

Interim Unaudited Financial Statements of

**DOT RESOURCES LTD.**

Three months ended March 31, 2009

# DOT RESOURCES LTD.

Interim Balance Sheets  
(Unaudited)

	March 31, 2009	December 31, 2008
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 137,732	\$ 223,936
Accounts receivable	6,720	9,048
	<u>144,452</u>	<u>232,984</u>
Mineral properties and deferred exploration and development costs (note 4)	2,475,493	2,447,475
	<u>\$ 2,619,945</u>	<u>\$ 2,680,459</u>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 63,788	\$ 49,869
Shareholders' equity:		
Share capital (note 5(b))	2,650,029	2,650,029
Warrants (note 5(c))	319,547	319,547
Contributed surplus (note 5(e))	263,303	257,856
Deficit	(676,722)	(596,842)
	<u>2,556,157</u>	<u>2,630,590</u>
Nature of operations and basis of presentation (note 1)		
	<u>\$ 2,619,945</u>	<u>\$ 2,680,459</u>

See accompanying notes to financial statements.

# DOT RESOURCES LTD.

Interim Statements of Loss, Comprehensive Loss and Deficit

Three months ended March 31, 2009 and 2008

(Unaudited)

	2009	2008
Expenses:		
General and administrative	\$ 74,433	\$ 63,542
Stock-based compensation	5,447	81,976
Interest income	–	(9,640)
Net loss and comprehensive loss	(79,880)	(135,878)
Deficit, beginning of period	(596,842)	(306,012)
Deficit, end of period	\$ (676,722)	\$ (441,890)
Per share (note 8):		
Net loss per share – basic and diluted	\$ (0.00)	\$ (0.00)

See accompanying notes to financial statements.

# DOT RESOURCES LTD.

## Interim Statements of Cash Flows

Three months ended March 31, 2009 and 2008

(Unaudited)

	2009	2008
Cash provided by (used in):		
Operating:		
Net loss	\$ (79,880)	\$ (135,878)
Item not involving cash:		
Stock-based compensation	5,447	81,976
	(74,433)	(53,902)
Change in non-cash working capital (note 7)	19,578	17,276
	(54,855)	(36,626)
Investing:		
Mineral properties and deferred exploration and development costs	(28,018)	(737,308)
Change in non-cash working capital (note 7)	(3,331)	(112,258)
	(31,349)	(849,566)
Change in cash and cash equivalents	(86,204)	(886,192)
Cash and cash equivalents, beginning of period	223,936	1,469,972
Cash and cash equivalents, end of period	\$ 137,732	\$ 583,780

See accompanying notes to financial statements.

# DOT RESOURCES LTD.

Notes to Interim Financial Statements

Three months ended March 31, 2009 and 2008  
(Unaudited)

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## 1. Nature of operations and basis of presentation:

### (a) Incorporation:

DOT Resources Ltd. (the "Corporation" or "DOT") was incorporated on May 17, 2007 under the Business Corporations Act (Alberta).

On June 25, 2007, the Corporation entered into an Arrangement Agreement (the "Arrangement") with Alhambra Resources Ltd. ("Alhambra"). Under the terms of the Arrangement, which became effective August 29, 2007, Alhambra transferred, at Alhambra's carrying amount of \$933,424, its 100% interest in its claim units located in the Province of British Columbia, together with related assets and obligations pertaining thereto (the "Properties"), in exchange for 30,000,000 common shares of the Corporation.

### (b) Nature of operations:

The Corporation is a development stage company. The business of DOT consists of the exploration and development of its Properties. The Corporation is in the process of exploring its Properties and has not yet determined whether these Properties contain reserves that are economically recoverable. The recoverability of amounts shown for mineral properties and deferred exploration and development costs is dependent upon the discovery of economically recoverable reserves, the ability of the Corporation to obtain necessary financing to develop the Properties and upon future profitable production or the sale thereof.

### (c) Basis of presentation:

These financial statements have been prepared by management in accordance with accounting principles generally accepted in Canada. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results may differ from these estimates.

DOT's ability to continue to conduct exploration activities is dependent upon the nature and extent of the exploration, the possible exercise of the Warrants and DOT's ability to raise additional capital to fund such exploration activity.

These financial statements have been prepared on a going concern basis in accordance with Canadian generally accepted accounting principles. The going concern basis of presentation assumes that the Corporation will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. There is significant doubt about the appropriateness of the use of the going concern assumption because the Corporation is in the process of exploring its mineral properties and has not yet determined whether its mineral properties contain mineral reserves that are economically recoverable.

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Notes to Interim Financial Statements

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The ability of the Corporation to continue as a going concern is dependent on the Corporation's ability to obtain financing to continue development of the mineral properties and to commercialize the mineral properties. There is no certainty that the Corporation will be able to obtain the financings required to continue development activities. In addition, there is no certainty that the mineral properties will contain economically recoverable reserves.

The financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used.

## 2. Significant accounting policies:

These interim financial statements have been prepared by management following the same accounting policies and methods that were used and disclosed in the audited financial statements for the year ended December 31, 2008, except as described below. These financial statements include all adjustments necessary to present fairly the results for the interim period ended March 31, 2009. These interim financial statements should be read in conjunction with the most recent audited financial statements and notes filed on SEDAR for the year ended December 31, 2008.

(a) Accounting policies implemented effective January 1, 2009:

On January 1, 2009, the Corporation adopted the Handbook Section 3064 – Goodwill and Intangible Assets (“Section 3064”), which replaces CICA Handbook Section 3062 – Goodwill and Other Intangible Assets (“Section 3062”) and 3450 – Research and Development Costs. Various changes have been made to other sections of the CICA Handbook for consistency purposes. Section 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. Standards concerning goodwill are unchanged from the standards included in Section 3062. The adoption of Section 3064 did not result in a material impact on the Corporation's financial statements.

In January 2009, the CICA issued Emerging Issues Committee (“EIC”) Abstract 173 – Credit Risk and the Fair Value of Financial Assets and Financial Liabilities (“EIC-173”). EIC-173 provides guidance on how to take into account credit risk of an entity and counterparty when determining the fair value of financial assets and financial liabilities, including derivative instruments. EIC-173 is applicable to the Corporation's interim and annual financial statements for its fiscal year ending December 31, 2009, with retroactive application. The adoption of EIC-173 did not result in a material impact of the Corporation's financial statements.

In March 2009, the CICA issued EIC Abstract 174 – Mining Exploration Costs (“EIC-174”), which supersedes EIC Abstract 126 – Accounting by Mining Enterprises for Exploration Costs (“EIC-126”), to provide additional guidance for mining exploration enterprises on the accounting for capitalization of exploration costs and when an impairment test of these costs

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is required. EIC-174 is applicable for the Corporation's interim and annual financial statements for its fiscal year ending December 31, 2009, with retroactive application. The adoption of EIC-174 did not result in a material impact on the Corporation's financial statements.

### 3. Future accounting policies:

(a) Business combinations:

In January 2009, the CICA issued Handbook Section 1582 – Business Combinations (“Section 1582”), 1601 – Consolidated Financial Statements (“Section 1601”) and 1602 – Non-controlling Interests (“Section 1602”), which replaces CICA Handbook Section 1581 – Business Combinations and 1600 – Consolidated Financial Statements. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under the International Financial Reporting Standards (“IFRS”). Section 1582 is applicable for the Corporation's business combinations with acquisition dates on or after January 1, 2011. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Sections 1601 and 1602 are applicable for the Corporation's interim and annual financial statements for its fiscal year beginning January 1, 2011. Early adoption of these sections is permitted. The Corporation is currently evaluating the requirements of the new standards.

(b) International financial reporting standards:

In February 2008, the Accounting Standard Board (“AcSB”) announced that accounting standards in Canada will be harmonized with IFRS and that public companies will be required to present their financial statements, with comparative data, under these standards for fiscal years beginning on or after January 1, 2011. IFRS will require the disclosure of additional information in the financial statements and, despite the similar conceptual framework of Canadian GAAP and IFRS, the Corporation will have to take into account the differences between these accounting principles. The Corporation is currently evaluating the impact of these requirements on its financial statements.

### 4. Mineral properties and deferred exploration and development costs:

Of the \$2,475,493 in costs recorded to March 31, 2009 (December 2008 - \$2,447,475), a total of \$933,424 represents costs expended on the Properties by Alhambra and sold to the Corporation pursuant to the Arrangement (see note 1). The Properties consist of 49 contiguous claim units in south-central British Columbia covering four (4) zones of copper/gold potential. No depletion or depreciation has been recorded during the period. Details of total mineral properties and deferred exploration and development costs are as follows:

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## Notes to Interim Financial Statements

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(Unaudited)

	Three months ended March 31, 2009	Year ended December 31, 2008
Balance, beginning of period	\$ 2,447,475	\$ 1,533,946
Drilling	–	707,943
Geology	27,568	86,726
Geophysics	–	91,561
Other	450	27,299
Balance, end of period	\$ 2,475,493	\$ 2,447,475

### 5. Share capital:

(a) Authorized:

Unlimited voting common shares; and

Unlimited preferred shares for which none have been issued.

(b) Issued and outstanding:

	Three months ended March 31, 2009		Year ended December 31, 2008	
	Number	Amount	Number	Amount
Common shares				
Balance, beginning and end of period	41,500,001	\$ 2,650,029	41,500,001	\$ 2,650,029

(c) Warrants:

	Three months ended March 31, 2009		Year ended December 31, 2008	
	Number	Amount	Number	Amount
Balance, beginning and end of period	5,749,999	\$ 319,547	5,749,999	\$ 319,547

(d) Options:

The Corporation has a stock option plan under which directors, officers, employees and consultants of the Corporation are eligible to receive stock options. The aggregate number of common shares to be issued upon the exercise of all stock options granted under the plan shall not exceed 10% of the issued common shares of the Corporation at the time of granting of the options. Options granted under the plan generally have a term of three years but may not exceed five years and vest at terms to be determined by the directors at the time of grant. The exercise price of each option shall be determined by the directors at the time of grant but shall not be less than the price permitted by the policies of the stock exchange(s) on which the Corporation's common shares are then listed.

There were no stock options granted by the Corporation under the stock option plan during the three months ended March 31, 2009.

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A summary of the status of the Corporation's stock option plan is as follows:

	Three months ended March 31, 2009		Year ended December 31, 2008	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of period	2,325,000	\$ 0.20	2,325,000	\$ 0.20
Cancelled	(275,000)	0.20	—	—
Outstanding, end of period	2,050,000	\$ 0.20	2,325,000	\$ 0.20

A summary of the status of the Corporation's stock option plan is as follows:

	Number of options	Weighted average exercise price	Weighted average remaining contractual life (years)
Granted in 2007 and outstanding, as at March 31, 2009	2,050,000	\$ 0.20	1.41
Exercisable, as at March 31, 2009	2,050,000	\$ 0.20	1.41

(e) Contributed surplus:

A reconciliation of contributed surplus is as follows:

	Three months ended March 31, 2009	Year ended December 31, 2008
Balance, beginning of period	\$ 257,856	\$ 244,184
Stock-based compensation expense	5,447	13,672
Balance, end of period	\$ 263,303	\$ 257,856

## 6. Related party transactions:

(a) The Corporation and Alhambra have an Administrative and Corporate Services Contract (the "Contract") whereby the Corporation agrees to engage Alhambra to provide management, administration and corporate services to the Corporation. The Contract provides for a monthly remuneration of \$20,000 plus all reasonable out of pocket expenses and is for an indefinite term but may be terminated by either party upon providing thirty (30) days prior written notice. During the three months ended March 31, 2009, the Corporation incurred \$60,000 under the

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Contract (2008 – \$60,000). The amount owing under the Contract as of March 31, 2009 was \$nil (2008 – \$nil).

- (b) During the three months ended March 31, 2009, the Corporation incurred \$842 (2008 – \$95) in costs from a law firm in which an officer of the Corporation is a partner. The entire expense was recorded to general and administrative costs.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

### 7. Supplemental cash flow information:

Changes in non-cash working capital are as follows:

Three months ended	2009	2008
Accounts receivable	\$ 2,328	\$ 12,326
Accounts payable and accrued liabilities	13,919	(107,308)
	\$ 16,247	\$ (94,982)
Relating to:		
Operating activities	\$ 19,578	\$ 17,276
Investing activities	(3,331)	(112,258)
	\$ 16,247	\$ (94,982)

### 8. Loss per share:

Basic and diluted loss per share is calculated using the weighted average number of shares outstanding during the period of 41,500,001 (2008 – 41,500,001). Excluded from the calculation were 5,749,999 warrants, 2,050,000 options and 690,000 Agent options as their effect would have been anti-dilutive.

### 9. Management of capital:

The Corporation defines capital that it manages as its shareholders' equity and working capital. The Corporation's objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to maintain investor confidence and to not expose the Corporation to excess risk. As DOT is a development stage company, it is dependent on external financing to fund its exploration programs and pay for administrative costs. Due to the fact that the Corporation does not have cash flow from operations to service debt financing, the Corporation's capital programs are funded through equity financing.

Management reviews its capital management approach on an ongoing basis. There were no changes to this approach during the three months ended March 31, 2009. The Corporation is not subject to externally imposed capital requirements.

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## 10. Financial instruments:

### (a) Overview

The Corporation has exposure to the following risks from its use of financial instruments:

- (i) Credit risk
- (ii) Liquidity risk
- (iii) Market risk

This note presents information about the Corporation's exposure to each of the above risks, the Corporation's objectives and policies and processes for measuring and managing risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. These risks are discussed with Management and to the extent the Board determines that the risks are of such a nature that they need to be mitigated, procedures are put in place. To date, no specific risk management tools have been put in place to mitigate these risks.

### (b) Credit risk

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its obligation.

Cash and cash equivalents consist of bank balances and short-term deposits that are redeemable at any time at the option of the Corporation. The Corporation manages the credit exposure related to short-term investments by depositing the cash equivalents only with large banks within a particular region which management believes the risk of loss to be remote. Accounts receivable primarily relate to GST receivable from the government of Canada, the credit risk of which is considered very low.

The carrying amount of accounts receivable and cash and cash equivalents represents the maximum credit exposure. The Corporation does not have an allowance for doubtful accounts as at March 31, 2009 nor was it required to write-off any receivables during the three months ended March 31, 2009. The Corporation does not consider any of its receivables to be past due at March 31, 2009.

### (c) Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its obligations as they come due. Due to the fact that the Corporation has no operations that generate cash flow to meet such obligations, and is a development stage company, the Corporation requires external financing to ensure all of its obligations are met on a timely basis. To date the Corporation has been successful in raising the funds necessary to meet its obligations and fund its capital program.

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Notes to Interim Financial Statements

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(Unaudited)

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(d) Market risk

Market risk is the risk that changes in market prices, such as foreign currency exchange rates, commodity prices and interest rates will affect the Corporation's net earnings. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns. Due to the fact that the Corporation does not currently operate in foreign jurisdictions, does not sell or buy commodities and does not have debt financing, it is not subject to market risk.

(e) Fair value of financial investments

The Corporation's financial instruments as at March 31, 2009 include cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying amounts due to their short terms to maturity.