Interim Consolidated Financial Statements of

ALHAMBRA RESOURCES LTD.

Six Months Ended June 30, 2007

ALHAMBRA RESOURCES LTD.

Interim Consolidated Balance Sheets
(Unaudited)

	June 30, 2006	December 31, 2006
Assets		
Current assets:		
Cash and cash equivalents	$ 1,696,326	$ 2,957,576
Accounts receivable	621,777	1,348,803
Deposits and prepaid expenses	157,167	266,333
Supplies inventory	646,546	618,403
Work in progress	4,409,658	4,065,861
	7,531,474	9,256,976
Mining assets (notes 2 and 10(b))	27,205,633	24,119,714
Equipment	69,044	68,307
	$ 34,806,151	$ 33,444,997
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 3,680,383	$ 2,184,958
Advances (note 9(b))	796,938	904,093
	4,477,321	3,089,051
Asset retirement obligations (note 3)	366,706	362,408
Future income taxes	1,029,015	652,537
Shareholders' equity:		
Share capital (note 4(b))	32,534,259	31,685,174
Cumulative translation adjustment	(99,704)	42,832
Contributed surplus (note 4(d))	2,967,061	2,208,718
Deficit	(6,468,507)	(4,595,723)
	28,933,109	29,341,001
Nature of operations and basis of presentation (note 1)		
Commitments (note 9)		
Subsequent events (note 10)		
Segment information (note 11)		
	$ 34,806,151	$ 33,444,997

See accompanying notes to interim consolidated financial statements.

ALHAMBRA RESOURCES LTD.

Interim Consolidated Statements of Loss and Deficit
(Unaudited)

	Three Months Ended June 30		Six Months Ended June 30	
	2007	2006	2007	2006
Revenue:				
Sales	$ 3,529,337	$ 1,327,664	$ 6,138,312	$ 1,327,664
Less net smelter royalty	(105,880)	(39,830)	(184,149)	(39,830)
	3,423,457	1,287,834	5,954,163	1,287,834
Interest	7,230	5,634	26,990	9,793
	3,430,687	1,293,468	5,981,153	1,297,627
Expenses:				
Operations	1,804,248	811,906	3,169,876	811,906
General and administrative	1,378,181	602,783	2,228,468	952,779
Interest	38,419	32,795	74,625	52,783
Stock-based compensation	410,360	195,640	890,050	515,238
Depreciation, depletion and accretion	416,083	146,995	730,317	149,467
Foreign exchange loss	241,620	28,770	302,137	16,619
	4,288,911	1,818,889	7,395,473	2,498,792
Loss before taxes	(858,224)	(525,421)	(1,414,320)	(1,201,165)
Income taxes:				
Current	65,447	28,928	149,781	28,928
Future	149,822	–	308,683	–
	215,269	28,928	458,464	28,928
Net loss	(1,073,493)	(554,349)	(1,872,784)	(1,230,093)
Deficit, beginning of period	(5,395,014)	(3,110,665)	(4,595,723)	(2,434,921)
Deficit, end of period	(6,468,507)	(3,665,014)	(6,468,507)	(3,665,014)
Per share (note 7):				
Net loss per share - basic and diluted	$ (0.02)	$ (0.01)	$ (0.03)	$ (0.02)

See accompanying notes to interim consolidated financial statements.

ALHAMBRA RESOURCES LTD.

Interim Consolidated Statements of Cash Flows
(Unaudited)

	Three Months Ended June 30		Six Months Ended June 30	
	2007	2006	2007	2006
Cash provided by (used in):				
Operating:				
Net loss	$(1,073,493)	$ (554,349)	$(1,872,784)	$(1,230,093)
Items not involving cash:				
Stock-based compensation	410,360	195,640	890,050	515,238
Depreciation, depletion and accretion	416,083	146,995	730,317	149,467
Future income taxes	149,822	–	308,683	–
	(97,228)	(211,714)	56,266	(565,388)
Change in non-cash working capital (note 6)	961,651	15,000	1,085,989	4,711
	864,428	(196,714)	1,142,255	(560,677)
Financing:				
Issuance of shares	508,625	4,791,517	636,625	7,227,012
	508,625	4,791,517	636,625	7,227,012
Investing:				
Expenditures on mining assets	(1,927,228)	(2,556,408)	(3,797,516)	(2,848,722)
Acquisition of equipment	(8,704)	(32,605)	(9,147)	(35,708)
Change in non-cash working capital (note 6)	581,524	780,765	766,533	868,395
	(1,354,408)	(1,808,248)	(3,040,130)	(2,016,035)
Increase (decrease) in cash and cash equivalents	18,640	2,786,555	(1,261,250)	4,650,300
Cash and cash equivalents, beginning of period	1,677,686	2,572,338	2,957,576	708,593
Cash and cash equivalents, end of period	$ 1,696,326	$ 5,358,893	$ 1,696,326	$ 5,358,893
Supplemental disclosure of cash flow information:				
Interest paid	$ 38,419	$ 32,795	$ 74,625	$ 52,783
Taxes paid	68,340	–	128,867	–

See accompanying notes to interim consolidated financial statements.

1. Nature of operations and basis of presentation:

(a) Nature of operations:

The business of Alhambra consists of the exploration for and development of mineral properties in the Republic of Kazakhstan ("Kazakhstan"). The Corporation commenced commercial operations for the Uzboy project on May 1, 2006. The Corporation's operations are subject to economic, political and social risks inherent in doing business in Kazakhstan. These risks include matters arising out of the policies of the government, economic conditions, imposition of or changes to taxes and regulations, foreign exchange fluctuations and the enforceability of contract rights.

(b) Basis of presentation:

The interim consolidated financial statements of the Corporation 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 on contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates.

Due to Alhambra's continued net losses and limited working capital, its ability to continue with its business plan is dependent upon its ability to raise additional capital to fund these activities and on achieving positive earnings and cash flow.

These interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable to a "going concern", which assume that the Corporation will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

If the going concern assumption was not appropriate for these interim consolidated financial statements, then material adjustments would be necessary to the carrying amounts of the assets and liabilities, the reported revenues and expenses and the balance sheet classifications used.

1. Nature of operations and basis of presentation (continued):

(c) Significant accounting policies

These interim consolidated financial statements have been prepared by management following the same accounting policies and methods that were used and disclosed in the audited financials statements for the year ended December 31, 2006, except as disclosed below. These interim consolidated financial statements include all adjustments necessary to present fairly the results for the interim period ended June 30, 2007. These interim consolidated financials statements should be read in conjunction with the most recent audited consolidated financial statements.

On January 1, 2007, the Corporation adopted the new Canadian accounting standards for financials instruments – recognition and measurement, financial instruments – presentation and disclosure, hedging and other comprehensive income. These standards have been applied prospectively.

The Corporation has not used financial derivatives to manage the price risk attributable to anticipated sales in prior periods and, at December 31, 2006 the Corporation did not have any financial derivative contracts. The adoption of these standards did not have an effect on the Corporation's consolidated financial statements as at January 1, 2007 or as at and for the period ended June 30, 2007.

The financial instruments standard established recognition and measurement criteria for financial assets, financial liabilities and financial derivatives. All financial instruments are required to be measured at fair value on initial recording except in specific circumstances; changes in fair value in subsequent periods depend on whether the financial instrument has been classified as "held for trading", "available for sale", "held to maturity", "loans and receivables" or "other financial liabilities".

"Held for trading" financial assets and financial liabilities are measured at fair value with changes in fair value recognized in earnings. "Available for sale" financial assets are measured at fair value, with changes in fair value recognized in other comprehensive income. "Held to maturity" financial assets and "loans and receivables" and "other financial liabilities" are measured at amortized cost. The Corporation has classified its cash and cash equivalents as "held for trading", its accounts receivables as "loans and receivables" and its accounts payable and accrued liabilities and advances as "other financial liabilities".

Prior to adoption of the new standards, physical receipt and delivery contracts were not within the scope of the definition of a financial instrument. On adoption of the new standards, the Corporation elected to continue to account for its physical delivery contracts on an accrual basis rather than as non-financial derivatives.

Derivatives embedded in other financial instruments must be separated and fair valued as separate derivatives under the new standard. The Corporation has not identified any embedded derivatives in any of its instruments.

2. Mining assets:

Mining assets consist of the following:

	June 30, 2007	December 31, 2006
Deferred exploration and development costs, net of gross revenue from sales of gold and silver of $9,292,718 (2006 - $9,292,718) and accumulated amortization of $625,126 (2006 - $382,078)	$17,979,733	$ 15,248,219
Equipment, net of accumulated depreciation of $1,063,717 (2006 - $810,126)	8,879,284	8,694,637
Construction in progress	346,616	176,858
	$27,205,633	$ 24,119,714

All expenditures relating to the Uzboy project were capitalized up to April 30, 2006 being the date of commencement of commercial operations. These expenditures consisted of pre-production costs, property and equipment and construction in progress costs, general and administration costs and interest on the Pre-payment Gold Sales Facility Agreement. Pre-production costs are expenditures that related to geological exploration, pre-production activities, and directly attributable overhead expenditures. During 2006 up to the date of start up of commercial operations, gross proceeds of $3,134,384 was recognized as part of the pre-production operations and was recorded as a reduction of deferred exploration and development costs.

Costs excluded from costs subject to depletion at June 30, 2007 totaled $12,779,565 (December 31, 2006 - $11,638,335) which represents costs related to the exploration of those portions of the Corporation's Uzboy licenses not currently in production.

During the six months ended June 30, 2007, the Corporation capitalized $216,577 of general and administrative costs to mining assets including $80,753 of stock-based compensation.

3. Asset retirement obligations:

Mineral properties:

The following table presents the reconciliation of the asset retirement obligations associated with the retirement of the Uzboy Project in Kazakhstan.

	Six months ended June 30, 2007	Year ended December 31, 2006
Balance, beginning of year	$ 362,408	$ 61,428
Liabilities incurred	–	292,678
Revisions to previous estimates	(18,646)	–
Accretion expense	22,944	8,302
Balance, end of year	$ 366,706	$ 362,408

The Corporation estimates that the total undiscounted cash flows required to settle its asset retirement obligations at June 30, 2007 is approximately $2,000,000, and is estimated to be incurred starting in 2020. A credit adjusted risk free rate of 14% and an inflation rate of 8.5% was used to calculate the fair value of the asset retirement obligation.

4. Share capital:

(a) Authorized:

Unlimited voting common shares

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

(b) Issued:

	Six months ended June 30, 2007		Year ended December 31, 2006	
	Number	Amount	Number	Amount
Common shares				
Balance, beginning of year	69,061,480	$ 31,685,174	50,478,230	$ 15,590,718
Exercise of warrants	–	–	15,374,397	11,024,728
Exercise of stock options	1,347,500	636,625	1,662,500	726,375
Conversion of debenture	–	–	1,321,353	792,812
Purchase of mineral properties	–	–	225,000	513,000
Transfer to common shares upon exercise of warrants	–	–	–	2,632,766
Transfer from contributed surplus	–	212,460	–	404,775
Balance, end of year	70,408,980	$ 32,534,259	69,061,480	$ 31,685,174

During the six months ended June 30, 2007, a total of 1,347,500 stock options were exercised for total proceeds of $636,625. In addition, a total of $212,460 was transferred from contributed surplus to reflect the value of the options calculated on the grant date and charged as stock-based compensation expense.

4. Share capital (continued):

(c) 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 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.

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

	Six months ended June 30, 2007		Year ended December 31, 2006	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of period	5,555,000	$ 0.94	4,237,500	$ 0.42
Granted	200,000	1.60	2,980,000	1.33
Exercised	(1,347,500)	0.47	(1,662,500)	0.44
Outstanding, end of period	4,407,500	$ 1.12	5,555,000	$ 0.94
Exercisable, end of period	3,105,000	$ 0.98	3,595,000	$ 0.47

4. Share capital (continued):

(c) Options (continued):

The following table summarizes information about stock options outstanding and exercisable at June 30, 2007.

	Outstanding		Exercisable	
Exercise price	Number	Weighted average remaining contractual life (years)	Number	Weighted average remaining contractual life (years)
$ 0.55	1,265,000	2.15	1,265,000	2.15
0.76	300,000	1.48	225,000	1.48
1.06	1,012,500	1.54	750,000	1.54
1.60	1,830,000	2.52	865,000	1.96
	4,407,500	2.12	3,105,000	1.90

The fair value of the options granted in the six months ended June 30, 2007 is estimated on the date of grant using the Black-Scholes option-pricing model. The fair value of the options was calculated to be $148,000 using the following weighted-average assumptions:

	2007
Expected dividend yield (%)	–
Expected life (years)	3.0
Risk-free interest rate (%)	4.2
Expected volatility (%)	78.5
Fair value of options granted ($/share)	0.74

(d) Contributed surplus:

A reconciliation of contributed surplus is provided below:

	Six months ended June 30, 2007	Year ended December 31, 2006
Balance, beginning of year	$ 2,208,718	$ 1,013,636
Stock-based compensation expense	890,050	1,371,305
Stock-based compensation capitalized	80,753	200,795
Transfer to share capital on the exercise of stock options	(212,460)	(404,775)
Expiration of warrants	–	27,757
Balance, end of period	$ 2,967,061	$ 2,208,718

5. Related party transactions:

(a) During the six months ended June 30, 2007, the Corporation paid $72,000 (2006 - $72,000) in consulting fees to a company controlled by the President and Chief Operating Officer of the Corporation. Of this amount, $21,600 (2006 - $50,400) was capitalized to deferred exploration and development costs.

(b) During the six months ended June 30, 2007, the Corporation incurred $126,250 (2006 - $35,576) in costs from a law firm in which an officer of the Corporation is a partner. All of the costs were expensed as legal expenses.

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.

6. Statements of cash flows:

Changes in non-cash working capital are as follows:

	Three months ended June 30		Six months ended June 30	
	2007	2006	2007	2006
Accounts receivable	$ 966,821	$ 1,230,803	$ 727,026	$ 908,908
Deposits and prepaid expenses	94,453	(248,111)	109,166	(380,337)
Supplies inventory	(73,465)	–	(28,143)	–
Work in progress	(94,358)	–	(343,797)	–
Accounts payable and accrued liabilities	716,853	(135,472)	1,495,425	395,356
Advances	(67,129)	(51,455)	(107,155)	(50,821)
	$ 1,543,175	$ 795,765	$ 1,852,522	$ 873,106
Relating to:				
Operating activities	$ 961,651	$ 15,000	$ 1,085,989	$ 4,711
Investing activities	581,524	780,765	766,533	868,395
	$ 1,543,175	$ 795,765	$ 1,852,522	$ 873,106
Non-cash financing and investing activities:				
Shares issued on acquisition of Dot property	$ –	$ –	$ –	$ 513,000
Shares issued on settlement of convertible debenture	$ –	$ 792,812	$ –	$ 792,812

7. Net loss per share:

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

	Three months ended June 30		Six months ended June 30	
	2007	2006	2007	2006
Basic and diluted weighted average shares outstanding	69,771,837	56,510,501	69,511,411	54,832,531

8. Financial instruments:

(a) Fair values:

The fair values of accounts receivable and accounts payable and accrued liabilities as at June 30, 2007 are approximated by their carrying values because of their short-term nature.

(b) Foreign currency risk:

The Pre-Payment Gold Sales Facility Agreement (note 9(b)) is denominated in US$ and therefore the Corporation is subject to the risk of fluctuating exchange rates between the Cdn$ and US$.

9. Commitments:

(a) The Corporation has granted a net smelter royalty with respect to the production of minerals from the properties owned by the Corporation in Kazakhstan. The net smelter royalty ranges from 2.5% to 3.0% (dependent on the price of gold) of gross revenue as defined in the Agreement, and amounted to $184,149 in the six months ended June 30, 2007 (2006 - $133,334).

(b) Gold Sales and Marketing Agreement:

On December 14, 2004 the Corporation entered into a Gold Sales and Marketing Agreement (the “Sales Agreement”) and a US$780,000 Pre-Payment Gold Sales Facility Agreement (the “Pre-Payment Facility”). Under the Sales Agreement, the purchaser has the right to purchase all the gold produced from the current test heap leach and any additional gold that may be produced from the Uzboy Project for the next three years. The Corporation will be responsible for all costs related to transportation and refining and will pay a marketing fee of 0.95% of gross revenue. Under the Pre-Payment Facility, the Corporation has the right to receive up to US$750,000 as a pre-payment for gold to be sold to the vendor under the Sales Agreement. Amounts drawn under the Pre-Payment Agreement bear interest at LIBOR plus 8% and are secured by pledge of future deliveries of gold up to a maximum value of US$1,000,000 and a corporate guarantee by the Corporation. Any unused portion under the Pre-Payment Facility bears interest at LIBOR plus 3%.

At June 30, 2007, advances received from the vendor were US$749,424 (Cdn$796,938) (December 31, 2006 – US$775,846 (Cdn$904,093)).

(c) Lease Agreement on Premises:

The Corporation is committed under a lease on premises for future minimum rental payments, exclusive of occupancy costs, as follows:

2007	$ 28,215
2008	$ 37,620

(d) The Corporation is a party to an exclusive supply agreement according to which a contractor has the exclusive right to provide drill and blast services to Saga LLP at the Uzboy project until June 1, 2011. Under the terms of the contract, Saga LLP is required to pay to the contractor a fixed monthly amount of approximately Cdn$60,000 plus approximately Cdn$0.75 per cubic meter of material blasted. The pricing terms of the contract are reviewed on an annual basis. The contract can be terminated without penalty after June 1, 2009.

10. Subsequent events:

(a) Subsequent to June 30, 2007, 502,500 common shares of the Corporation were issued upon the exercise of stock options for total proceeds of $360,600.

(b) On July 31, 2007 the Corporation's shareholders approved a reorganization by way of an arrangement under the *Business Corporations Act* (Alberta) (the "Arrangement") involving the Corporation, its shareholders and a newly incorporated corporation, DOT Resources Ltd. ("DOT"). The Arrangement received approval of the Court of Queen's Bench of Alberta on August 1, 2007.

Under the Arrangement the Corporation divided its mineral assets between two separate publicly traded corporations. The Corporation continues to hold and operate its gold producing assets situated in the Republic of Kazakhstan, while DOT holds and conducts exploration activities on the Corporation's former Canadian DOT copper property, situated near Kamloops, British Columbia ("DOT Property").

Pursuant to the Arrangement:

(i) the DOT Properties of the Corporation were transferred to DOT in exchange for 30,000,000 common shares ("DOT Common Shares") of DOT;

(ii) every shareholder of the Corporation received one (1) new Common Share ("New Alhambra Common Share") of the Corporation and approximately 0.21153 of a DOT Common Share for every one (1) share of the Corporation held on the effective date of the Arrangement;

(iii) DOT completed a private placement of units comprised of one DOT Common Share and one half (1/2) of one DOT Common Share purchase warrant for aggregate proceeds of $2,300,000.00; and

(iv) each DOT unit had a purchase price of $0.20 per unit and was comprised of one (1) DOT Common Share and one half (1/2) of one DOT Common Share purchase warrant. Each full warrant entitles the holder thereof to acquire one (1) DOT Common Share for an exercise price of $0.35 for the term of two years from the date of issuance. If after the closing date of the private placement the closing trading price of the DOT Common Shares is equal to or exceeds $0.55 for fifteen (15) consecutive trading days, then the expiry time of the DOT Common Share purchase warrants shall automatically accelerate to a date which is thirty (30) days following the date of a news release issued by DOT announcing the reduced expiry time without further notification made by DOT, after which the DOT Common Share purchase warrant shall be null and void

The Arrangement was completed effective August 29, 2007. With the completion of the Arrangement and the private placement, the shareholders of the Corporation continue to hold Alhambra in the same proportions as their ownership prior to the Arrangement and DOT is owned approximately 36% by Alhambra (15,000,001 common shares), approximately 36% by the Alhambra shareholders (15,000,000 common shares) and approximately 28% by subscribers under the private placement (11,500,000 common shares).

11. Segment information

As at June 30, 2007, the Corporation and its subsidiaries operate in one reportable segment, the exploration for and the development of mineral properties. Identifiable assets, revenues, and net loss in each of its geographic areas are as follows:

Six months ended June 30, 2007	Kazakhstan	Corporate	Total
Sales of gold	$ 6,138,312	$ –	$ 6,138,317
Net income (loss)	224,101	(2,096,885)	(1,872,784)
Depreciation, depletion and accretion	721,907	8,410	730,317
Assets	32,724,753	2,081,398	34,806,151
Capital expenditures	3,765,626	41,037	3,806,663

Six months ended June 30, 2006	Kazakhstan	Corporate	Total
Sales of gold	$ 1,327,664		1,327,664
Net loss [1]	81,021	$(1,311,114)	$(1,230,093)
Depreciation	142,878	6,589	149,467
Assets as at December 31, 2006	29,430,537	4,014,460	33,444,997
Capital expenditures	2,632,975	251,455	2,844,430

Three months ended June 30, 2007	Kazakhstan	Corporate	Total
Sales of gold	$ 3,529,337	$ –	$ 3,529,337
Net income (loss)	766,623	(993,565)	(916,942)
Depreciation, depletion and accretion	411,640	4,443	416,083
Assets	32,724,753	2,081,398	34,806,151
Capital expenditures	1,927,228	8,704	1,935,932

Three months ended June 30, 2006	Kazakhstan	Corporate	Total
Sales of gold	$ 1,327,664		1,327,664
Net income loss [1]	81,021	$ (635,370)	$ (554,349)
Depreciation	142,878	4,117	146,995
Assets as at December 31, 2006	29,430,537	4,014,460	33,444,997
Capital expenditures	2,340,661	248,352	2,589,013

[1] Net loss excludes pre-production operations in Kazakhstan which have been capitalized in deferred exploration and development costs as the operations are still in the development stage.