ETRUSCAN DIVERSIFIED MINING IN AFRICA

NEWS RELEASE
TSX:EET

# ETRUSCAN REPORTS 2009
# SECOND QUARTER RESULTS

**Halifax, Nova Scotia, July 15, 2009 --** Etruscan Resources Inc. (EET.TSX) has reported its financial and operating results for the six months ended May 31, 2009. The second quarter 2009 unaudited financial statements and management's discussion and analysis are available on the SEDAR website at www.sedar.com or at the Company's website at www.etruscan.com. All figures are reported in Canadian dollars unless otherwise noted and the financial statements have been prepared in accordance with Canadian GAAP.

**Highlights for the six months ended May 31, 2009**

- Gold sales for the Youga Gold Mine located in Burkina Faso aggregated 30,680 ounces for gross sales receipts of US$21.9 million;
- Stephen Stine, with over 37 years of experience in the mining industry, appointed Chief Operating Officer;
- Auger drill results confirmed two major gold targets on the Keniebandi Permit in western Mali;
- Exploration carried out on the Lofdal permit in northern Namibia significantly expanded the area of rare earth element (REE) enriched carbonatite dykes;
- US$10 million subordinated convertible debt financing completed; and
- Cdn$10.5 million equity financing completed with strategic new shareholder.

**Youga Gold Mine, Burkina Faso**

The Youga Gold Mine is located in southern Burkina Faso near the border with Ghana. The mine is owned and operated by Burkina Mining Company (BMC) which is owned 90% by Etruscan and 10% by the State of Burkina Faso.

Gold production for the first half of 2009 was 28,205 ounces with 15,181 ounces produced in the first quarter and 13,024 ounces produced in the second quarter. The lower than forecast gold production resulted in the unit cash operating costs being significantly above the forecast costs. Cash operating costs for the first quarter were US$791 per ounce and US$886 per ounce for the second quarter. Cash operating costs are forecast to be significantly lower for the second half of 2009 basis increased gold production. Gold production in the third quarter to date has been markedly higher. Gold production for the month of June was 5,127 ounces as compared to 3,626 ounces in May. For the period July 1st to 12th a total of 2,360 ounces were poured.

Commercial production and substantial completion for accounting purposes was achieved at the Youga Gold Mine effective July 1, 2008. Prior to July 1, 2008 the operating and financing costs associated with the Youga Gold Mine were capitalized as preproduction costs to property, plant and equipment. Gold production was successfully ramped up to forecast levels in the fourth quarter of 2008 with the operation processing 239,000 tonnes of ore and producing 21,169 ounces at a cash operating cost of US$480 per ounce in the fourth quarter of fiscal 2008.

Commencing in December 2008 the operation experienced a decrease in the availability of the diesel generators that provide power to all aspects of the milling operation. This problem continued to impact the operation through the first six months of 2009. These generators were never intended to provide power on a continuous 24-7 basis and during the first half of 2009 a number of the generators required major maintenance which resulted in reduced plant availability. This situation has been mitigated by the recent sourcing of three 1.0 MW Caterpillar generators to the Youga mine site all of which are operational. The addition of these three new generators has reduced the draw required from the existing backup generators and will ensure security of power supply until the grid power is connected later this month.

The 22 km grid power line from the town of Zebila in Ghana to the Youga Mine site is in its final stages of completion. Various power shutdowns are underway in July on the Ghana side of the border to tie in, commission and energize the power line. Grid power supply is expected to be available at Youga by the end of July.

A second factor contributing to reduced gold production during the first half of 2009 was lower than forecast drill rig availability for the blasting of ore and waste. The drill rig availability of the drill and blast contractor improved during the second quarter but total material blasted was still 32% below forecast. The contractor continues to make improvements to the rigs to increase availability so that the backlog of waste mining in the Main Pit can be addressed. The mined ore grade for the first half of 2009 was below forecast for two main reasons. The reduced blast volumes prevented access to the higher grade ore blocks scheduled in the mine plan for the period and the quality of the blasting was poor, causing excess ore dilution. Both of these issues are being addressed and additional drill capacity is being acquired. With these issues resolved, the actual mined ore grade is expected to be in line with the projected grades set out in the Youga mine plan.

Operations at the Youga Mine are now under the direct supervision of Etruscan’s newly appointed Chief Operating Officer, Stephen Stine, who has been based at site since early May. Mr. Stine’s mandate is to optimize operations at Youga to achieve steady state production (plant throughput of 80,000 tonnes per month and minimum monthly gold production of 7,000 ounces), and in this regard he is also overseeing the strengthening of the mine management team.

During the second quarter of 2009, gold sales aggregated 14,520 ounces which generated cash revenues of US$10.2 million. All of this production was delivered into the US$700 per ounce hedge. A total of 1,626 ounces of the second quarter hedge commitment was rolled forward at the end of May.

During the first six months of 2009, gold sales aggregated 30,680 ounces which generated cash revenues of US$21.9 million. A total of 28,266 ounces were delivered into the US$700 per ounce hedge commitment and 2,414 ounces were sold at spot prices for an average realized gold price for the first half of 2009 of US$713 per ounce.

**Operating Results for the three months ended May 31, 2009**

Etruscan’s consolidated net loss for the second quarter of 2009 was $10.2 million ($0.07 per share) compared to a net income of $13.9 million ($0.11 per share) for the second quarter of 2008. The second quarter 2009 loss includes a realized loss on the financial derivative instrument (Youga Gold Hedge) of $3.8 million ($0.02 per share) and an unrealized loss on the financial derivative instrument of $1.2 million ($0.01 per share). The second quarter 2008 net income included an unrealized gain of $19.3 million ($0.16 per share) and a realized loss of $1.2 million ($0.01 per share) on the financial derivative instrument.

Gold revenues for the second quarter of 2009 were $16.1 million or US$920 per ounce of gold sold. The non-cash revenue adjustment related to the financial derivative for this period aggregated $3.8 million (US$219 per ounce) for net cash revenue received of $12.3 million (US$701 per ounce).

In the second quarter of 2009, mine operations expenses aggregated $11.3 million and mine administration expenses aggregated $2.3 million. Cash operating costs for this period after giving effect to an inventory adjustment for $0.8 million were US$863 per ounce of gold produced. Amortization expense for the second quarter of 2009 was $2.5 million. There are no comparable figures for the Youga operation for the second quarter of 2008 as commercial production for accounting purposes was declared effective July 1, 2008.

General and administrative expenses for the second quarter of 2009 aggregated $1.2 million compared to $2.1 million for the second quarter of 2008. Financing costs for the second quarter of 2009 aggregated $2.2 million compared to $0.2 million in the first quarter of 2008.

The Company incurred a net foreign currency loss of $0.3 million in the second quarter of 2009 compared to a net loss of $0.7 million in the second quarter of 2008. Non-cash stock based compensation expense aggregated $0.03 million in the second quarter of 2009 compared to $1.5 million in the second quarter of 2008. In the second quarter of 2009 the Company expensed an amount of $2.0 million related to the write-off of deferred mineral property expenditures and $0.09 million related to the loss from the operations of its 47% owned subsidiary, Etruscan Diamonds Limited, which was placed on care and maintenance in the first quarter of 2009.

The Company recorded an unrealized loss on the Youga financial derivative instrument (gold hedge) of $1.2 million in the second quarter of 2009. In the second quarter of 2008 the Company recorded an unrealized gain on the derivative of $19.3 million. Generally accepted accounting principles (GAAP) require non-hedging financial derivative instruments, those which do not qualify for hedge accounting, to be recorded at fair value (marked to market) on the balance sheet date and the resulting gains or losses are to be included in earnings for the period. The Company and its independent advisors have determined that while the Youga gold hedge constitutes an effective economic hedge for the Youga Gold Mine; it does not, however, meet the requirements for hedge accounting under GAAP. The marked to market revaluation of the Youga gold hedge as at May 31, 2009 was negative $50.8 million. The unrealized marked to market amount represents the theoretical value on cancellation of the gold option contracts based on market values as at May 31, 2009. As such it does not represent an estimate of further gains or losses nor does it represent an economic obligation for the Company as long as it is expected to meet its delivery obligations as they fall due. Furthermore, over future operating periods as the Youga hedge commitment is fully settled with physical delivery of gold, the financial derivative liability will be reduced to zero and a corresponding increase in gold revenue will be recorded.

**Operating Results for the six months ended May 31, 2009**

Etruscan's consolidated net loss for the six months ended May 31, 2009 was $47.2 million ($0.33 per share) compared to a net loss of $22.6 million ($0.18 per share) for the second quarter of 2008. The 2009 loss includes an unrealized loss on the financial derivative instrument (Youga Gold Hedge) of $29.6 million ($0.21 per share) and a realized loss of $6.8 million ($0.05 per share). The 2008 loss included a gain on the financial derivative instrument of $14.9 million ($0.12 per share) and a realized loss of $3.2 million ($0.03 per share).

Gold revenues for the first six months of 2009 were $33.5 million or US$895 per ounce of gold sold. The non-cash revenue adjustment related to the financial derivative for this period aggregated $6.8 million (US$182 per ounce) for net cash revenue received of $26.8 million (US$713 per ounce).

For the first half of 2009, mine operations expenses aggregated $23.6 million and mine administration expenses aggregated $4.4 million. Cash operating costs for this period after giving effect to an inventory adjustment for $0.1 million were US$812 per ounce of gold produced. Amortization expense for the first half of 2009 was $5.5 million.

There are no comparable figures for the Youga operation for the first half of 2009 as commercial production for accounting purposes was declared effective July 1, 2008.

General and administrative expenses for the first six months of 2009 aggregated $2.5 million compared to $3.5 million for the first six months of 2008. Financing costs for the first six months of 2009 aggregated $4.4 million compared to $0.4 million for the first six months of 2008.

The Company incurred a net foreign currency loss of $0.8 million for the first six months of 2009 compared to a net loss of $6,750 in the second quarter of 2008. Non-cash stock based compensation expense aggregated $0.8 million in the first six months of 2009 compared to $1.5 million in the first six months of 2008. In the first half of 2009 the Company expensed an amount of $2.4 million related to the write-off of deferred mineral property expenditures and $0.2 million related to the loss from the operations of Etruscan Diamonds Limited, which was placed on care and maintenance in the first quarter of 2009.

**Liquidity and Capital Resources**

At May 31, 2009, the Company had a consolidated working capital deficiency, net of the current portion of the financial derivative, of $16 million as compared to a deficiency of $21.3 million at the end of 2008. Available cash at the end of May was $8.4 million. Given the financial situation, the Company has significantly reduced its exploration budget for 2009 as compared to 2008. The timing of recommencement and the extent of drilling and other exploration activities for 2009 is dependent upon accessing funding, either directly or via joint venture arrangements. Measures have also been implemented during the first half of 2009 to reduce general and administrative expenditures.

The original Youga bank debt of US$42.5 million has been paid down to US$33 million and the loan remains in good standing. In order to assist the Youga Mine to be stabilized and optimized, the banks agreed to waive the June 30th scheduled principal payment of US$2.5 million and to extend the date for the re-cashing of the debt service reserve account (DSRA) in the amount of US$2.5 million to September 30, 2009. The aggregate near term payments due to the secured lenders (principal, interest and DSRA) are US$4.5 million on September 30th and US$4.5 million on December 31st. The Company continues to have the support of its lending syndicate which is comprised of RMB Australia Holdings and Macquarie Bank. The Company is in discussions with the lending syndicate to consider amendments to the debt repayment schedule. In the absence of further amendments to the scheduled bank payments the Company estimates its aggregate funding requirement for 2009, net of forecast cash flows from the Youga Mine, to be in the order of US$15 million. The Company is presently pursuing several alternative sources of funding including strategic joint ventures, business combinations, sale of assets, and/or debt and equity financing.

Stephen Stine, P.E., Chief Operating Officer of Etruscan, is the Qualified Person overseeing production and development at the Youga Gold Project and has reviewed and approved this press release.

**About Etruscan Resources Inc.**

Etruscan Resources Inc. is a gold focused Canadian junior mining company with dominant land positions in district scale gold belts covering more than 13,000 square kilometers in West Africa. Its principal mine development projects include the **Youga Gold Project in Burkina Faso**, the **Agbaou Gold Project in Côte d'Ivoire** and the **Finkolo Gold Project in Mali.** Advanced and early stage exploration projects are on-going in Burkina Faso, Mali, Côte d'Ivoire, Ghana and Namibia. Etruscan also has a 47.4% interest in Etruscan Diamonds Limited which has a dominant land position in the Ventersdorp Diamond District located in South Africa. The common shares of Etruscan are traded on The TSX Exchange under the symbol "EET". More extensive information on Etruscan can be found on its home page at http://www.etruscan.com

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