



# NEWS RELEASE

**FOR IMMEDIATE RELEASE – October 17, 2011**

**FOR: Alhambra Resources Ltd.**

**SUBJECT: Kazakhstan Court Overturns US\$1.6 Million Historical Cost Assessment and Will be Re-considering Corporate Income Tax Assessment**

**CALGARY, Alberta** – Alhambra Resources Ltd. (TSX-V: ALH) (“Alhambra” or the “Corporation”), an international gold explorer and producer, announces that on September 27, 2011, the Cassation Chamber of the Akmola Oblast Court in Kazakhstan (the “Cassation Court”) overturned the decision of the Appeal Court of the Akmola Oblast with regard to the tax assessment as related to Historical Costs put forth by the city of Stepnagorsk tax office (the “Tax Office”) filed against the Corporation’s 100% owned operating subsidiary, Saga Creek Gold Company LLP (“Saga Creek”), and sent back to the lower court the Corporate Income Tax assessment for re-consideration (see News Release dated August 26, 2011).

## **HIGHLIGHTS**

A copy of the Cassation Court’s ruling was received on October 5, 2011. While the Corporation is still interpreting and analyzing the legal and financial implications of the Cassation Court’s ruling, the decisions made are as follows:

- The 2009 assessment for Historical Costs amounting to approximately US\$1.6 million was cancelled,
- The assessment for Corporate Income Tax (“CIT”) amounting to approximately US\$0.4 million was cancelled and sent back to the lower court for review and re-consideration by a different judge,
- The assessment for Mineral Extraction Tax (“MET”) in the amount of approximately US\$1.0 million was upheld.

“We are extremely happy with the ruling of the Cassation Court,” stated John J. Komarnicki, Chairman and CEO of Alhambra who was in the courtroom in Kazakhstan when the ruling was announced. “The court’s ruling on Historical Costs was in line with our understanding and interpretation of the law. Regarding the other two aspects of the assessment, we continue to believe our legal position is correct, and we are working with our legal counsel to fully understand the decision and determine our next steps.”

Under Kazakhstan Law, Alhambra and/or the Tax Office have the right within one year to appeal the Cassation Court’s ruling to the Supreme Court. If an appeal is launched by either party, the Supreme Court must first rule on whether or not it would even consider hearing such an appeal.

Upon completing its interpretation of the Cassation Court’s ruling, Alhambra will issue a follow-up news release.

## **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 km<sup>2</sup>), 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 three 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](http://www.alhambraresources.com).

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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 the court will re-consider the income tax assessment 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, the court's re-considered ruling related to Corporate Income Tax; political, social and other risks inherent in carrying on business in a foreign jurisdiction 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.*