

Interim Financial Statements of

## **DOT RESOURCES LTD.**

Nine Months Ended September 30, 2013 and 2012

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 nine months ended September 30, 2013 and 2012.

# DOT RESOURCES LTD.

Interim Statements of Financial Position  
(Unaudited)

As at	Note	September 30, 2013	December 31, 2012
<b>Assets</b>			
Current assets:			
Cash and cash equivalents		\$ 748	\$ 43
Trade and other receivables		1,253	1,022
Total current assets		2,001	1,065
Non-current assets:			
Intangible assets	5	3,585,370	3,525,723
Total non-current assets		3,585,370	3,525,723
Total assets		\$ 3,587,371	\$ 3,526,788
<b>Liabilities and equity</b>			
Current liabilities:			
Loan from Alhambra Resources Ltd.	7(b)	\$ 406,200	\$ 406,200
Promissory note	7(c)	50,000	-
Trade and other payables		528,311	488,573
Total current liabilities		984,511	894,773
Total liabilities		984,511	894,773
Equity:			
Share capital	6	2,919,231	2,919,231
Contributed surplus	6	1,175,880	1,100,131
Deficit		(1,492,251)	(1,387,347)
Total equity		2,602,860	2,632,015
Total liabilities and equity		\$ 3,587,371	\$ 3,526,788

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

See accompanying notes to financial statements.

# DOT RESOURCES LTD.

Interim Statements of Loss and Comprehensive Loss  
Nine months ended September 30, 2013 and 2012  
(Unaudited)

	Note	Three Months Ended September 30,		Nine Months Ended September 30,	
		2013	2012	2013	2012
Expenses:					
Administrative expenses	4	\$ 88,901	\$ 5,964	\$ 102,534	\$ 22,753
Interest on promissory note	7 (c)	1,260	-	2,370	-
Net loss and comprehensive loss		\$ (90,161)	\$ (5,964)	\$ (104,904)	\$ (22,753)
Per share:					
Net loss per share, basic and diluted	8	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)

See accompanying notes to financial statements.

# DOT RESOURCES LTD.

## Statements of Changes in Equity (Unaudited)

	Share capital		Contributed surplus	Deficit	Total
	Number	Amount			
Balance, December 31, 2011	55,734,333	\$ 2,919,231	\$ 1,098,541	\$ (1,318,311)	\$ 2,699,461
Share-based payments expense	-	-	1,590	-	1,590
Net loss and comprehensive loss	-	-	-	(69,036)	(69,036)
Balance, December 31, 2012	55,734,333	2,919,231	1,100,131	(1,387,347)	2,632,015
Share-based payments expense	-	-	75,749	-	75,749
Net loss and comprehensive loss	-	-	-	(104,904)	(104,904)
Balance, September 30, 2013	55,734,333	\$ 2,919,231	\$ 1,175,880	\$ (1,492,251)	\$ 2,602,860

See accompanying notes to financial statements.

# DOT RESOURCES LTD.

Interim Statements of Cash Flows  
Nine months ended September 30, 2013 and 2012  
(Unaudited)

	2013	2012
Cash provided by (used in):		
Operating activities:		
Net loss	\$ (104,904)	\$ (22,753)
Items not involving cash:		
Share-based payments	75,749	-
	(29,155)	(22,753)
Change in non-cash working capital	(1,896)	13,504
Net cash flow from operating activities	(31,051)	(9,249)
Financing activities:		
Loan from Alhambra Resources Ltd.	-	4,200
Promissory note	50,000	-
	50,000	4,200
Change in non-cash working capital	2,370	-
Net cash flow from financing activities	52,370	4,200
Investing activities:		
Intangible assets	(59,647)	(3,803)
Change in non-cash working capital	39,033	2,414
Net cash flow from investing activities	(20,614)	(1,389)
Change in cash and cash equivalents	705	(6,438)
Cash and cash equivalents, beginning of period	43	6,464
Cash and cash equivalents, end of period	\$ 748	\$ 26

See accompanying notes to financial statements.

# DOT RESOURCES LTD.

Notes to Interim Financial Statements  
Nine months ended September 30, 2013 and 2012  
(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 nine months ended September 30, 2013, the Corporation incurred a net loss of \$104,904, had a working capital deficiency of \$982,510 at September 30, 2013 and had an accumulated deficit to September 30, 2013 of \$1,492,251. DOT currently has no sources of revenue therefore its ability to continue to meet its obligations, conduct exploration activities and continue as a going concern is dependent upon DOT's ability to raise additional capital to fund exploration activities and meet its obligations as well as its ability to develop economically recoverable reserves. These obligations include, but are not limited to, outstanding amounts due to creditors and payments to the Province of British Columbia under that province's land tenure system so that the Corporation retains its rights relative to its claims. 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  
Nine months ended September 30, 2013 and 2012  
(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 November 26, 2013.

### (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; and

Note 6 – measurement of share-based payments.

## 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, 2012. The interim financial statements include all adjustments necessary to present fairly the results for the interim period ended September 30, 2013. 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 September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Stock exchange fees	\$ 500	\$ 500	\$ 8,195	\$ 8,195
Share-based payments	74,372	-	75,749	-
Annual general meeting	12,513	13	12,541	3,520
Investor relations and news releases	250	2,796	980	2,796
Transfer agent fees	1,021	2,263	2,656	5,868
Audit	-	-	1,500	1,430
Legal	-	-	125	110
Other	245	392	788	834
	\$ 88,901	\$ 5,964	\$ 102,534	\$ 22,753

## 5. Intangible assets:

	Exploration and evaluation expenditures
<b>Cost:</b>	
Balance as at December 31, 2011	\$ 3,521,320
Additions	4,403
Balance as at December 31, 2012	3,525,723
Additions	59,647
Balance as at September 30, 2013	\$ 3,585,370

Of the \$3,585,370 in costs recorded to September 30, 2013 (December 31, 2012 - \$3,525,723), a total of \$933,424 represents predecessor costs expended on the properties by Alhambra Resources Ltd. ("Alhambra") (note 7(b)) and sold to the Corporation.

With the change in the administrative procedures with respect to the mineral tenure system in the province of British Columbia ("B.C.") whereby, for purposes of mining claims, B.C. was divided into eight million cells, a number of Corporation's historical claims (referred to as "Legacy Claims") were in fact duplicates of other DOT claims. As a result, when the Legacy Claims were due to expire, this duplication was eliminated by allowing two of the 49 previously reported claim units to expire reducing the number of claim units held by the Corporation to 47 as of September 30, 2013. An additional five Legacy Claims that are due to expire during the remainder of 2013 are also duplicates and will also be allowed to expire. As a result, the DOT properties will consist of 42 claim units covering a total 4,628 hectares. The 175 hectare reduction from the previously reported 4,803 hectares was simply due to the elimination of duplicate reporting. The only impact of these changes is to reduce the amount of assessment work required to maintain the claim units in good standing. These remaining 42 claim units have expiry dates ranging from March 3, 2014 to November 18, 2014.

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

	Inception to date	Period ended September 30, 2013	Year ended December 31, 2012
Balance, beginning of the period:	\$ -	\$ 3,525,723	\$ 3,521,320
Acquisition costs	933,424	-	-
Drilling	1,983,638	-	-
Geology	229,703	-	-
Geophysics	329,633	57,347	-
Other	108,972	2,300	4,403
Balance, end of the period	\$ 3,585,370	\$ 3,585,370	\$ 3,525,723

## 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 September 30, 2013 and December 31, 2012 and changes during the periods then ended are as follows:

	Nine months ended September 30, 2013		Year ended December 31, 2012	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of period	2,150,000	\$ 0.10	2,200,000	\$ 0.10
Issued	3,050,000	0.10	150,000	0.10
Expired	-	-	(200,000)	0.10
Outstanding, end of period	5,200,000	\$ 0.10	2,150,000	\$ 0.10
Exercisable, end of period	2,837,500	\$ 0.10	2,037,500	\$ 0.10

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The following table summarizes information about stock options outstanding and exercisable at September 30, 2013.

Exercise price	Outstanding		Exercisable	
	Number	Weighted average remaining contractual life (years)	Number	Weighted average remaining contractual life (years)
CDN\$0.10	1,850,000	1.02	1,850,000	1.02
CDN\$0.10	150,000	1.12	150,000	1.12
CDN\$0.10	150,000	4.07	75,000	4.07
CDN\$0.10	3,050,000	4.82	762,500	4.82
	5,200,000	3.34	2,837,500	2.13

Effective July 25, 2013 the Corporation issued stock options to directors, officers and consultants to purchase 3,050,000 common shares at an exercise price of CDN\$0.10 per share. The options extend for a term of five years and are exercisable as to 25% immediately and as to 25% each four months thereafter.

During the 2012, the Corporation issued options to purchase 150,000 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 six (6), twelve (12) and eighteen (18) 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 granted in 2013 was determined to be \$147,652 (approximately \$0.05 per share) (2012 - \$3,788 (approximately \$0.03 per share)) using the following weighted-average assumptions:

	2013	2012
Expected life (years)	5.00	5.00
Risk-free interest rate (%)	1.74	1.39
Expected volatility (%)	150	150
Expected dividend yield (%)	—	—

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A reconciliation of contributed surplus is provided below:

	September 30, 2013	December 31, 2012
Balance, beginning of period	\$ 1,100,131	\$ 1,098,541
Share-based payment expense	75,749	1,590
Balance, end of period	\$ 1,175,880	\$ 1,100,131

## 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 nine months ended September 30, 2013 and 2012 was as follows:

Nine months ended September 30,	2013	2012
Share-based payments	\$ 75,749	\$ -

- (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 the nine months ended September 30, 2012 - \$nil) which brought the amount owing under the Contract as of September 30, 2013 to \$400,735 (December 31, 2012 - \$370,942). During the nine months ended September 30, 2013, Alhambra advanced DOT \$nil (nine months ended September 30, 2012 - \$4,200) 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 September 30, 2013 to \$406,200 (December 31, 2012 - \$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 \$2,370 (2012 - \$nil) of interest expense on the promissory note to September 30, 2013. The holder of the note has agreed to extend the maturity date of the note until October 10, 2013.

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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.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Weighted average shares outstanding:				
Basic and diluted	55,734,333	55,734,333	55,734,333	55,734,333

For the nine months ended September 30, 2013 and 2012, 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

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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.

The carrying amount of cash and cash equivalents and trade and other receivables represents the maximum credit exposure. The Corporation does not have an allowance for doubtful accounts as at September 30, 2013 nor was it required to write-off any receivables during the nine months ended September 30, 2013. The Corporation does not consider any of its receivables to be past due at September 30, 2013.

## (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.

The Corporation has not received regulatory approval of the acquisition as the closing conditions were not met. As a result the Corporation and the seller have amended the purchase and sale

# DOT RESOURCES LTD.

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agreement effective April 1, 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, 2013, whichever comes first;
  - (ii) an additional 300,000 shares to be issued on or before October 31, 2014;
  - (iii) an additional 300,000 shares to be issued on or before October 31, 2015; and,
  - (iv) the final 300,000 shares on or before October 31, 2016.
- (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, 2013, whichever comes first;
  - (ii) an additional \$30,000 payable on or before October 31, 2014;
  - (iii) an additional \$30,000 payable on or before October 31, 2015; and,
  - (iv) the final \$30,000 payable on or before October 31, 2016.

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.

The Corporation was unable to meet its obligations to the seller to issue 300,000 common shares and \$30,000 by October 31, 2013. The Corporation believes that the seller has agreed to extend that date and the amendment to the agreement reflecting the revised terms should be finalized shortly.