

Given Ongoing Positive Drilling Results at their Uzboy Project in Northern Kazakhstan, Alhambra Resources Ltd. is Anticipating Significant Continued Growth in their Gold Resources



**Resources
Gold Exploration and Production
(ALH-TSXV, AHBRF-Pink Sheets)
(A4Y-Frankfort)**



**John J. Komarnicki
Chairman, CEO and Director**

BIO:

Mr. Komarnicki holds a Bachelor of Science Degree in Chemical Engineering from the University of Toronto and has 37 years of experience in the resource sector. He is currently Director, Chairman and CEO of Alhambra Resources Ltd. He has been Chairman of Alhambra Resources Ltd. since 2001.

Between 1999 and 2005, Mr. Komarnicki was President and CEO of Tartan Energy Inc., a Canadian based oil

and gas exploration and development company focusing its activities on California, USA and Central Asia. The company was sold in 2005 to a private international energy company.

From 1989 to 1998, Mr. Komarnicki was President and CEO of Hurricane Hydrocarbons Ltd., a junior Canadian oil and gas exploration, development and production company doing business in Kazakhstan. Hurricane Hydrocarbons, later called PetroKazakhstan, was successful in winning the first major state energy privatization tender in 1996. From 1973 to 1988, Mr. Komarnicki held positions of increasing responsibility in technical and management positions in the Canadian oil and gas industry.

Mr. Komarnicki is a member of the Association of Petroleum Engineers, Geologists and Geophysicists of Alberta, and a past president of the Canadian Gas Processors Association. In 1998, he was recognized as the Prairie Region Entrepreneur of the Year for his achievements in developing Hurricane Hydrocarbons from a junior energy company into a significant oil producer in Kazakhstan.

Company Profile:

Alhambra Resources Ltd. is a Canadian mining company focused on gold in Northern Kazakhstan. Alhambra holds exploration and exploitation rights to a 2.4 million acre (9,800 square kilometer), 100% owned license called the Uzboy Project, located in the Northern Kazakhstan Metallogenic Province which hosts numerous world-class gold deposits. Over 100 gold mineralized targets, including three advanced and seven

early stage exploration areas, are contained within the Uzboy Project.

Alhambra common shares trade in Canada on The TSX Venture Exchange under the symbol ALH, in the United States on the Over-The-Counter Pink Sheets Market under the symbol AHBRF and in Germany on the Frankfurt Open Market under the symbol A4Y. The Corporation's website can be accessed at www.alhambraresources.com.

**Interview conducted by:
Bud Wayne, Editorial Executive
CEOCFO Magazine**

CEOCFO: Mr. Komarnicki, would you give us a little history on Alhambra Resources?

Mr. Komarnicki: Alhambra Resources Ltd. was incorporated in 1992 and has been active in both the mining and energy resources sectors until 2002 when its focus shifted to gold in Kazakhstan, Central Asia.

In 2001, I approached Alhambra with the proposal to acquire a vast 2.4 million acre (9,800 square kilometer) exploration license situated in northern Kazakhstan on a very well defined gold belt that was surrounded by numerous multimillion ounce producing gold deposits. The license was acquired by Alhambra in 2002 and gold exploration began immediately. A pilot heap leach facility was constructed and gold sales from oxide gold production commenced in early 2005.

My initial interest in gold mining in Kazakhstan began as the result of anticipating a major correction in the financial markets that would lead to

much higher gold prices than the \$260 per ounce prevailing at the time.

CEOCFO: You have a number of projects, which do you consider the "flagship": and what is the vision for the company?

Mr. Komarnicki: We have three advanced and seven early stage exploration areas. The flagship is the Uzboy Gold Deposit which we simply call Uzboy. Uzboy commenced oxide gold production via a pilot heap leach facility with first gold sales in early 2005. We have been producing approximately 15,000 ounces of gold per year and we have continued to drill Uzboy to further define and increase gold resources. We currently have almost one million ounces of Measured and Indicated gold resources and approximately 500,000 ounces of Inferred gold resources at Uzboy. We are currently updating the initial Uzboy resource estimate as well as the initial Preliminary Economic Assessment that was completed quite some time ago at a gold price of US\$850 per ounce. Our corporate objective is to increase production by up to ten times more within five years, meaning reaching gold production levels in excess of 150,000 ounces per year from the primary gold resources. Alhambra began with the oxide pilot production to gain technical and operating experience, and to train employees for future production expansion. In addition, the cash flow generated from gold sales has been used to partially finance Alhambra's exploration programs thereby minimizing shareholders dilution. As a result, we only have 104.1 million shares outstanding with a very significant asset base consisting of a vast mineral exploration license, including 3 advanced and 7 early-stage exploration areas, and over 100 gold shows to still assess. Therefore, the early production from the oxide pilot facility has served Alhambra well technically and financially.

CEOCFO: Do you own your projects 100%?

Mr. Komarnicki: We own 100% of our projects. Our philosophy has been

to maintain control of our vast exploration license rather than fragmenting our license with potentially different joint venture partners. We believe that the true ultimate value of our license is in its size and location on a well defined gold belt with numerous multimillion ounce deposits surrounding it. We further believe that the license area is worth more as a whole rather than its components. As we further define the gold potential of our license we will appeal more to larger gold exploration and production companies who are extremely interested in large, high potential, exploration acreage to satisfy their need to discover and develop large gold deposits to replace their large annual gold production.

CEOCFO: What do you like about the Republic of Kazakhstan; is the government mining friendly and is there infrastructure in place?

We have three independent NI 43-101 resource reports that have identified in total approximately 1.1 million ounces of Measured and Indicated resources and 1.4 million ounces of Inferred resources. Given ongoing positive drilling results, we anticipate significant continued growth in our gold resources.

- John J. Komarnicki

Mr. Komarnicki: Kazakhstan is mining friendly with well developed infrastructure. This includes electrical power, roads and railways. Having worked in Kazakhstan for many years, starting in oil and gas and then moving into gold exploration and mining, I have always felt that Kazakhstan had tremendous natural resources and investment potential. When it became an independent Republic in 1991, it was the largest of the former soviet republics. It is the ninth largest country in the world and it is resource rich, in both oil and gas and minerals. It is currently the world's largest uranium producer and since it became an independent republic has been moving very steadily towards a free market economy. We have had no major politically based problems in operating there. We have faced similar situations, as most companies face in emerging markets and that is that the bureaucracy is generally cautious and

sometimes slower to respond as the laws evolve. I believe that Kazakhstan is on the leading edge of economic and political reform in the Former Soviet Union. Kazakhstan is a very interesting and potentially rewarding place to invest and operate, however, one has to recognize that it is an "emerging" economy and that things progress more slowly than what we are used to in the West. If one recognizes this fact and takes it into account, then one should not have major problems in conducting business in Kazakhstan. Based on my experience, I believe that we will have a long and rewarding future in Kazakhstan particularly since the Kazakh Government has been stimulating the gold mining sector and mineral exploration in general for a number of years. Since becoming an independent republic in 1991, Kazakhstan has received in excess of \$135 billion of direct foreign investments.

As these foreign investments are the blood line of the strong and growing Kazakh economy, it is certain that the Kazakh Government will continue to cultivate and protect a foreign investor friendly open door policy.

CEOCFO: Do you have any problem getting equipment or staff to work on your projects?

Mr. Komarnicki: No. We have a corporate policy of sourcing Kazakh labour, services and equipment whenever reasonable to do so. As the former soviet educational system was an excellent system, we have access to all levels of well educated labour, including technical trades and management positions. However, we do utilize the skills of expatriates for certain technical and senior management positions to ensure tight management control of our operating subsidiary and to ensure that we are accessing the latest state of the art technology and management procedures. Utilizing Kazakh labour allows us to minimize the relatively high cost of rotating expatriates in and out of country and the overall inefficiencies generally associated with rotating positions.

Although Kazakhstan would prefer sourcing services and equipment from Kazakhstan, the Government does appreciate the current limitations of Kazakh supply and quality. To date, we have sourced services and equipment from both foreign and Kazakh sources. Some delays were encountered in importing goods into the country, however, this has improved significantly over time as new laws have been enacted and procedures have been streamlined.

CEOCFO: Are you specifically looking for projects in the Republic of Kazakhstan or are there other area geographically that you are considering as well as other projects?

Mr. Komarnicki: We are heavily invested in Kazakhstan and we have a very large exploration license that will take many years to exploit fully. However, we always keep our eyes open for other unique investment opportunities. Therefore, not only is Kazakhstan our focus, but our interest also extends to the surrounding areas of the Former Soviet Union.

CEOCFO: Do you have any alliances or joint ventures that help in bringing your projects forward?

Mr. Komarnicki: We do not have any joint venture partners and we do not have any strategic alliances at this point. We are, however, on the radar screens of a number of larger companies who appreciate the vast potential of our gold license given its size, location, and our geological and exploration results to date. These companies are interested in securing additional sources of gold and mineral resources to satisfy their future gold production needs. We have been approached by a number of companies, but have not, as of this time, entered into any joint ventures or strategic alliances.

CEOCFO: What is the future for Alhambra Resources; is it to become a significant gold exploration and production company and if so, do you have the corporate infrastructure in place?

Mr. Komarnicki: We are optimistic that we have what it takes to become a very significant gold exploration and production company. We have an experienced management team, a

well located and very large property and we have access to excellent infrastructure, all necessary to achieve that goal. We have been accelerating our exploration programs and we are also in the process of accelerating our production development activities. One of our corporate objectives is to double our resources within two years from January 1, 2012. Given that we have issued two new NI 43-101 resource reports in February of this year, we are well on our way to achieving this goal. Our second corporate objective is to increase annual gold production by up to a factor of 10 times within five years, thereby producing 150,000 ounces or more of gold. Parallel to these corporate objectives, we will also continue looking at how we can expand our company's prospects, whether there are other opportunities in Kazakhstan or in the surrounding Former Soviet Republics.

CEOCFO: What is the financial picture like for Alhambra Resources today?

Mr. Komarnicki: Alhambra generates revenue and cash flow via the sale of gold from our open pit heap leach mining operation. As this is but a pilot facility, the revenue generated helps finance part of our exploration and development activities. The remaining capital required has normally been sourced by issuing equity in our company. We still generate cash internally, but we are looking at dual listing our shares on an Asian Stock Exchange to provide access to a broader capital market to satisfy our future capital requirements. We anticipate that our future capital needs will be satisfied through both internally generated cash flow and by raising additional equity or debt. When our next production expansion has been achieved reaching more than 150,000 ounces of gold per year, then we expect to be financially self sufficient to continue the exploitation and development of our large exploration license.

CEOCFO: Are you focused on investor outreach at this point and do you use your website to provide information to investors?

Mr. Komarnicki: Yes, we use our website to provide information to in-

vestors. All of our projects are itemized and defined on the website. Our news releases and financials are also posted there, so investors' needs are well satisfied. We also participate in conferences as a means of outreach to investors. For example, we exhibited at the PDAC Mining Conference held in Toronto in early March and we attended the Cambridge Investment Conference in Vancouver in January. Due to time constraints, we participate very selectively in different conferences. In addition, we do participate, again selectively, in road shows in North America, Europe and Asia as a means of meeting our existing and potentially new investors. This will continue to be an even more significant part of our routine programs in the future.

CEOCFO: In closing, why should potential investor consider Alhambra Resources?

Mr. Komarnicki: Potential investors should consider Alhambra for the following reasons: First, our management team has a track record of success, including many years of successful operating experience in Kazakhstan. Secondly, we have a very large mineral license, 2.4 million acres (9,800 square kilometers), strategically located in the midst of many multimillion ounce gold deposits. Immediately northwest of our license is a 12 million ounce gold deposit. Three kilometers south of our license is a 15 million ounce gold deposit. Surrounding our license are many other multimillion ounce deposits, most of which are in production. Therefore, we are definitely in the right place. Thirdly, our drilling results to date have been very encouraging. We have three independent NI 43-101 resource reports that have identified in total approximately 1.1 million ounces of Measured and Indicated resources and 1.4 million ounces of Inferred resources. Given ongoing positive drilling results, we anticipate significant continued growth in our gold resources. Fourthly, as of the end of Alhambra's third quarter 2011, the gold contained on the heaps, identified as work in progress, was estimated at over 39,000 ounces. If you conservatively estimate that we will realize over \$1,000 per ounce before tax when we

recover this work in progress gold, this equates to over \$39 million dollars before tax which approximates our current market capitalization. Hence, the market is assigning minimal value to our gold resources, our drilling potential and other assets. Lastly, ignoring the value of our work

in progress gold, our shares are currently trading at a significant discount to the independently determined Net Present Value calculated for the gold resources of only one of our three projects with NI 43-101 resources. This discount currently ranges from 50% to 78%. Given multiple expan-

sion alone, investors could realize capital appreciation. With our aggressive exploration activities and our gold production growth projections, we believe this will allow us to become a very significant and recognizable gold exploration and production company in the future.



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