

Interim Unaudited Financial Statements of

DOT RESOURCES LTD.

Nine months ended September 30, 2009

DOT RESOURCES LTD.

Interim Balance Sheets
(Unaudited)

	September 30, 2009	December 31, 2008
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Assets

Current assets:

Cash and cash equivalents	\$ 799,399	\$ 223,936
Accounts receivable	8,931	9,048
	<u>808,330</u>	<u>232,984</u>

Mineral properties and deferred exploration
and development costs (note 4)

2,570,137	2,447,475
<u>\$ 3,378,467</u>	<u>\$ 2,680,459</u>

Liabilities and Shareholders' Equity

Current liabilities:

Accounts payable and accrued liabilities	\$ 191,782	\$ 49,869
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Shareholders' equity:

Share capital (note 5(b))	3,092,273	2,650,029
Warrants (note 5(c))	338,537	319,547
Contributed surplus (note 5(e))	582,850	257,856
Deficit	(826,975)	(596,842)
	<u>3,186,685</u>	<u>2,630,590</u>

Nature of operations and basis of presentation (note 1)

<u>\$ 3,378,467</u>	<u>\$ 2,680,459</u>
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See accompanying notes to financial statements.

DOT RESOURCES LTD.

Interim Statements of Loss, Comprehensive Loss and Deficit

Three and Nine months ended September 30, 2009 and 2008

(Unaudited)

	Three Months Ended September 30,		Nine months Ended September 30,	
	2009	2008	2009	2008
Expenses:				
General and administrative	\$ 69,335	\$ 74,394	\$ 224,686	\$ 215,184
Stock-based compensation	-	6,610	5,447	99,560
Interest income	-	(462)	-	(14,504)
Net loss and comprehensive loss	(69,335)	80,542	(230,133)	(300,240)
Deficit, beginning of period	(757,640)	(525,710)	(596,842)	(306,012)
Deficit, end of period	\$ (826,975)	\$ (606,252)	\$ (826,975)	\$ (606,252)
Per share (note 8):				
Net loss per share, basic and diluted	\$ (0.001)	\$ (0.002)	\$ (0.005)	\$ (0.007)

See accompanying notes to financial statements.

DOT RESOURCES LTD.

Interim Statements of Cash Flows

Three and Nine months ended September 30, 2009 and 2008

(Unaudited)

	Three Months Ended September 30,		Nine months Ended September 30,	
	2009	2008	2009	2008
Cash provided by (used in):				
Operating:				
Net loss	\$ (69,335)	\$ (80,542)	\$ (230,133)	\$ (300,240)
Item not involving cash:				
Stock-based compensation	–	6,610	5,447	99,560
	(69,335)	(73,932)	(224,686)	(200,680)
Change in non-cash working capital (note 7)	(505)	24,371	50,545	59,494
	(69,840)	(49,561)	(174,141)	(141,186)
Financing:				
Issue of shares	854,060	–	854,060	–
Shares issuance costs	(73,279)	–	(73,279)	–
	780,781	–	780,781	–
Investing:				
Mineral properties and deferred exploration and development costs	(65,388)	(44,422)	(122,662)	(838,075)
Change in non-cash working capital (note 7)	69,398	8,622	91,485	(126,457)
	4,010	(35,800)	(31,177)	(964,532)
Change in cash and cash equivalents	714,951	(85,361)	575,463	(1,105,718)
Cash and cash equivalents, beginning of period	84,448	449,615	223,936	1,469,972
Cash and cash equivalents, end of period	\$ 799,399	\$ 364,254	\$ 799,399	\$ 364,254

See accompanying notes to financial statements.

DOT RESOURCES LTD.

Notes to Interim Financial Statements

Nine months ended September 30, 2009 and 2008

(Unaudited)

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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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, as well as pay corporate expenses. 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 was 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 September 30, 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

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accounting for capitalization of exploration costs and when an impairment test of these costs 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 CICA Accounting Standards Board (“AcSB”) confirmed that the changeover to IFRS from Canadian GAAP will be required for publicly accountable enterprises for interim and annual financial statements effective for fiscal years beginning on or after January 1, 2011, including comparatives for 2010.

The International Accounting Standards Board (“IASB”) has also issued an exposure draft relating to certain amendments and exemptions to IFRS 1. It is anticipated that this exposure draft will not result in an amended IFRS 1 standard until late 2009. Although the amended IFRS 1 standard would provide relief, the changeover to IFRS represents a significant change in accounting standards and the transition from current Canadian GAAP to IFRS will be a significant undertaking that may materially affect the Corporation's reported financial position and reported results of operations.

During 2009, the Corporation plans to complete a high-level IFRS changeover plan and establish a preliminary timeline for the execution and completion of the conversion project. The changeover plan will include a preliminary assessment of the differences between Canadian GAAP and IFRS and the potential effects of IFRS to accounting and reporting processes, information systems, business processes and external disclosures. This assessment will provide insight into what are anticipated to be the most significant areas of difference applicable to the Corporation.

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Following the completion of the high-level IFRS changeover plan, the Corporation will perform an in-depth review of the significant areas of difference, identified during the preliminary assessment, in order to identify all specific Canadian GAAP and IFRS differences and select ongoing IFRS policies. Key areas addressed will also be reviewed to determine any information technology issues, the impact on internal controls over financial reporting and the impact on business activities. External advisors will be retained to assist management with the project on an as needed basis. The Corporation will also continue to monitor standards development as issued by the IASB and the AcSB as well as regulatory developments as issued by the Canadian Securities Administrators, which may affect the timing, nature or disclosure of its adoption of IFRS.

4. Mineral properties and deferred exploration and development costs:

Of the \$2,570,137 in costs recorded to September 30, 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 (note 1(a)). 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:

	Nine months ended September 30, 2009	Year ended December 31, 2008
Balance, beginning of period	\$ 2,447,475	\$ 1,533,946
Drilling	–	707,943
Geology	56,374	86,726
Geophysics	64,938	91,561
Other	1,350	27,299
Balance, end of period	\$ 2,570,137	\$ 2,447,475

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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		Year ended	
	September 30, 2009		December 31, 2008	
	Number	Amount	Number	Amount
Balance, beginning of period	41,500,001	\$ 2,650,029	41,500,001	\$ 2,650,029
Issued pursuant to a private placement	14,234,332	854,060	-	-
Ascribed to warrants	-	(313,155)	-	-
Ascribed to broker options	-	(25,382)	-	-
Share issue costs	-	(73,279)	-	-
Balance, end of period	55,734,333	\$ 3,092,273	41,500,001	\$ 2,650,029

Pursuant to a private placement completed on September 23, 2009, the Corporation issued 14,234,332 flow through units (the "FT Units") at a purchase price of \$0.06 per FT Unit for an aggregate gross proceeds of \$854,060. Each FT Unit consists of one flow-through common share and one non-flow-through common share purchase warrant (a "Warrant"). Each Warrant is exercisable into one common share of the Corporation until September 23, 2011 at a price of \$0.10 per common share until September 23, 2010 and at a price of \$0.12 per common share until September 23, 2011.

In connection with the private placement, the Corporation paid a 6% brokers commission totaling \$31,080 on 8,633,330 of the FT Units issued together with 863,330 brokers options. Each broker option entitles the holder to acquire one non-flow-through unit ("NFT Unit") at a price of \$0.06 unit until September 23, 2010 and at a price of \$0.10 per unit until September 23, 2011. Each NFT Unit consists of one common share and one non-flow-through purchase warrant, each warrant of which contains all the same terms and conditions as the Warrants.

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(c) Warrants:

	Three months ended		Year ended	
	September 30, 2009		December 31, 2008	
	Number	Amount	Number	Amount
Balance, beginning of period	5,749,999	\$ 319,547	5,749,999	\$ 319,547
Expired unexercised	(5,749,999)	(319,547)	-	-
Issued pursuant to private placement	14,234,332	313,155	-	-
Ascribed to broker warrants	863,333	25,382	-	-
Balance, end of period	15,097,665	\$ 338,537	5,749,999	\$ 319,547

The Warrants issued as part of the issue of the FT Units were valued at a price of \$0.022 per Warrant or a total of \$313,155. The broker warrants issued as compensation related to the issue of the FT Units were valued at a price of \$0.0294 per broker warrant or \$25,382. Both the Warrants and the broker units were valued based on a risk free interest rate of 1.32% and an average volatility rate over the two year terms of the warrants and broker warrants of 371%.

On August 29, 2009, 5,749,999 warrants and 690,000 agents' options issued as part of the Corporation's initial public offering on August 29, 2007 expired unexercised.

(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 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(s) on which the Corporation's common shares are then listed.

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

	Nine months ended September 30, 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	(450,000)	0.20	-	-
Outstanding, end of period	1,875,000	\$ 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 September 30, 2009	1,875,000	\$ 0.20	0.91
Exercisable, as at September 30, 2009	1,875,000	\$ 0.20	0.91

Subsequent to September 30, 2009, the Corporation issued options to purchase 2,050,000 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 thereafter on dates which are six (6), twelve (12) and eighteen (18) months from the date of grant.

(e) Contributed surplus:

A reconciliation of contributed surplus is as follows:

	Nine months ended September 30, 2009	Year ended December 31, 2008
Balance, beginning of period	\$ 257,856	\$ 244,184
Stock-based compensation expense	5,447	13,672
Expiration of warrants	319,547	-
Balance, end of period	\$ 582,850	\$ 257,856

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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 nine months ended September 30, 2009, the Corporation incurred \$180,000 under the Contract (2008 – \$180,000). The amount owing under the Contract as of September 30, 2009 was \$40,353 (2008 – \$nil).
- (b) During the nine months ended September 30, 2009, the Corporation incurred \$12,437 (2008 – \$28,602) in costs from a company controlled by a director and former officer of the Corporation. All amounts were charged to mineral properties and deferred exploration and development costs.
- (c) During the nine months ended September 30, 2009, the Corporation incurred \$32,039 (2008 – \$11,663) in costs from a law firm in which an officer of the Corporation is a partner. Of the total, \$7,177 (2008 – \$11,663) was recorded as general and administrative expense and \$24,862 (2008 – \$nil) as share issue 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		Nine months Ended	
	September 30,		September 30,	
	2009	2008	2009	2008
Accounts receivable	\$ (2,400)	\$ 13,475	\$ 117	\$ 59,547
Accounts payable and accrued liabilities	71,293	19,518	141,913	(126,510)
	\$ 68,893	\$ 32,993	\$ 142,030	\$ (66,963)
Relating to:				
Operating activities	\$ (505)	\$ 24,371	\$ 50,545	\$ 59,494
Investing activities	69,398	8,622	91,485	(126,457)
	\$ 68,893	\$ 32,993	\$ 142,030	\$ (66,963)

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8. Loss per share:

Basic and diluted loss per share is calculated using the weighted average number of shares outstanding during the period of 41,864,984 (2008 – 41,500,001). Excluded from the calculation were 1,875,000 options, 14,364,983 Warrants and 863,333 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 nine months ended September 30, 2009. The Corporation is not subject to externally imposed capital requirements.

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, 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 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

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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 September 30, 2009 nor was it required to write-off any receivables during the nine months ended September 30, 2009. The Corporation does not consider any of its receivables to be past due at September 30, 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, however, there is no assurance that the Corporation will continue to be able to raise the necessary funds.

(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 September 30, 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.