

# Financing update as Amarillo releases Q1 2021 results

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This news release should be read in conjunction with our consolidated financial statements and management's discussion and analysis for the three months ended March 31, 2021. Both are available at [www.amarillogold.com](http://www.amarillogold.com), and under our company profile at [www.sedar.com](http://www.sedar.com).

All monetary amounts are in Canadian dollars unless stated otherwise.

TORONTO, May 26, 2021 -- [Amarillo Gold Corp.](#) (TSXV: AGC, OTCQB: AGCBF) remains focused on finding the best construction financing option for its shareholders, said the Company today as it announced its financial results for the three months ended March 31, 2021.

"Securing the balance of the construction financing for our Posse Gold Project is taking longer than we anticipated," said Mike Mutchler, Amarillo's Chief Executive Officer. "However, we have considerably de-risked the project since completing the feasibility study, and with a robust cash position, we believe that we should explore all our options to make sure that our ultimate choice minimizes dilution and maximizes return for our shareholders."

As reported in its MD&A for the year ended December 31, 2020, Amarillo had an exclusivity arrangement with an established financier. Under that arrangement, Amarillo had completed significant technical due diligence, a process that raised no red flags. Since signing the arrangement, Amarillo has received the License to Install, signed an arrangement to build a power line, and begun detailed engineering, significantly advancing and de-risking the project. As such, the Company believes that it could get better terms than were originally contemplated and decided to allow the exclusivity to expire.

Amarillo is reconsidering the terms from above mentioned financier and currently has several interested parties who have begun their due diligence processes. While it's difficult to predict how long this process will take, with \$40.7 million in cash, the Company has the flexibility to investigate all financing options, even while continuing to develop Posse.

The Company's strategy is to make the necessary expenditures to stay on schedule for Posse while minimizing its financial exposure until full construction financing is obtained. Advancements include:

- 85% of the land for the project area has been acquired and the remainder is expected to be acquired in the coming months
- 37% of the overall project detailed engineering, including 91% of the early works detailed engineering, has been completed; balance of engineering will be based on major equipment acquisitions that will be purchased subject to project financing
- Plan is to purchase vendor drawings for ball mill to advance detailed engineering
- Design engineering in progress for water dam, waste piles, and low grade ore stockpile
- Crushing plant has been purchased; engineering expected to be complete within a few months
- Technical information for grinding circuit has been purchased and is being analyzed
- Have received proposals for filtration and elution circuits, and plan is to acquire equipment engineering information.

Since signing the agreement for the power line, Amarillo has acquired approximately 70 per cent of the necessary land for the power line. The engineering has been completed, the archeology has been reviewed, and the License to Install for the power line is outstanding.

The technical analysis for the main substation has been completed, while engineering is also complete, and

supplies have been purchased for the Porangatu substation. Installation on the substation is expected shortly.

Amarillo opened a training centre in the town of Mara Rosa in February and have held approximately nine training programs. The Company has established health and safety protocols that include setting up health and safety committees that have elected workers' representatives in compliance with labour regulations in the area.

Subsequent to quarter end, the Company launched an 8,500-metre drill program targeting four areas close to the Posse Gold Deposit. The aim is to identify potentially economic gold deposits that could add to Posse's existing resources and reserves and enhance its production profile.

At Lavras do Sul, Amarillo's focus remains on resuming exploration activity to unlock the potential of this highly prospective property so it can open a second development front. Amarillo also began an exploration program here after quarter end.

Amarillo continues to be very fortunate with respect to Covid-19. A few employees in Brazil have tested positive for the virus, but all have fully recovered. Amarillo continues to have full access to our properties and our consultants continue to work fairly uninterrupted.

In Canada, the Toronto-based management team has been working from home since mid-March 2020. So far, Covid-19 has not had a material impact on our financial condition or performance.

At the corporate level, Amarillo launched a new website after quarter end, as well as an aggressive marketing campaign aimed at increasing awareness to a broader base of potential shareholders.

Cash on hand at May 26, 2021 is \$40.7 million, most of which is invested in short term savings and investment accounts awaiting deployment for constructing Posse, exploration, and general corporate purposes.

## ABOUT AMARILLO

Amarillo is advancing two gold projects located near excellent infrastructure in mining-friendly states in Brazil.

The development stage Posse Gold Project is on the Company's Mara Rosa Property in Goi?s State. It has a positive definitive feasibility study that shows it can be built into a profitable operation with low costs and a strong financial return. Mara Rosa also shows the potential for discovering additional near-surface deposits that will extend Posse's mine life beyond its initial 10 years. The exploration stage Lavras do Sul Project in Rio Grande do Sul State has more than 22 prospects centered on historic gold workings.

Amarillo trades on the TSXV under the symbol AGC and the OTCQB under the symbol AGCBF. Visit [www.amarillogold.com](http://www.amarillogold.com) to learn more about the Company's focus on becoming a mid-tier Brazilian gold producer.

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## NOTES

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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.

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