


**Alhambra Resources Ltd.**
**TSX VENTURE SYMBOL: ALH**


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**March 21, 2016**
**Alhambra Commences International Arbitration Against The Government Of Kazakhstan**

(  *Open the Adobe Acrobat® version.* )

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**CALGARY, ALBERTA** - Alhambra Resources Ltd. (TSX-V: ALH) ("Alhambra" or the "Corporation") an international gold explorer and producer, announces that, on March 11, 2016, it submitted a Request for Arbitration (the "Request") against the Republic of Kazakhstan ("Kazakhstan") at the International Centre for Settlement of Investment Disputes ("ICSID"). On March 16, 2016, ICSID acknowledged the receipt of the Request and transmitted a copy thereof to the Government of Kazakhstan (the "Government"). Alhambra expects the Request to be officially registered by ICSID in the next few weeks.

This arbitration arises from a series of actions and omissions of the Government against Alhambra and its Kazakhstani subsidiary, Joint Venture Saga Creek Gold Company LLP ("Saga Creek"), that Alhambra and its legal counsel believe are both unfair and inequitable including, without limitation, the assessment of taxes on Saga Creek in the amount of tens of millions of dollars and the withholding of required mining and financing approvals, all in breach of Saga Creek's investment contract with the Government and the applicable laws of Kazakhstan. This conduct by the Government has frustrated Alhambra's investment activities in Kazakhstan, drained the Corporation's resources and culminated in the bankruptcy of Saga Creek. The bankruptcy was declared by an order of the Specialised Interdistrict Economic Court of the Akmola Oblast in Kazakhstan dated December 7, 2015. Saga Creek appealed this order to the Court of Appeal of the Akmola Oblast, but on March 3, 2016, the appeal was dismissed and the bankruptcy order upheld. Subsequently, the bankruptcy trustee who has been vested by the court with the management of Saga Creek, including its property and affairs, refused to recognize approximately US\$22.9 million in loans from Alhambra to Saga Creek evidenced by a loan agreement and promissory notes, the funds from which were used to finance a substantial portion of Saga Creek's exploration and development programs. All of Alhambra's attempts to seek improvement of this situation with the Government, including numerous petitions to and meetings with the relevant Government officials, have been unsuccessful. The Government also failed to provide any meaningful response to the Corporation's notice of dispute sent to the Government in November 2015, which proposed to resolve this matter out of arbitration.

The arbitration, which is brought by Alhambra and its wholly-owned Dutch subsidiary, will take place under the ICSID Convention and Arbitration Rules, and asserts claims under the 2002 Agreement on Encouragement and Reciprocal Protection of Investments between Kazakhstan and the Kingdom of the Netherlands and the 1994 Foreign Investment Law of Kazakhstan.

An arbitration Tribunal of three arbitrators will be appointed in the near future. Each side will appoint an arbitrator followed by the selection of the president of the Tribunal by the two appointed arbitrators. Mr. John Beechey, an independent arbitrator and former President of the ICC International Court of Arbitration has agreed to be Alhambra's appointee to the Tribunal.

To represent Alhambra in this matter, the Corporation has retained Jones Day, one of the world's leading law firms in investor-State arbitration.

Alhambra also informs that the TSX Venture Exchange Inc. delisted the securities of the Corporation effective March 17, 2016 due to nonpayment of NEX listing maintenance fees. The Corporation's common shares had been cease traded since May 6, 2015.

John J. Komarnicki, Chairman and Chief Executive Officer of Alhambra, commented, *"The Government has failed to take any action to resolve the situation, thus leaving us no alternative other than international arbitration. These actions have not only resulted in the bankruptcy of Saga Creek but have contributed directly to the delisting of Alhambra's securities. We have, therefore, commenced this ICSID proceeding seeking full compensation of all losses suffered in Kazakhstan. We intend to vigorously press the process to its conclusion to ensure that Alhambra's rights are fully vindicated and the Corporation's shareholders and creditors are compensated to the maximum possible."*

The Corporation will provide further updates as the matter progresses.

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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, actions related to the bankruptcy process in Kazakhstan and the arbitration process against the Government of Kazakhstan, 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 including 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. There is no assurance actions related to the bankruptcy process in Kazakhstan and the arbitration process against the Government of Kazakhstan will be successful. 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.

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