

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 THIRD QUARTER ENDED:	September 30, 2003
DATE OF REPORT:	November 28, 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"	November 28, 2003
Director	Signature	Date Signed

John J. Komarnicki	"John J. Komarnicki"	November 28, 2003
Director	Signature	Date Signed

Alhambra Resources Ltd.
Consolidated Balance Sheets

	September 30, 2003 (unaudited)	December 31, 2002 (audited)
Assets		
Current assets		
Cash and cash equivalents	\$ 4,691	\$ 94,818
Accounts receivable	92,048	131,677
Deposits and prepaid expenses	6,383	27,655
	<u>103,122</u>	<u>254,150</u>
Loan receivable (note 7)	-	2,261,396
Deferred acquisition and project evaluation costs (note 7)	-	713,738
Mineral properties and deferred exploration costs (note 7)	5,973,667	-
Property and equipment	<u>1,139,141</u>	<u>1,283,746</u>
	<u><u>\$ 7,215,930</u></u>	<u><u>\$ 4,513,030</u></u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 220,203	\$ 139,909
Due to officers and directors	-	354,990
Loan payable	-	1,000,000
	<u>220,203</u>	<u>1,494,899</u>
Convertible debenture (note 3)	918,272	-
Convertible promissory notes (note 4)	1,244,000	-
Future income taxes	6,406	195,169
Future site restoration costs	<u>46,560</u>	<u>43,560</u>
	<u>2,435,441</u>	<u>1,733,628</u>
Shareholders' Equity		
Share capital (note 5)	6,028,443	3,739,913
Deficit	<u>(1,247,954)</u>	<u>(960,511)</u>
	<u>4,780,489</u>	<u>2,779,402</u>
	<u><u>\$ 7,215,930</u></u>	<u><u>\$ 4,513,030</u></u>

Approved by the Board,

(signed) "Michael E. Hriskevich" _____, Director

(signed) "John J. Komarnicki" _____, Director

Alhambra Resources Ltd.**Consolidated Statements of Loss and Deficit**

	Three Months Ended		Nine Months Ended	
	September 30, 2003 (unaudited)	September 30, 2002 (unaudited)	September 30, 2003 (unaudited)	September 30, 2002 (unaudited)
Revenues				
Oil and gas sales, net of royalties	\$ 136,246	\$ 114,122	\$ 430,108	\$ 303,440
Interest and other	3,383	7,544	10,261	14,912
	<u>139,629</u>	<u>121,666</u>	<u>440,369</u>	<u>318,352</u>
Expenses				
Operating	22,381	23,290	62,894	63,770
General and administrative	135,125	78,392	612,028	221,350
Interest	43,601	-	99,879	-
Stock-based compensation costs	16,640	78,000	39,740	138,100
Write-down of mineral properties and deferred exploration costs	-	854,382	-	856,374
Depletion, depreciation and amortization	43,650	79,535	156,450	231,085
	<u>261,397</u>	<u>1,113,599</u>	<u>970,991</u>	<u>1,510,679</u>
Loss before gain on foreign exchange and income taxes	(121,768)	(991,933)	(530,622)	(1,192,327)
Foreign exchange gain	13,434	-	74,634	-
Loss before income taxes	(108,334)	(991,933)	(455,988)	(1,192,327)
Future income recovery	36,659	432,095	168,545	505,528
Net loss	(71,675)	(559,838)	(287,443)	(686,799)
Deficit, beginning of period	(1,176,279)	(229,044)	(960,511)	(102,083)
Deficit, end of period	<u>\$ (1,247,954)</u>	<u>\$ (788,882)</u>	<u>\$ (1,247,954)</u>	<u>\$ (788,882)</u>
Net loss per share				
Basic and diluted	<u>\$ (0.003)</u>	<u>\$ (0.035)</u>	<u>\$ (0.014)</u>	<u>\$ (0.045)</u>

Alhambra Resources Ltd.

Consolidated Statements of Cash Flows

	Three Months Ended		Nine Months Ended	
	September 30, 2003 (unaudited)	September 30, 2002 (unaudited)	September 30, 2003 (unaudited)	September 30, 2002 (unaudited)
Operating Activities				
Net income (loss)	\$ (71,675)	\$ (559,838)	\$ (287,443)	\$ (686,799)
Items not involving cash				
Depletion, depreciation and amortization	43,650	79,535	156,450	231,085
Future income taxes (recovery)	(36,659)	(432,095)	(168,545)	(505,528)
Stock-based compensation costs	16,640	78,000	39,740	138,100
Cost of impaired property	-	854,382	-	856,374
	(48,044)	19,984	(259,798)	33,232
Change in non-cash working capital items	57,125	76,328	141,195	1,642
	9,081	96,312	(118,603)	34,874
Financing activities				
Issuance of shares, net of share issue costs	1,951	662,400	1,228,572	735,200
Repayment of loans to officers and directors	-	-	(354,990)	-
Convertible unsecured promissory notes	810,312	-	1,244,000	-
Repayment of loan payable	-	-	(1,000,000)	-
Convertible debenture	1,971	-	918,272	-
Obligation to issue shares	-	(662,400)	-	-
Advances from officers and directors	-	274,990	-	274,990
	814,234	274,990	2,035,854	1,010,190
Investing Activities				
Loan receivable advances	(721,931)	-	(1,677,883)	-
Deferred acquisition and project evaluation costs Saga Creek Gold Company, LLP	(87,861)	(822,881)	(298,935)	(1,532,478)
Acquisition of property and equipment, net	(21,715)	-	(21,715)	-
Acquisition of property and equipment, net	(3,433)	17,499	(8,845)	17,499
Additions of other assets	-	(514)	-	(3,111)
	(834,940)	(805,896)	(2,007,378)	(1,518,090)
Cash (outflow)	(11,625)	(434,594)	(90,127)	(473,026)
Cash and cash equivalents, beginning of period	16,316	460,908	94,818	499,340
Cash and cash equivalents, end of period	\$ 4,691	\$ 26,314	\$ 4,691	\$ 26,314
Cash and cash equivalents consists of:				
Deposits with banks	\$ 4,691	\$ 26,314	\$ 4,691	\$ 26,314
Supplemental disclosure of cash flows information:				
Interest paid	\$ 24,120	-	\$ 80,398	-
Non-cash transaction:				
Increase to mineral properties and deferred exploration costs – stock-based compensation costs	-	-	-	\$ 75,000

Alhambra Resources Ltd.

Notes to Consolidated Financial Statements

1. Continuance of operations

The businesses of Alhambra Resources Limited (“Alhambra” or the “Corporation”) consist of the exploration 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 private placement of common shares (note 5(c)), the convertible debenture (note 3), the convertible unsecured promissory notes (note 4) combined with the repayment of loan payable and amounts due to officers and directors during the nine months ended September 30, 2003 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. Convertible debenture

During the nine months ended September 30, 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 the exchange rate in effect at the time of conversion (US\$0.74 at September 30, 2003). The Debenture can be converted at the option of the Corporation if the common shares of the Corporation trade over a ten day consecutive period at a closing price equal to or greater than CAN\$1.20 per common share. Interest on the Debenture 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. The proceeds from the Debenture together with the proceeds from the convertible unsecured promissory notes (note 4) and the private placement (note 5(c)) were used to repay amounts due to officers and directors, the loan payable and other various outstanding amounts in addition to making advances under the loan agreement.

Alhambra Resources Ltd.

Notes to Consolidated Financial Statements

4. Convertible promissory notes

During the nine months ended September 30, 2003, the Corporation issued 10% unsecured convertible subordinated promissory notes totaling CAN\$400,000 (“CAN\$ Notes”) and US\$625,000 (“US\$ Notes”). The CAN\$ Notes were issued to directors of the Corporation. The principal amount of the CAN\$ Notes are convertible at any time, in whole or in part, at the option of the holder into common shares at CAN\$0.60. The US\$ Notes are convertible at anytime, in whole or in part, at the option of the holder into common shares at a rate of 11,459 common shares for each US\$5,000 of principal amount converted. The CAN\$ Notes and US\$ Notes can be converted at the option of the Corporation if the common shares of the Corporation trade over a ten day consecutive period at a closing price equal to or greater than CAN\$0.90 per common share. Interest on the CAN\$ Notes and US\$ Notes is payable on a quarterly basis.

5. 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 6)	240,000	31,200
Shares issued pursuant to a private placement (note 5 [c])	3,113,427	1,245,370
Shares issued pursuant to acquisition of Saga Creek Gold Company, LLP (note 7)	4,000,000	1,000,000
	<u>25,231,962</u>	<u>6,016,483</u>
Add: Stock-based compensation costs		39,740
Less: Share issue costs, net of tax benefit of \$20,218		<u>(27,782)</u>
Balance, end of period		<u>\$6,028,443</u>

(c) During the nine months ended September 30, 2003, Alhambra issued pursuant to a private placement, 3,113,427 units at \$0.40 per unit. Each unit consists of one fully paid common share and one share purchase warrant. Each warrant

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Notes to Consolidated Financial Statements

entitles the holder to purchase an additional common share up to April 23, 2004 at an exercise price of \$0.60 per common share.

6. 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 between three and 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 September 30, 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	1,295,000	\$0.44
Exercised	(240,000)	\$0.13
Outstanding at September 30, 2003	<u>2,485,000</u>	<u>\$0.42</u>
Exercisable at September 30, 2003	<u>1,442,500</u>	<u>\$0.42</u>

During the nine months ended September 30, 2003, the Corporation issued stock options to purchase 600,000 common shares of the Corporation at exercise prices ranging from \$0.40 to \$0.50 per common share to consultants. These options have terms ranging from two to five years and vest each quarter for periods of either one year or two years, depending on the particular option agreement. The fair value of issued options was \$110,423 which is being amortized to compensation expense over the vesting period of the options, and resulted in a \$39,734 adjustment to compensation expense for the nine month period ended September 30, 2003 with an equal amount credited to share capital. The fair value was determined using the Black-Scholes option pricing model and depending on the particular option, utilize risk free interest rates ranging from 3.02% to 3.76%, expected lives ranging from two to five years, and expected volatility rates of 75% with no dividends expected to be paid during the various term.

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During the nine months ended September 30, 2003 the Corporation issued to employees, stock options to purchase 695,000 common shares at exercise prices ranging from \$0.35 to \$0.50 per common share. The employees' options have terms ranging from three to five years with quarterly and annual vesting periods, depending on the particular option agreement. The fair value of the options was \$162,933. On a pro forma basis, had compensation expense for the options based on the fair value method been amortized to compensation expense over the vesting period of the options, the Corporation would have recorded an additional compensation expense of \$48,720 for the nine months ended September 30, 2003 using the Black-Scholes option pricing model with risk free interest rates ranging from 3.13% to 3.39%, expected lives ranging from three to five years, and expected volatility of 75% with no dividends expected to be paid during the term. The net loss and net loss per share for the nine-month period ended September 30, 2003 would have been as follows:

Net loss	As reported	(\$287,442)
	Pro forma	(\$336,162)
Net loss per share	As reported	(\$0.014)
-basic and diluted	Pro forma	(\$0.017)

(d) The stock based compensation costs for the nine months ended September 30, 2003 are comprised of the following:

Compensation costs related to the granting of options to a consultant, valued by the fair value method	\$39,740
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7. Business combination

Pursuant to a Partnership Unit Purchase and Exchange Agreement (the "Agreement") dated March 21, 2002, Alhambra acquired all of the issued and outstanding units of Saga Creek Gold Company LLP (Saga LLP) in exchange for the issue of 4,000,000 common shares of Alhambra at a deemed price of \$0.25 per share for a total consideration of \$1,000,000 and the granting to the sellers a Net Smelter Return on all properties owned by Saga LLP. The Net Smelter Return is equal to (i) 2.5% of Gross Revenue as defined in the Agreement in the event that the weighted average price of gold is less than US\$300 per ounce; (ii) 2.75% of Gross Revenue in the event that the weighted average price of gold is equal to or greater than US\$ per ounce; and (iii) 3% of Gross Revenue in the event that the weighted average price of gold is equal to or greater than \$350 per ounce.

The acquisition received conditional approval from the TSX Venture Exchange (the "Exchange") on July 8, 2003 and was legally completed on August 8, 2003. As the

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Corporation satisfied the major conditions of the Exchange on September 29, 2003, this date is used as the effective date of the transaction.

The acquisition has been accounted for using the purchase method of accounting as follows:

Consideration given:

Common shares	\$ 1,000,000
Acquisition costs	<u>21,715</u>
Total purchase price	<u>\$ 1,021,715</u>

Allocation of purchase price:

Mineral properties and deferred exploration costs	<u>\$ 1,021,715</u>
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Prior to the completion of the acquisition, Alhambra had been financing the exploration and development activities of Saga LLP under a loan agreement. In addition Alhambra had incurred costs directly related to its evaluation of the properties owned by Saga LLP. As a result of the acquisition, these amounts have been reclassified as mineral properties and deferred exploration costs.

8. Subsequent event

Subsequent to September 30, 2003 Alhambra received \$180,000 from the exercise of warrants for 900,000 common shares.