

Amarillo Reports 2017 Fourth Quarter and Annual Results and Provides Corporate Update

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TORONTO, April 30, 2018 (GLOBE NEWSWIRE) -- [Amarillo Gold Corp.](#) ("Amarillo" or the "Company") (TSX.V:AGC) today announces its financial results for the fourth quarter (Q4) and year ended December 31, 2017. This press release should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2017 and Management's Discussion & Analysis ("MD&A") for the same period, available on the Company's website at www.amarillogold.com and under the Company's name on SEDAR at www.sedar.com. All monetary amounts are expressed in Canadian dollars unless otherwise specified.

FINANCIAL RESULTS

Operating Expenses – Three and Twelve Months 2017 and 2016

	Three Months ended December 31		Year ended December 31	
	2017	2016	2017	2016
Consulting fees	440,733	459,269	893,376	645,419
General and administrative	75,429	57,030	334,796	237,667
Stock-based compensation	239,510	-	990,573	641,241
Professional fees	77,033	30,091	267,560	170,105
Other expenses	64,558	163,262	216,390	303,338
Subtotal before other items	897,263	709,652	2,702,695	1,998,490
Accretion on gold loans	325,987	375,945	1,288,023	1,119,546
Subtotal of expenses before Fx and FV changes	1,223,250	1,085,597	3,990,718	3,118,036
Foreign exchange loss/(gain)	(844,878)	(164,626)	(811,538)	(131,374)
Loss/(gain) on FV of derivatives	107,431	(1,276,657)	1,110,085	557,586
Loss/(income) before taxes	485,803	(355,686)	4,289,265	3,544,248
Deferred tax	486,165	233,330	486,165	233,330
Net loss/(income)	971,968	(122,356)	4,775,430	3,777,578
Loss per share	(0.01)	0.00	(0.06)	(0.05)
Total assets	34,186,492	34,246,927	34,186,492	34,246,927
Total non-current liabilities	11,050,397	8,798,174	11,050,397	8,798,174

2017 HIGHLIGHTS AND SUBSEQUENT EVENTS

- Completed a corporate management reorganization
- Completed an Updated Pre-Feasibility Study at Mara Rosa, Brazil¹
 - • Post-tax internal rate of return (IRR) of 35.2%
 - • Post-tax net present value using 5% discount rate of US\$178M
 - • Post-tax project payback of 2.2 years;
 - • Average Life of Mine production 112,000 ounces per year over 8 years.
- Engaged Whittle Consulting (Optimization study) on the Mara Rosa deposit.
- Closed a private placement for \$5.2M.
- Started the planning of a drilling program for Mara Rosa to extend the mine life to over 10 years.
- Extended the maturity date of its existing gold-linked credit facility from July 31, 2019 to June 30, 2022

¹ NI 43-101 report entitled "2017 Updated Pre-Feasibility Study Posse Mine Project – Mara Rosa GO" and was prepared by SRK Consulting dated April 2017. The qualified persons of the report are Gregory Keith Whitehouse and Rubens Jose de Mendonca. Both individuals are

independent of the Company.

The Company's loss is mostly attributable to the items related to the gold-linked loan consisting of accretion, mark to market adjustments for gold price increase and foreign exchange gains due to strengthening of the Canadian dollar to the US dollar from the previous reporting periods. In February 2018, the Company announced that it had amended and extended the maturity date of its existing gold-linked credit facility (the "Facility") from July 31, 2019 to June 30, 2022. The Company is currently exploring several options to address this significant debt on the balance sheet.

The Company underwent board and management changes during the year and subsequent to the year end. The Board was enhanced through the addition of Rowland Uloth who is the Executive Chairman, Stephen Stow and Colin Sutherland. Mike Mutchler joined the Company in January 2018 as President & CEO and Herndat Sawh came on board as CFO in November 2017. The Company is well poised with this team to execute on its plans for the development of the Mara Rosa Project and realize the potential of Lavras do Sul with increased exploration in 2018.

On April 12, 2018 the Company closed a non-brokered private placement (the "Private Placement") through the issuance of 18,427,780 units ("Units") at a subscription price of \$0.28 per Unit for aggregate gross proceeds to the Company of \$5,159,778. Each Unit is comprised of one common share (each, a "Common Share") and one-half of one Common Share purchase warrant (each, a "Warrant"). Each whole Warrant entitles the holder to purchase one additional Common Share at an exercise price of \$0.38 for a period of 24 months following the date of issue, subject to customary adjustment provisions. The Company intends to use the net proceeds from the Private Placement for advancing the Company's mineral exploration and development projects, and for general corporate purposes.

The Company plans additional exploration drilling at Mara Rosa starting in May 2018 followed by an updated mineral resource which will be produced prior to launching a Feasibility Study ("FS") in early 2019. Following the FS and Basic Engineering ("BE") in early 2019, Amarillo will make an application for the LI – Licença de Instalação and expects to begin construction of the Mara Rosa Gold Mine in 2020. The Company has received preliminary positive results from the Whittle Optimization study and it is anticipated that the NPV on this project should be enhanced significantly. We expect to publish the results of this optimization study towards the end of Q2 2018.

At Lavras do Sul, additional exploration work consisting of soil sampling, trench sampling and airborne magnetic surveying will be conducted on properties adjacent to the Butia project in an effort to explore for an extension of the Butia deposit. In addition, exploration work on several other properties in the Lavras do Sul area will be conducted as required to maintain the exploration permits.

The Company expects that it may be required to commence an action against Western Potash Corporation ("WPC") to pay WPC's liability to the Brazilian National Department of Mineral Production ("DNPM"). The DNPM is seeking payment from the Company for taxes and penalties on exploration permits that were acquired by the Company and have been held in trust on behalf of WPC. The Company is of the opinion that this is the liability of WPC under the Services Agreement between the Company and WPC and accordingly no amounts have been accrued in the Company's audited financial statements. More details on this contingency are disclosed at Note 16 to the consolidated financial statements and at Section 8 of the MD&A for the year ended December 31, 2017.

The technical content of this release has been reviewed and approved by Frank Baker, Vice President, Exploration of the Company and a "Qualified Person" as defined in National Instrument 43-101 -*Standards of Disclosure for Mineral Projects*.

ABOUT AMARILLO

Amarillo is developing a highly economic, open pit gold resource at its Mara Rosa Project in the mining friendly jurisdiction of Goias State in Brazil. An Updated Pre-Feasibility Study (NI 43-101 technical report) for the Mara Rosa Project was filed on SEDAR on May 4, 2017. In addition, Amarillo has an advanced exploration project with excellent grades at Lavras do Sul, also in Brazil. A Mineral Resource Estimate Study (NI 43-101 technical report) for Lavras do Sul was filed on SEDAR on October 4, 2010. Both projects have excellent nearby infrastructure. The Mara Rosa Project was awarded the main permit (LP) that gives social

and environment permission to mine. This has allowed Amarillo to move forward and work on the installation permit (LI) for the Mara Rosa Project.

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FORWARD LOOKING STATEMENTS:

This news release contains Forward Looking Statements regarding the Company's current expectations regarding future events, including with respect to the Company's business, operations and condition, management's objectives, strategies, beliefs and intentions. Various factors may prevent or delay our plans, including but not limited to, the trading price of the Common Shares, certain lenders not advancing funds as required, contractor availability and performance, weather, access, mineral prices, and success and failure of the exploration and development carried out at various stages of the program. Permission from the Government and community is also required to proceed with future mining production. Readers should review the Company's ongoing quarterly and annual filings, as well as any other additional documentation comprising the Company's public disclosure record, for additional information on risks and uncertainties relating to these forward-looking statements. Readers should also review the risk factors applicable to junior mining exploration companies generally to better understand the variety of risks that can affect the Company. The Company undertakes no obligation to update publicly or otherwise revise any Forward Looking Statements whether as a result of new information or future events or otherwise, except as may be required by law.

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