

Amarillo's third quarter marked by exploration success

This news release should be read in conjunction with our consolidated financial statements and management's discussion and analysis for the nine months ended September 30, 2021. Both are available at www.amarilogold.com, and under our company profile at www.sedar.com.

All monetary amounts are in Canadian dollars unless stated otherwise.

TORONTO, ONTARIO – NOVEMBER 22, 2021 – The Pastinho Gold Deposit has the potential to be a game changer for Amarillo Gold Corporation (TSXV: AGC, OTCQB: AGCBF), said the Company today as it announced its results for the nine months ended September 30, 2021.

“We expect the deposit to develop into another source of future ore feed for the Posse mill,” said Mike Mutchler, Amarillo's Chief Executive Officer. “We believe Pastinho will extend Posse's overall mine life and significantly increase the mine's average annual gold production, thus enhancing the economics shown by the positive feasibility study.”

As [announced in September](#), Pastinho is a new primary gold deposit located approximately 3.5 kilometres northeast of the Posse Gold Deposit. It is a near-surface tabular shaped deposit striking 1,700 metres in a northeast-southwest direction that dips approximately 60 degrees northwest. In October, after quarter end, [Amarillo received assay results that confirmed the continuity and down dip extensions of Pastinho](#), which is at least 200 metres deep.

Of course, the focus during the quarter was on evaluating the options for raising the balance of the construction financing to build the Posse Gold Mine. The goal is to find the best financing option for the Company and its shareholders, working under the guidance of its financial adviser, and taking advantage of the flexibility of Amarillo's cash position.

As said previously, this process is by nature unpredictable, so it's difficult to set timelines around how long it will take, but it's believed this approach will result in a better outcome for shareholders in the long term.

In the meantime, Amarillo is still on track at Posse, where the Company is spending what it needs to spend to stay on schedule for Posse while minimizing its financial exposure until it has obtained full construction financing. The advancements at Posse include:

- More than 95% of the land for the project area has been acquired; the final parcel is being acquired and that process should be completed shortly
- 50% of the overall project detailed engineering, including 99% of the early works detailed engineering, has been completed; the balance of engineering will be based on major equipment acquisitions that will be purchased subject to project financing
- Vendor drawings for the ball mill have been purchased, and equipment engineering for the filtration circuit is complete.

Significant progress was also made on the 67-kilometre 138-kilovolt power line that will connect the Posse mine to a substation in Porangatu. All the land for the power line has been acquired, the engineering has been completed, and project approval has been received from Enel Brasil, the state electric power utility. And, in October, the License to Install for the line was received. Work is expected to start later this year and take about 14 months.

One of the terms of the License to Install for Posse is to develop and train local labour. Over 2,200 people have registered at the training centre in the town of Mara Rosa since it opened in February, and over 766 people have been trained through 51 courses since January.

At Lavras do Sul, where Amarillo's goal is to open a second development front, drilling continued at a significant gold-hosting structural zone at Matilde, one of 23 highly prospective gold targets on the property.

The Company remains very fortunate with respect to Covid-19. A few of employees in Brazil have tested positive, but all have fully recovered. Amarillo has full access to its properties and its consultants have been able to work without interruption. 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 the Company's financial condition or performance.

Amarillo follows the guidelines set by health authorities where it operates, as well as its own operational and monitoring protocols. About 64% of Amarillo's personnel are fully vaccinated, as well as 27% of the contractors. About 73% have had their first dose. Though it is hard to predict how Covid-19 will impact the Company's exploration and development activities, it's believed any delays will be minimal. However, the Company will continue to monitor the pandemic's potential impact on its business.

At the corporate level, Paulo Serpa, an accomplished mining engineer from Brazil, succeeded Arão Portugal as Country Manager for Amarillo's Brazilian subsidiaries after quarter end. Mr. Portugal, however, remains active with the Company, serving as special adviser to the CEO. After quarter end, 5,145,000 options were granted to directors, officers, and consultants of the Company. These were priced at \$0.24 and expire on November 3, 2026.

Finally, Amarillo continued to increase its investor outreach after launching a new website and social media channels last quarter. The Company attended two key gold conferences in September and plans to participate in three resource conferences in the fourth quarter, all part of a strategy to raise awareness among a broader base of potential shareholders.

Cash on hand at the end of the third quarter was \$32.3 million. Approximately \$2 million was spent during the quarter on engineering and consulting for the Posse Gold Project as we prepare to make a construction decision once the financing is secured. Other major expenses in the quarter included \$2.3 million for land acquisition, increased salaries due to additional staff hires, and increased professional fees due to financial advisory services.

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 Goiás 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 23 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 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.