

FORM 51-901.F
QUARTERLY & ANNUAL REPORT

INCORPORATED AS PART OF FILING	X	SCHEDULE A
INCORPORATED AS PART OF FILING		SCHEDULE B & C

(PLACE "X" IN APPROPRIATE CATEGORY)

ISSUED DETAILS:	
NAME OF ISSUER:	ALHAMBRA RESOURCES LTD.
ISSUER ADDRESS:	SUITE 330, 700 – 6 AVENUE S.W., CALGARY, ALBERTA T2P 0T8
ISSUER TELEPHONE NUMBER:	(403) 228-2855
ISSUER FACSIMILE NUMBER:	(403) 228-2865
FOR FIRST QUARTER ENDED:	March 31, 2003
DATE OF REPORT:	May 30, 2003

The schedules required to complete this Quarterly Report are attached and the disclosure contained therein has been approved by the Board of Directors. A copy of this Quarterly Report will be provided to any shareholder who requests it. Please note this form is incorporated as part of both the required filing of Schedule "A" and Schedule "B" & "C".

Michael E. Hriskevich	"Michael E. Hriskevich"	May 30, 2003
Director	Signature	Date Signed

John J. Komarnicki	"John J. Komarnicki"	May 30, 2003
Director	Signature	Date Signed

Alhambra Resources Ltd.
Consolidated Balance Sheets

	March 31, 2003 (unaudited)	December 31, 2002 (audited)
Assets		
Current assets		
Cash and cash equivalents	\$ 94,408	\$ 94,818
Accounts receivable	65,105	131,677
Deposits and prepaid expenses	6,383	27,655
	<u>165,896</u>	<u>254,150</u>
Loan receivable	2,339,464	2,261,396
Deferred acquisition and project evaluation costs	778,979	713,738
Property and equipment	<u>1,216,867</u>	<u>1,283,746</u>
	<u>\$ 4,501,206</u>	<u>\$ 4,513,030</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 117,366	\$ 139,909
Due to officers and directors	354,990	354,990
Loan payable (note 5)	1,000,000	1,000,000
	<u>1,472,356</u>	<u>1,494,899</u>
Future income taxes	173,889	195,169
Future site restoration costs	<u>44,560</u>	<u>43,560</u>
	<u>1,690,805</u>	<u>1,733,628</u>
Shareholders' Equity		
Share capital (note 3)	3,861,913	3,739,913
Deficit	<u>(1,051,512)</u>	<u>(960,511)</u>
	<u>2,810,401</u>	<u>2,779,402</u>
	<u>\$ 4,501,206</u>	<u>\$ 4,513,030</u>

Approved by the Board,

John J. Komarnicki (signed)
_____, Director

Michael E. Hriskevich (signed)
_____, Director

Alhambra Resources Ltd.
Consolidated Statements of Loss and Deficit
Three Months Ended March 31

	2003 (unaudited)	2002 (unaudited)
Revenues		
Oil and gas sales, net of royalties	\$ 153,855	\$ 94,064
Interest and other	3,365	3,658
	<u>157,220</u>	<u>97,722</u>
Expenses		
Operating	16,521	15,462
General and administrative	148,086	39,074
Interest	32,419	-
Stock-based compensation costs	2,750	-
Depletion, depreciation and amortization	69,725	58,400
	<u>266,501</u>	<u>112,936</u>
Loss before income taxes	(112,281)	(15,214)
Future income taxes (recovery)	<u>(21,280)</u>	<u>-</u>
Net loss	(91,001)	(15,214)
Deficit, beginning of period	<u>(960,511)</u>	<u>(102,083)</u>
Deficit, end of period	<u>\$(1,051,512)</u>	<u>\$ (117,297)</u>
Net loss per share		
Basic	<u>\$ (0.005)</u>	<u>\$ (0.001)</u>
Diluted	<u>\$ (0.005)</u>	<u>\$ (0.001)</u>

Alhambra Resources Ltd.
Consolidated Statements of Cash Flows
Three Months Ended March 31

	2003 (unaudited)	2002 (unaudited)
Operating Activities		
Net (loss)	\$ (91,001)	\$ (15,214)
Items not involving cash		
Depletion, depreciation and amortization	69,725	58,400
Stock-based compensation	2,750	-
Future income taxes (recovery)	(21,280)	-
	<u>(39,806)</u>	<u>43,186</u>
Change in non-cash working capital items	<u>65,301</u>	<u>(25,461)</u>
	<u>25,495</u>	<u>17,725</u>
Financing activities		
Issuance of shares	119,250	5,200
	<u>119,250</u>	<u>5,200</u>
Investing Activities		
Loan receivable advances	(78,068)	-
Deferred acquisition and project evaluation costs	(65,241)	(117,685)
Acquisition of property and equipment, net	(1,846)	(2,407)
	<u>(145,155)</u>	<u>(120,092)</u>
Cash (outflow)	(410)	(97,167)
Cash and cash equivalents, beginning of period	<u>94,818</u>	<u>499,340</u>
Cash and cash equivalents, end of period	<u>\$ 94,408</u>	<u>\$ 402,173</u>
Cash and cash equivalents consists of:		
Deposits with banks	\$ 94,408	\$ 382,173
Term deposits	20,000	20,000
	<u>\$ 94,408</u>	<u>\$ 402,173</u>
Supplemental disclosure of cash flows information:		
Interest paid	<u>\$ 29,589</u>	<u>\$ -</u>

Alhambra Resources Ltd.

Schedule B Supplementary Information

March 31, 2003

1. Continuance of operations

The businesses of Alhambra Resources Limited (“Alhambra” or the “Corporation”) consist of exploration for and development of oil and gas properties in Canada and the acquisition and development of mineral properties in the Republic of Kazakhstan. Due to Alhambra’s continued net losses and working capital deficiency, 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. Management believes the equity and debt capital raised and the repayment of loan payable and amounts due to officers and directors subsequent to March 31, 2003 (note 5) have increased Alhambra’s ability to carry out its business plan and to continue as a going concern.

2. Summary of changes in significant accounting policies

The accounting policies of the interim financial statements are the same as those described in the Corporation’s 2002 audited consolidated financial statements. The interim financial statements of the Corporation have been prepared by management in accordance with Canadian generally accepted accounting principles. The interim financial statements should be read in conjunction with the December 31, 2002 consolidated financial statements.

3. Share capital

- (a) Authorized
 - Unlimited voting common shares
 - Unlimited nonvoting preferred shares
- (b) Issued

	Number	Stated Value
Common shares		
Balance, beginning of period	17,878,535	\$3,739,913
Exercise of stock options (note 4)	225,000	29,250
Shares “to be issued” pursuant to a private placement (note 3 [c])	<u>225,000</u>	<u>90,000</u>
	<u>18,328,535</u>	<u>3,859,163</u>
Add: Stock-based compensation costs		<u>2,750</u>
Balance, end of period		<u><u>\$3,861,913</u></u>

Alhambra Resources Ltd.

Consolidated Statements of Cash Flows
Three Months Ended March 31

- (c) During the period, Alhambra received subscription agreements along with payment pursuant to a private placement of 225,000 units at \$0.40 per unit. Each unit consists of one fully paid common share and one share purchase warrant. Each warrant entitles the holder to purchase an additional common share up to April 23, 2004 at an exercise price of \$0.60 per common share. These units were part of a private placement of units completed subsequent to March 31, 2003 (note 5). While the funds were received prior to March 31, 2003, the common shares were not issued until subsequent to that date.. Accordingly, these units have been classified as “to be issued”.

4. Stock-based compensation

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 shares to be issued upon the exercise of all options granted under the plan shall not exceed 10% of the issued shares of the Corporation at the time of granting the options. Options granted under the plan generally have a term of 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 policy or 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 as of March 31, 2003 and the changes during the period then ended is as follows:

	Number of options	Weighted Average Exercise Price
Issued, beginning of period	1,430,000	\$0.35
Granted	55,000	\$0.35
Exercised	(225,000)	\$0.13
Outstanding at March 31, 2003	<u>1,260,000</u>	<u>\$0.39</u>
Exercisable at March 31, 2003	<u>1,068,750</u>	<u>\$0.42</u>

During the three months ended March 31, 2003, the Corporation issued options to purchase 55,000 common shares at a price of \$0.35 per share. The stock options have a five years term with one quarter vesting immediately, one quarter vesting August 5, 2003, one quarter vesting February 5, 2004 and one quarter vesting August 5, 2004. An adjustment of \$ 2,750 was made to compensation expense only to the extent that the exercise price was less than the fair value of the stock at the date the options were granted. On a pro forma basis, had compensation expense for the options based on the fair value method and amortized to compensation expense over the vesting period of the options, the Corporation would have recorded an additional compensation expense of \$3,860 for the period ended March 31, 2003 using the Black–Scholes option pricing model with a risk free interest rate of 4.03%, an expected life of five years, and an expected

Alhambra Resources Ltd.

Consolidated Statements of Cash Flows Three Months Ended March 31

volatility of 50% with no dividends expected to be paid during the term. The net loss and net loss per share for the three month period ended March 31, 2003 would have been as follows:

Net loss	As reported	(\$91,001)
	Pro forma	(\$94,861)
Net loss per share	As reported	(\$0.005)
- basic and diluted	Pro forma	(\$0.005)

- (e) The stock based compensation costs for the period ended March 31, 2003 are comprised of the following:

Compensation costs related to the granting of options to employees, valued by the intrinsic value method	\$2,750
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5. Subsequent Events

(a) Convertible debenture

Subsequent to March 31, 2003, the Corporation issued a 10% secured convertible debenture (the "Debenture"), due March 31, 2006, with a face value of US\$680,000. The principal amount of the Debenture is convertible at any time, in whole or in part, at the option of the holder into common shares at CAN\$0.60 (the "Conversion Price") based on an average exchange rate of US\$0.6833 per Canadian dollar. The Debenture can be converted at the option of the Corporation if the common shares of the Corporation trade over a ten consecutive day period at a closing price equal to or greater than Can\$1.20 per common share. Interest on the Debenture is compounded semi-annually and is payable on a quarterly basis. The debenture is secured against the assets of the Corporation. The Corporation paid a finder's fee of US\$68,000 associated with this financing.

(b) Private placement

Subsequent to March 31, 2003, pursuant to a private placement, 3,113,427 units were issued at \$0.40 per unit for proceeds of \$1,245,471. Share issuance costs of \$48,000 were incurred related to the private placement. Each unit consisted of one common share and one common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one additional common share, on or before one year from the date of closing the private placement, at an exercise price of \$0.60 per share.

The proceeds from the convertible debenture and the private placement were used to repay amounts due to officers and directors, the loan payable and other various outstanding amounts including additional advances under the loan agreement.

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<u>Michael E. Hriskevich</u>	<u>"Michael E. Hriskevich"</u>	<u>May 30, 2003</u>
Director	Signature	Date Signed

<u>John J. Komarnicki</u>	<u>"John J. Komarnicki"</u>	<u>May 30, 2003</u>
Director	Signature	Date Signed

Alhambra Resources Ltd.
Schedule B Supplementary Information
March 31, 2003

ITEM 1. ANALYSIS OF EXPENSES AND DEFERRED COSTS

Expenses January 1, 2003 to March 31, 2003

Operating	\$	16,521
General and administrative		148,086
Interest		32,419
Stock based compensation costs		2,750
Depletion, depreciation and depletion	\$	<u>69,725</u>
Total expenses	\$	<u>266,501</u>

General and administrative

Consulting and professional services	\$	77,423
Legal expenses		24,774
Filing fees		14,158
Office expenses		10,356
Other	\$	<u>21,375</u>
Total	\$	<u>148,086</u>

Deferred acquisition and project evaluation costs

Engineering evaluation costs	\$	40,025
Consulting costs		24,300
Other	\$	<u>916</u>
Total	\$	<u>65,241</u>

ITEM 2: RELATED PARTY TRANSACTIONS

None noted

ITEM 3: SUMMARY OF SECURITIES ISSUED AND OPTIONS GRANTED DURING THE PERIOD

Reference is made to Notes 3 (Share capital) and 4 (Stock based compensation) to the Interim Unaudited Consolidated Financial Statements dated March 31, 2003.

Alhambra Resources Ltd.

Schedule B Supplementary Information

March 31, 2003

ITEM 4: SUMMARY OF SECURITIES AS AT THE END OF REPORTING PERIOD

Reference is made to Notes 3 (Share capital) and 4 (Stock based compensation) to the Interim Unaudited Consolidated Financial Statements dated March 31, 2003.

ITEM 5: DIRECTORS AND OFFICERS

John J. Komarnicki

Chairman of the Board and Director

Michael E. Hriskevich

President and Chief Executive Officer and Director

Gordon L. Levang

Director

Elmer B. Stewart

Director

Clarence K. Wagenaar

Director

Michael A. Tkachyk

Vice-President, Operations

Retired March 31, 2003

Alhambra Resources Ltd.

Consolidated Balance Sheets

December 31, 2002 and 2001

ITEM 2: DESCRIPTION OF BUSINESS

Alhambra Resources Ltd. is a natural resource company headquartered in Calgary, Alberta. The Company is incorporated under the laws of Alberta, Canada and holds working and royalty interests in four oil and natural gas producing areas of western Canada.

Alhambra plans to retain its oil and natural gas production and at the same time build a company producing in excess of 100,000 ounces of gold per annum over the next three to four years. The first step toward achieving this diversification into the gold business will be to complete the acquisition of Saga Creek Gold Company.

ITEM 3: DISCUSSION OF OPERATIONS AND FINANCIAL CONDITION REVENUES

Alhambra's oil and gas sales are generated by a combination of royalty and working interests. Revenue, net of royalties, for the three months ended, March 31, 2003 totaled \$155,855, an increase of 64% over the comparable 2002 total of \$94,064. Higher natural gas and oil prices during the first quarter of 2003 as compared to the first quarter of 2002 accounted for this increased revenue.

OPERATING

Operating expenses for the three months ended March 31, 2003 were \$16,521, up marginally over comparable amount in 2002 of \$15,462. A significant portion of the operating costs on the Corporation's properties are fixed and as such do not vary materially from one year to the next.

GENERAL AND ADMINISTRATIVE

General and administrative expenses for the three months ended March 31, 2003 totaled \$148,086, a significant increase over the \$39,074 in costs incurred during the first quarter of 2002. This increase is primarily a result of increased activity related to expanding the Corporation's profile in the investment community to raise new capital to fund activities associated with the Saga Creek acquisition and development.

INTEREST

Interest expense relates to the amounts due to officers and directors borrowed in the third quarter of 2002 as well as a loan from a merchant investment corporation borrowed on November 22, 2002. The amounts due to officers and directors bear interest at 5% per annum while the loan payable bears interest at an effective annual rate of 12.68% payable monthly. The Corporation had no debt during the first quarter of 2002 and as such has no interest expense for that period.

Alhambra Resources Ltd.

Consolidated Balance Sheets

December 31, 2002 and 2001

STOCK-BASED COMPENSATION EXPENSE

Effective, January 1, 2002 Alhambra adopted the recommendations of the Canadian Institute of Chartered Accountants with respect to accounting for stock-based compensation arrangements. Under those recommendations the Corporation must determine the fair value of options issued to consultants and amortize this value to general and administrative expense over the vesting period of the option. The fair value is determined using the Black-Scholes option pricing model which takes into account the risk free interest rate, the expected life of the options, the expected volatility and the expectation of dividends being paid during the life of the option. During the first quarter of 2002 a total of \$2,750 was charged against earnings.

DEPLETION DEPRECIATION AND AMORTIZATION

Depletion, depreciation and amortization expense for the three months ended March 31, 2003 totaled \$69,725 as compared to \$58,400 for the comparable period in 2002.

CASH FLOW AND EARNINGS

Cash flow from operations was \$(39,806) for the three months ended March 31, 2003, a decrease \$82,992 over the comparable 2002 first quarter amount of \$43,186. An increase in cash flow from oil and natural gas activities of \$58,732 was more than offset by an increase in general and administrative expenses of \$109,012 and interest expense of \$32,419.

The decrease in cash flow from operations together with an increase in depletion, depreciation and amortization expense of \$11,325 and stock-based compensation expense of \$2,750 was partially offset by a recovery in income taxes of \$21,280 such that the net loss for the three months ended March 31, 2003 was \$91,001 as compared to \$15,214 for the three months ended March 31, 2002. On a per share basis the losses were \$0.005 and \$0.001 for the first quarter of 2003 and 2002 respectively.

LIQUIDITY AND CAPITAL RESOURCES

During the first quarter of 2003, Alhambra continued its commitment to purchase the Saga Creek gold property in north central Kazakhstan by advancing \$78,068 under the loan agreement as well as expending \$65,241 on the evaluation and acquisition of the project. To finance this activity as well as the operating deficit, Alhambra issued \$119,250 in common share equity and reduced its working capital by \$65,301.

Alhambra Resources Ltd.

Consolidated Balance Sheets

December 31, 2002 and 2001

At March 31, 2003 the Corporation had a working capital deficiency of \$1,306,460 which was up slightly from the December 31, 2002 working capital deficiency of \$1,240,749. Included in the working capital deficiency is a loan payable to a merchant investment corporation for \$1,000,000 that is secured, has an effective annual rate of interest of 12.68% and matures on May 20, 2003. In addition, the Corporation had borrowed \$354,990 from some of its officers and directors. The advances bear interest at 5% per annum, are unsecured and have no fixed terms of repayment. Subsequent to the quarter end, both these outstanding amounts were repaid in full from the proceeds of a private placement of the Corporation's common share and a US\$680,000, 10% secured convertible debenture due in 2006.

BUSINESS RISKS

Alhambra, and the oil and gas and mineral industries in general, is subject to numerous business risks. These risks include such factors as operations risk, the volatility of commodity prices, government regulations and legislation, environmental regulations, and fluctuations in currency exchange and interest rates.

Operations risk relates to the ability to economically find and develop recoverable reserves. Alhambra's experienced professional staff reduces this risk. In addition, the Company focuses exploration efforts in areas in which it has existing knowledge and expertise. Using the latest technologies and controlling costs to maximize profitability also assists in risk minimization.

OUTLOOK

While Alhambra's major source of earnings and cash flow comes from its interests in oil and natural gas production, its new strategy and primary focus is to acquire low cost gold assets. The objective for 2003 is to complete the acquisition of Kazakhstan based Saga Creek Gold Company and to continue the exploration and development of the Uzboy oxide gold deposit.

ITEM 4: SUBSEQUENT EVENTS

There have been no significant events or transactions that have occurred during the time from the date of the financial statements up to the date of this report other than as reported in Note 5 to the Interim Unaudited Consolidated Financial Statements dated March 31, 2003

Alhambra Resources Ltd.

Consolidated Balance Sheets

December 31, 2002 and 2001

ITEM 5: FINANCINGS, PRINCIPAL PURPOSES AND MILESTONES

February 11, April 24	\$1,000,000 debt financing	Repay various outstanding bridge financings, further funding of Saga Creek, preliminary assessment report on Uzboy Gold prospect and general corporate purposes	No variance except final amount of loan was US\$ 680,000
February 11, April 24	\$1,200,000 private placement	Repay various outstanding bridge financings, further funding of Saga Creek, preliminary assessment report on Uzboy Gold prospect and general corporate purposes	No variance except that final number of units changed from 3,000,000 to 3,113,427

ITEM 6: LIQUIDITY AND SOLVENCY

At March 31, 2003 Alhambra had a working capital deficiency of \$1,306,460. Included in this total are amounts due to directors totaling \$354,990. These loans bear interest at 5% per annum, are unsecured and have no fixed terms of repayments. Subsequent to March 31, 2003, these loans, including accrued interest thereon, were repaid from funds received by way of a private placement by the Corporation of common shares.

Also included in the working capital deficiency is a loan payable to a merchant investment corporation for \$1,000,000 that is secured, has an effective annual rate of interest of 12.68% and matures on May 20, 2003. This loan was subsequently paid off in April 2003, prior to its maturity date. The funds to pay off the loan payable came from the issuance of a US\$680,000, 10% secured, convertible debenture due in 2006.

Management of Alhambra believes that the Company can meet its ongoing obligations as they become due however its ability to complete the acquisition and development of Saga Creek is dependent upon its ability to obtain additional sources of financing.