



# NEWS RELEASE

**FOR IMMEDIATE RELEASE – October 16, 2008**

**FOR: Alhambra Resources Ltd.**

**SUBJECT: Updated Status Regarding Claim Filed Against Alhambra**

**CALGARY**, Alberta – Alhambra Resources Ltd. (“Alhambra” or the “Corporation”) announces that the court hearing scheduled for October 15, 2008 in Kazakhstan which was to have dealt with a legal claim filed in Kazakhstan that seeks to invalidate the original Partnership Unit Purchase and Exchange Agreement dated March 21, 2002 (the “Agreement”) whereby Alhambra purchased Saga Creek Gold Company LLP (see Alhambra News Release dated October 6, 2008) was held.

Alhambra’s motion to dismiss the litigation for lack of jurisdiction in favor of arbitration in Stockholm, Sweden in accordance with the United Nations’ Commission on International Trade Law arbitration rules for international arbitration as provided for under the Agreement was dismissed by the Kazakhstan court. Alhambra is now appealing this ruling. The court has adjourned this case until October 29, 2008 at which time the court will review Alhambra’s motion that the applicant’s claim should not proceed for reasons of procedural irregularities and the court may also hear the applicant’s claim at that time.

Alhambra disagrees with the claim and will continue to take all possible measures to vigorously defend its position.

## **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 seventh 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.**

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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 and potential mineral recovery processes. Forward - looking information includes disclosure regarding possible future events, conditions or results of operations that is based on assumptions 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 the metallurgical testing methodologies applied 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.*