

## News Release

**TSX Trading Symbol: BZA**

**Frankfurt Symbol: AB2**

**US OTC Symbol: ABGFF**

### **American Bonanza Acquires Mill for the Copperstone Gold Mine**

**May 19, 2010 - American Bonanza Gold Corp. (TSX: BZA) ("Bonanza")** is pleased to report the purchase of a milling and flotation circuit for the 100% owned Copperstone Mine in Arizona. Bonanza has acquired an option to purchase this 700 ton per day milling and flotation/gravity plant, including a pre-engineered mill building, for a purchase price of US\$650,000.

The purchase of the mill at US\$650,000 represents a significant cost savings and is expected to reduce the capital cost of the Copperstone project by over \$500,000. The mill has operated for only 2 years and is in very good condition, and comes with a full set of engineering drawings, which will help accelerate construction timelines and reduce costs. Bonanza is currently working out the logistics for dismantling, transporting and re-erecting the mill at the Copperstone Mine.

The mill is currently located in Calumet, Michigan, and includes a rod mill, ball mill, fume scrubber, flotation cells, cleaner cells, concentrate filter drum, tank thickeners, water storage tank, concentrate ore samplers, cyclones, duplex gravity concentrating jigs, the mill building, control panel and conveyor. The mill does not include a crusher and crusher building, which Bonanza will purchase separately.

Bonanza paid an initial deposit of US\$75,000, and must pay an additional US\$325,000 and issue 1,250,000 common shares before July 25, 2010 in order to complete the purchase.

### **About the Copperstone Gold Mine**

The following highlights from the recent feasibility study entitled "NI 43-101 Technical Feasibility Report, Copperstone Project, La Paz County, Arizona" dated February 2, 2010 (the "Study") can be viewed on [www.sedar.com](http://www.sedar.com) and [www.americanbonanza.com](http://www.americanbonanza.com), as previously announced in Bonanza's news release dated February 3, 2010.

The Copperstone Gold Mine is estimated to produce on average 46,000 ounces of gold annually for the first 3 years, and have a capital investment payback period of only 13 months. The 2010 feasibility study details a total capital cost of US\$17.7 million, including working capital, G&A startup, reclamation bonding, and contingencies. The feasibility study estimates the cash production cost to be US\$415 per ounce of gold produced.

The After Tax Net Present Value ("AT-NPV") of the mine is US\$51.3 million and the Internal Rate of Return ("IRR") is 96.3% in the base case using a future gold price estimate of \$962 per ounce and a 5% discount rate. The table below provides a range of economic results at various gold price assumptions.

## Copperstone Economic Sensitivities at various Gold Prices:

Gold Price Case	Gold Price (US\$/Oz)	IRR (%)	Undiscounted pre-tax Cash Flow (US\$)	Net Present Value After-Tax (US\$) (Discounted)
Low	\$850	74.3%	\$50,162,532	\$37,194,541
Base Case	\$962	96.3%	\$74,169,910	\$51,291,204
<b>Spot</b>	<b>\$1104</b>	<b>120.5%</b>	<b>\$104,496,256</b>	<b>\$68,089,302</b>
High	\$1250	145.1%	\$135,727,452	\$84,874,376

The feasibility study results indicate a total of 256,430 ounces of gold can be mined from current known diluted Proven and Probable Mineral Reserves during the 6.3 year mine life at Copperstone. Note that all numbers may not add up to total due to rounding. The shown spot gold price was \$1104 per ounce on December 28, 2009 as shown on [www.kitco.com](http://www.kitco.com).

Technical information regarding the Copperstone project required to be disclosed under NI 43-101 can be found in the Study. Information regarding risks and uncertainties relating to the Copperstone project development can be found in our annual information form, filed on SEDAR, and specific risks related to the results of the Study can be found in our news release dated February 3, 2010, also available on SEDAR.

### **About Bonanza**

Bonanza is working to re-activate mining at the preproduction-stage Copperstone gold property in Arizona. Bonanza has 118.2 million shares outstanding, and has no debt. Please visit our website at [www.americanbonanza.com](http://www.americanbonanza.com)

### **AMERICAN BONANZA GOLD CORP.**

Brian Kirwin  
President & Chief Executive Officer

*This news release includes certain statements that may be deemed "forward-looking statements". All statements in this release, other than statements of historical facts, including the likelihood of commercial mining and possible future financings are forward-looking statements. Although Bonanza believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include unsuccessful exploration results, changes in the price of gold, changes in the availability of funding for mineral exploration and/or development, unanticipated changes in key management personnel and general economic conditions. Mining exploration and development is an inherently risky business. Accordingly the actual events may differ materially from those projected in the forward-looking statements. For more information on Bonanza and the risks and challenges of its business, investors should review Bonanza's annual filing on Form 20-F with the U. S. Securities Commission and its home jurisdiction filings that are available at [www.sedar.com](http://www.sedar.com).*

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