



NEWS RELEASE

FOR IMMEDIATE RELEASE – September 2, 2014

FOR: Alhambra Resources Ltd.

SUBJECT: Financial and Operating Results for Second Quarter ending June 30, 2014

CALGARY, Alberta – Alhambra Resources Ltd. (“Alhambra” or the “Corporation”) announces its financial and operating results for the quarter ended June 30, 2014. All amounts related to the financial results are expressed in thousands of United States dollars unless otherwise indicated.

HIGHLIGHTS FOR THE QUARTER:

- Due to financial constraints, the suspension of mining operations continued in the quarter
- No cash flow was generated as no fresh ore was stacked on the heaps and no gold was produced or sold
- Kazakhstan mining operations recorded a net loss of \$0.5 million (\$0.00/share)
- The Corporation recorded a net loss of \$1.1 million (\$0.01/share)
- The estimated recoverable gold in work in progress (“WIP”) as of June 30, 2014 was 30,000 ounces
- No field work was carried out in the quarter due to financial constraints
- Raised C\$0.25 million and continued pursuing various financing alternatives

FINANCIAL HIGHLIGHTS

(in US\$000 except per share amounts)	Three Months ended June 30		Six Months ended June 30	
	2014	2013	2014	2013
Revenue from gold sales	\$ 0	\$ 1,290	\$ 0	\$ 1,831
Net income (loss)	(1,066)	(682)	(5,585)	(1,243)
Per share (basic and diluted)	(0.01)	(0.01)	(0.05)	(0.01)
Weighted average shares outstanding				
Basic and diluted	104,132,059	104,132,059	104,132,059	104,132,059
Shares outstanding at end of period	104,132,059	104,132,059	104,132,059	104,132,059

Due to the suspension of operations, the Corporation did not sell any gold and consequently there was no gold sales revenue in the second quarter of 2014. This compares to \$1.3 million in revenue from the sale of 930 ounces (“ozs”) of gold at an average price of \$1,387/oz during the second quarter of 2013.

Kazakhstan mining operations recorded a net loss of \$0.5 million for the second quarter of 2014. This compares to a net loss of \$0.2 million for the second quarter of 2013. The Corporation recorded a net loss of \$1.1 million (\$0.01 per basic and diluted share) for the second quarter of 2014. This compares to a net loss of \$0.7 million (\$0.01 per basic and diluted share) for the second quarter of 2013.

OPERATING HIGHLIGHTS

During the second quarter of 2014, no fresh ore was stacked on its heap leach pads nor was any waste mined during the same period. As of June 30, 2014, the estimated recoverable gold classified as WIP was 30,000 ozs.

As previously announced, the Corporation is pursuing a number of financing alternatives. Should a financing be successfully concluded, a portion of the proceeds will go towards resuming the mining of ore.

OPERATING EXPENSES

Despite having suspended operations, the Corporation does incur some fixed operating costs. Under normal operating conditions these costs would be charged to WIP and expensed as per the Corporation's accounting policy. These fixed operating costs totaled \$0.2 million for the three months ended June 30, 2014. In the three months ended June 30, 2013 the Corporation expensed \$0.9 million in cost of sales or \$1,018/oz of gold sold.

The 2013 figure includes \$0.1 million (\$105/oz) of mining costs charged directly to operating costs for the months in which there was no new ore mined. Also included in cost of sales for the three months ended June 30, 2013, was \$0.07 million or \$72/oz of costs related to the amortization of the bump-up to fair value from the estimated cost of WIP on re-valuation on September 15, 2009. Cash operating costs were therefore \$946/oz.

CAPITAL EXPLORATION PROGRAMS

During the three months ended June 30, 2014, no field work was carried out in Kazakhstan. This was as a result of the Corporation's lack of financial resources.

FINANCING AND MARKETABLE SECURITIES

During the three months ended June 30, 2014 the Corporation completed the issue of C\$0.25 million in convertible notes (the "Notes") and 0.25 million warrants (the "Warrants"). In consideration for issuing the Notes and Warrants, the Corporation received C\$0.25 million in cash.

With the completion of the C\$0.25 million financing during the second quarter of 2014, the Corporation has now completed in 2014 a total financing of C\$5.65 million in convertible notes (the "Notes") and 5.65 million warrants (the "Warrants"). The Notes have a term of three years from the date of issue with interest calculated at a rate of 12% per annum. In consideration for issuing the Notes and Warrants, the Corporation received C\$0.65 million in cash and 2,764,500 ordinary shares of Global Resources Investment Trust plc ("GRIT") at a deemed price of £1 per GRIT share. At the time the Corporation sells the 2,764,500 of GRIT ordinary shares, the terms related to C\$0.65 million in Notes that were issued for cash require that the Corporation repay any principal balance plus accrued interest outstanding plus C\$0.0325 million in early redemption fees. Upon repayment, any Warrants then outstanding related to the C\$0.65 million in Notes will expire.

While to date there have been some trades of GRIT shares on the London Stock Exchange, the trading activity has been very limited and sporadic. GRIT does however report publicly the net asset value per share ("NAV") daily. As of June 30 and August 27, 2014 the NAV of the GRIT ordinary shares as reported by GRIT was £0.6953 and £0.6985 per share, respectively. The GRIT shares however have actually traded at prices ranging from £0.30 and £0.70 per share with the majority of ordinary shares trading at or near the bottom of that range.

The Corporation's investment in the GRIT shares is classified available-for-sale and is measured with mark-to-market gains and losses recognized in other comprehensive income ("OCI") and accumulated in the investment revaluation reserve within equity until the GRIT shares are derecognized or there is objective evidence that the GRIT shares are impaired. When there is objective evidence that the value of the GRIT shares is impaired, the cumulative loss that had been previously recognized in OCI is reclassified to loss for the period. While there has been virtually no trading in the GRIT ordinary shares during the six months ended June 30, 2014, the Corporation has used £0.30 as the price in determining the carrying value of its investment in GRIT ordinary shares which is reflective of trading subsequent to June 30, 2014. As a result, the Corporation has charged \$3.2 million as an impairment amount to its comprehensive income. For additional details, see the Corporation's second quarter financial statements.

OUTSTANDING LEGAL CHALLENGES

As of June 30, 2014 there were a number of outstanding creditor actions which had been filed against Saga Creek and there were unpaid salaries which had been securitized by the property of the Corporation.

For details related to these legal challenges, see the Corporation's second quarter 2014 financial statements and MD&A.

DIRECTOR RESIGNATION

On behalf of the Board of Directors of Alhambra, Mr. Komarnicki, Chairman of the Board and Chief Executive Officer of the Corporation announces that effective August 31, 2014, Mr. Patrick Highsmith has resigned as a Director of the Corporation for personal reasons including his expanding professional responsibilities.

"We would like to thank Patrick for his contributions to Alhambra and we wish him well," stated Mr. Komarnicki.

2014 OBJECTIVES

Currently Alhambra's efforts are focused on arranging financing, the use of proceeds from which will be directed towards the settlement of outstanding accounts payable, the re-initiation of the stacking of ore on the heap leach pads and the resumption of exploration and development programs. While the Corporation has been successful in the past, there is no guarantee that the Corporation will be successful in the future in raising sufficient funds to continue as a going concern.

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

The Corporation's second quarter 2014 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 production corporation in Kazakhstan.

Alhambra common shares trade in Canada on The TSX Venture Exchange under the symbol ALH, in the United States on the Over-The-Counter Pink Sheets 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.

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

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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 regarding the formalization of a financing, re-initiation of the stacking of ore on the heap leach pads, the resumption of exploration and development programs, availability of capital to fund ongoing projects 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 formalization of a financing, the re-initiation of the stacking of ore on the heap leach pads, the availability of capital to fund exploration and production development; 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.