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Nayarit Gold announces robust Preliminary Economic Assessment results for the Orion District

Nayarit Gold Inc (TSXV: NYG) is pleased to announce a Canadian National Instrument (“NI”) 43-101 compliant Preliminary Economic Assessment (“PEA”) for the Company's Animas/Del Norte Deposit at the Orion District in the State of Nayarit, Mexico. The independent PEA was completed by SRK Consulting (U.S.), Inc. (“SRK”) of Denver, Colorado, USA.

Assuming 100% equity financing, the PEA indicates a pre-tax Internal Rate of Return (“IRR”) of 38%. The estimated payback period is approximately 2.3 years (Base Case).

This study is based extraction of indicated and inferred resources using underground mining methods with milling and tank leaching for processing. The Orion Resource Statement (using an underground extraction based assessment with a 2.0 g/t gold equivalent cutoff*) as estimated by SRK is 1.107 million tonnes with a gold grade of 3.66 g/t and silver grade of 309 g/t in the Indicated category, and an additional 0.181 million tonnes with a gold grade of 3.33 g/t and silver grade of 95 g/t in the Inferred category.

The results of the PEA have identified the underground mining of 1.182 million tonnes with a gold grade of 2.79 g/t and silver grade of 267 g/t.

The following table illustrates the Base Case data and NPVs at various discount rates.

PEA base data:

	Base Case		
Life-of-Mine Mill Recovered Equivalent Gold Ounces*			246k oz AuEq
Production Rate	750 tpd	20k oz Au/yr	1.785M oz Ag/yr
Development Timeline			2 Years
Initial Capital			US\$35 Million
Cash Costs			US\$320/gold equivalent ounce
Payback Period (NPV 8% Case)			2.3 years
Mine Life			5 years

Gold Price	US\$900/oz
Silver Price	US\$15/oz

NPV's and IRR

Pre-tax NPV 0%	US\$71.3 million
Pre-tax NPV 3%	US\$55.3 million
Pre-tax NPV 5%	US\$46.5 million
Pre-tax NPV 8%	US\$35.4 million
Pre-tax IRR	38%

*Gold Equivalent Values were calculated based on 60 ounces of silver = 1 ounce of gold. Metallurgical recoveries for mill processing are based on previous metallurgical analysis and are 92% for gold and 88% for silver.

The PEA is founded on underground resources at the Animas/Del Norte Deposit. (See press release dated November 16, 2009 for prior resource statement). The Deposit is located within and surrounded by high-priority exploration targets, where the company believes additional mineralization will be discovered which could enhance the project economics. The Deposit is in a very favorable location with excellent infrastructure with access to industrial power, roads and a skilled work force.

Colin Sutherland, President & CEO states “The PEA is another significant milestone for the company, and outlines the robust economics of the Orion District. We strongly believe additional exploration targets will continue to enhance the viability of the region for years to come.”

On November 16, 2009 the company reported a Mineral Resource Estimate estimated by SRK which was based on a combination of open pit and underground mining scenarios for the four mineralized zones identified to date including Animas/Del Norte, San Francisco and Pantaleona, and La Estrella.

In order to identify the optimum mining scenario SRK completed a PEA on a portion of the Orion resource area (the Animas/Del Norte zone), which examined different mining and processing options, and trade-off scenarios. This study resulted in the determination of an underground bulk mining method as the optimized mining method for the Animas/Del Norte Deposit. The deposit has an Indicated resource of 967,000 tonnes with a gold grade of 3.63 g/t and a silver grade of 347 g/t (or 9.42 g/t gold equivalent*) containing 113,000 ounces of gold and 10.79M ounces of silver (or 293,000 gold equivalent ounces*). An additional Inferred resource contains 39,000 tonnes with 3.74 g/t Au and 349 g/t silver (or 9.55 g/t gold equivalent*) containing 5,000 ounces of gold and 436,000 ounces of silver (or 12,000 gold equivalent ounces*). These resources are based on a 2.0 g/t gold equivalent* cutoff and a gold price of US\$850/oz and a silver price of US\$13/oz.

Although the PEA has resulted in a decrease in the mineral resource quantity, the increased grade and lower ore tonnage included in the underground mine plan results in a superior NPV and IRR for the project.

The PEA is reported in accordance with Canadian Securities Administrators' NI 43-101 and have been classified in conformity with generally accepted CIM "Estimation of

Mineral Resource and Mineral Reserves Best Practices" guidelines. Gold and silver grades were estimated using inverse power of distance constrained by geologic shapes constructed at reasonable underground cutoffs. The PEA is preliminary in nature and includes Inferred Mineral Resources that are considered too speculative, geologically, to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves. There is no certainty that all or any part of the mineral resource will be converted into mineral reserves. The PEA was prepared by Peter Clarke, P.Eng., Principal Mining Engineer with SRK. The mineral resource estimate was prepared by Jeff Volk, CPG, FAusIMM, Principal Resource Geologist with SRK. Other PEA contributors included Dr. Martin Raffield, Principal Mining Engineer (SRK), Paul Riley, FIMMM, Principal Processing Engineer (SRK Associate), and Dr. Dante Ramírez-Rodríguez, MMSA, Principal Engineer (SRK). They are considered to be independent Qualified Persons as this term is defined in NI 43-101. A copy of the full Technical Report will be available on SEDAR within 45 days.

* Gold Equivalent Values were calculated based on 60 ounces of silver = 1 ounce of gold. Metallurgical recoveries for mill processing are based on previous metallurgical analysis and are 92% for gold and 88% for silver.

ABOUT NAYARIT GOLD INC.

Nayarit Gold Inc. is a junior resource company dedicated to gold exploration in the proven precious metal districts of Mexico. Management's goal is to build a profitable resource company and maximize shareholder value through successful exploration programs and continued development.

For further information on Nayarit Gold please visit the company's website at www.nayaritgold.com or contact:

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The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this release. No stock exchange, securities commission or other regulatory authority has approved or disapproved the information contained herein. This News Release includes certain "forward-looking statements". All statements other than statements of historical fact, included in this release, including, without limitation, statements regarding potential mineralization and reserves, exploration results, and future plans and objectives of Nayarit, are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from Nayarit's expectations are exploration risks detailed herein and from time to time in the filings made by Nayarit with securities regulators.

