

Interim Financial Statements of

## **DOT RESOURCES LTD.**

Three Months Ended March 31, 2014 and 2013

### Notice of No Auditor Review of Interim Financial Statements

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Corporation discloses that its auditors have not reviewed these unaudited interim financial statements as at and for the three months ended March 31, 2014 and 2013.

# DOT RESOURCES LTD.

Statements of Financial Position  
(Unaudited)

As at	Note	March 31, 2014	December 31, 2013
<b>Assets</b>			
Current assets:			
Cash and cash equivalents		\$ 377	\$ 1,062
Trade and other receivables		378	152
Total current assets		755	1,214
Non-current assets:			
Intangible assets	5	3,588,470	3,585,970
Total non-current assets		3,588,470	3,585,970
Total assets		\$ 3,589,225	\$ 3,587,184
<b>Liabilities and equity</b>			
Current liabilities:			
Trade and other payables		\$ 568,312	\$ 558,493
Loan from Alhambra Resources Ltd.	7 (b)	406,200	406,200
Promissory note	7 (c)	50,000	50,000
Total current liabilities		1,024,512	1,014,693
Total liabilities		1,024,512	1,014,693
Equity:			
Share capital	6	2,919,231	2,919,231
Contributed surplus	6	1,237,827	1,215,965
Deficit		(1,592,345)	(1,562,705)
Total equity		2,564,713	2,572,491
Total liabilities and equity		\$ 3,589,225	\$ 3,587,184

Reporting entity, nature of operations and going concern (note 1)

See accompanying notes to financial statements.

# DOT RESOURCES LTD.

Statements of Loss and Comprehensive Loss  
Three months ended March 31, 2014 and 2013  
(Unaudited)

	Note	2014	2013
Expenses:			
Administrative expenses	4	\$ 28,407	\$ 7,759
Interest on promissory note	7 (c)	1,233	-
Net loss and comprehensive loss		\$ (29,640)	\$ (7,759)
Per share:			
Net loss per share, basic and diluted	8	\$ (0.00)	\$ (0.00)

See accompanying notes to financial statements.

# DOT RESOURCES LTD.

## Statements of Changes in Equity

	Share capital		Contributed surplus	Deficit	Total
	Number	Amount			
Balance, December 31, 2012	55,734,333	\$ 2,919,231	\$ 1,100,131	\$ (1,387,347)	\$ 2,632,015
Share-based payments expense	-	-	115,834	-	115,834
Net loss and comprehensive loss	-	-	-	(175,358)	(175,358)
Balance, December 31, 2013	55,734,333	2,919,231	1,215,965	(1,562,705)	2,572,491
Share-based payments expense	-	-	21,862	-	21,862
Net loss and comprehensive loss	-	-	-	(29,640)	(29,640)
Balance, March 31, 2014	55,734,333	\$ 2,919,231	\$ 1,237,827	\$ (1,592,345)	\$ 2,564,713

See accompanying notes to financial statements.

# DOT RESOURCES LTD.

Interim Statements of Cash Flows  
Three months ended March 31, 2014 and 2013  
(Unaudited)

	2014	2013
Cash provided by (used in):		
Operating activities:		
Net loss	\$ (29,640)	\$ (7,759)
Items not involving cash:		
Share-based payments	21,862	858
	(7,778)	(6,901)
Change in trade and other receivables	(226)	(6,876)
Change in trade and other payables	6,586	34,588
Net cash flow from operating activities	(1,418)	(20,811)
Financing activities:		
Change in non-cash working capital	1,233	-
Net cash flow from financing activities	1,233	-
Investing activities:		
Intangible assets	(2,500)	(58,447)
Change in non-cash working capital	2,000	37,803
Net cash flow from investing activities	(500)	(20,644)
Change in cash and cash equivalents	(685)	167
Cash and cash equivalents, beginning of period	1,062	43
Cash and cash equivalents, end of period	\$ 377	\$ 210

See accompanying notes to financial statements.

# DOT RESOURCES LTD.

Notes to Interim Financial Statements  
Three months ended March 31, 2014 and 2013  
(Unaudited)

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## 1. Reporting entity, nature of operations and going concern:

### (a) Reporting entity and nature of operation:

DOT Resources Ltd. (the "Corporation" or "DOT") was incorporated on May 17, 2007 under the Business Corporations Act (Alberta). The Corporation's common shares trade in Canada on the TSX Venture Exchange Inc. under the symbol DOT.V.

The Corporation's registered address, head office and records office are located at Suite 3, 4015 – 1st Street S.E. Calgary, Alberta, Canada T2G 4X7.

The business of DOT consists of the exploration, evaluation 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.

### (b) Going concern:

For the three months ended March 31, 2014, the Corporation incurred a net loss of \$29,640, had a working capital deficiency of \$1,023,757 at March 31, 2014 and had an accumulated deficit to March 31, 2014 of \$1,592,345. DOT currently has no sources of revenue therefore its ability to continue to meet its obligations, conduct exploration and development activities and continue as a going concern is dependent upon DOT's ability to raise additional capital. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Corporation's ability to continue as a going concern.

There is no assurance at this time that the Corporation will be able to obtain the necessary financing nor is there assurance that if financing is obtained, that DOT will be able to find economically recoverable reserves. If DOT is unable to obtain suitable financing in the near future, it will be necessary for the Corporation to examine other strategic alternatives to continue operations and enhance shareholder value, including but not limited to, seeking creditor protection, seeking a joint venture partner, the possible sale of some or all of the Corporation's assets or the merger, amalgamation or sale of the Corporation with or to a larger, better financed entity.

These financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards ("IFRS"). The going concern basis 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. If the going concern assumption was not appropriate for these financial statements, then material adjustments would be necessary to the carrying amounts of the assets and liabilities, the reported expenses and the balance sheet classifications used.

# DOT RESOURCES LTD.

Notes to Interim Financial Statements  
Three months ended March 31, 2014 and 2013  
(Unaudited)

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## 2. Basis of preparation:

### (a) Statement of compliance:

These financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"). The financial statements were authorized for issue by the Board of Directors on June 27, 2014.

### (b) Basis of measurement:

The financial statements have been prepared on the historical cost basis.

### (c) Use of estimates and judgments:

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and their underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and for any future years affected.

#### (i) Critical judgments in applying accounting policies

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

The application of the Corporation's accounting policy for exploration and evaluation assets requires management to make certain judgments as to future events and circumstances as to whether economic quantities of reserves have been found.

#### (ii) Key sources of estimation uncertainty

Information about significant areas of estimation uncertainty that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

Note 5 – valuation of intangible assets;

Note 6 – measurement of share-based payments; and

## 3. 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, 2013. The interim financial statements include all adjustments necessary to present fairly the results for the interim period ended March 31, 2014. These interim financial statements should be read in conjunction with the Corporation's most recent audited financial statements and notes filed under the Corporation's profile at [www.sedar.com](http://www.sedar.com).

# DOT RESOURCES LTD.

Notes to Interim Financial Statements  
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## 4. Administrative Expenses:

Three months ended March 31,	2014	2013
Stock exchange fees	\$ 5,200	\$ 5,200
Share-based payments	21,862	858
Transfer agent fees	786	665
Investor relations and news releases	293	730
Other	266	306
	\$ 28,407	\$ 7,759

## 5. Intangible assets:

	Exploration and evaluation expenditures
<b>Cost:</b>	
Balance as at December 31, 2012	\$ 3,525,723
Additions	60,247
Balance as at December 31, 2013	3,585,970
Additions	2,500
Balance as at March 31, 2014	\$ 3,588,470

Of the \$3,588,470 in costs recorded to March 31, 2014 (December 31, 2013 - \$3,585,970), a total of \$933,424 represents predecessor costs expended on the properties by Alhambra (note 11(b)) and sold to the Corporation. The properties consist of 49 contiguous claim units in south-central British Columbia covering five (5) zones of copper/gold mineralization. No depletion or depreciation has been recorded during the period.

Details of total mineral properties and deferred exploration and development costs are as follows:

	Inception to date	Period ended March 31, 2014	Year ended December 31 2013
Balance as at beginning of the period:	\$ -	\$ 3,585,970	\$ 3,525,723
Acquisition costs	933,424	-	-
Drilling	1,983,638	-	-
Geology	229,703	-	-
Geophysics	329,633	-	57,347
Other	112,072	2,500	2,900
Balance as at end of the period	\$ 3,588,470	\$ 3,588,470	\$ 3,585,970

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Notes to Interim Financial Statements  
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## 6. Share capital:

### (a) Authorized:

Unlimited voting common shares

Unlimited non-voting preferred shares, of which none have been issued

### (b) 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 to five 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 on which the Corporation's common shares are then listed.

A summary of the status of the Corporation's stock option plan as at March 31, 2014 and December 31, 2013 and changes during the periods then ended are as follows:

	Three months ended March 31, 2014		Year ended December 31, 2013	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of period	5,200,000	\$ 0.10	2,150,000	\$ 0.10
Issued	-	-	3,050,000	0.10
Expired	-	-	-	0.10
Outstanding, end of period	5,200,000	\$ 0.10	5,200,000	\$ 0.10
Exercisable, end of period	4,400,000	\$ 0.10	3,637,500	\$ 0.10

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Notes to Interim Financial Statements  
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The following table summarizes information about stock options outstanding and exercisable at March 31, 2014.

Exercise price	Outstanding		Exercisable	
	Number	Weighted average remaining contractual life (years)	Number	Weighted average remaining contractual life (years)
CDN\$0.10	1,850,000	0.52	1,850,000	0.52
CDN\$0.10	150,000	0.62	150,000	0.62
CDN\$0.10	150,000	3.57	112,500	3.57
CDN\$0.10	3,050,000	4.32	2,287,500	4.32
	5,200,000	2.84	4,400,000	2.57

During 2013, the Corporation issued options to purchase 3,050,000 common shares of the Corporation. Each option has an exercise price of \$0.10 per common share, has a term of five years from the date of grant and is exercisable as to twenty-five (25%) immediately and 25% thereafter on each of the dates which are four(4), eight (8) and twelve (12) months from the date of grant.

The fair value of the options granted is estimated on the date of grant using the Black-Scholes option-pricing model. The total fair value of the options was determined to be \$147,652 (approximately \$0.05 per share) using the following weighted-average assumptions:

	2013
Expected life (years)	5.00
Risk-free interest rate (%)	1.74
Expected volatility (%)	150
Expected dividend yield (%)	–

A reconciliation of contributed surplus is provided below:

	March 31, 2014	December 31, 2013
Balance, beginning of period	1,215,965	\$ 1,100,131
Share-based payment expense	21,862	115,834
Expiration of Warrants	–	–
Balance, end of period	\$ 1,237,827	\$ 1,215,965

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## 7. Related party transactions:

### (a) Compensation of key management personnel:

The Corporation has no employees and pays no cash remuneration to directors. The remuneration of directors and other key members of management during the three months ended March 31, 2014 and 2013 were as follows:

Three months ended March 31,	2014	2013
Share-based payments	\$ 21,862	\$ 858

- (b) The Corporation and Alhambra are parties to 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. Effective January 1, 2011, Alhambra agreed to suspend billing DOT for services provided under the Contract until further notice. During three months ended March 31, 2014 Alhambra paid expenses on behalf of the Corporation totaling \$11,890 (three months ended March 31, 2013 - \$28,313) which brought the amount owing under the Contract as of March 31, 2014 to \$412,625 (December 31, 2013 - \$400,735). During the three months ended March 31, 2014, Alhambra advanced DOT \$Nil (2013 - \$Nil) to assist DOT with its outstanding obligations while DOT is contemplating various options regarding the financing of its exploration plans and working capital requirements which brought the total advances made to March 31, 2014 to \$406,200 (December 31, 2013 - \$406,200). The advances are non-interest bearing. Alhambra is related by way of common directors and management and owns approximately 27% of the outstanding common shares of DOT.
- (c) On April 10, 2013 the Corporation issued an unsecured promissory note to an officer and director of the Corporation in the amount of \$50,000. The promissory note bears interest at 10% per annum and matures on July 10, 2013. The Corporation has accrued \$1,233 (2013 - \$Nil) of interest expense on the promissory note to March 31, 2014. The holder of the note has agreed to extend the maturity date of the note until December 31, 2014.

These amounts are measured at their exchange amounts, which is the amount of consideration established and agreed to by the related parties.

## 8. Loss per share:

Basic loss per share is calculated using the weighted average number of shares outstanding during the period.

	2014	2013
Weighted average shares outstanding:		
Basic and diluted	55,734,333	55,734,333

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For the three months ended March 31, 2014 and 2013, no options, warrants or broker options have been included in the calculation of per share amounts 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. The Corporation manages its capital structure and makes adjustments to it based on the level of funds available to support the exploration and development of its mineral properties.

To date, the Corporation has raised some funds through the issue of equity instruments. Additional financing must be obtained in order to continue as a going concern. The Corporation is currently attempting to raise additional funds, however, there is no assurance it will be able to do so. The Corporation is not subject to externally imposed capital requirements.

## 10. Financial Instruments:

### 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 and 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 Corporation'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.

### (i) 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 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 to be very low.

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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, 2014 nor was it required to write-off any receivables during the three months ended March 31, 2014. The Corporation does not consider any of its receivables to be past due at March 31, 2014.

(ii) 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 Corporation, the Corporation requires external financing to ensure all of its obligations are met on a timely basis (note 1(b)). To date the Corporation has been successful in raising the funds necessary to meet its obligations and fund its capital program.

(iii) 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.

## 11. Acquisition of Exploration Properties:

On November 5, 2012 the Corporation entered into a purchase and sale agreement to acquire a 100% interest in four exploration properties known as Promotory Hills (6,701 acres), Copper Belle (2,714 acres), Peacock (3,373 acres) and Cube (1,998 acres), all located in British Columbia (the "Agreement").

As compensation for the acquisition of these four properties, the Corporation agreed issue to the seller 1,200,000 shares of the Corporation (subject to regulatory approval) and \$120,000. Closing of the purchase and sale was to occur within 30 days following the date in which regulatory approval is received.

As a result of the Corporation being unable to satisfy the closing conditions, the Corporation and the seller agreed to amend the purchase and sale agreement initially effective April 1, 2013 and then effective October 31, 2013 such that the payment is to be made as follows:

(a) 1,200,000 share compensation to be issued as follows:

- (i) 300,000 shares to be issued within 30 days following the closing of a financing by the Corporation or October 31, 2014, whichever comes first;
- (ii) an additional 300,000 shares to be issued on or before October 31, 2015;
- (iii) an additional 300,000 shares to be issued on or before October 31, 2016; and,
- (iv) the final 300,000 shares on or before October 31, 2017.

(b) \$120,000 payment to be made as follows:

- (i) \$30,000 payable within five business days following the closing of a financing by the Corporation or October 31, 2014, whichever comes first;

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(Unaudited)

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- (ii) an additional \$30,000 payable on or before October 31, 2015;
- (iii) an additional \$30,000 payable on or before October 31, 2016; and,
- (iv) the final \$30,000 payable on or before October 31, 2017.

In addition, the Vendor retains a two percent royalty on the revenue realized by the Corporation on the sale of all ores and minerals mined or extracted from the properties. The Corporation may reduce the royalty from 2.0% to 0.5% at any time and at the Corporation's discretion, by making a one-time cash payment of \$500,000.