruminahui Project

As at September 30, 2009, 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 required two additional option payments of US $42,000 payable in September 2008 and March 2009. Given the introduction of the Mining Mandate in Ecuador the Company declared force majeure and has suspended all payments.

(c) Other

As at September 30, 2009, the Company owns a 100% interest in four concessions, covering approximately 9,747 hectares, in the province of Morona Santiago, Ecuador.

(d) See also Notes 1 and 5(c).

5. SHARE CAPITAL

Authorized: unlimited number of common shares without par value

	Nine Months Ended September 30, 2009		Year Ended December 31, 2008	
Issued:	Number of Shares	Amount $	Number of Shares	Amount $
Balance, beginning of period	28,891,445	17,029,253	28,825,945	16,931,138
Issued for cash				
Exercise of stock options	72,000	25,920	19,000	19,000
Exercise of warrants	-	-	46,500	66,100
Reallocation from contributed surplus on exercise of agent's warrants	-	-	-	6,935
Reallocation from contributed surplus on exercise of stock options	-	105,900	-	6,080
	72,000	131,820	65,500	98,115
Balance, end of period	28,963,445	17,161,073	28,891,445	17,029,253

(a) A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at September 30, 2009 and 2008, and the changes for the nine months ending on those dates is as follows:

5. SHARE CAPITAL (continued)

	2009		2008	
	Number	Weighted Average Exercise Price $	Number	Weighted Average Exercise Price $
Balance, beginning of period	5,944,427	3.05	6,813,027	2.84
Expired	(5,944,427)	3.05	-	-
Exercised	-	-	(46,500)	1.42
Balance, end of period	-	-	6,766,527	2.85

(b) As at September 30, 2009, 3,750,000 common shares are held in escrow.

(c) On March 8, 2007, the Company, completed an agreement (the "Curimining Agreement") whereby the Company purchased all of the issued shares of Curimining. The Company was also required to issue up to 7,000,000 additional common shares (the "Additional Common Shares") on an earn-out basis, dependent upon results of exploration. On June 26, 2009, the Curimining Agreement was amended to eliminate the obligation to issue the Additional Common Shares.

6. STOCK OPTIONS AND STOCK-BASED COMPENSATION

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 the nine months ended September 30, 2009, the Company granted 1,038,000 (2008 - 250,000) stock options to its directors, employees and consultants and recorded compensation expense of $383,790 (2008 - $132,500). In addition the Company recorded compensation expense of $39,408 (2008 - $149,098) on the vesting of stock options.

The fair value of stock options granted and vested during the nine months ended September 30, 2009 and 2008 is estimated using the Black-Scholes option pricing model using the following assumptions:

	September 30, 2009	September 30, 2008
Risk-free interest rate	1.81% - 1.87%	2.89 % - 4.52%
Estimated volatility	121% - 128%	85% - 95%
Expected life	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 the nine months ended September 30, 2009, to the Company's directors, employees and consultants was $0.37 (2008 - $0.53) per option.

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

During the nine months ended September 30, 2009, the Company amended the exercise prices of 763,100 existing stock options, with original exercise prices ranging from $1.00 to $3.00 per share, to an amended price of $0.36 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%; and an expected life ranging from 1.8 years to 2 years. The value assigned to the amendments of the stock options was $126,093.

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.

A summary of the Company's stock options at September 30, 2009 and 2008, and the changes for the nine months ending on those dates, is as follows:

	September 30, 2009		September 30, 2008	
	Number of Options Outstanding	Weighted Average Exercise Price $	Number of Options Outstanding	Weighted Average Exercise Price $
Balance, beginning of period	2,196,100	1.54	2,490,100	1.65
Granted	1,038,000	0.39	250,000	1.00
Expired	(321,000)	2.83		
Exercised	(72,000)	0.36	(19,000)	1.00
Balance, end of period	2,841,100	0.63	2,721,100	1.50

The following table summarizes information about the stock options outstanding and exercisable at September 30, 2009:

Number Outstanding	Number Exercisable	Exercise Price $	Expiry Date
930,000	930,000	1.00	February 26, 2010
108,000	108,000	0.36	February 26, 2010
120,000	120,000	0.36	February 28, 2010
100,000	100,000	0.36	May 2, 2010
295,100	295,100	0.36	September 6, 2010
50,000	50,000	0.36	April 11, 2011
200,000	200,000	1.00	April 11, 2011
675,000	675,000	0.36	March 11, 2012
15,000	15,000	0.36	March 18, 2012
348,000	333,000	0.45	July 8, 2012
2,841,100	2,826,100		

7. CONTRIBUTED SURPLUS

The Company's contributed surplus for the nine months ended September 30, 2009 and 2008 is comprised of the following:

	September 30, 2009 $	September 30, 2008 $
Balance, beginning of period	2,210,051	1,807,543
Stock-based compensation (Note 6)	549,291	336,598
Stock options exercised	(105,900)	(6,080)
Agent's warrants and options exercised	-	(6,935)
Balance, end of period	2,653,442	2,131,126

8. RELATED PARTY TRANSACTIONS

During the nine month ended September 30, 2009 and 2008 the Company was billed by certain directors and private corporations owned by directors of the Company, as follows:

	2009 $	2008 $
Accounting, administration and management	58,019	53,941
Professional fees	26,304	27,537
Rent	3,006	3,006
	87,329	84,484
Mineral resource expenditures	8,927	447,961

The above transactions have been recorded at the exchange amounts agreed to by the related parties and the Company. As at September 30, 2009, accounts payable and accrued liabilities include $14,651 (2008 - $10,960) due to the related parties.

See also Note 3.

9. SEGMENTED INFORMATION

The Company operates in one industry segment, the exploration and development of unproven mineral resource interests. As at September 30, 2009, 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.

	September 30, 2009			
	Corporate Canada $	Mineral Operations Ecuador $	Other $	Total $
Current assets	3,731,540	181,200	56	3,912,796
Capital assets	-	402,409	-	402,409
Unproven mineral resource interests	-	7,014,563	-	7,014,563
	3,731,540	7,598,172	56	11,329,768

	December 31, 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	-	6,042,805	-	6,042,805
	6,320,301	6,282,819	33,061	12,636,181

10. 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 and cash equivalents, amounts receivable, accounts payable and accrued liabilities and amount due 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.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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.

(b) Foreign Currency Risk

The Company's significant subsidiary is located in Ecuador which has adopted the US Dollar 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 September 30, 2009, 1 Canadian Dollar was equal to 0.93 US Dollar.

Balances are as follows:

	US $	**CDN $ Equivalent**
Cash	484,402	520,862
Amounts receivable	47,209	50,762
Accounts payable and accrued liabilities	(43,560)	(46,839)
Amount due	(150,000)	(160,830)
	338,051	363,955

Based on the net exposures as of September 30, 2009 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.

11. 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.

12. SUPPLEMENTAL CASH FLOW INFORMATION

During the nine months ended September 30, 2009 and 2008 non-cash activities were conducted by the Company as follows:

	September 30, 2009 $	September 30, 2008 $
Operating activities		
Amortization	9,137	-
Decrease in accounts payable and accrued liabilities	(32,787)	-
	(23,650)	-
Investing activities		
Additions to capital assets	(163,140)	-
Additions to mineral property interests	23,650	-
	(139,490)	-
Financing activities		
Contributed surplus	(105,900)	-
Common shares issued for non-cash consideration	105,900	-
Amount due	163,140	-
	163,140	-

Schedule 1

SALAZAR RESOURCES LIMITED

INTERIM CONSOLIDATED SCHEDULE OF MINERAL RESOURCE INTERESTS

	Nine Months Ended September 30, 2009				Year Ended December 31, 2008
	Curipamba $	Ruminahui $	Other $	Total $	Total $
BALANCE - BEGINNING OF PERIOD	5,457,883	425,111	159,811	6,042,805	4,528,203
EXPENDITURES DURING THE PERIOD					
EXPLORATION COSTS					
Assays	2,718	-	829	3,547	261,170
Amortization	9,137	-	-	9,137	-
Camp costs		-			128,000
Camp supervision and personnel	77,589	-	18,930	96,519	582,878
Drilling	-	-	-	-	602,563
Environmental studies	4,401	-	-	4,401	38,252
Exploration site	86,844	128	8,390	95,362	191,438
Geological	-	-	-	-	111,760
Geophysic	-	-	-	-	39,322
Supplies	-	-	-	-	46,593
Travel and mobilization	11,031	-	2,041	13,072	126,381
	191,720	128	30,190	222,038	2,128,357
ACQUISITION COSTS					
Concession payments	562,100	-	-	562,100	72,785
Patents	147,244	21,755	18,621	187,620	169,790
	709,344	21,755	18,621	749,720	242,575
	901,064	21,883	48,811	971,758	2,370,932
BALANCE BEFORE WRITE-0FF	6,358,947	446,994	208,622	7,014,563	6,899,135
LESS WRITE-OFF	-	-	-	-	(856,330)
BALANCE - END OF PERIOD	6,358,947	446,994	208,622	7,014,563	6,042,805