



# NEWS RELEASE

**FOR IMMEDIATE RELEASE – January 17, 2008**

**FOR: Alhambra Resources Ltd.**

**SUBJECT: Fourth Quarter & Year 2007 Operational Updates**

**CALGARY**, Alberta – Alhambra Resources Ltd. (TSX-V: ALH) (“Alhambra” or the “Corporation”) is pleased to provide an operational update for the fourth quarter and year 2007 on its Uzboy Project located in north central Kazakhstan. These updates include:

- Stacking operations – exceeded 2007 budget
- Production and sales – exceeded the revised 2007 forecast
- Exploration program overview – drilling and trenching meterage exceeded forecast

## **1. STACKING OPERATIONS**

For the year ended 2007, Alhambra stacked 1,011,750 tonnes of oxide ore (“ore”) on its heaps. This exceeded the Corporation’s 2007 plan of stacking 1.0 million tonnes of ore.

Mining and stacking parameters for the fourth quarter and year 2007 along with comparative information for 2006 are set out in the table below.

<b>Stacking Operations</b>	<b>Q4/07</b>	<b>Q4/06</b>	<b>Year 2007</b>	<b>Year 2006</b>
Waste Mined, (t)	450,975	347,320	1,588,970	1,009,555
Waste:Ore Ratio	1.27	1.94	1.53	1.72
Ore Stacked, (t)	351,000	183,500	1,011,750	628,058
Grade of Ore Stacked, (g/t)	0.77	1.34	0.91	1.37
Gold Stacked on Heaps, (g)	269,330	245,088	918,250	861,584
Recoverable Gold Stacked, (g)	188,531	171,561	642,775	603,109

\* Recoverable gold estimated to be 70% over life of mine

The majority of the ore mined during the fourth quarter 2007 came from the East zone. Mining operations completed in the West zone was primarily related to pushing back the bank wall to reduce the slope angle of the pit walls.

Waste rock (“waste”) mined during the fourth quarter 2007 increased by 30% totalling 450,975 tonnes compared to 347,320 tonnes in the corresponding quarter of 2006 mainly due to a substantial increase in ore mined. Tonnes of waste mined increased by 57% bringing the 2007 yearly total to 1,588,970 tonnes compared to 1,009,555 tonnes in 2006.

The waste to ore ratio for the fourth quarter is lower (35%) than in the corresponding quarter in 2006 due to the substantial increase (100%) in ore mined and a 30% increase in the volume of waste mined. The waste to ore ratio for the 2007 is approximately 11% lower than that experienced in 2006.

The waste to ore ratio in the fourth quarter 2007 is lower than that experienced in the fourth quarter 2006 due to mining ore from the upper levels of the East zone and completion of the push back of the pit walls in the West zone to reduce the angle of the pit walls from 60 to 45 degrees.

During the fourth quarter 2007, 19,000 tonnes of ore at an average grade of 1.08 grams per tonne (“g/t”) gold were mined from the West pit. This ore was exposed as a result of pushing back of the pit walls to decrease the pit slope angle. Ore mining operations in the West pit was suspended during the third quarter 2007 on a temporary basis due to reaching the deeper ore which is harder and is not being optimally fragmented by drilling and blasting operations alone. Crushing of the ore from the West pit is required to ensure optimal fragmentation to maximize gold recovery. It is planned that a crushing unit will be installed in 2008.

During the fourth quarter 2007, the Corporation stacked 351,000 tonnes of ore from the West and East pits at an average grade of 0.77 g/t gold. The average grade of the ore stacked during the fourth quarter 2007 was lower due to mining lower-grade ore blocks from the East zone in the normal course of mining operations. The amount of ore stacked in the fourth quarter 2007 increased 7% over that achieved during the third quarter 2007 when 328,000 tonnes at an average grade of 0.84 g/t gold were stacked. The higher grade achieved in the corresponding quarter 2006 was due to mining a substantial portion of the ore stacked from the higher-grade West zone.

The amount of ore stacked in 2007 was up 61% versus that stacked in 2006 while the average gold grade decreased by 34%. The lower grade in 2007 was primarily due to the fact that 77% of the ore stacked during the year was from the lower-grade East zone, while only 23% came from the higher-grade West zone.

When oxide material is mined at the margins of ore blocks, this material is stockpiled (locally referred to as an “ore warehouse”) for additional sampling to determine its gold content. During the fourth quarter 2007, 45,750 tonnes of material were stockpiled. Of the total tonnes placed in the stockpile during the quarter, 40,250 tonnes (88%) with an average grade of 0.66 g/t gold was transferred to the heaps. In 2007, a total of 145,250 tonnes of material was stockpiled of which 115,500 tonnes (80%) at an average grade of 0.86 g/t gold was transferred to the heaps.

## **2. PRODUCTION AND SALES**

For the year ended 2007, Alhambra exceeded its revised production and sales forecasts of 20,000 and 18,500 ounces (“ozs”), respectively. Alhambra sold 18,763 ozs of gold and produced 20,665 ozs.

A summary table follows:

<b>Production and Sales</b>	<b>Q4/07</b>	<b>Year 2007</b>	<b>Q4/06</b>	<b>Year 2006</b>
Gold Sales, (ozs)	4,570	18,763	5,086	16,849
Change in work in progress, (ozs)	1,487	1,902	431	2,554
Gold Production, (ozs)	6,057	20,665	5,517	19,403

Gold Production defined as sales+ change in work in progress

During the fourth quarter 2007, precious metals sales amounted to 4,570 ozs of gold and 1,588 ozs of silver. Silver is recovered as a by-product of the gold production process. Revenue from silver sales is credited against the cost to produce an ounce of gold. Gold sales during the fourth quarter 2007 decreased by 1,273 ozs or 22% compared to the third quarter 2007 and 440 ozs compared to that sold in the third quarter 2006.

The Corporation began the fourth quarter 2007 with 21,557 ozs of recoverable gold in work in progress. After stacking 6,057 ozs of recoverable gold and selling 4,570 ozs, the Corporation exited the fourth quarter 2007 with 23,044 ozs of recoverable gold in work in progress, up 1,487 ozs.

With the change in the recoverable gold contained in work in progress being 1,487 ozs as of the end of 2007, production for the fourth quarter was 6,057 ozs. This compares to 3,286, 5,142 and 6,180 ozs produced in the first, second and third quarters of 2007 respectively.

### **3. EXPLORATION PROGRAM OVERVIEW**

The main focus of the exploration program in the fourth quarter of 2007 was to test the down dip and strike extension of the gold mineralization in the West zone and complete in-fill drilling on the East zone in an attempt to upgrade the inferred resource to the measured and indicated categories. The main activities completed in the fourth quarter 2007 consisted of diamond drilling, reverse air blast circulation (“RAB”) drilling, hydro-core lift (“KGK”) drilling and trenching. The exploration statistics for the fourth quarter and for year 2007 are set out below.

<b>Exploration</b>	<b>Q4/07</b>	<b>Year 2007</b>
Diamond Drilling (m)	4,505	15,690
RAB Drilling (m)	7,128	50,379
KGK Drilling (m)	12,841	23,378
Total Drilling (m)	24,474	89,447
Trenching (m3)	23,041	64,674

During the fourth quarter 2007, diamond drilling concentrated on the West zone of the Uzboy gold deposit. Diamond drilling was also completed at the Aygabak zone located approximately seven kilometres southwest of the Uzboy gold deposit. The area between the Uzboy gold deposit and the Kirtoge zone is referred to as the Uzboy Extension. RAB drilling was completed on the Uzboy Extension and at the Shirotnaia zone located immediately north of the Aksu mine operated by KazGold. The KGK drilling was completed in the Uzboy Extension area where overburden and wet ground conditions prevented RAB drilling. Trenching operations were completed on the North Balusti zone.

### **ABOUT ALHAMBRA**

Alhambra is a Canadian based gold exploration and production corporation engaged in the exploration of and production from its 100% owned Uzboy Project. Alhambra is currently in its sixth year of operations in the Republic of Kazakhstan.

Alhambra common shares trade on The TSX Venture Exchange under the symbol ALH and in Germany on the Frankfurt Open Market under the symbol A4Y. The Corporation’s website can be accessed at [www.alhambraresources.com](http://www.alhambraresources.com).

Elmer B. Stewart, MSc. P. Geol., technical consultant, is the Corporation’s nominated Qualified Person responsible for monitoring the supervision and quality control of the programs completed within the Uzboy Project. Mr. Stewart has reviewed and verified the technical information contained in this news release.

**The TSX Venture Exchange Inc. has neither approved nor disapproved the information contained herein.**

*For further information please contact:*

<b>Ihor P. Wasylkiw</b> Chief Information Officer +1 (403) 508-4953	<b>Jim Clarke</b> Investor Relations + 1 (888) 290-1335 (Toll Free)
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*This news release contains forward - looking information including but not limited to comments regarding the timing and content of upcoming work programs, geological interpretations and potential mineral recovery processes. Forward - looking information includes disclosure regarding possible future events, conditions or results of operations that is based on assumptions about future economic conditions and courses of action, and therefore, involves inherent risks and uncertainties. For any forward looking information given, management has assumed that the analytical results it has received are reliable, and has applied geological interpretation methodologies which are consistent with industry standards. Although management has a reasonable basis for the conclusions drawn, actual results may differ materially from those currently anticipated in such statements. For such statements, we claim the safe harbor for future.*