



# Amarillo Provides Business Update and Announces 2018 Fourth Quarter and Annual Financial Results

## Milestones achieved in 2018 and subsequently:

- | **Appointed Mike Mutchler as President and CEO in Q1 2018**
- | **Engaged Whittle Consulting for an Optimization Study on the Mara Rosa gold deposit (“Mara Rosa” or “Posse gold deposit”) in Q1 2018**
- | **Closed a private placement for \$5.2M with insiders subscribing for \$1M in Q2 2018**
- | **Completed the sale of an NSR royalty to Royal Gold for USD \$10.8M in Q2 2018**
- | **Completed the repayment in early Q3 2018 of the USD \$8.5M gold linked credit facility**
- | **Settled CAD \$1.2M of payables by issuing shares in early Q3 2018**
- | **Appointed Marc Ducharme as Chief Exploration Geologist**
- | **Commenced a 10,000m drill program on Mara Rosa**
- | **Repaid related party loan of \$1.6M**
- | **Filed in Q3 2018 an updated Pre-feasibility Study\* in accordance with NI 43-101 on Mara Rosa with highlights as follows:**
  - | After tax internal rate of return (IRR) of **51%** at US\$1,300/oz gold (Au)
  - | After tax net present value (NPV5%) of **US\$244 million** at US\$1,300/oz Au and a USD/BRL exchange rate of 3.60 (US\$198M at US\$1,200/oz)
  - | After tax project payback of 1.0 years at US\$1,300/oz Au
  - | Average annual gold production **144,000 oz** over first 4 years
  - | Average life of mine (LOM) production **123,000 oz** per year over 8 years, and total production of **985,000 ounces** after **91% recovery**
  - | LOM cash operating cost of **US\$545/oz Au**, and all-in sustaining cost (AISC\*\*) of **US\$655/oz Au**
  - | Upfront **capital expenditure of US\$123M**
  - | Updated **Proven and Probable Reserves of 1,087,000 oz** - 23.8 million tonnes (Mt) @ 1.42 g/t Au
    - o **Proven 513,000 oz** – 9.6 Mt @ **1.65 g/t Au**, and
    - o **Probable 574,000 oz** -14.2 Mt @ **1.26 g/t Au**

Notes:  
\* PFS filed on SEDAR on September 13, 2018 and then on November 21, 2018 to incorporate the results of site visit by SRK  
\*\*AISC: Total cash operating cost + Royalties + Transportation & Refining + Sustaining Capital + Closure + Corporate G&A
- | **Received in Q4 2018 approval from the Brazilian ANM (Agência Nacional de Mineração, formerly known as the DNPM or National Department of Mining Production) for a three year extension of its mining concessions for Mara Rosa until July 1, 2020**
- | **In Q1 2019 engaged SRK, Ausenco and GeoHydroTech Engenharia to conduct the work required to complete the Feasibility Study (FS) for Mara Rosa**
- | **After the conclusion of the drilling program initiated in mid-2018, announced an updated resource model for Mara Rosa. The study is expected to be filed on SEDAR later this month. Highlights of this updated resource:**
  - | Total **Measured and Indicated Resource** of 29M tonnes at 1.2 g/t and **1.2M Au ounces**.
  - | Includes a **high-grade core zone of 9M tonnes at 2.2 g/t for 630K Au ounces** that can be accessed early in the mine life.
  - | Includes two additional contiguous grade zones of 12M tonnes at .88 g/t for 330K Au ounces.
  - | The deposit contains a significant halo of lower grade mineralization.
  - | Ordinary kriging was used to produce a more conservative and robust resource.
  - | The cutoff grade was increased to 0.5 g/t to maximize the use of permitted space for waste rock dumps and a tailings dam.
  - | Substantial additional mineralization can be added at lower cutoff grades.
  - | The deposit remains open both down dip and down plunge to the southwest.
  - | Next step is to use the resource model will be used for a Feasibility Study (FS) mine plan that is expected to be finalized later this year. Keith Whitehouse of Australian Exploration Field Services Ltd, (“AEFS”) estimated the new resource with three contiguous grade zones.
- | **Recently obtained a \$1M convertible loan facility from the Executive Chairman of the Company**

TORONTO, April 02, 2019 (GLOBE NEWSWIRE) -- **Amarillo Gold Corporation (“Amarillo” or the “Company”)** (TSX.V:AGC; OTCQB:AGCBF) today announces its financial results for the fourth quarter (“Q4”) and year ended December 31, 2018. This press release should be read in conjunction with the Company’s consolidated financial statements and Management’s Discussion & Analysis (“MD&A”) for the year ended December 31, 2018, available on the Company’s website at [www.amarillogold.com](http://www.amarillogold.com) and under the Company’s name on SEDAR at [www.sedar.com](http://www.sedar.com). All monetary amounts are expressed in Canadian dollars unless otherwise specified.

Mike Mutchler, CEO of Amarillo commented “ 2018 was a very successful year for the Company as the newly assembled team moved towards cleaning up the balance sheet and executing on our plans to move the Mara Rosa project forward. We completed a successful private placement of CAD\$5.2M in early 2018 followed by a royalty sale of US\$10.8M which provided the funds to extinguish the gold-linked loan and to embark on the more than 15K meter drilling program. The results of this program resulted in a recently announced updated resource. The new resource will now be run through the Whittle Consulting Prober optimization model to produce an optimal mine plan for the FS. With the Feasibility Study (FS) engineering already underway, we are pursuing the regulatory and financial prerequisites necessary to keep us on track to submit our application for the License to Install (LI) anticipated for mid-year with the FS expected to be completed in the second half of the year.”

## FINANCIAL RESULTS

The following table summarizes the Company's major operating expense categories for the three and twelve months ended December 31, 2018.

	Three Months ended December 31		Year ended December 31	
	2018	2017	2018	2017
	(\$)	(\$)	(\$)	(\$)
<b>General and administrative</b>				
<b>Consulting</b>	131,241	51,750	350,981	231,194
<b>Professional</b>	1,012	243,011	601,160	264,929
<b>Salaries/benefits and management fees</b>	164,838	121,358	560,845	522,183
<b>Directors' fees</b>	25,000	100,000	244,167	140,000
<b>Marketing and promotion</b>	80,910	25,707	271,444	132,355
<b>Filing and transfer agent</b>	40,901	7,144	112,127	42,013
<b>Travel</b>	6,058	12,398	52,144	130,185
<b>Other G&amp;A</b>	71,799	63,031	263,645	198,510
<b>Total G&amp;A</b>	<b>521,759</b>	<b>620,399</b>	<b>2,456,513</b>	<b>1,661,369</b>
<b>Stock-based compensation</b>	<b>206,860</b>	<b>239,510</b>	<b>1,480,249</b>	<b>990,573</b>
<b>Foreign exchange loss/(gain)</b>	<b>37,903</b>	<b>(212,828)</b>	<b>65,999</b>	<b>(179,488)</b>
<b>Interest and finance charges</b>	<b>1,604</b>	<b>33,354</b>	<b>136,708</b>	<b>50,753</b>
<b>Write-off of accounts payable</b>	<b>20,645</b>	<b>-</b>	<b>(118,171)</b>	<b>-</b>
<b>Gain on debt settlements</b>	<b>(140,830)</b>	<b>-</b>	<b>(140,830)</b>	<b>-</b>
<b>Subtotal before other items</b>	<b>647,941</b>	<b>684,435</b>	<b>3,880,468</b>	<b>2,523,207</b>
<b>Items related to gold loan</b>	<b>(178,198)</b>	<b>(198,632)</b>	<b>709,148</b>	<b>1,766,058</b>
<b>Loss before tax</b>	<b>469,743</b>	<b>485,803</b>	<b>4,589,616</b>	<b>4,289,265</b>
<b>Deferred tax (recovery) expense</b>	<b>(1,064,495)</b>	<b>486,165</b>	<b>(719,495)</b>	<b>486,165</b>
<b>Net Income(Loss)</b>	<b>594,752</b>	<b>(971,968)</b>	<b>(3,870,121)</b>	<b>(4,775,430)</b>

The Q4 2018 income of \$594,752 (Q4 2017: loss of \$(971,968)) and annual 2018 loss of \$(3,870,121) (2017: \$(4,775,430)) include non-cash items consisting of stock compensation expense; gain on debt settlements; gain/loss items related to the gold linked loan; and non-cash deferred tax recovery/expense which together aggregate to a net recovery of \$1,176,663 for Q4 2018 (Q4 2017: expense of \$527,043) and expense of \$1,351,731 for YTD 2018 (YTD 2017: \$3,242,796). Net loss after adjusting for these non-cash items was \$581,911 for Q4 2018 (Q4 2017: \$444,925) and \$2,518,390 for annual 2018 (2017: \$1,532,634). The increase in 2018 is due to increased professional and consulting fees relating to business development and balance sheet restructuring/enhancement activities, and legal fees relating to the litigation against Western Potash Corporation. In addition, the Company increased its marketing activities; refreshed its website and obtained a listing on the OTCQB.

On March 29, 2019, the Executive Chairman of the Company agreed to provide a \$1,000,000 facility (the "Facility") to be drawn down from time to time. The Facility is unsecured, due and payable on demand and bears interest at 6% per annum. At the election of the lender, the Facility plus accrued interest can be converted into shares of the Company in the event of an equity financing, at the same price per share paid by subscribers. The Company has drawn \$500,000 under this Facility.

## ABOUT AMARILLO

Amarillo is developing an open pit gold resource at its Mara Rosa Project in the mining friendly jurisdiction of Goias State in Brazil. The Mara Rosa Project, also known as the Posse deposit, was awarded its main (LP) permit which provides the social and environment permission to mine. Amarillo is progressing toward obtaining an installation permit (LI). Based on the NI 43-101 Pre-Feasibility Study 2018 (PFS 2018) update filed on SEDAR on November 21, 2018, the Mara Rosa Project contains estimated 513,000 ounces of gold in the Proven category from 9.6 Mt at 1.65 g/t Au, and 574,000 ounces gold in the Probable category from 14.2 Mt at 1.26 g/t Au, for total estimated Reserves of 1,087,000 ounces from 23.8 Mt at 1.42 g/t Au. In addition to the Mara Rosa Project, Amarillo has an advanced exploration project with excellent grades at Lavras do Sul, Brazil. A Mineral Resource Estimate Study (NI 43-101 technical report) for Lavras do Sul was filed on SEDAR on October 4, 2010. The Lavras do Sul Project is an advanced exploration stage property (190 sq. km.) comprising of more than 22 prospects centered on historic gold workings. The initial resource estimate at the Butia prospect reported 215,000 ounces of gold in the Indicated category from 6.4 Mt at 1.05 g/t Au, and 308,000 ounces of gold in the Inferred category from 12.9 Mt at 0.74 g/t Au using a 0.3 g/t cut-off grade. Both projects have excellent nearby infrastructure.

Mike Mutchler, President and Chief Executive Officer of the Company, is a Qualified Person as defined by NI 43-101 guidelines, and has reviewed and approved the scientific and technical disclosure relating to the PFS 2018 in this section of the news release.

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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, 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, the ability of the Company to obtain approvals from the TSX-V in respect of the transactions contemplated hereby, 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.*