

SALARES LITHIUM INC.
(formerly P2P Health Systems Inc.)

INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED OCTOBER 31, 2009 AND 2008

Notice to Shareholders

Responsibility for Financial Statements

The accompanying interim consolidated financial statements for Salares Lithium Inc. (the “Company”) have been prepared by management in accordance with Canadian generally accepted accounting principles consistently applied. The most significant of these accounting principles have been set in Note 2 in the accompanying notes to these interim consolidated financial statements.

These statements are presented on the accrual basis of accounting. Accordingly, a precise determination of many assets and liabilities is dependent upon future events. Therefore, estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of the interim consolidated financial statements, management is satisfied that these interim consolidated financial statements have been fairly presented.

Auditor Involvement

The independent auditor of the Company has not performed a review of the unaudited interim consolidated financial statements for the three months ended October 31, 2009 and October 31, 2008.

SALARES LITHIUM INC.
(formerly P2P Health Systems Inc.)
BALANCE SHEETS

	October 31, 2009	July 31, 2009
ASSETS		
Current		
Cash	\$ 42,567	\$ 47,553
Receivables	42,595	30,635
Prepaid expenses	5,192	9,434
	90,354	87,622
Deferred acquisition cost (Note 8)	199,392	55,938
	\$ 289,746	\$ 143,560
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		
Current		
Accounts payable and accrued liabilities	\$ 374,498	\$ 224,734
Loan Payable (Note 7(b))	\$ 150,000	-
	\$ 524,498	\$ 224,734
Shareholders' equity (deficiency)		
Capital stock (Note 3)	5,249,616	5,212,174
Contributed surplus (Note 5)	2,002,114	1,741,475
Deficit	(7,486,482)	(7,034,823)
	(234,752)	(81,174)
	\$ 289,746	\$ 143,560
Nature and continuance of operations (Note 1)		
Commitment (Note 10)		
Subsequent events (Note 11)		

On behalf of the Board:

<i>"Todd Hilditch"</i>	Director	<i>"David Shaw"</i>	Director
Todd Hilditch		David Shaw	

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

SALARES LITHIUM INC.
(formerly P2P Health Systems Inc.)
STATEMENTS OF LOSS, COMPREHENSIVE LOSS AND DEFICIT

	Three Months Ended October 31, 2009	Three Months Ended October 31, 2008
GENERAL AND ADMINISTRATIVE EXPENSES		
Management fees	\$ 35,000	\$ 59,500
Stock-based compensation (Note 5)	276,563	42,675
Research and due diligence	92,918	-
Professional fees	9,033	-
Office	14,685	25,524
Travel	-	60,209
Administration	8,476	-
Filing and transfer agent fees	14,987	4,494
Interest on long-term debt	-	-
Sales and marketing	-	-
Salaries and wages	-	-
Amortization	-	4,803
Net Loss and Comprehensive Loss for the Period	(451,662)	(197,205)
Deficit, Beginning of Period	(7,034,823)	(6,022,912)
Deficit, End of Period	\$ (7,486,485)	\$ (6,220,117)
Basic and Diluted Loss Per Share	\$ (0.02)	\$ (0.01)
Basic and Diluted Weighted Average Number of Common Shares Outstanding	19,471,609	17,279,836

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

SALARES LITHIUM INC.
(formerly P2P Health Systems Inc.)
STATEMENTS OF CASH FLOWS

	Three Months Ended October 31, 2009	Three Months Ended October 31, 2008
OPERATING ACTIVITIES		
Loss for year	\$ (451,662)	\$ (197,205)
Items not affecting cash:		
Amortization	-	4,803
Stock-based compensation	276,563	42,675
	(175,099)	(149,727)
Changes in non-cash working capital items:		
Accounts receivables	(11,960)	8,975
Prepaid expenses	4,242	2,633
Accounts payable and accrued liabilities	149,768	(5,964)
	142,050	5,644
Net cash used in operating activities	(33,049)	(144,083)
INVESTING ACTIVITIES		
Payment of deferred acquisition costs	(143,454)	-
Acquisition of equipment	-	(5,350)
Net cash provided used in investing activities	(143,454)	(5,350)
FINANCING ACTIVITIES		
Issuance of capital stock, net of share issuance costs	21,517	-
Proceeds from short term loan	150,000	-
Net cash provided by financing activities	171,517	-
Decrease in Cash During the Period	(4,986)	(149,433)
Cash, Beginning of the Period	47,553	285,989
Cash, End of the Period	\$ 42,567	\$ 136,556

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

SALARES LITHIUM INC.
(formerly P2P Health Systems Inc.)
NOTES TO THE FINANCIAL STATEMENTS
Three Months Ended October 31, 2009 and 2008

1. NATURE OF OPERATIONS AND GOING CONCERN

The Company was incorporated under the laws of the Province of British Columbia and was listed as a capital pool corporation on the TSX Venture Exchange ("TSX.V"). On October 6, 2003, following the acquisition of Person to Person Health Systems Inc., the Company changed its name to P2P Health Systems Inc. and ceased to be a capital pool corporation. On November 26, 2009, the Company changed its name to Salares Lithium Inc. The Company was focused on the development and sale of peer-to-peer streaming technology and telehealth software for long distance medical diagnosis; during the year ended July 31, 2008 it abandoned these technologies. Currently, the Company is exploring mineral property opportunities (note 9). On December 1, 2008, the Company's classification was changed from Tier 2 to NEX, and the Company resumed trading on the NEX Exchange under the trading symbol PTP.H. On February 11, 2009, pursuant to a debt settlement agreement with Atlantic Canada Opportunities Agency ("ACOA"), the Company's wholly-owned subsidiary, Person to Person Health Systems Inc. ("PPHS") was dissolved and wound up.

These financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company's ability to continue as a going concern is in substantial doubt and is dependent on the Company's ability to satisfy its liabilities as they come due, complete public equity financing, or generate profitable operations in the future. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company has incurred significant operating losses over the past several fiscal years, is currently unable to self-finance operations, has a working capital deficiency as at October 31, 2009 of \$434,144 (July 31, 2009 working capital deficiency - \$137,112), an accumulated deficit of \$7,486,482 (July 31, 2009 - \$7,034,823), limited assets, no source of operating cash flow and no assurances that sufficient funding will be available to conduct further exploration on its mineral property interests or to pay administrative costs. As of the balance sheet date, the Company does not have sufficient working capital to meet its current financial obligations, flow-through obligations, administrative overhead cost, nor to start exploration work on its potential mineral property interests in 2010. Subsequent to October 31, 2009, the Company received gross proceeds of \$1.5 million from a private placement (see Note 11(c)).

2. SIGNIFICANT ACCOUNTING POLICIES

These interim unaudited consolidated financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles ("GAAP") for interim financial statements, applied on a consistent basis. These interim financial statements follow the same significant accounting policies and methods of application as those disclosed in Note 2 to the Company's audited consolidated financial statements as at and for the year ended July 31, 2009 (the "Annual Financial Statements"). Accordingly, they do not include all disclosures required for annual financial statements. These interim unaudited consolidated financial statements and notes thereon should be read in conjunction with the Annual Financial Statements.

The preparation of these interim unaudited consolidated financial statements and the accompanying notes requires management to make estimates and assumptions that affect the amounts reported. In the opinion of management, these interim unaudited consolidated financial statements reflect all adjustments (which include only normal, recurring adjustments) necessary to state fairly the results for the periods presented. Actual results could vary from these estimates and the operating results for the interim periods presented are not necessarily indicative of the results expected for the full year.

Recent accounting pronouncements issued by the CICA, which have not yet been adopted by the Company, are as follows:

SALARES LITHIUM INC.
(formerly P2P Health Systems Inc.)
NOTES TO THE FINANCIAL STATEMENTS
Three Months Ended October 31, 2009 and 2008

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Transition to International Financial Reporting Standards (“IFRS”)

In 2006, the Canadian Accounting Standards Board (“AcSB”) ratified a strategic plan that will result in the convergence of Canadian GAAP, as used by public companies, with IFRS over a transitional period. The AcSB has developed and published a detailed implementation plan, with a changeover date for fiscal years beginning on or after January 1, 2011. The Company is currently evaluating the future impact of the initiative on its financial statements.

(ii) Goodwill and Intangible Assets

In February 2008, the CICA issued Handbook Section 3064, “Goodwill and Intangible Assets”, replacing Section 3062, “Goodwill and Other Intangible Assets”, and Section 3450, “Research and Development Costs”. This section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062.

(iii) Business Combinations

In January 2009, the CICA issued Handbook Section 1582, “Business Combinations”, Section 1601, “Consolidated Financial Statements”, and Section 1602, “Non-Controlling Interests”. These sections replace the former Section 1581, “Business Combinations”, and Section 1600, “Consolidated Financial Statements”, and establish a new section for accounting for a non-controlling interest in a subsidiary.

Sections 1582 and 1602 will require net assets, non-controlling interests and goodwill acquired in a business combination to be recorded at fair value and non-controlling interests will be reported as a component of equity. In addition, the definition of a business is expanded and is described as an integrated set of activities and assets that are capable of being managed to provide a return to investors or economic benefits to owners. Acquisition costs are not part of the consideration and are to be expensed when incurred. Section 1601 establishes standards for the preparation of consolidated financial statements.

These new sections apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently. The Company is currently evaluating the impact of the adoption of these sections.

SALARES LITHIUM INC.
(formerly P2P Health Systems Inc.)
NOTES TO THE FINANCIAL STATEMENTS
Three Months Ended October 31, 2009 and 2008

3. CAPITAL STOCK

Authorized
Unlimited number of common shares without par value

	Number of Shares	Amount
Issued:		
As at July 31, 2007	16,382,330	\$ 5,171,742
For cash – private placement	4,000,000	400,000
For cash – exercise of share purchase warrants	10,000	2,000
For cash – exercise of stock options	145,000	29,000
Reclassification of contributed surplus on exercise of stock options	-	28,512
Escrow shares returned to treasury and cancelled	(3,257,493)	(1,028,358)
Share issue costs	-	(2,887)
As at July 31, 2008	17,279,837	4,600,009
For cash – private placement	3,585,000	358,500
Share issue costs	-	(34,534)
For cash – exercise of share purchase warrants	1,250,000	250,000
For cash – exercise of stock options	100,000	20,000
Reclassification of contributed surplus on exercise of options	-	18,199
As at July 31, 2009	22,214,837	\$ 5,212,174
Share issue costs	-	(31,607)
For cash – exercise of share purchase warrants	200,000	40,000
For cash – exercise of stock options	65,625	13,125
Reclassification of contributed surplus on exercise of options	-	15,924
As at October 31, 2009	22,480,462	\$ 5,249,616

Pursuant to shareholder approval received on November 10, 2009, the shares of the Company were consolidated on a basis of one share for every two shares issued and outstanding. All outstanding share purchase warrants and options to purchase stock were consolidated on the same basis. The capital stock disclosure has been amended to reflect the post-consolidation share structure.

During the year ended July 31, 2009, the Company completed a non-brokered private placement of 3,585,000 units for gross proceeds of \$358,500. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one additional common share at a price of \$0.20 per share for a period of one year from closing. The Company paid finder's fees totalling \$17,500 and legal fees of \$17,034 in connection with the private placement.

During the year ended July 31, 2008, the Company completed a non-brokered private placement of 4,000,000 units at \$0.10 per unit. Each unit consists of one common share and one-half of one share purchase warrant. Each whole share purchase warrant is exercisable at \$0.20 per share until May 23, 2009. The Company incurred share issuance costs of \$2,887.

On September 20, 2007, the Company cancelled 3,257,493 shares held in escrow and returned them to treasury. Capital stock was reduced by \$1,028,358 based on the book value of capital stock immediately prior to the cancellation, with a corresponding amount credited to contributed surplus.

SALARES LITHIUM INC.
(formerly P2P Health Systems Inc.)
NOTES TO THE FINANCIAL STATEMENTS
Three Months Ended October 31, 2009 and 2008

4. WARRANTS

The following warrants were outstanding at October 31, 2009 and 2008:

Expiry Date	Exercise Price	Number of Warrants	
		2009	2008
January 9, 2010	\$ 0.20	1,725,000	-
January 23, 2010	\$ 0.20	1,660,000	-
November 23, 2008	\$ 0.20	-	1,269,000
April 9, 2009	\$ 0.80	-	1,798,000
May 23, 2009	\$ 0.20	-	2,000,000
		3,385,000	5,067,000

Share purchase warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding at July 31, 2007	3,257,000	\$ 0.61
Issued	2,000,000	\$ 0.20
Exercised	(10,000)	\$ 0.20
Expired	(180,000)	\$ 1.60
Outstanding at July 31, 2008	5,067,000	\$ 0.41
Issued	3,585,000	\$ 0.20
Exercised	(1,250,000)	\$ 0.20
Expired	(3,817,000)	\$ 0.48
Outstanding at July 31, 2009	3,585,000	\$ 0.20
Exercised	(200,000)	\$ 0.20
Outstanding at October 31, 2009	3,385,000	\$ 0.20

During the three months ended October 31, 2009, 200,000 share purchase warrants were exercised at \$0.20 per warrant.

During the year ended July 31, 2009, 1,250,000 share purchase warrants were exercised at \$0.20 per warrant and 3,817,000 share purchase warrants expired unexercised.

5. STOCK OPTIONS AND STOCK-BASED COMPENSATION

Stock Options

The Company, in accordance with its shareholder approved stock option plan and the policies of the TSX.V, is authorized to grant options to directors, employees and consultants, to acquire common shares. The exercise price of each option equals the closing price of the Company's shares on the day preceding the award date, less any discount permitted by the TSX.V, or such other price as may be required by the TSX.V. The options can be granted for a maximum term of five years and are subject to vesting provisions as determined by the board of directors.

SALARES LITHIUM INC.
(formerly P2P Health Systems Inc.)
NOTES TO THE FINANCIAL STATEMENTS
Three Months Ended October 31, 2009 and 2008

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

Outstanding incentive stock options as at October 31, 2009 are:

	July 31, 2009 Number of Shares	Weighted Average Remaining Contractual Life (in Years)	2009 Number of Shares	Exercise Price	Expiry Date
Options	62,500	2.43	62,500	\$0.60	April 4, 2012
Options	50,000	2.70	50,000	\$1.26	July 12, 2012
Options	475,000	3.57	400,000	\$0.20	May 26, 2013
Options	-	5.00	1,760,000	\$0.20	October 13, 2014
Total options outstanding	587,500	2.90	2,272,500	\$0.23	
Total options exercisable	468,750	2.90	2,163,225		

Incentive stock option transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding at July 31, 2007	1,630,000	\$ 0.40
Granted	1,225,000	\$ 0.20
Exercised	(145,000)	\$ 0.20
Forfeited	(425,000)	\$ 0.20
Outstanding at July 31, 2008	2,285,000	\$ 0.28
Exercised	(100,000)	\$ 0.20
Forfeited	(1,597,500)	\$ 0.28
Outstanding at July 31, 2009	587,500	\$ 0.30
Granted	1,760,000	\$ 0.20
Exercised	(65,625)	\$ 0.20
Forfeited	(9,375)	\$ 0.20
Outstanding at October 31, 2009	2,272,500	\$ 0.23

During the three months ended October 31, 2009, 200,000 stock options were exercised at \$0.20 per stock options and 1,760,000 stock options were granted at an exercise price of \$0.20 which are exercisable within five years.

During the year ended July 31, 2009, 100,000 (2008 - 145,000) stock options were exercised at \$0.20 per share and 1,597,500 (2008 - 425,000) stock options were forfeited unexercised.

SALARES LITHIUM INC.
(formerly P2P Health Systems Inc.)
NOTES TO THE FINANCIAL STATEMENTS
Three Months Ended October 31, 2009 and 2008

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

Stock-Based Compensation

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for its stock options granted. Accordingly, for the year ended July 31, 2009, stock-based compensation expense of \$145,911 (2008 - \$236,023) was recognized for the 2008 options which vested in the current year. No options were granted during the 2009 fiscal year.

The following assumptions were used for the Black-Scholes valuation of stock options granted during the three months ended October 31, 2009 and the year ended July 31, 2008:

	2009	2008
Expected life (years)	5	5
Interest rate	3.19%	3.32%
Volatility	169%	101%
Dividend yield	0.0%	0.0%

The Company recognizes stock-based compensation expense associated with the options based on vesting terms. During the three months ended October 31, 2009, 1,760,000 stock options were granted at an exercise price of \$0.20 which resulted in total compensation expense of 276,563. During the year ended July 31, 2009, the Company granted nil options (2008 - 1,225,000), which resulted in total compensation expense of \$nil (2008 - \$297,252). During the year ended July 31, 2009, 1,597,500 stock options (2008 - 425,000) fair valued at \$548,855 (2008 - \$221,783) were forfeited prior to vesting. Stock-based compensation is recognized over the vesting period or when the counterparty performance is complete. Stock-based compensation expense related to options yet to vest will be recognized as follows:

2010	\$	4,044
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Contributed surplus

Balance, July 31, 2007	\$	377,894
Stock options exercised, transferred to capital stock		(28,512)
Cancellation of escrow shares		1,028,358
Stock-based compensation		236,023
Balance, July 31, 2008		1,613,763
Stock options exercised, transferred to capital stock		(18,199)
Stock-based compensation		145,911
Balance, July 31, 2009	\$	1,741,475
Stock options exercised, transferred to capital stock		(15,924)
Stock-based compensation		276,563
Balance, October 31, 2009	\$	2,002,114

SALARES LITHIUM INC.
(formerly P2P Health Systems Inc.)
NOTES TO THE FINANCIAL STATEMENTS
Three Months Ended October 31, 2009 and 2008

6. RELATED PARTY TRANSACTIONS

During the three months ended October 31, 2009, the Company entered into transactions with related parties as follows:

- (a) recorded management fees of \$35,000 (2008 - \$59,500) payable to companies controlled by an officer and a director, of which \$12,500 is recorded in accounts payable. .

7. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company's financial instruments include cash, receivables, accounts payable and accrued liabilities. The carrying values of these financial instruments approximate their fair values due to their relatively short periods to maturity.

The Company classified its financial instruments as follows:

	2009		2008	
	Carrying amounts	Fair value	Carrying amounts	Fair value
Financial assets				
Held-for-trading				
Cash	\$ 42,567	\$ 42,567	\$ 136,556	\$ 136,556
Loans and				
Receivables				
Receivables	\$ 42,595	\$ 42,595	\$ 10,928	\$ 10,928
Other financial				
liabilities				
Accounts payable and accrued liabilities	\$ 224,734	\$ 224,734	\$ 201,229	\$ 201,229
Short term loan payable	\$ 150,000	\$ 150,000	\$ -	\$ -

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities. The Company has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments.

This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and procedures for measuring and managing these risks. Further quantitative disclosures are included throughout these financial statements. The board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board has implemented and monitors compliance with risk management policies.

7. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

(a) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk with respect to its cash and receivables; however, risk on cash and cash equivalents is mitigated by placing it with major Canadian financial institutions. The Company considers credit risk to be minimal in respect to the amount currently shown as accounts receivable.

(b) Liquidity Risk

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation.

The Company prepares annual expenditure budgets, which are regularly monitored and updated as considered necessary. To facilitate its expenditure program, the Company raises funds through private equity placements. The Company anticipates it will have adequate liquidity to fund its financial liabilities through future equity contributions (note 11 (c)).

As at October 31, 2009, the Company's other financial liabilities were comprised of accounts payable and accrued liabilities of \$374,498 and a short-term loan payable of \$150,000 which carries a 2.50% interest rate and is repayable on demand. Subsequent to October 31, 2009, the loan was fully repaid.

(c) Market Risk

Market risk consists of currency risk, commodity price risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits while maximizing returns.

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company has not entered into any arrangements to hedge currency risk. Canadian dollars are exchanged when needed to meet foreign denominated liabilities and, as a result, there are no amounts denominated in foreign currencies. Therefore the Company is not exposed to currency risk at this time.

However, subsequent to October 31, 2009, the Company entered into a definitive agreement to acquire certain salares in Chile (note 8). The related property acquisition costs and expenditures thereon will be denominated in foreign currencies in the future.

(ii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk. The Company is not exposed to significant other price risk on its financial instruments.

7. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

(iii) Interest rate risk:

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of cash is limited because of their short-term investment nature. A variable rate of interest is earned on cash; changes in market interest rates at the year-end would not have a material impact on the Company's financial statements.

8. DEFERRED ACQUISITION COST

On June 3, 2009, the Company announced that it entered into a letter of agreement (the "Agreement") with Salares Atacama SCM ("SALA"), a private Chilean company, and its individual shareholders. SALA has a 100% interest in seven salares (brine lakes) in Chile's Region III, collectively referred to as the "Concessions". Pursuant to the Agreement, the Company has the option to acquire an initial 50% ownership interest (the "First Option") in the outstanding share capital of SALA and indirectly the Concessions by incurring US\$2,500,000 expenditures on the Concessions and filing a technical report on or before the third anniversary of entering into the Agreement. An additional 20% ownership interest (the "Second Option") can be acquired upon completion, and at the Company's expense and delivery to SALA's board of directors, a bankable feasibility study on the Concessions within 24 months from the date the First Option is exercised. The Company has no obligation to exercise the Second Option, and SALA would retain the remaining 30% ownership interest.

Subsequent to October 31, 2009, the Company finalized the definitive agreement; all costs associated with the definitive agreement have been deferred up to finalization and will be capitalized in the subsequent period.

9. CAPITAL MANAGEMENT

The Company considers its share capital, and if required and available, its debt as components of its capital management base. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going-concern in order to pursue business and investment opportunities and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk. The Company is not subject to any externally imposed capital requirements.

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. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

There has been no change from the prior year in the Company's capital management.

10. COMMITMENT

The Company entered into a lease contract for the rental of office premises that expires February 28, 2010. Under the terms of the lease, the Company is committed to minimum rental payments of \$26,550 in fiscal 2010. The Company sub-leased the offices effective September 1, 2009, for the full amount.

11. SUBSEQUENT EVENTS

The following events took place subsequent to the three months ended October 31, 2009:

- (a) The Company received shareholder approval on November 10, 2009 for its change of business into the mining sector, consolidation of shares (on a 2:1 basis) and name change from P2P Health Systems Inc. to Salares Lithium Inc., which were initially announced on June 3, 2009.
- (b) On November 26, 2009, the Company received approval from the TSX.V to, and did, change its name from P2P Health Systems Inc. to Salares Lithium Inc and approval for the consolidation of shares.
- (c) The Company announced the closing of its non-brokered private placement of 9,375,000 subscription receipts for gross proceeds of \$1,500,000. Each subscription receipt will entitle the holder to acquire, for no additional consideration, one unit of the Company. Each unit is comprised of one common share and one common share purchase warrant. Each warrant will entitle the holder to purchase an additional common share at \$0.32 per share for a period of 36 months from the deemed date of exercise of the subscription receipts. The gross proceeds will be held in escrow and will be released to the Company upon completion of the change of business into the mining sector. If this does not occur, the proceeds will be returned to purchasers and the subscription receipts will be cancelled. This transaction received regulatory approval on November 26, 2009.
- (d) On November 26, 2009, the Company graduated from the NEX to the TSX.V and began trading under the symbol "LIT" on the Exchange.
- (e) On November 30, 2009, the Company repaid the outstanding short term loan in the amount of \$150,000.

12. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform to the presentation adopted in the current period.