

Amarillo files technical report for Posse Gold feasibility study

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TORONTO, June 16, 2020 - The technical report for the definitive feasibility study on [Amarillo Gold Corp.](#)'s (Amarillo or the Company) (TSXV: AGC, OTCQB: AGCBF) Posse Gold Project has been filed on SEDAR (www.sedar.com).

The report has been prepared according to the standards set out in *NI 43-101: Standards of Disclosure for Mineral Projects*. It is also available on the Company's website under the Mara Rosa section of the Projects tab. The report is called *NI 43-101 Technical Report Definitive Feasibility Study Posse Gold Project, Brazil*, and its effective date is June 15, 2020.

As previously announced on June 2, 2020, the positive feasibility study on the Posse Gold Project in Goi's State, Brazil supports an open pit mine and carbon-in-leach (CIL) operation with dry stack tailings that has low capital and operating costs and a strong financial return.

Highlights

Base case assumes a gold price of \$1,400 per ounce and foreign exchange rate of Brazilian Reals (R\$)4.2 to U.S. dollars (US\$)1. Current market rates assume a gold price of \$1,730 per ounce and foreign exchange rate of R\$5.3 to US\$1. All dollar figures are in US\$ unless otherwise noted.

- Mine life of 10 years.
- Gold production of 102,000 per year in the first four years, average annual gold production of 84,000 ounces.
- After-tax net present value 5% (NPV 5%) of \$183 million, increasing to \$360 million using current market rates.
- After-tax internal rate of return (IRR) of 25%, increasing to 50% using current market rates.
- Cash cost of \$706 per ounce, decreasing to \$631 per ounce using current market rates.
- All-in sustaining cost (AISC) of \$738 per ounce, decreasing to \$656 per ounce using current market rates.
- After-tax payback of 2.6 years, decreasing to 1.5 years using current market rates.
- Initial capital cost of \$145 million, decreasing to \$125 million using current market rates.
- Gold resources of 1.2 million contained ounces, based on 32 million tonnes grading 1.1 grams per tonne (g/t).
- Gold reserves of 902,000 contained ounces, based on 24 million tonnes grading 1.18 g/t.
- The Company has a strong social license to operate. It has received the Preliminary License and a Protocol of Intent to build the Posse Gold Project was signed with the governor of the State of Goi's on May 25, 2020.

SRK Consultores do Brasil Ltda (SRK) compiled the definitive feasibility study with input from other engineering companies and consultants. These include Australian Exploration Field Services, Aurifex Pty Ltd, and Ausenco do Brasil Engenharia Ltda., among others.

Qualified Person

Mike Mutchler, President and Chief Executive Officer of the Company, by virtue of his education, experience and professional association, is a Qualified Person as defined in the NI 43-101 standard, for this news release. He is a member in good standing of the appropriate professional institutions and has approved the scientific and technical disclosure in this news release.

Non-IFRS financial measures

The Company has included certain non-IFRS financial measures in this news release. These measures, which include total cash cost, total cash cost per ounce, AISC, and AISC per ounce, are not recognized under IFRS and do not have a standardized meaning prescribed by IFRS. As a result, these measures may

not be comparable to similar measures reported by other companies.

Each of these measures used are intended to provide additional information and should not be considered in isolation or as a substitute for measures in accordance with IFRS. Non-IFRS financial measures used in this news release and common to the gold mining industry are defined below.

Total cash cost and total cash cost per ounce

Total cash cost reflects the cost of production. The total cash cost reported in the FS includes costs related to mining, processing and water treatment, general and administration for the mine, off-site, refining, transportation, and royalties. Total cash cost per ounce is calculated as total cash cost divided by payable gold ounces.

AISC and AISC per ounce

AISC reflects all the expenditures that are required to produce an ounce of gold from operations. The AISC reported in the feasibility study includes total cash cost, sustaining capital, and closure cost. AISC per ounce is calculated as AISC divided by payable gold ounces.

About Amarillo

[Amarillo Gold Corp.](http://www.amarillogold.com) (www.amarillogold.com) is advancing two gold projects in Brazil. Both are in mining-friendly states and have excellent nearby infrastructure.

The development stage Posse Gold Project on its Mara Rosa Property in Goi s State has received the main permit that provides social and environmental permission for mining. Work is underway on receiving the License to Install.

The advanced exploration stage Lavras do Sul Project in Rio Grande do Sul State has more than 22 prospects centered on historic gold workings.

[Amarillo Gold Corp.](http://www.amarillogold.com) trades on the TSXV under the symbol AGC, and on the OTCQB under the symbol AGCBF.

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Forward-looking statements

This news release contains forward-looking statements regarding the Company's current expectations regarding future events, including its business, operations and condition, and 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 of the Company, capital market conditions, impacts from the coronavirus or other epidemics, counterparty risk, TSXV approval(s), contractor availability and performance, weather, access, mineral and gold 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.

PDF available: <http://ml.globenewswire.com/Resource/Download/cec4ccb6-c5f8-4dfb-9d40-9644c91fed24>

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