

FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

ALHAMBRA RESOURCES LTD.(the “Company”)
#3A, 4015 – 1th Street S.E.
Calgary, AB T2G 4X7

Item 2 Date of Material Change

August 26, 2011

Item 3 News Release

Issued August 26, 2011 and distributed through the facilities of Marketwire and SEDAR.

Item 4 Summary of Material Change

CALGARY, Alberta – Alhambra Resources Ltd. (“Alhambra” or the “Corporation”) announces its financial and operating results for the quarter ended June 30, 2011. All amounts related to the financial results are expressed in thousands of United States dollars unless otherwise indicated.

Item 5 Full Description of Material Change

See attached news release dated August 26, 2011.

Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

Not Applicable

Item 7 Omitted Information

Not Applicable

Item 8 Executive Officer

The following executive officer of the Company is knowledgeable about the material change:
Ihor P. Wasylkiw, Chief Information Officer of Alhambra. Telephone: (403) 508-4953.

Item 9 Date of Report

DATED at Calgary, Alberta, this August 26th, 2011.



NEWS RELEASE

FOR IMMEDIATE RELEASE – August 26, 2010

FOR: Alhambra Resources Ltd.

SUBJECT: Financial and Operating Results for Second Quarter ending June 30, 2011

CALGARY, Alberta – Alhambra Resources Ltd. (“Alhambra” or the “Corporation”) announces its financial and operating results for the quarter ended June 30, 2011. All amounts related to the financial results are expressed in thousands of United States dollars unless otherwise indicated.

HIGHLIGHTS FOR THE QUARTER:

- Gold production was estimated at 3,239 ounces (“ozs”)
- Revenue from gold sales amounted to \$3.1 million based on the sale of 2,033 ozs
- Gold sales were lower than anticipated as the spring thaw in 2011 was later than experienced in prior years resulting in lower recoveries and hence lower gold sales.
- Cash operating costs were \$687.30 per oz of gold sold
- Stacked 209,325 tonnes (“t”) of ore on the heaps at an average grade of 0.74 grams/tonne (“g/t”)
- The estimated recoverable gold in work in process (“WIP”) as of June 30, 2011 was 38,377 ozs
- Mining operations at Saga Creek generated a net loss of \$0.8 million (\$0.01/basic share) and positive cash flow from operating activities of \$0.1 million (\$0.00/basic share)
- The Corporation recorded net cash generated from operating activities of \$0.0 million (\$0.00/share) and a net loss of \$2.1 million (\$0.02/share)
- 7,338 metres of exploration drilling was completed
- Exploration expenditures were \$1.1 million

FINANCIAL HIGHLIGHTS

(in US\$000 except per share amounts)	Three Months ended June 30		Six Months ended June 30	
	2011	2010	2011	2010
Revenue from gold sales	\$3,077	\$ 4,247	\$5,543	\$ 6,371
Net income (loss)	(2,065)	(19)	(3,751)	(773)
Per share (basic and diluted)	(0.02)	(0.00)	(0.04)	(0.01)
Weighted average shares outstanding				
Basic and diluted	104,128,123	81,074,421	104,074,828	81,074,421
Shares outstanding at end of period	104,132,059	81,074,421	104,132,059	81,074,421

For the second quarter of 2011, the Corporation recognized \$3.1 million in revenue from the sale of 2,033 ozs of gold at an average price of \$1,513.77/oz. This compares to \$4.3 million in revenue from the sale of 3,523 ozs of gold at an average price of \$1,205.68/oz during the second quarter of 2010.

Mining operations at Saga Creek generated a net loss of \$0.8 million and positive cash flow from operating activities of \$0.1 million for the second quarter of 2011. This compares to a net income of \$0.4 million and positive cash flow from operating activities of \$1.0 million for the second quarter of 2010. The Corporation recorded a net loss of \$2.1 million (\$0.02 per basic and diluted share) for the second quarter of 2011. This compares to a net loss of \$0.0 million (\$0.00 per basic and diluted share) for the second quarter of 2010. Cash flow generated from operating activities for the second quarter of 2011 was \$0.0 million or \$0.00 per share

compared to cash flow generated from operating activities of \$0.4 million or \$0.01 per share for the second quarter of 2010. While net operating profit defined as sales less net smelter royalty, mineral extraction tax and cost of sales was down \$0.2 million in the second quarter of 2011 compared to the second quarter of 2010, an increase in administration expenses in the second quarter of 2011 of \$1.6 million accounted for the most significant portion of the increased loss. The increase in administration costs included significantly higher share based compensation expense as well as penalties associated with non-payment of disputed historical costs assessed by the Kazakhstan tax authorities (see “Legal challenge of tax assessment” below).

OPERATING HIGHLIGHTS

During the second quarter of 2011, the Corporation stacked a total of 209,325 t (2010 – 272,573 t) of ore at an estimated average grade of 0.74 g/t (2010 – 0.82 g/t) of gold onto the pads. The estimated recoverable gold mined totaled 3,239 ozs (2010 – 4,676 ozs). The estimated recoverable gold classified as WIP was 38,377 ozs as of June 30, 2011. In addition, the Corporation mined 385,608 t (2010 – 546,681 t) of waste during this same period.

COST OF SALES

The Corporation charges to WIP all costs associated with the production of gold, (including direct costs incurred in the mining, leaching and resin stripping processes (“process operating costs”)), as well as depreciation of equipment used in each process and depletion of mineral assets which is primarily the fair value assigned to mineral assets at September 15, 2009. All process operating costs and depletion and depreciation charged to WIP are expensed on the basis of the quantity of gold sold as a percentage of total estimated recoverable quantity of gold mined with the portion related to process operating costs being expensed as the cost of sales and the portion relating to depletion and depreciation being expensed as depletion and depreciation.

Cost of sales for the three months ended June 30, 2011 totaled \$1.7 million or \$815.83/oz of gold sold. Included in this amount is \$128.53/oz related to the amortization of the bump-up to fair value from the estimated cost of WIP on re-valuation at September 15, 2009. Cash operating costs for the second quarter were therefore \$687.30/oz. This was \$56.11 higher than the \$631.19/oz incurred during the first quarter of 2011. This per unit cash operating cost increase from the first to the second quarter of 2011 was primarily due to a late spring thaw which impacted the gold recovery rates. Alhambra anticipates that production and sales will continue to increase in the third and fourth quarters of 2011, which the Corporation anticipates, will lead to a corresponding decline in the unit cash operating costs.

LEGAL CHALLENGE OF TAX ASSESSMENT

In 2010 Saga Creek was assessed amounts that tax authorities in Kazakhstan believed were owed by Saga Creek for Historical Costs, Mineral Extraction Tax as well as for their disallowance of certain income tax deductions. Total amount of the assessments including penalties and interest was approximately \$4.3 million. The Corporation believed that the assessments were not consistent with Kazakhstan legislation as well as the provisions of Saga Creek’s foreign investment contract which governs the Saga Creek’s licenses. As a result, Saga Creek filed a claim in the District Economical Court (“Economical Court”) seeking to have the assessment of the tax authorities, together with the applicable interest and penalties, reversed. On May 13, 2011 the judge in charge of the case largely, but not wholly, rejected Saga Creek’s claim, upholding the assessment. On June 2, 2011, Saga Creek appealed this decision to the Appellate Chamber of Akmola Oblast Court (“Appellate Chamber”). On August 5, 2011 the Appellate Chamber upheld the Economical Court’s decision, again rejecting all Saga Creek’s arguments. Alhambra continues to believe that Saga Creek’s position is defensible and as such Saga Creek filed a further appeal to the Cassation Chamber of Akmola Oblast Court (“Cassation Chamber”) on August 22, 2011. As the risk remains high that Saga Creek will not be successful in its appeal, the Corporation continues to accrue in its financial statements the estimated negative financial impact of the assessment. While the Cassation Chamber is not the final court to which Saga Creek can appeal, should the decision from the

Cassation Chamber be to reject the appeal, the tax authorities would be in a position where they could legally move to enforce the judgment against Saga Creek and demand payment on the amounts outstanding. As Saga Creek does not currently have the funds necessary to pay the amounts outstanding, it would be required to negotiate a payment plan. Currently, the tax authorities in Kazakhstan have filed a lien against some of Saga Creek's assets to secure their position for the indebtedness outstanding.

GOVERNMENT OF KAZAKHSTAN PRE-EMPTIVE RIGHT

The Subsoil and Subsoil Use Act (the "Act") in Kazakhstan grants the Government of Kazakhstan the first right of refusal to purchase any direct or indirect interest in any subsoil license or legal entity holding that license or the legal entity controlling the holder of the subsoil use license at market prices should the license or shares or instruments convertible or giving rights to shares (joint, the "Subsoil Use Assets") come up for sale. As a result, before a company can accept an offer to sell its Subsoil Use Assets, it must first get approval from relevant Kazakhstan authorities. The Act extends this obligation to require a company whose main business is connected with subsoil use in Kazakhstan to get approval should it desire to issue any common shares or issue any derivative instruments that are convertible into common shares. On August 17, 2011, the Corporation completed and filed an application with the relevant Kazakhstan agency to have pre-approved, any shares that may be issued upon conversion of outstanding warrants and options as well as requested that the Government of Kazakhstan pre-approve a private placement that the Corporation would contemplate doing in the near future to finance its exploration and development activities. As the Corporation is not aware of any such applications that have been rejected by the Government of Kazakhstan, the Corporation anticipates that its application will be accepted prior to the end of 2011.

CAPITAL EXPLORATION PROGRAMS

Six months ended June 30, 2011

During the three months ended June 30, 2011, the Corporation spent \$1,099 in capital expenditures on Saga Creek's mining projects of which \$23 was spent on equipment and \$1,076 on exploration. This brings the total for the six months ended June 30, 2011 to \$1,633 of which \$1,558 has been expended on exploration. The details of the Corporation's exploration activities are as follows:

During the three months ended June 30, 2011, Alhambra completed 7,338 metres ("m") (11,202 m 6 months year to date) of exploration drilling which was completed on two of its three advanced exploration projects, the Uzboy Gold Deposit ("Uzboy") and Shirotnaia. In addition, soil sampling programs were initiated at the early stage exploration areas of Zhusaly and Kontaktovy and assay results were received for a number of projects.

At Uzboy, drilling continued with the objective of increasing the oxide and sulphide resources, while at Shirotnaia the second stage of core drilling was initiated targeting the newly identified zones of gold mineralization as discovered via earlier drill programs.

In this period, another batch of drill samples was successfully shipped to the Kyrgyzstan Stewart Group laboratory. It included 636 core samples from Uzboy and 930 core samples from Shirotnaia winter drilling for a total of 1,566 samples.

With the exception of seven deep Uzboy holes (3,284 samples) that are awaiting export and the 1,566 drill samples referenced above, all remaining 2010 drill samples have now been assayed.

Additional updates were made to the planned 2011 drilling program in this quarter. With the exception of Uzboy, all other project areas have been finalized.

Uzboy Gold Deposit

During the second quarter of 2011, the final stage of the 2010 core drilling program targeting the sulphide resource at deeper levels was completed. Five deep core holes totaling 2,838.2 m comprising 2,815 samples were drilled of which 1,568.4 m was drilled in the second quarter of 2011. Visual inspection and logging of these holes confirmed the continuation to depth of previously established zones of hydrothermal alterations, quartz veining and pyrite impregnation.

Core from the last 12 holes was cut and sampled during this period. In total, 3,920 samples were taken and 636 were sent to the Kyrgyzstan Stewart Group laboratory for assaying.

Assay results are positive. For example, Diamond drill hole C1101 intersected 1.26 grams per tonne gold (“g/t Au”) over a core interval of 6.0 m starting at a core depth of 24.2 m. This hole extended the West Uzboy zone of gold mineralization 160 m to the NE where it was intersected by a previous core hole. The mineralization in this zone remains open at depth. To the NE, the mineralization in this zone is narrower and contains higher grades at depth.

The most encouraging results came from the area between the two current East Uzboy open pits which had not previously been explored at depth. Two parallel mineralized zones were established here. One of the zones was intersected by hole C 4203 (20.2 m @ 1.09 g/t Au) and the second zone was intersected by hole C 3404 (9.0 m @ 1.39 g/t Au). As a result, the length of both zones of gold mineralization was extended by 100 to 120 m. The second zone was also intersected further to the NE by hole P 5831 which intersected the mineralized interval at the depth of 189 m and assayed 11.0 m @ 2.21 g/t Au. As a result, the strike length of this zone was increased by more than 50 m along the dip. The extensions of these mineralized zones increase the probability for transforming the two current East Uzboy open pits into one larger pit which would make it technically and economically more suitable for mining.

An extension of the mineralized zones westward of the East Uzboy open pits was established by holes C 0401 and C 0101. These holes intersected 12.9 m @ 2.58 g/t Au and 5.0 m @ 1.04 g/t Au respectively and increased the strike length of these zones by a minimum of 50 m. The gold mineralization is open to the SW and trends in the direction of the current West Uzboy open pit.

The final details for the 2011 drilling program anticipated at Uzboy will be determined once the assay results from the seven deep holes are received. The objective of the Uzboy drilling program is to further delineate additional oxide and sulphide gold mineralization along strike and depth. This includes more core drilling at the NE and SW flanks of East Uzboy as well as the SW flank of West Uzboy.

Shirotnaia

During the second quarter of 2011 assay results for the recently completed RC drilling program were obtained. This program successfully confirmed the presence of gold mineralization outside the boundaries of that previously known and provided new targets for further core drilling. However, to ensure sample quality where high groundwater flows were encountered, the RC holes were drilled generally shallower than planned.

Broad intervals of anomalous gold concentrations (for +0.15 g/t) ranging from 2 to 30 m were intersected in 34 of 43 holes drilled. The intercepts returned were mainly shallow and low-grade, the best one being 16.0 m @ 1.23 g/t Au.

New analysis of the results of the RC program together with all the data from the previous core, KGK and RAB drilling resulted in the outlining of four higher grade (+ 1.0 g/t Au) almost parallel mineralized zones being 1.8 kilometres (“kms”) long by 15 to 30 m wide and open.

The second stage of the Shirotnaia core drilling program targeted these newly interpreted higher grade zones with the objective to develop a grid which would allow for an independent National Instrument (“NI”) 43-101

compliant resource estimate. This second stage of drilling was completed in the second quarter and includes drilling 43 core holes totaling 5,726 m. All holes intersected zones of chlorite-sericite alterations with 1-3% disseminated pyrite. The width of these zones varies from several meters to 38 m. Eight holes intersected silicification up to 25 m in width with lead or copper mineralization.

Petrological studies indicate that this is the very top of the mineralized system. Furthermore, in this district, hypogene gold grades are typically higher than the surface supergene grades. Hence, higher grades of gold mineralization are anticipated at depth at both Main and Southern zones of Shirotnaia. The drill samples from these 43 holes have been prepared but have yet to be assayed.

Dombraly

Assay results from the Dombraly 2010 rotary air-blast ("RAB") drilling program were received during the second quarter of 2011. The program consisted of 192 holes with the bottom sample in each hole collected for analysis. The objective of this program was to check for gold anomalies which could mark undiscovered mineralization at the periphery of the Dombraly ore field. This goal was successfully achieved. One hole drilled southward of the stock pile returned a highly anomalous sample which graded 0.58 g/t Au. This implies that either a possible extension of one of the Dombraly mineralized zones or, most likely, that a parallel cluster of mineralized zones could exist there. If so, it would add at least another 850 m of strike length to the known mineralization. This new mineralization zone (or zones) could have the same trend as the known mineralized Dombraly zones and is also controlled by the splays of the main NNE tectonic structure. The existence of this new extended mineralized zone appears to be confirmed by the presence of a second deep mineralized interval (from 16.0 m) in one of the RC holes which drilled the waste pile. To outline and evaluate these new zones, several RC lines and diamond holes are planned to be drilled in the near future.

Zhusaly and Kontaktovy

Soil sampling programs were initiated at the early stage exploration areas of Zhusaly and Kontaktovy during the second quarter of 2011. This was done over a grid of 500 by 50 m and 250 by 50 m. Respectively 576 and 255 soil samples were taken. These samples are being screened and prepared for fire assay and ICP analysis.

Subsequent to June 30, 2011

Dombraly

The next stage of the Dombraly exploration program includes drilling 31 core hole (5,210 m) and 10 RC holes (1,500 m). The objectives of this program are to follow up the new zones of gold mineralization discovered as a result of 2010 drilling and to develop an appropriate drill grid allowing for the completion of an independent NI 43-101 compliant resource estimate.

Shirotnaia

An additional 1,803 samples were taken by the end of July for the 43 core hole drilling program which had been completed in the second quarter of 2011. In total, 4,461 samples have been taken.

Also in July, 930 assay results from 4 of 6 core holes drilled at Shirotnaia in February 2011 were received. These assay results will be reported once the results from all 6 core holes have been received and interpreted.

Uzboy

Assay results from 34 holes drilled at East and West Uzboy (4,276 samples) were received. Drilling successfully extended the strike length of four zones of gold mineralization from 50 to 160 m in length (see Uzboy Gold Deposit section above). The mineralization in these four zones located on the southwest flanks of the West and East Uzboy gold deposits is open along strike and down dip and demonstrates the potential to expand

mineralization size and intersect higher grade gold mineralization. The gold mineralization of the East Uzboy deposit continues in the direction of the West Uzboy deposit and could be part of a single large gold system.

Zhanatobe

During this period, the remaining assay results from the 2010 Zhanatobe rotary air-blast (“RAB”) drilling program were received. This drilling program resulted in the discovery of two possible “Carlin-style”, zones of gold mineralization, one in the Central area and the second in the Northern area.

The mineralization exhibits many similarities to sediment hosted disseminated style gold mineralization in Nevada (“Carlin-style” gold mineralization) which is completely new for the region. The zone of gold mineralization discovered in the Central area is approximately 850 m in length and 100 m in width. The zone of gold mineralization discovered in the Northern area is approximately 400 m in length and 150 m in width and open on both ends. Gold grades range from 0.10 to 1.72 g/t Au in the Central zone and from 0.19 to 0.51 g/t Au in the Northern zone.

As a result of the positive 2010 drilling results, Alhambra updated and expanded its anticipated 2011 core, RC and RAB drilling program for Zhanatobe to approximately 12,000 m as follows: 850 m of core drilling (5 holes), 2,550 m of RC drilling (17 holes) and 8,560 m of RAB drilling (856 holes).

North Balusty

Assay results from the North Balusty 2010 hydro-core lift (“KGK”) drilling program were received that resulted in the discovery of mineralized corridors with an indicated length of 1,600 m and width up to 520 m. The objective of the 2010 exploration program at North Balusty was to determine the origin of a 12.8 km by 2.5 km zone of gold anomalism in alluvium and saprolitic rocks as established by trenching in prior years and to estimate the width of the mineralized zone.

Drill results confirmed that a hard rock (lode) gold mineralization is indeed present in North Balusty. The mineralized corridors ranged in width from 440 to 520 m while individual zones ranged in thickness from 2 to 8 m. Gold grades ranged from 0.13 to 10.91 g/t Au.

As a result of the successful KGK drilling program, Alhambra is currently reviewing an expanded second phase 42 hole, 6,300 m RC Drilling program at North Balusty. The objective of this second phase drilling program is to determine the exact shape of the mineralization and its continuation to depth.

OBJECTIVES FOR 2011

Due to the late completion of the 2010 drill program, assaying and subsequent interpretation of the drill samples, the updated Uzboy NI 43-101 compliant resource report and Preliminary Economic Assessment (i.e. Scoping Study) Reports were delayed and will be available during the second half of 2011. The initial NI 43-101 compliant resource reports for both Dombraly and Shirotnaia are still anticipated to be completed by year-end 2011.

During 2011, Alhambra is planning to accelerate the development of its advanced exploration projects of Uzboy, Shirotnaia and Dombraly. The Corporation also anticipates advancing numerous early stage exploration projects and assessing a number of other gold targets of anticipated high potential over its vast mineral license area.

Alhambra anticipates implementing an exploration and development program of up to \$7,500, subject to sufficient cash flow and suitable financing. The main focus will continue to be on Uzboy, Dombraly and Shirotnaia with continuing resource development drilling and production development assessments, including metallurgical and gold recovery tests.

Alhambra is currently working towards a dual listing of its shares on an Asian stock exchange. The expected benefits of the dual listing are increased market liquidity, which should support Alhambra's share price moving to reflect intrinsic asset value, and greater access to capital in the very rapidly developing and currently, very buoyant Asian capital market. However, given the dramatic recent market downturn and the impact of Alhambra's share price, management will move cautiously to continue its historical efforts to minimize shareholder dilution.

UNAUDITED FINANCIAL STATEMENTS AND MANAGEMENT DISCUSSION AND ANALYSIS ("MD&A")

The Corporation's second quarter 2011 financial statements and MD&A are available on the Corporation's website, can be obtained on application from the Corporation and are available under the Corporation's profile on SEDAR at www.sedar.com.

ABOUT ALHAMBRA

Alhambra is a Canadian based international exploration and gold production corporation celebrating its eighth year of operations in the Republic of Kazakhstan. Alhambra holds exploration and exploitation rights to a 2.4 million acre (9,800 km²), 100% owned, license called the Uzboy Project, located in the Northern Kazakhstan Metallogenic Province which hosts numerous world-class gold deposits. Over 100 mineral targets, including 5 advanced exploration plays 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 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.

Elmer B. Stewart, MSc. P. Geol., a technical consultant, is the Corporation's nominated Qualified Person. Mr. Stewart has reviewed the technical information contained in this news release.

Neither the TSX Venture Exchange Inc. nor its Regulation Services Provider (as that term is defined in the Policies of the TSX Venture Exchange Inc.) accepts responsibility for the adequacy or accuracy of this release.

For further information please contact:

Ihor P. Wasylkiw VP & Chief Information Officer +1 (403) 508-4953	Donald D. McKechnie VP Finance & Chief Financial Officer +1 (403) 228-2855
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Forward-Looking Statements

Certain statements contained in this news release constitute "forward-looking statements" as such term is used in applicable Canadian and US securities laws. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management. In particular, statements that Alhambra anticipates spending spend up to \$7.5 million in capital in 2011, availability of capital to fund ongoing projects, achieve yearly sales projections, the possible outcome of Saga Creek's legal challenges against its tax assessment in Kazakhstan, the possible outcome of the Corporation's application to the Government of Kazakhstan with respect to the preemptive right and other factors and events described in this news release should be viewed as forward-looking statements to the extent that they involve estimates thereof. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects" or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "estimates" or "intends", or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved) are not statements of historical fact and should be viewed as "forward-looking statements". Such forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such risks and other factors include,

among others, availability of capital to fund exploration and production development; political, social and other risks inherent in carrying on business in a foreign jurisdiction, the effects of a recessionary economy and such other business risks as discussed herein and other publicly filed disclosure documents. Although the Corporation has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could vary or differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements contained in this news release.

Forward looking statements are made based on management's beliefs, estimates and opinions on the date the statements are made and the Corporation undertakes no obligation to update forward-looking statements and if these beliefs, estimates and opinions or other circumstances should change, except as required by applicable law.

This news release contains forward-looking statements based on assumptions, uncertainties and management's best estimates of future events. When used herein, words such as "intended" and similar expressions are intended to identify forward-looking statements. Forward-looking statements are based on assumptions by and information available to the Corporation. Investors are cautioned that such forward-looking statements involve risks and uncertainties. Actual results may differ materially from those currently anticipated. The forward-looking statements contained herein are expressly qualified by this cautionary statement.