# Kerbay Project

The Kerbay Project ("Kerbay"), situated in the Enbekshilder district of Akmola province of the Kazakhstan Republic (Figure 1) in the south-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). Positioned between the Dombraly (30 kms to the N) and Shirotnaia (15 kms to the SW) projects and from the latter an eight kilometer tarmac road connects the area to Stepnogorsk (pop. 60,000) site of the corporation's gold extraction plant and operating subsidiary headquarters.

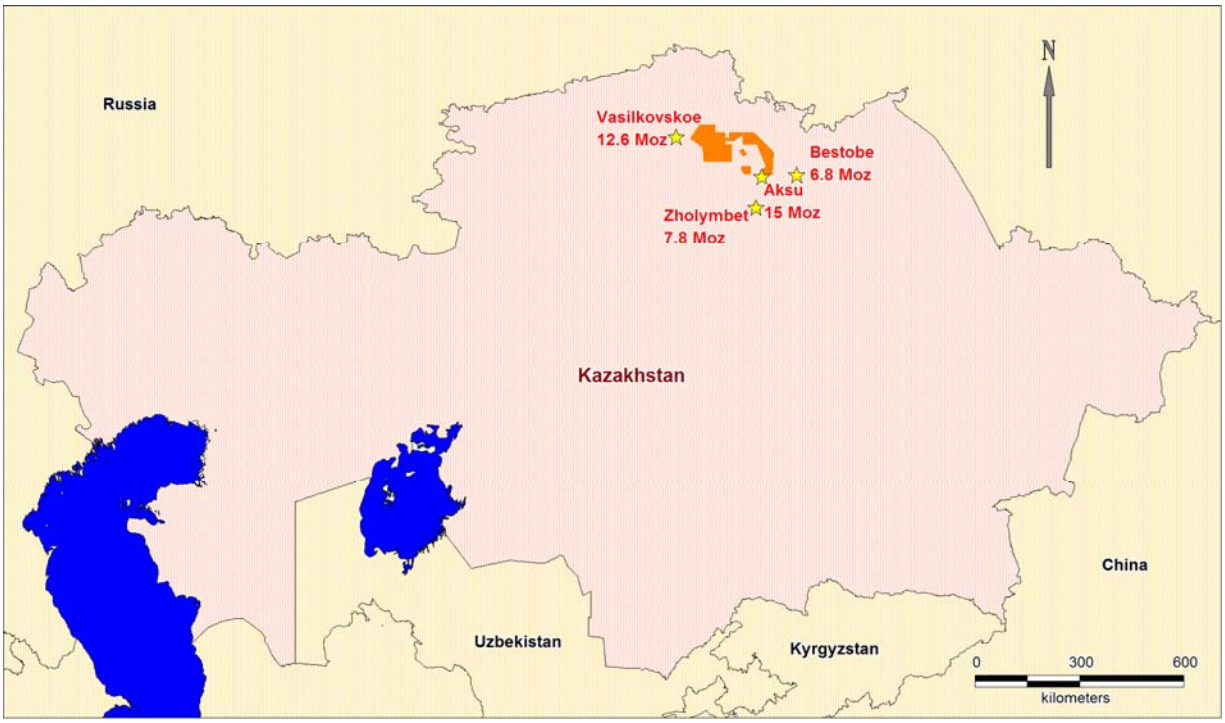


**Figure 1** - Location of Alhambra's license area (orange) and the main gold deposits in Northern Kazakhstan

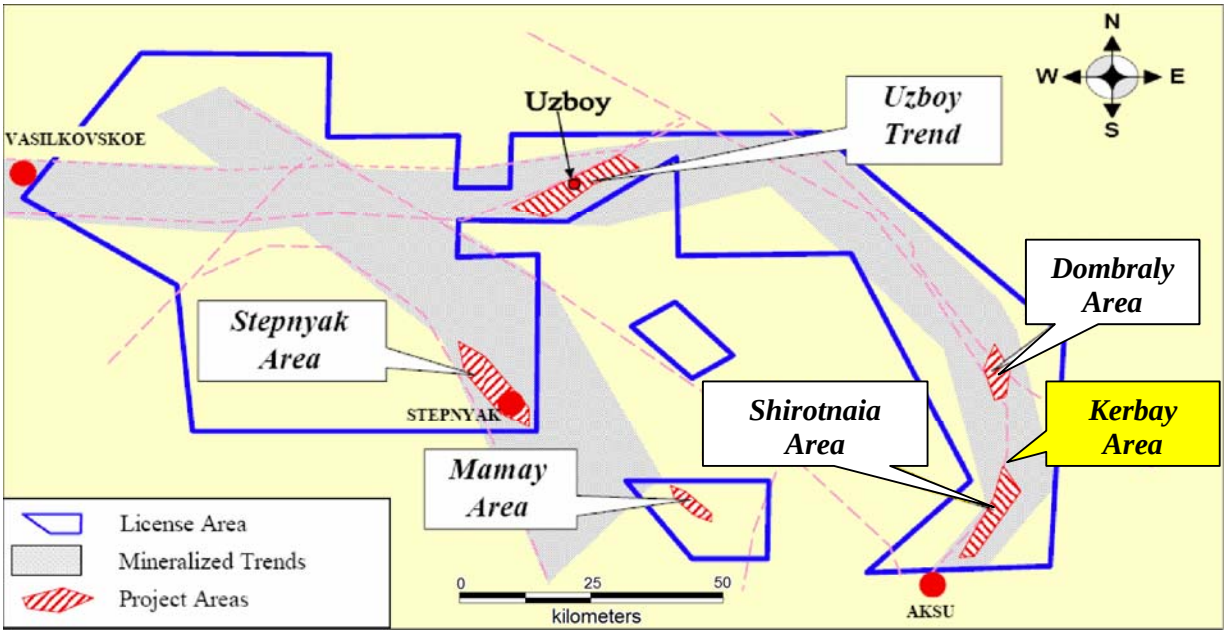


**Figure 2** - Location of Kerbay within the license area held by Alhambra

## Geological Setting

A Middle Ordovician volcano-sediment sequence covered by Upper Ordovician terrigenous sediment formation and truncated by Late Ordovician intrusions, underlies the prospect (Figure 3).

The volcano-sediment sequence consists of andesite tuff, tuffaceous sandstone, siltstone and rare limestone including also contemporaneous subvolcanic bodies of porphyritic andesite. It is intruded by granodiorite and diorite stocks belonging to the Late Ordovician Krykkuduk intrusive sequence. It is considered that the multi-million ounce orogenic gold deposits known in the district (such as Vasilkovskoe, Aksu and Stepnyak) are related to the intrusions of the same complex. The Upper Ordovician terrigenous formation overlies the volcano-sediment sequence and includes interbedded sandstone and siltstone.

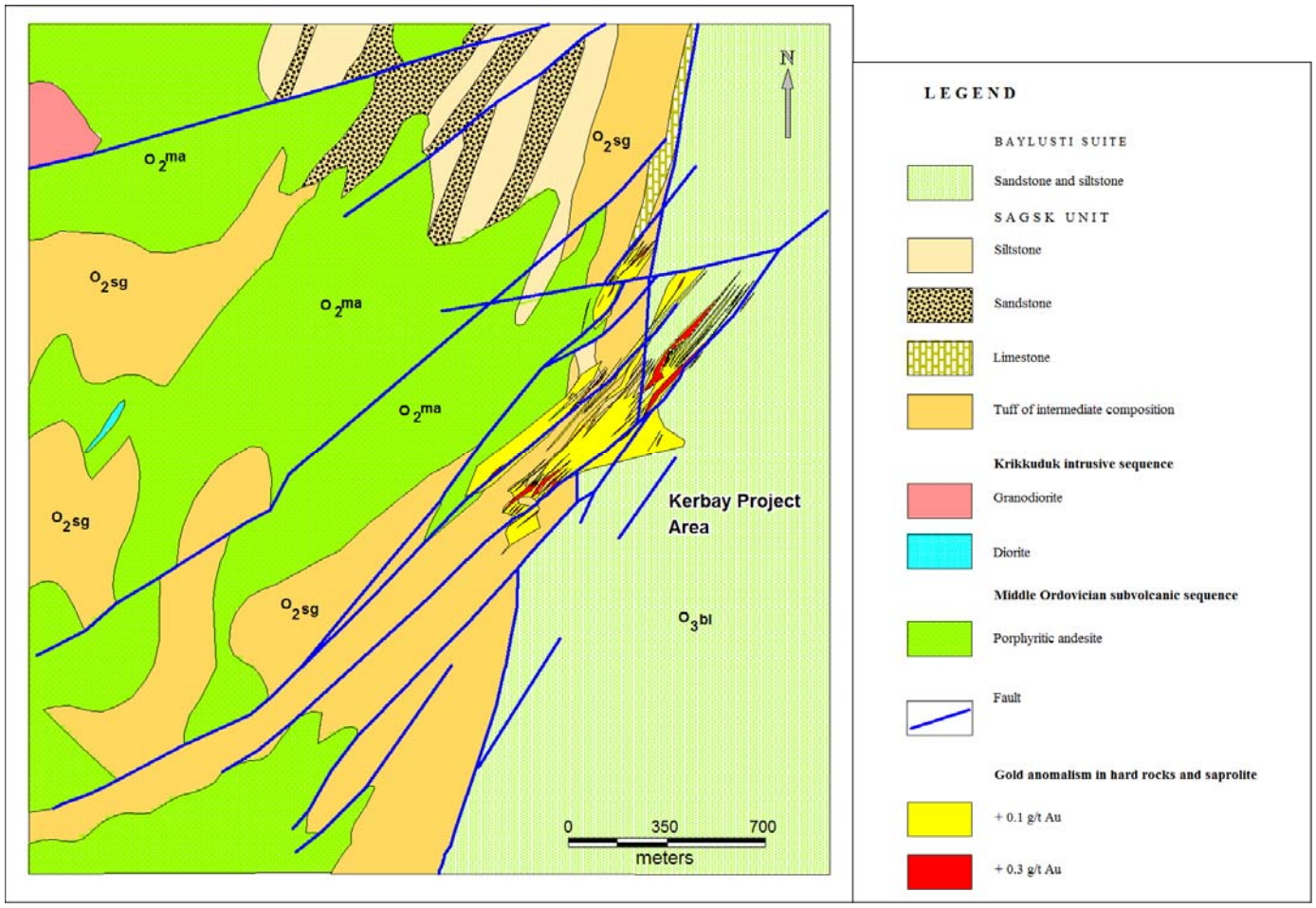


**Figure 3** - Geological map of the Kerbay area.

Kerbay mineralization belongs to the volcano-sediment hosted Orogenic style. The Aksu orogenic gold deposit (15.0 million oz gold deposit) is situated just 18 kms to the south and is actively mined by the KazakhGold Group.

The mineralization is probably controlled by a set of north-east striking brittle faults succeeding older brittle-ductile sinistral shear zones. It is located exactly where these structures intersect a tectonized contact between the volcano-sediment and terrigenous sequences.

## Exploration History

Mineralization in the Kerbay area was discovered in 1951-1952 during regional geological mapping. In the 1970's, the National Geological Survey carried out soil sampling of the area and established a

+100 parts per billion gold ("ppb Au") anomaly about 3.5 kms long and 500-1,000 m wide. This was followed by 3 trenches, several lines of hydro-core lift ("KGK") drilling and 2 diamond drill-holes. The Northern core hole returned an intercept of 36.0 m @ 1.47 grams per tonne ("g/t") Au starting from 94 m, with gold values ranging from 0.4 g/t to 2.3 g/t Au. The Southern hole returned several intercepts; the best being 17.1 m @ 0.71 g/t Au starting from 6.6 m, with gold values ranging from 0.25 g/t to 1.4 g/t Au.

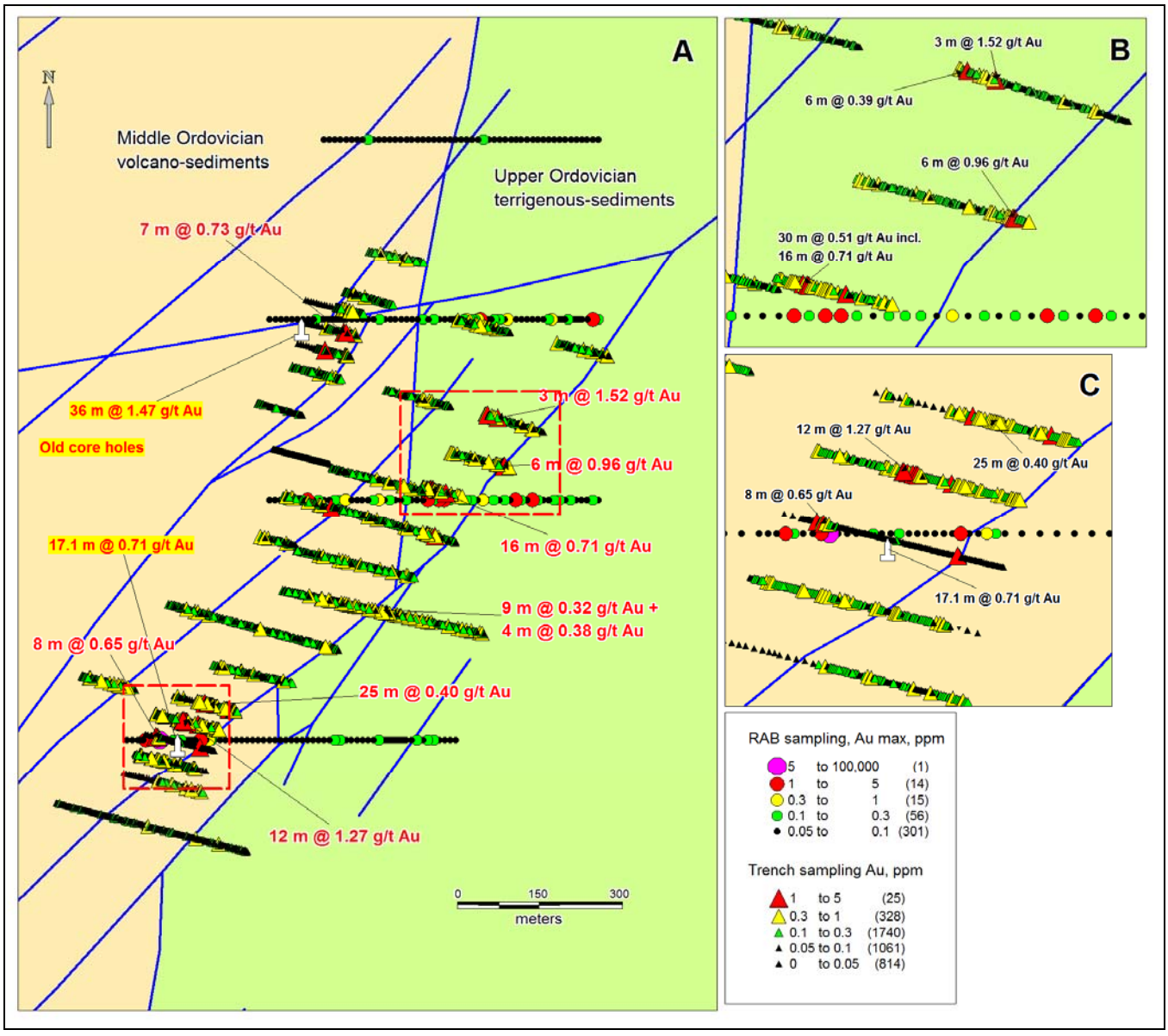


**Figure 4 -** Kerbay trench and RAB sampling results (A) and zoom to the areas of planned drilling (B – northern and C – southern)

Modern exploration by Alhambra started in 2003. 387 rotary air-blast ("RAB") holes on four lines were completed and 2,230 samples taken. Exploration continued in 2005 when 12 trenches were completed. They were sampled with 1,316 channel samples each being 1 m long. A second stage of trenching was conducted in 2006 with 19 more trenches dug and 2,868 channel samples taken.

**Results**

Both trenching and RAB drilling outlined an anomalous gold zone with open flanks measuring about 1,200 m long and 300-500 m wide where the gold grade in saprolitic rocks usually exceeds 0.1 g/t Au. The gold grades tend higher in the Northeast ("NE") and Southwest ("SW") where values of 3.98 and 4.05 g/t Au, respectively, in 1 m long trench samples were measured. The best trench intercepts are 12 m at 1.27 g/t Au and 16 m at 0.71 g/t Au. The highest gold grade returned by RAB drilling is 32.5 g/t Au in a 2 m long individual chip sample. The gold grades tend to increase in depth; a trend confirmed by the old core hole data.

Analysis of both geology and sampling results shows that the mineralization is strictly controlled by the NE striking shear/fault zone and is sealed by the terrigenous unit. It is anticipated that the gold mineralization extends to the Northwest ("NW") under the cap rocks.

**2010 Exploration Program**

The objective of the 2010 exploration program at Kerbay is to determine the dip direction and continuity to depth of the gold mineralization established by trenching. The exploration program will concentrate on those areas where the mineralization exhibits significant width and higher gold grades.

Contingent on drill results, the Corporation will then formalize the appropriate follow-up drilling programs which will continue to determine the size, quality and continuity of mineralization.