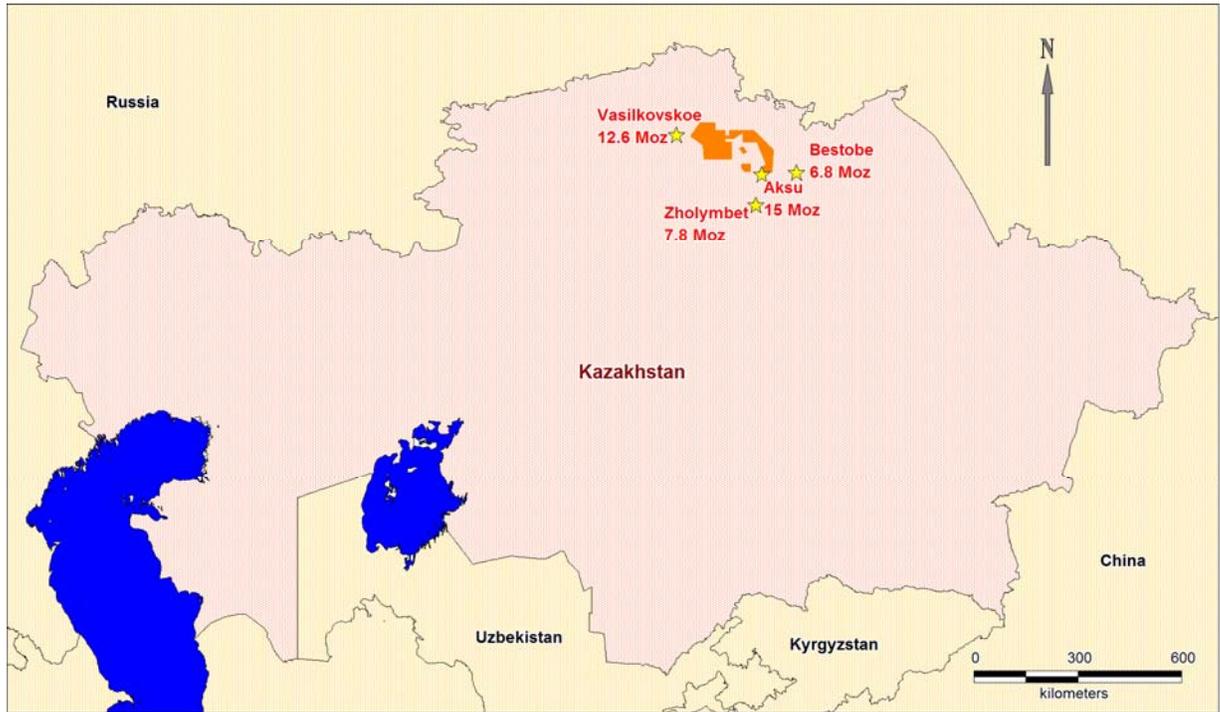
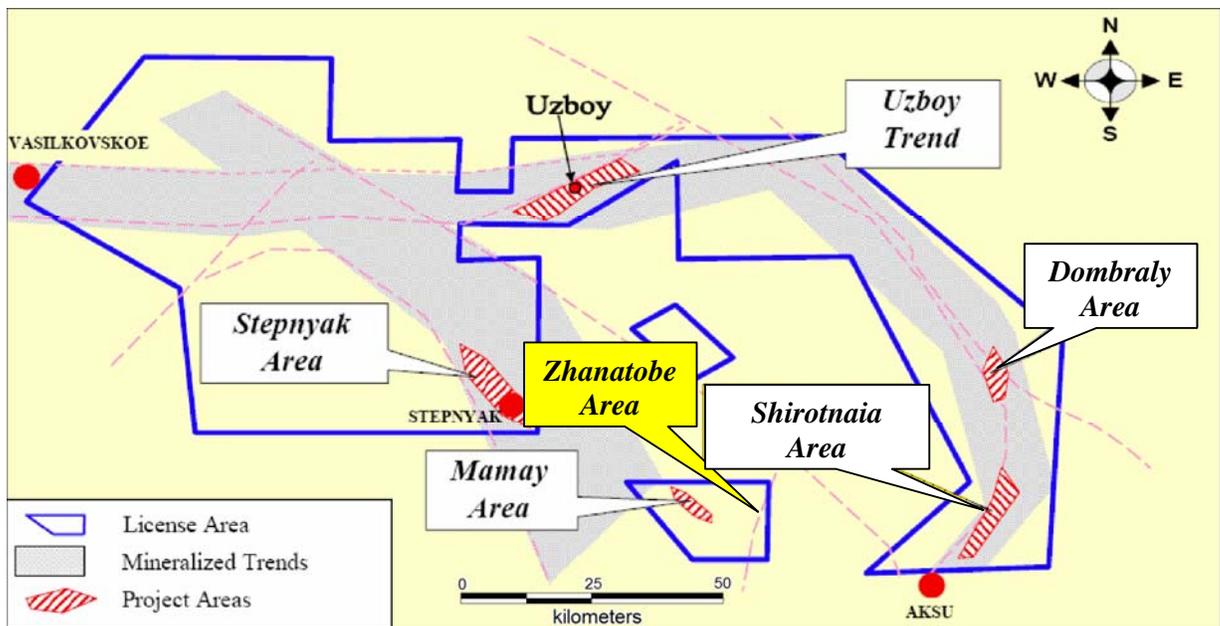


# Zhanatobe Project

The Zhanatobe Project area (“Zhanatobe”), situated in the Akkol district of Akmola province of Kazakhstan Republic (Figure 1), is in the southern part of the Alhambra Resources Ltd. (“Alhambra”) Northern Kazakhstan license block, and is approximately 90 kilometres (“kms”) southeast from its operating Uzboy open-pit mine (Figure 2). Mostly asphalt roads connect the area to the settlement and railway station of Aksu, 45 kms away, in turn 16 kms from 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

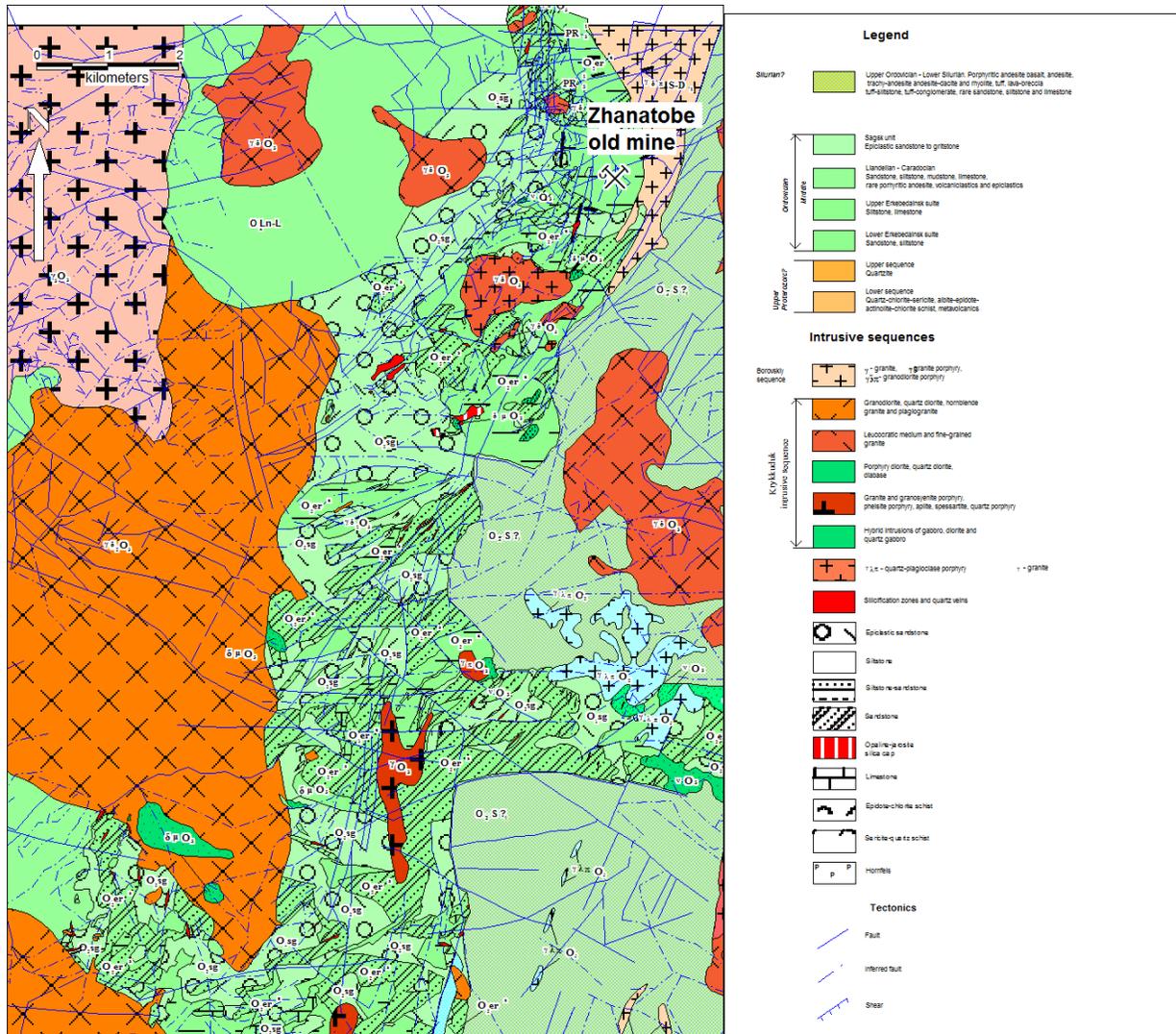


**Figure 2 -** Location of Zhanatobe within the license area held by Alhambra

## Geological Setting

The project area is underlain by a Middle Ordovician volcano-sediment sequence, truncated by several intrusive complexes of Late Ordovician to Devonian age (Figure 3).

The volcano-sediment formations are represented by dacitic volcanoclastic rocks, epiclastic and calcareous grit, sandstone and siltstone with lenses of chert and limestone and subvolcanic bodies of porphyritic andesite. This package is intruded by numerous gabbro, diorite, granodiorite and granite stocks belonging to the Late Ordovician Krykkuduk intrusive sequence. The multi-million ounce Orogenic deposits in the district (Vasilkovskoe, Aksu, Stepnyak, etc.) are genetically related to this intrusive complex. Late Silurian – Early Devonian intrusions of porphyry granite and granodiorite mark the latest stage of magmatic activity in Zhanatobe.

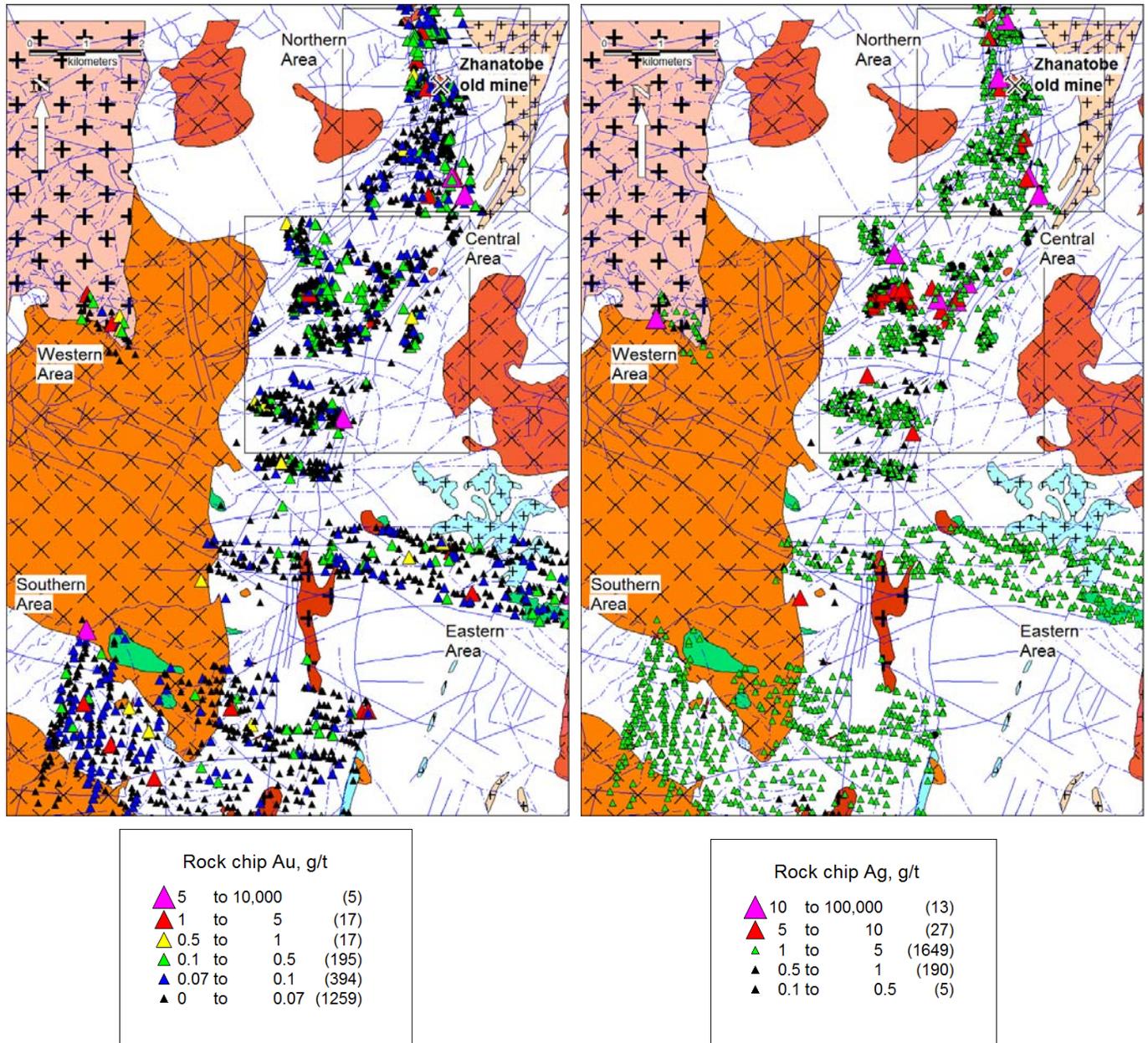


**Figure 3 - Geological map of Zhanatobe**

Gold mineralization, represented by the small effectively mined out Zhanatobe deposit, consists of gold bearing quartz veins. Veins are mostly hosted by sub-volcanic intrusions while zones of disseminated gold mineralization are observed in strongly deformed, sheared and hydrothermally altered volcano-sediments. The gold in the Zhanatobe deposit belongs to the intrusion related gold mineralization style. The mineralization in the deposit and probably in the entire area is controlled by a North North East (“NNE”) trending brittle-ductile shear zone and its North West (“NW”) striking splays. Historical production of the mine is unknown.

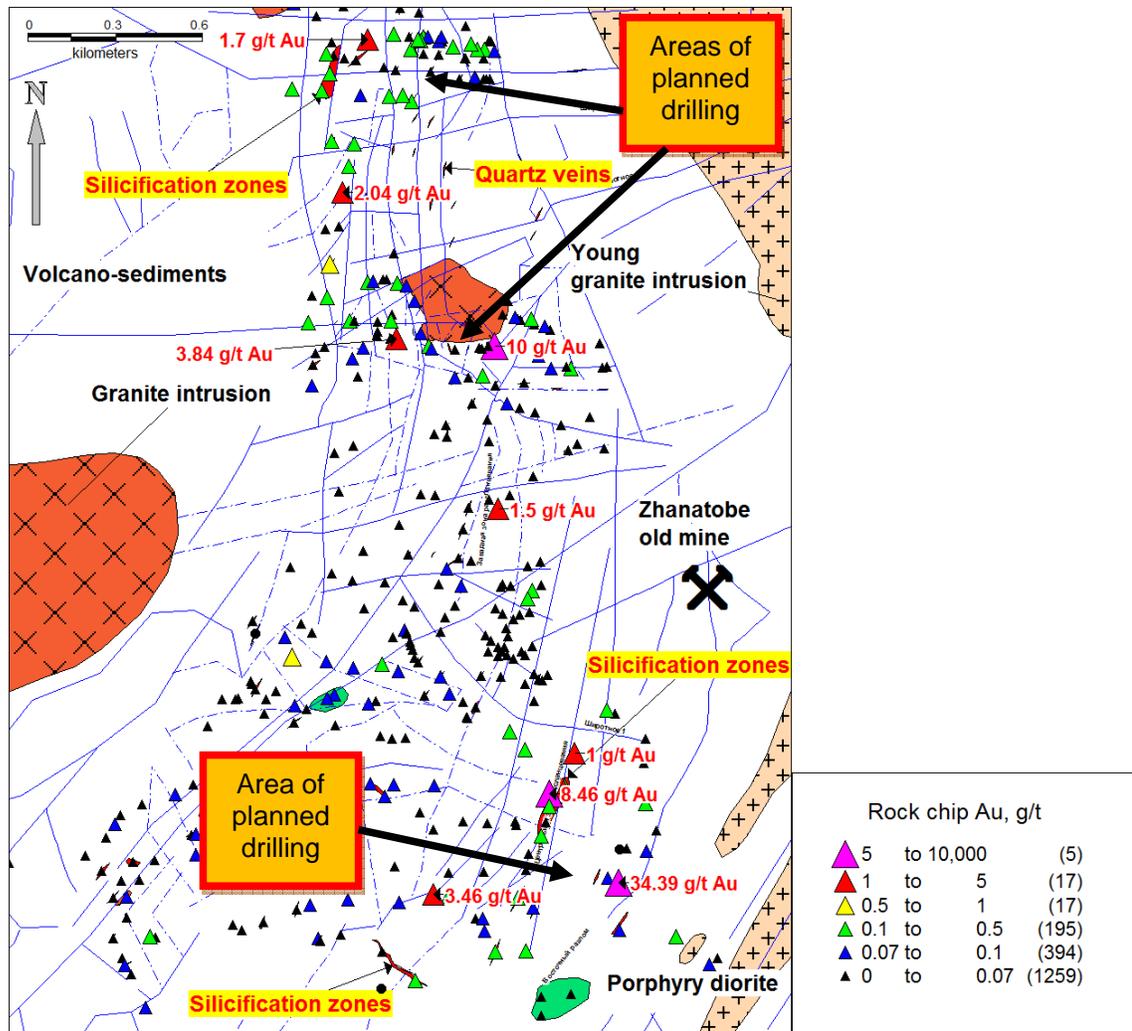
## Exploration History

The Zhanatobe deposit was discovered in 1932 and mined underground in the 1940's by a small mining cooperative. Systematic exploration of the deposit was conducted in 1950-1951 and full scale mining that was started later by the state owned Stepyak mining company continued until 1981. The mine consisted of 3 shafts and several drifts reaching the depth of 50 metres (“m”) below the surface.



**Figure 4** - Zhanatobe rock chip sampling results – gold (left) and silver (right).

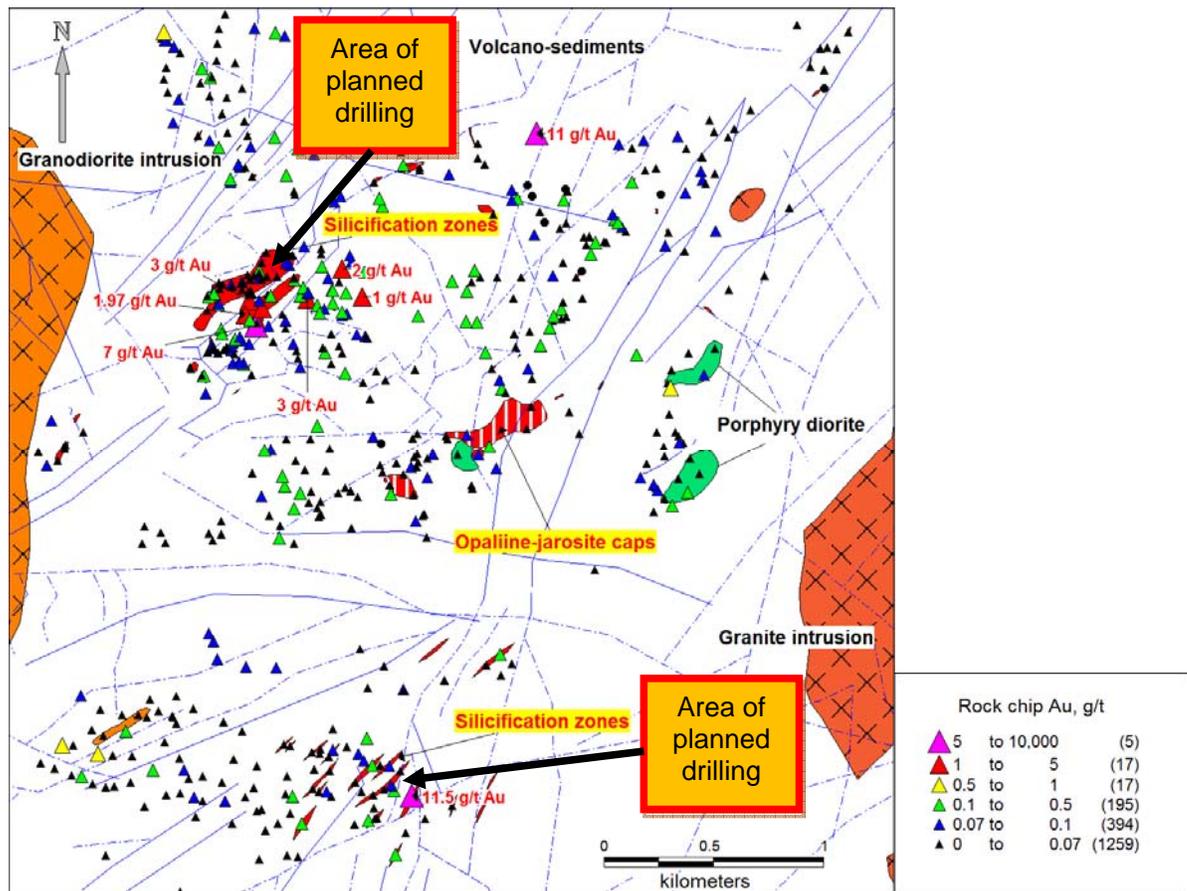
Saga Creek Gold Co. LLP (“Saga Creek”), the fully owned subsidiary of Alhambra, explored the area in 2006-2009. Exploration started with soil sampling on an area of 5.5 square kilometers (“sq kms”) around the known deposit. In 2009 it continued with soil sampling of the entire area (77.7 sq kms). For a part of the area, geological mapping accompanied by rock chip sampling was conducted and 1,877 samples were taken (Figure 4).



**Figure 5 - Zhanatobe Northern Area Schematic Geological Map with rock chip sampling results – gold**

### Results and 2010 Exploration Program

Mapping and surface rock chip sampling carried out in 2009 have outlined two zones with a high density of anomalous gold concentrations (above 70 parts per billion gold (“ppb Au”)) in volcano-sediment rocks. The main zone has a NNE orientation and is about 15.8 kms long and is up to 5.8 kms wide, remaining open in both NNE and South Southwest (“SSW”) directions. The second zone trending NW to West Northwest (“WNW”) is intruded by a granodiorite intrusion and has dimensions of approximately 7.7 by 1.2 kms (Figure 4). Anomalous gold grades in both zones are supported by elevated silver which suggests that mineralization is just slightly eroded and could continue to a significant depth. Geological mapping demonstrated that the gold anomalies are controlled by a NNE orientated district scale shear zone and its NW striking splays.



**Figure 6** - Zhanatobe Central Area Schematic Geological Map with rock chip sampling results – gold

There are several clusters of higher (+0.1 grams per tonne gold (“g/t Au”)) gold concentrations in rock chip samples inside both anomalous zones. They have the following dimensions and peak gold grade concentrations:

- Northern Area (cluster) – 3.3 kms by 0.8 kms with the highest grade of 34.4 g/t Au;
- Central Area – 3.7 kms by 2.5 kms, up to 11.5 g/t Au;
- Western Area – 1.3 kms by 0.7 kms, up to 2.0 g/t Au;
- Eastern Area – 5.3 kms by 1.2 kms, up to 6.3 g/t Au;
- Southern Area – 6.0 kms by 3.1 kms, up to 5.1 g/t Au;

At this stage the Northern and Central Areas look the most prospective, demonstrating not only high gold concentrations but also consistent spatial distribution of the rock samples containing more than 0.1 g/t Au. The Northern Area (Figure 5) includes the old Zhanatobe mine. The rock samples containing high gold concentration cover a much wider territory and are related to sets of quartz veins and silicified zones. The Central Area (Figure 6) looks even more promising. Here the gold-silver mineralization is related to zones of silicification, some of them up to 520 m wide and 180 m long. Fragments of opaline-jarosite and jasperoid style silicification zones in brecciated calcareous sediments looking similar to Carlin-style collapse breccias were also mapped in the Central Area indicating the potential presence of epithermal style gold mineralization; a style not recognized in the license before. The higher silver values, mentioned support this scenario.

The objective of the 2010 exploration program at Zhanatobe is to determine grade consistency and the shape and size of the gold mineralization as outlined by mapping and surface rock chip sampling carried out in 2009.

The drilling program will consist of approximately 465 rotary air blast (“RAB”) holes totaling 4,700 metres (“m”) on the Northern and Central areas of Zhanatobe. It is anticipated that the exploration program for the Northern area will consist of 191 RAB holes totaling approximately 2,000 metres.

This will include 7 drilling lines ranging in length from 600-700 m, spaced 200 m apart and will be located in the northern, central and southern parts of the Northern area. For the Central area, the exploration drilling program will consist of 8 drilling lines comprised of 274 RAB holes totaling approximately 2,700 m. Planned are 6 drilling lines ranging in length from 400-1,000 m, spaced 200 m apart, and will be located in the northern and southern parts of the Central area. To test the geologically most promising part of the area, two additional RAB lines, approximately 280 and 350 m in length with closer hole spacing along the line will also be drilled in the northern part of the Central area to test the silicified body discovered there.