Dombraly Project

The Dombraly Project area ("Dombraly"), situated in the Enbekshilder district of Akmola province of the Kazakhstan Republic (Figure 1) in the eastern part of the Alhambra Resources Ltd. ("Alhambra") Northern Kazakhstan license block, is approximately 90 kilometres ("kms") from its operating Uzboy open-pit mine (Figure 2). Dirt roads connect the area to the nearest villages of Zolotaia Niva (15 kms), Ualikhanovo (30 kms) and Aksu railway station (50 kms). From the latter there is a 16 km asphalt road to Stepnogorsk (pop. 60,000) site of the corporation's gold extraction plant and operating subsidiary headquarters. A 10 kilowatt ("KW") power line passes near the project.

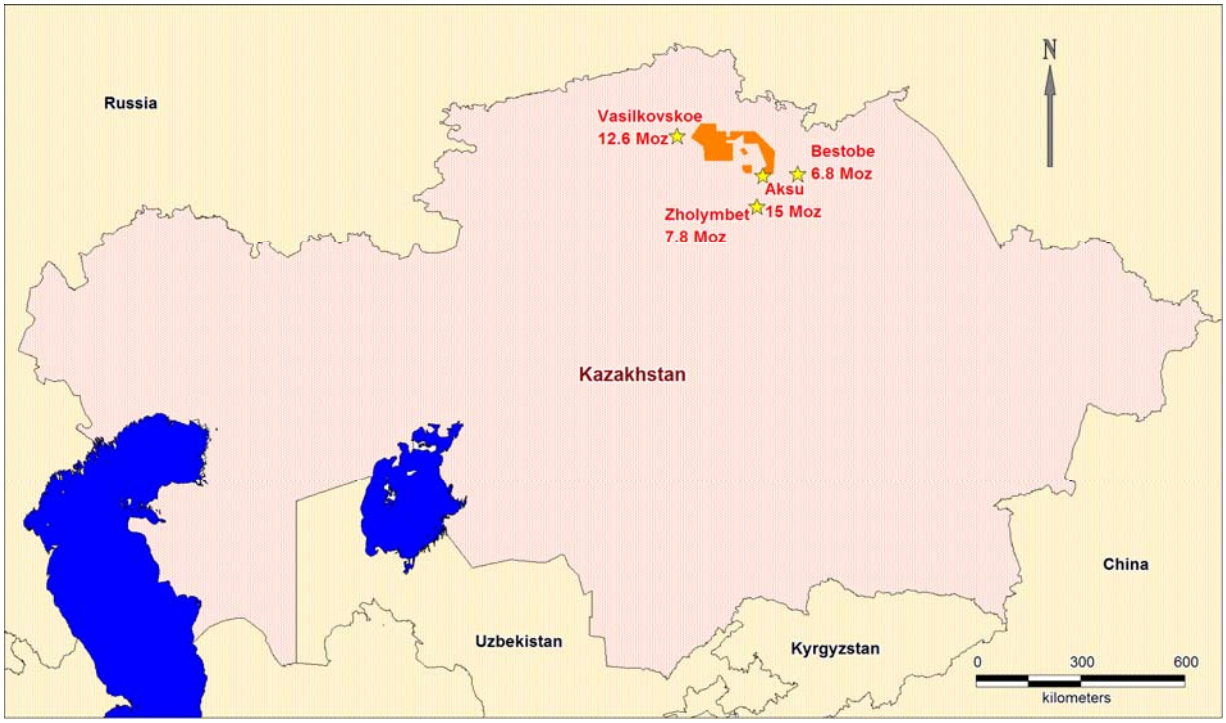

Figure 1 - Location of Alhambra's license area (orange) and the main gold deposits in Northern Kazakhstan

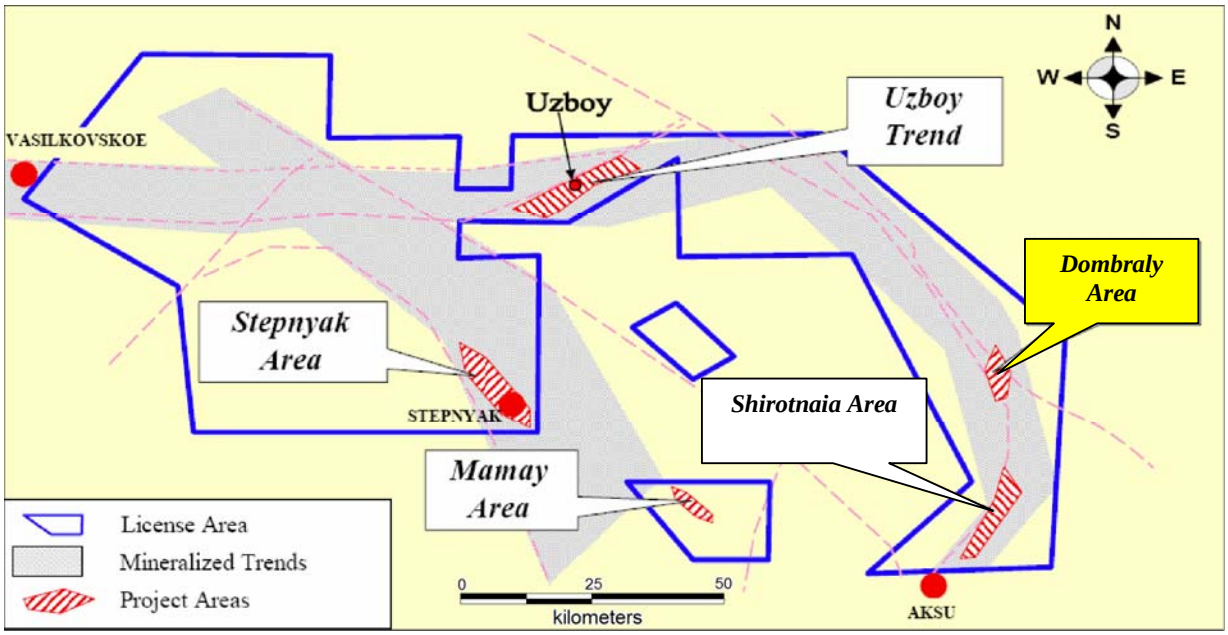

Figure 2 - Location of Dombraly within the license area held by Alhambra

Geological Setting

Middle-Upper Ordovician volcano-sediment sequence including horizons of sandstone, tufaceous sandstone, siltstone, siliceous sandstone and limestone, underlie the project area. The upper sequence is composed of porphyritic pyroxene andesite-basalt lava and tuff interbedded with felsic volcanics. The entire package is intruded by Late Ordovician subvolcanic dolerite, andesite and trachyandesite (Figure 3).

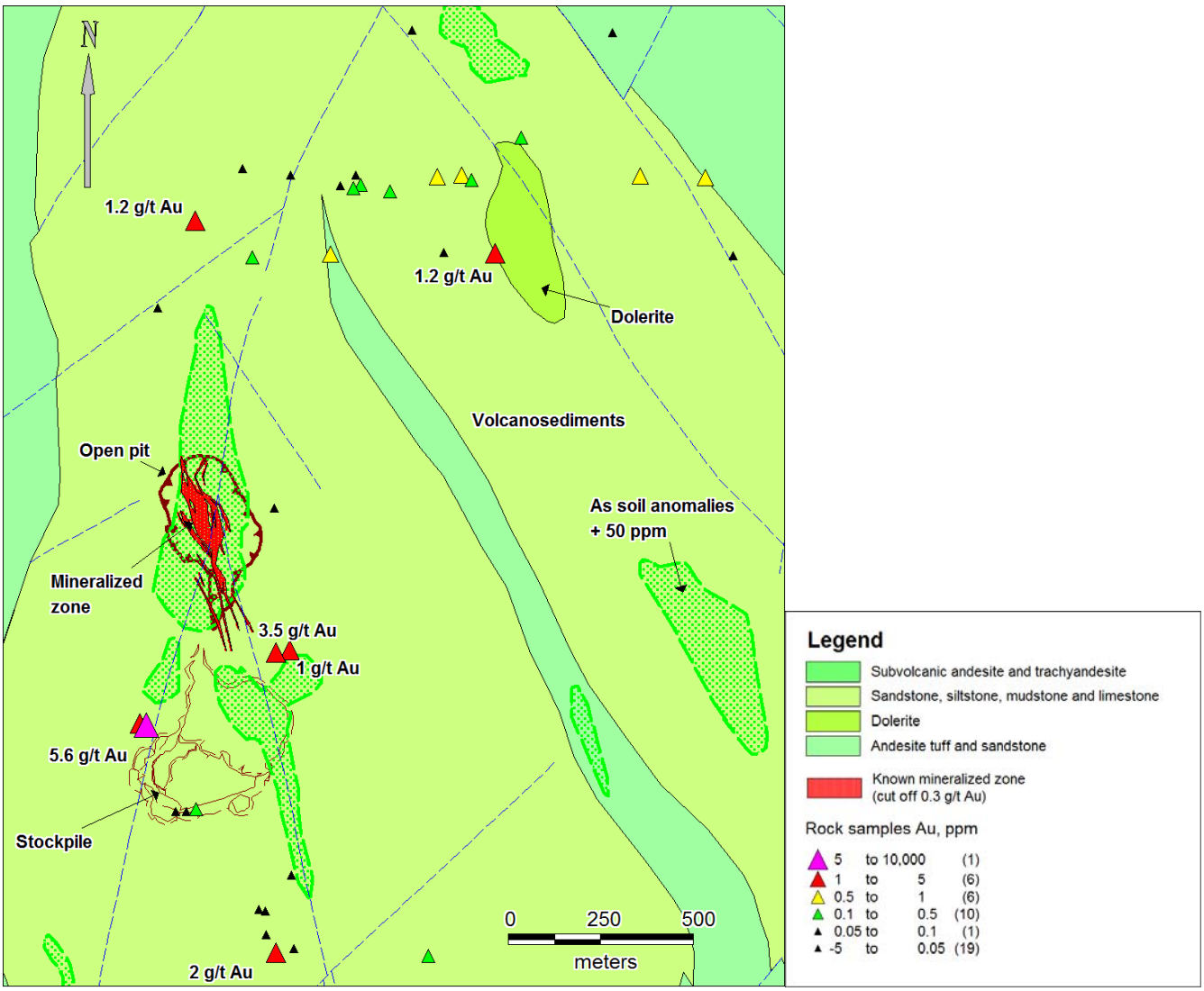

Figure 3 - Geological map of the Dombraly area with soil and rock sampling results.

The intensely folded supracrustals form an isoclinal anticline with limbs dipping Northeast ("NE") and axis plunging to the north. The fold hinge is complicated by a secondary syncline. An ENE striking brittle-ductile shear zone with reverse kinematics truncates the western limb of the anticline. Its Northwest ("NW") splays indicate sinistral movement and control zones of chlorite-sericite-quartz and sericite-quartz alteration hosting the known Dombraly mineralization.

These structural controls combine with fluid barriers formed by volcanic rocks covering sediments to localize alteration and mineralization. Thus, similar mineralization could be expected about 1 km NE of Dombraly where the same geological and tectonic factors are observed. This is supported by numerous, wide-spaced, rock samples that returned greater than 0.5 grams per tonne gold ("g/t Au") (with peak of 1.2 g/t Au) taken there as well as by arsenic ("As") anomalism in soil.

Exploration History

The Dombraly (aka Dombraly-2) deposit was discovered in 1952. Since then its uppermost part (first 30 m) consisting of oxide ore has been intensely explored by trenches, pits and a shallow shaft. Sparser drilling has probed the transitional material and sulphides to a depth of 170 m.

Open cast mining of the deposit from 1985 to 1988 carried out by a small mining cooperative is reported to have produced 140,000 tonnes of ore grading 6.96 g/t Au, using a 2.5 g/t Au mining cut-off.

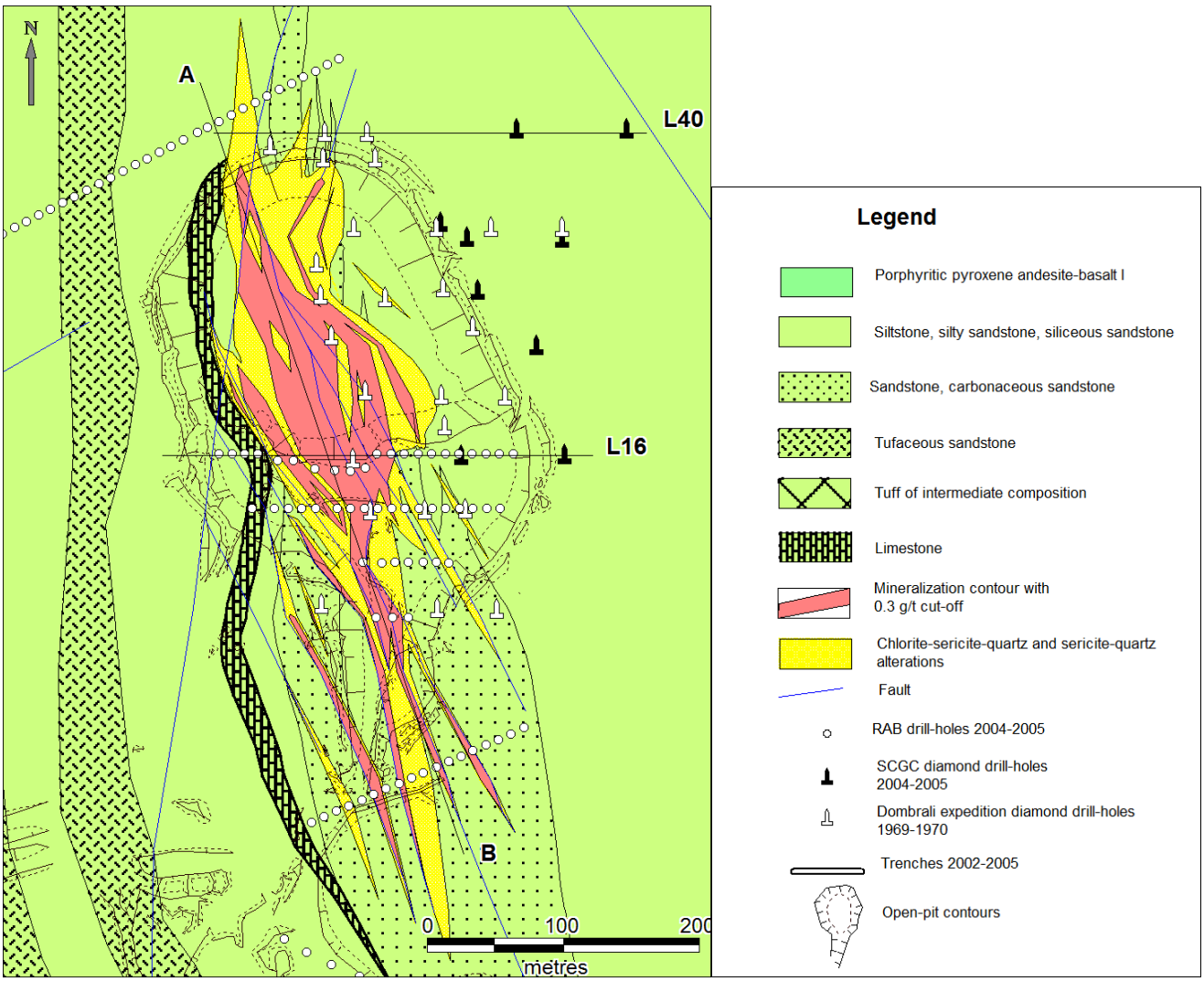

Figure 4 - Geological map of Dombraly with cross section (L16, L40) and long section (A-B) lines.

In 2002-2006 Saga Creek Gold Company LLP ("Saga Creek"), the wholly owned subsidiary of Alhambra, explored the Dombraly area including the down dip and strike extension of the gold mineralization exposed in the bottom of the open pit. It included exploration of the mineralization under the open pit level as well as sampling of the material used for its backfill and that stored in the waste dump (Figure 4). During this period, 8 trenches totally 1,741 metres ("m") long, 613 rotary air-blast ("RAB") drill holes amounting to 4,152 m and 10 core holes (2,394 m) were completed and 354 samples from the trenches, 2,076 from RAB and 1,958 from core holes were taken.

As a result, the potential exploration target in the oxide zone at Dombraly that is the focus of an ongoing exploration program could range from 5 to 7 million tonnes with gold grades ranging from 1.40 grams per tonne ("g/t") to 1.80 g/t.) (see News Release dated May 15, 2008).

The above potential quantities and grades of the exploration target are conceptual in nature. To date there has been insufficient exploration to define a mineral resource. It is uncertain if further exploration will result in the target being delineated as a mineral resource.

The basis for the potential quantity and grade of the exploration target is:

a) the results from the historical and current exploration and historical mining information,
b) based on the diamond drilling completed in 2005, the oxide portion of the gold mineralization extends to a depth of 100 m below surface, has a minimum strike length of 400 m and is open along strike to the north and south, and
c) the average grade of all channel samples collected from the waste pile produced as a result of the previous mining activities at this former open pit mine.

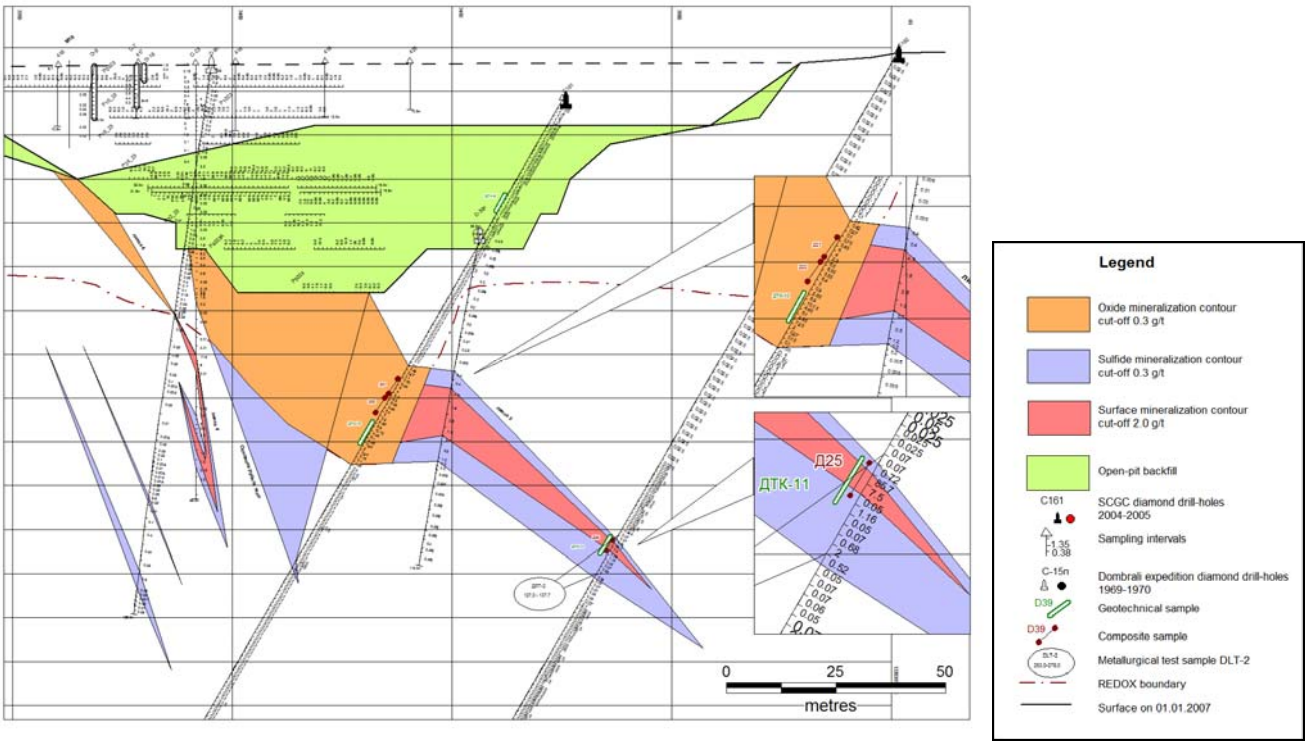

Figure 5 - Cross section of the Dombraly deposit along line L16.

Dombraly Deposit

The mineralization belongs to the volcano-sediment hosted Orogenic style and is represented by quartz veins, quartz veinlet and disseminated mineralization zones containing native gold and pyrite with sporadic galena, specularite and arsenopyrite. Metallurgical samples taken from the primary zone of gold mineralization indicated sulphide content less than 2% although some peaks of 15-18% were established. All zones and quartz veins are striking NNW and are dipping to the NE at 30 to 65^{o} (Figure 5 and 6). Quartz veins are up to 350 m long and 1.5 m wide while veinlet and disseminated mineralization zones reach 600 m in length and 90 m in width, remaining open at both NNW and SSE flanks. They are explored down to the depth of 170 m and are also not shut off along the dip. The redox boundary is variable and in some places extends to 120 m from surface. At the same time, successive leaching tests show that only approximately 8% of the gold is associated with the sulphides.

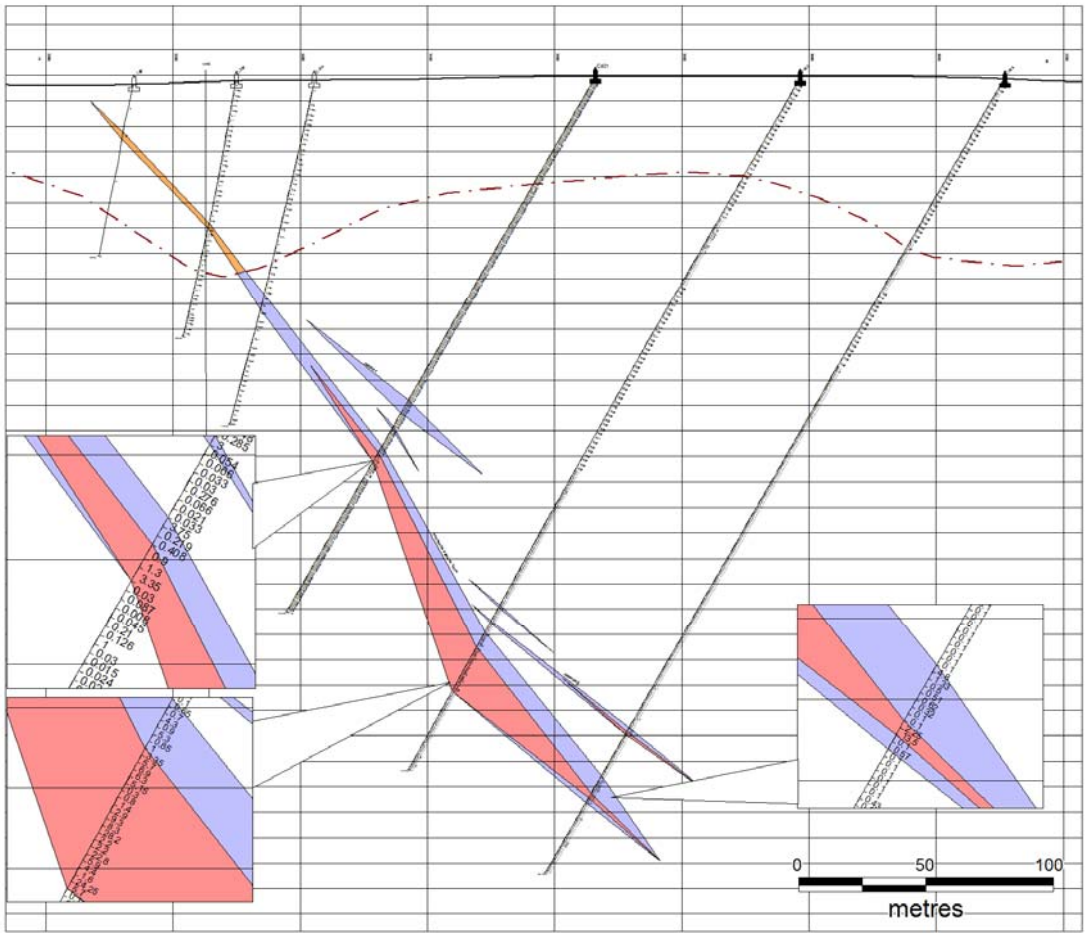

Figure 6 - Cross section of the Dombraly deposit along line L40.

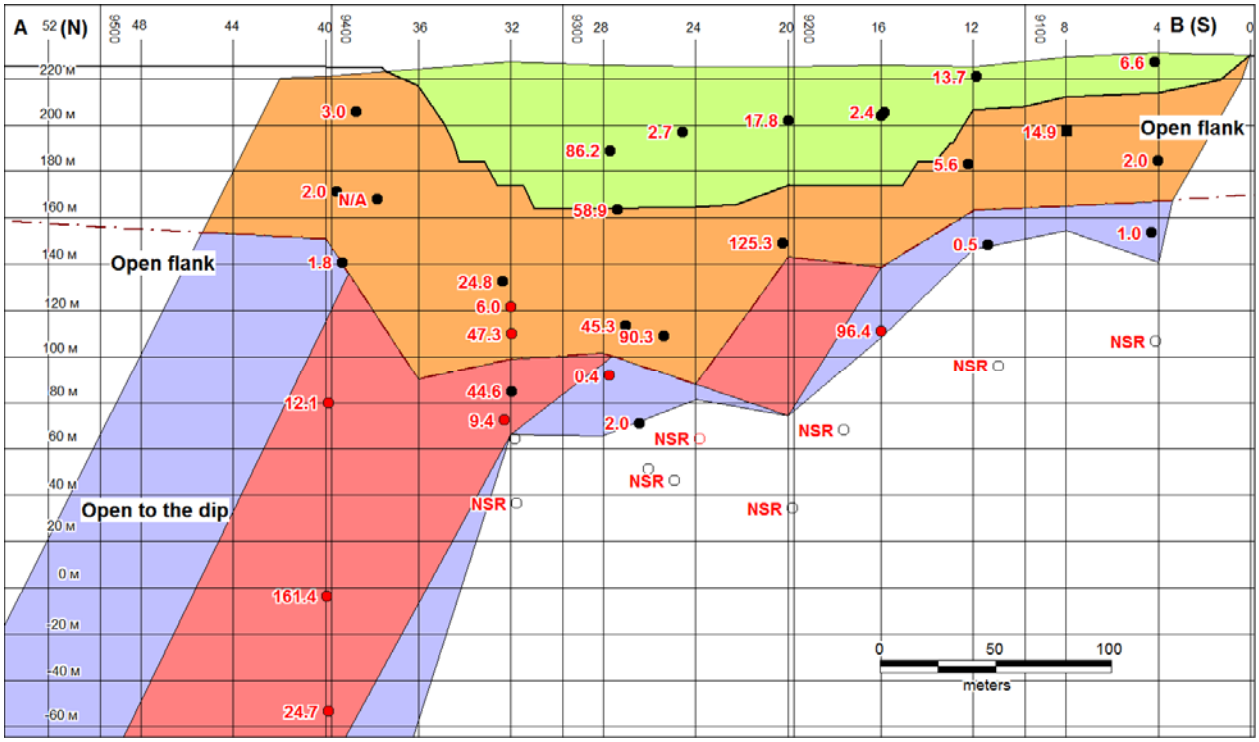

Figure 7 - Long section of the main zone of gold mineralization along line A-B. Drilling intercepts are labeled in grammeters. (NSR – no significant results).

2010 Exploration Program

The objective of the 2010 exploration program at Dombraly is to continue core and non-core drilling on the oxide and sulphide zones of gold mineralization, to test the depth extensions of the known zones of gold mineralization and to locate new zones of gold mineralization in close proximity to Dombraly.

Four core holes totaling approximately 2,000 m are anticipated to be drilled in the second half of 2010 at the northern flank of the Dombraly open pit (see Figure 7). This area shows a mineralized zone previously intersected by diamond drilling up to 27 m wide averaging 5.98 g/t Au plunging to the north. Possible extension of the shallow oxide mineralization to the north will also be targeted.

Nine additional core holes totaling approximately 1,500 m are planned in the second half of 2010 which will aid in outlining the possible continuation of the gold mineralization just south of the known zones of gold mineralization where the gold mineralization is open-ended (see Figure 7, Line 4).

Drilling the extension of gold mineralization to the south from the waste pile as well as another possible mineralized zone located about 1 km northeast of the open pit is also planned. Grab rock samples in these areas returned up to 5.6 g/t Au (see Figure 3). Additional non-core drilling totaling approximately 4,400 m is planned in the second half of 2010.