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## FOR IMMEDIATE RELEASE

### LUNA GOLD ENTERS INTO US\$17.8 MILLION GOLD SALES AGREEMENT CONTRACT

**Vancouver, May 15, 2009 – Luna Gold Corp. (TSXV-LGC)** (“Luna” or the “Company”) is pleased to announce that it has entered into definitive documentation (the “Agreement”) with Sandstorm Resources Ltd. and a subsidiary of Sandstorm Resources Ltd. (“Sandstorm”) under which the Company’s operating subsidiary, Mineração Aurizona S.A. (“Aurizona”), has agreed to sell, and Sandstorm has agreed to purchase, 17% of the payable gold to be produced from any open-pit mine within defined areas (the “Project”) belonging to Aurizona, in Maranhão State, Brazil, in exchange for an upfront cash payment of US\$17.8 million (the “Upfront Payment”) and ongoing payments of \$400 per ounce of gold delivered to Sandstorm (subject to an increase of 1% per annum beginning on the third anniversary of the date that the Piaba open pit mine commences commercial production). The defined areas in the Project make up approximately 25% of Aurizona’s current property position in the region but are the areas that have been most explored to date.

The Upfront Payment will be used to fund construction and development of the Piaba open pit mine and for general and administrative costs associated therewith.

Sandstorm Resources Ltd. has guaranteed the obligations of Sandstorm under the Agreement and will also issue 5,500,000 of its common shares to Luna in consideration for Luna’s guarantee of its operating subsidiary’s obligations under the Agreement.

Luna has provided a completion guarantee that within 30 months from the date that Sandstorm makes the Upfront Payment, the Project will produce a minimum of 12,500 ounces of payable gold in any three consecutive month period.

If Aurizona decides to develop an underground mine (the “Underground Mine”) on the Project, Sandstorm will also have the right to purchase 17% of the payable gold from any such Underground Mine if it elects to pay 17% of the capital and other expenditures incurred to determine the economic viability of and to construct the Underground Mine (the “Additional Upfront Payment”) and make ongoing payments of \$500 per ounce delivered to Sandstorm during the life of the mine (subject to an increase of 1% per annum beginning on the third anniversary of the date that the Underground Mine commences commercial production).

The Upfront Payment and the Shares will be deposited in escrow and will be held in escrow pending satisfaction of certain conditions including the requirement that Luna shall have spent or irrevocably committed US\$17.5 million in expenditures on development and construction of the open-pit mine and that at the applicable time no material adverse change, as defined in the Agreement, shall have occurred.

Sandstorm will be granted a charge on the assets and undertaking of Aurizona to secure the obligations of the Company and Aurizona under the Agreement and the guarantee, which charge Sandstorm has agreed to subordinate to any other existing and future indebtedness.

The transaction contemplated by the Agreement (the "Transaction") was approved by the board of directors of Luna (the "Board") following receipt of the recommendations of a committee of independent directors of the board (the Special Committee") that was constituted in March 2009 to, among other things, review and advise the board in respect of the proposed transaction and other financing alternatives. Following a full review of information and factors that it considered relevant in assessing the merits of the Transaction and other financing alternatives available to the Company, and having received the advice of its financial and legal advisors, the Special Committee unanimously concluded that it is in the best interest of the Company and its shareholders to engage in the Transaction and it recommended that the Board approve the Transaction and enter into the Agreement. The Board adopted the Special Committee's recommendation and authorized the execution of the Agreement. The Special Committee was advised by Blake, Cassels & Graydon LLP., Haywood Securities Inc. ("Haywood") and Conseil Advisory Service Inc. ("Conseil") provided independent financial advice to the Special Committee. Conseil was engaged by the Special Committee to provide a comparative analysis of the terms and conditions of the proposed Transaction and certain other financing alternatives. Haywood provided an opinion that the consideration to be paid by Sandstorm in connection with the Transaction is fair, from a financial point of view, to Luna.

#### **About Luna Gold Corp.**

Luna is a mining exploration company focused on the acquisition, exploration, and development of gold resources and advanced stage gold exploration projects in northeastern Brazil.

On behalf of the Board of Directors

#### **LUNA GOLD CORP.**

Jim Bahan – CEO

Website: [www.lunagold.com](http://www.lunagold.com)

For further information contact Investor Relations at (604) 689-7317 or toll free at 1-866-689-7317.

**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.**

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

Statements in this release that are forward-looking statements within the meaning of applicable securities laws are subject to various risks and uncertainties concerning the specific factors identified in Luna Gold Corp.'s periodic filings with Canadian securities regulators and are based on certain assumptions believed by management to be reasonable. These factors include the risk that the conditions to release of the Upfront Payment may not be satisfied by the funding condition deadline or any extension thereof granted by Sandstorm, in which case Sandstorm will be entitled to return of the Upfront Payment, the risk that due to technical or other start-up problems or delays the Company will become obligated to repay a portion of the Upfront Payment, unanticipated difficulties with or interruptions in development, production or

operations, the risk that the current price of gold will not be sustained or will decrease, the possibility of project cost overruns or unanticipated costs and expenses, uncertainties relating to the availability and costs of additional financing that will be needed in the future to fund the balance of the development costs in connection with the mine contemplated to be constructed on the Project, the inherent uncertainty of production and cost estimates and the potential for unexpected costs and expenses, commodity price fluctuations, currency fluctuations, the risk that actual capital expenditures and other costs related to the construction of the mine may be materially greater than estimated, and other inherent risks involved in the exploration and development of mineral properties, the potential for delays in exploration or development activities, risks inherent in the estimation of mineral resources and mineral reserves including that the grade and continuity of mineral deposits are not as anticipated, the possibility that future exploration, development or mining results will not be consistent with the Company's expectations, risk of accidents, equipment breakdowns, title disputes or defects, labor disputes or other, regulatory restrictions, including environmental regulatory restrictions and liability, competition, loss of key employees, and other related risks and uncertainties. The forward-looking statements in this news release are based on certain assumptions, including that the Upfront Payment and shares will be deposited to escrow when required under the Agreement, that the funding conditions will be satisfied prior to the funding condition deadline, and other assumptions described in the Company's public filings. The Company undertakes no obligation to update forward-looking information except as required by applicable law. Such forward-looking information represents management's best judgment based on information currently available. No forward-looking statement can be guaranteed and actual future results may vary materially. Accordingly, readers are advised not to place undue reliance on forward-looking statements or information.