



# NEWS RELEASE

**FOR IMMEDIATE RELEASE – June 2, 2008**

**FOR: Alhambra Resources Ltd.**

**SUBJECT: Financial and Operating Results for First Quarter ending March 31, 2008**

**CALGARY, Alberta** – Alhambra Resources Ltd. (“Alhambra” or the “Corporation”) announces its financial and operating results for the first quarter ended March 31, 2008. **All amounts related to the financial results are expressed in United States dollars unless otherwise indicated. Previous quarter financial information has always been expressed in Canadian dollars.**

## **BUSINESS SUMMARY**

At December 31, 2007, the Corporation changed its reporting currency from Canadian dollars to United States dollars as it believes that the United States dollar is more representative of the industry that it operates within as well as the location where the majority of its assets are located. The change was made retroactive.

## **HIGHLIGHTS**

- Revenue from gold sales amounted to \$2.9 million on the sale of 3,140 ounces
- Generated \$0.2 million of funds flow and \$0.3 million of net income from mining operations
- The Corporation utilized \$0.1 million (\$0.00/share) in funds flow and incurred a net loss of \$0.8 million (\$0.01/share)
- Debt free with \$0.8 million of cash and cash equivalents
- Spent \$1.4 million on its mining projects
- Operating costs were \$563 per ounce sold
- Completed 7,774 metres of drilling
- Stacked 3,376 ounces of recoverable gold
- The recoverable gold in work in process as of March 31, 2008 was 23,280 ounces

## **OVERVIEW**

Operations at Alhambra’s 100% owned Kazakhstan subsidiary, Saga Creek Gold Company LLP (“Saga Creek”) are seasonal such that given no other operational issues, it is expected that the gold sales during the cold weather months will be less than other months. As a result, monthly sales of gold during the months of December through May will be less than during other months of the year.

In the first quarter of 2008, the amount of gold stacked was in line with what the Corporation had expected and the amount of gold sold was marginally below expectations. While the amount of gold stacked increased by 3% relative to the first quarter of 2007, sales were down by 11% versus the first quarter of 2007. Sales were down due to two reasons. The first reason was due to mining only of the lower average gold grade ore from the Uzboy East zone. In the first quarter of 2007, a large proportion of the ore mined was sourced from the higher average gold grade ore from the Uzboy West zone. As mining in the West zone reached depths where the ore to be mined became harder, using this ore was suspended until such time as a crushing unit could be installed to ensure optimal fragmentation. A crushing unit has arrived in Kazakhstan and Alhambra

expects commissioning to commence before the end of June. The second reason was the exceptionally cold weather conditions which occurred in the first quarter of 2008.

## **FINANCIAL HIGHLIGHTS**

(in US\$ except per share amounts)	Three Months ended March 31	
	2008	2007
Revenue from gold sales	\$ 2,899,994	\$ 2,226,779
Net loss	(815,720)	(598,877)
Per share (basic and diluted)	(0.01)	(0.01)
Weighted average shares outstanding		
Basic and diluted	75,578,147	69,248,091
Shares outstanding at end of period	75,578,147	69,313,980

For the first quarter of 2008, the Corporation recorded a net loss of \$0.8 million, or \$0.01 per basic and diluted share. This compares to a net loss of \$0.6 million or \$0.01 per basic and diluted share in 2007. Funds flow utilized in operating activities for the quarter was \$0.1 million or \$0.00 per share as compared to funds flow provided from operating activities of \$0.2 million or \$0.01 per share in 2007. This represents a decrease in funds flow of \$0.3 million from the first quarter of 2007.

Revenue from the sale of gold amounted to \$2.9 million. This was realized from the sale of 3,140 ounces (“ozs”) of gold at an average price of \$923.56 per ounce (“/oz”). The per oz operating cost for the first quarter of 2008 was \$563.37/oz of gold sold. This was higher than the \$331.88/oz incurred during the first quarter of 2007. This per unit operating cost increase was due to three reasons: a lower average gold grade ore mined, a decrease in gold sales and a general escalation of costs in Kazakhstan. Alhambra anticipates that as production and sales continue to increase in subsequent quarters, the unit operating costs will decline, however, mining activity is increasing in the mining business in Kazakhstan which has resulted in upward pressure on costs of goods and services.

## **OPERATIONS REVIEW**

During the first quarter of 2007, a total of 453,798 tonnes of waste was mined and 199,500 tonnes of ore at a grade of 0.75 grams per tonne (“g/t”) of gold was stacked on the heap leach pads.

The Corporation began the quarter with 23,044 ozs of recoverable gold in work in progress. After stacking 3,376 ozs of recoverable gold and selling 3,140 ozs, the Corporation exited the quarter with 23,280 ozs of recoverable gold in work in progress.

## **EXPLORATION PROGRAM**

In the first quarter of 2008, Alhambra spent over \$1.2 million on exploring the Uzboy gold deposit and on the Shirotnaia zone. The drilling program consisted of diamond drilling and reverse air blast circulation (“RAB”) drilling. A total of 7,774 metres (“m”) were drilled, 4,923 m of diamond drilling and 2,851 m of RAB drilling.

The main components of the exploration program conducted during the first quarter are highlighted below.

### **Uzboy Gold Deposit**

The Uzboy gold deposit was the primary focus of Alhambra's exploration program during the first quarter of 2008. Six diamond drill holes ("DDH") for a total of 2,726 m were completed to test the strike and dip extensions of the mineralized intervals intersected in 2007.

The results of the drilling show that the gold mineralization remains open to the northeast and at depth in the central part of the West zone, however, the limits of the gold mineralization in the southwest portion of the West zone appear to have been delineated.

A total of three DDH were completed to test oxide and primary gold mineralization on the southwest end of the East zone. DDH 143 on the East zone of the Uzboy gold deposit intersected a thick interval of gold mineralization which represents one of the highest grade intervals recorded from the East zone and is open at depth and along strike to the southwest. This hole contains numerous higher-grade intervals of gold mineralization which is not typical for the East zone. The gold mineralization in the East zone is open to the northeast and the southwest as well at depth.

In addition, six DDH (1,846 m) were completed to collect the samples for metallurgical testing. The objective of this test work is to maximize gold recovery, optimize the reagent consumptions and further define the processing methodology. The test work is to be conducted by SGS Lakefield located in Cornwall, England.

### **Shirotnaia**

The 100% Alhambra held Shirotnaia zone is located approximately three kilometers ("kms") north of the KazakhGold Limited ("KazakhGold") Aksu gold and uranium deposits. The Aksu deposits are currently being mined.

The focus of the exploration program completed in the first quarter of 2008 is the result of a deep geochemical survey that was completed in 2007. This survey was completed from the south end of Alhambra's Uzboy Project boundary, which is located beside the mining allotment held by KazakhGold, to the north over an 11 km long trend. The analytical results for the first half of the survey located three large gold anomalies. Two of the large anomalies coincide with the fault system that controls the gold deposit located within the mining allotment held by KazakhGold. These two gold anomalies extend from the Shirotnaia zone onto the mining allotment held by KazakhGold and are interpreted to be extensions of the gold deposit.

This survey also located a third large gold anomaly approximately 800 m northeast of the area of diamond drilling completed in 2007. The analytical results for the northern half of the deep geochemical survey are pending.

Exploration completed in the first quarter of 2008 consisted of RAB drilling on the two gold anomalies that are interpreted to be the extensions of the KazakhGold gold deposit to further define the grade distribution and shape of these anomalies.

The Corporation has temporarily suspended drilling to allow receipt of all outstanding analytical results and to compile the technical information for each of the zones prior to commencement of further drilling activities. In addition, Alhambra is assessing all data received from the geophysical survey. This will allow the Corporation to explore its large license area more cost effectively. Diamond drilling is expected to resume in the third quarter.

### **CAPITAL EXPENDITURES**

In the first quarter of 2008, \$1.4 million was spent on mining projects. Of this amount, 86% or \$1.2 million was spent on exploration and 14% or \$0.2 million was spent on capital projects.

## **MANAGEMENT DISCUSSION AND ANALYSIS (“MD&A”) and FINANCIAL RESULTS**

A full MD&A and Financial Report of the First Quarter of 2008 is available on the Corporation’s website, can be obtained on application from the Company and is available under Alhambra’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

Elmer B. Stewart, MSc. P. Geol., a Director of Alhambra, is the Corporation’s nominated Qualified Person and has reviewed and verified the technical information contained in this news release.

### **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).

**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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### ***Forward-Looking Statements***

*This press release includes certain “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical fact, included herein, including without limitation, statements regarding potential mineralization, exploration results and timing and future plans, actions, objectives and achievements of Alhambra, are forward-looking statements. Forward-looking statements involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements.*

*Important factors that could cause actual results to differ materially from Alhambra’s expectations include fluctuations in gold prices and currency exchange rates; uncertainties relating to interpretation of drill results and the geology, continuity and grade of mineral deposits, the possibility of adverse developments in the financial markets generally, and other risks and uncertainties disclosed under the heading “Cautionary Note Concerning Reserve and Resource Estimates” and in other information released by Alhambra and filed with the appropriate regulatory agencies.*