

Amarillo Announces Settlement of Shares for Debt Transaction

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TORONTO, Dec. 23, 2019 - [Amarillo Gold Corp.](#) ("Amarillo" or the "Company") (TSXV: AGC) (OTCQB:AGCBF), is pleased to report that it has completed a debt settlement agreement as previously announced on November 14, 2019 with a creditor of the Company. This creditor is controlled by a director of the Company. Pursuant to this agreement, the Company has agreed to issue an aggregate of 541,656 common shares ("Common Shares") in the capital of the Company at a deemed price of \$0.21 per Common Share to settle \$113,747.77 of outstanding debt (the "Shares for Debt Transaction").

The completion of the Shares for Debt Transaction is subject to a number of conditions, including the approval of the TSX Venture Exchange (the "TSXV"). All securities issued pursuant to the Shares for Debt Transaction will be subject to a hold period of four months and one day from the date of issuance, in accordance with applicable securities legislation.

The Shares for Debt Transaction involving this director of the Company will constitute a "related party transaction" under Multilateral Instrument 61-101 - *Protection of Minority Securityholders in Special Transactions* ("MI 61-101"). The Company intends to rely on the exemptions from the valuation and the minority approval requirements of MI 61-101 provided for in subsections 5.5(a) and 5.7(a) of MI 61-101, respectively, as the fair market value of the subject of, and the consideration paid in the Shares for Debt Transaction in relation to the interested party, will not represent more than 25% of the Company's market capitalization, as determined in accordance with MI 61-101. The participation by this director in the Shares for Debt Transaction has been approved by directors of the Company who are independent in connection with such transaction. A material change report will be filed less than 21 days before the closing date of the transaction contemplated by this news release. The Company believes this shorter period is reasonable and necessary in the circumstances as the Company wishes to improve its financial position by reducing its accrued liabilities as soon as possible.

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 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 September 13, 2018, the Posse Deposit at 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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Neither the 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 the content of this news release.

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 proposed issuance of Common Shares to settle outstanding debt, the approval of the Shares for Debt Transactions by the TSXV and 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, 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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