

VANCOUVER, BRITISH COLUMBIA--(Marketwired - April 28, 2017) - [Amarillo Gold Corp.](#) (TSX VENTURE:AGC) ("Amarillo" or the "Company"), is pleased to announce that it has filed the updated Pre-feasibility ("PFS" or "Study") report for the Posse gold deposit within its 100% owned Mara Rosa project (the "Project"), Goias, Brazil on SEDAR.

#### Highlights:

- Post-tax internal rate of return (IRR) of 35.2%, post-tax net present value (NPV<sub>5</sub>) of US\$178M, and post-tax project payback of 2.2 years based on a gold price of US\$1,200 per troy ounce and a USD/BRL exchange rate of 3.20
- Average annual gold production estimated at 140,000 ounces over first 4 years, average life of mine (LOM) production 112,000 ounces per year over 8 years, and total production of 892,000 ounces
- LOM cash operating cost of US\$545/oz Au, and all-in sustaining costs (AISC) of US\$627/oz Au\*
- The updated PFS provides an ore reserves statement of 9.27MT Proven, @ 1.81 g/t Au, 540,567 troy ounces and 9.74MT Probable @ 1.46 g/t Au, 456,968 troy ounces at a 0.38 g/t cut-off, for total reserves of 19.01 MT @ 1.63 g/t Au, 997,536 troy ounces of Proven plus Probable that fall within the open pit design based on \$US1200/ounce gold price

\* AISC: Total Cash Costs + Royalties + Transportation & Refining + Sustaining Capital + Closure + Corporate G &A

SRK Consultores do Brasil Ltda (SRK) was retained by Amarillo to review the PFS for the Project, which is located in the municipality of Mara Rosa in the state of Goias, 360 km to the north of the state capital Goiania (see News Releases dated January 9<sup>th</sup> 2017 and March 7<sup>th</sup> 2017).

The Project consists of an open pit mine and related processing facilities for approximately 19.0 million tonnes of ore (dry base) at a rate of 2.5 million tonnes per year (Mtpa) for the production of gold.

The PFS for the Project was originally prepared by Coffey Consultoria e Serviços Ltda (Coffey) in 2011 (also filed on SEDAR and available on our website (<http://www.amarilogold.com>)). The updated PFS was prepared and led by SRK Consulting in collaboration with ONIX Engineering & Consulting, both based in Belo Horizonte - Brazil. The resource statement was supplied by Australian Exploration Field Services (AEFS) out of Ballarat, Australia. Both ONIX and AEFS were involved in the original study. This study replaces and supersedes the reserves, and economic model used in the original study.

The main alterations that serve as justification for this review are:

- The completion in May of 2013 of the geotechnical study for the definition of the final pit slope angles. Filed on SEDAR at that time.
- The updating of the mineral resource estimate, which was concluded in January 2017 by Australian Exploration Field Services (AEFS), based on the incorporation of new borehole data. Filed on SEDAR and updated in this report.
- Plant Capex and Opex costs were also revised and new values reflect differences in local exchange rates which are now taken as R\$3.20 to the US dollar as opposed to the 2011 value of R\$1.90 to the US dollar.
- The Company was granted a preliminary environmental license, the LP, in May 2016. The terms of this license include the position and area of units such as the tailings storage facility, the waste heaps, plant position and the proposal for water capture, which were different to the 2011 PFS.
- The requirement of the LP to line the tailings facility with a geo-membrane not originally envisaged in the 2011 study.
- Other operational cost estimates that have changed since the 2011 study, such as the cost of electrical power and diesel where updated.
- This Study considers the advantages of the use of stockpiles to enhance the economics of the project.
- This Study considered a "owners" mining fleet and "contract" mining fleet scenario's, Amarillo has headlined with the contract mining scenario, due to the lower capex.

The PFS was completed in accordance with the National Instrument 43-101. The Qualified Person for this PFS update report and for the disclosure of ore reserves is Rubens Mendonca of SRK, Belo Horizonte, Brazil. Rubens has relied on Keith Whitehouse of Australian Exploration Field Services of Bendigo, Australia for the resource statement and Frank Baker, from Amarillo, for the project components process, plant, and infrastructure, based on work by ONIX Engineering and Consulting.

Rubens Mendonca has reviewed and approved the content of this News Release. Frank Baker is the QP for the technical information disclosed in this news release.

ON BEHALF OF THE BOARD OF DIRECTORS [Amarillo Gold Corp.](#),

Buddy Doyle, President

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

**FORWARD LOOKING STATEMENTS:**

*This news release contains Forward Looking Statements regarding our intentions and plans. Forward looking statements in this news release include the numbers estimated for 2017 and the time line for completion. Various factors may prevent or delay our plans, including but not limited to, the ability to raise funds, 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. We may not be able to fulfill our obligations under the proposed gold loan and we may be unable to raise sufficient financing to carry out our plans. Readers should review risk factors applicable to junior mining exploration companies generally to 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.*

## Contact

### [Amarillo Gold Corp.](#)

Buddy Doyle

President

+1-604-689-1799 (Canada)

+1-604-760-0325 (Cell)

+55-31-3261-5974 (Brazil)

### [Amarillo Gold Corp.](#)

Scott Eldridge

+1-604-722-5381

[info@amarillogold.com](mailto:info@amarillogold.com)

<http://www.amarillogold.com>