AM Gold Inc.: Announces Granting of Class 3 Approval and Red Mountain Exploration Program

20.07.2010 | Marketwire

VANCOUVER, 07/20/10 - AM Gold Inc. (TSX VENTURE: AMG) (FRANKFURT: AMX) ('AM Gold' or the 'Company') is pleased to announce the granting of the Company's application for a Class 3 approval for its exploration programs at Red Mountain, Yukon Territory Canada. The effective date of the approval was July 13, 2010 with an expiry date of July 12, 2015.

The Company has contracted with Kluane Drilling of Whitehorse, Yukon Territory, to conduct a planned 6000m diamond drill core program at Red Mountain. The mobilization of two drills from Whitehorse to the property commenced immediately upon Class 3 approval and drilling operations are expected to be underway during the third week of July. The drill program has been planned to expand the 542,000 troy ounce Inferred Resource (23.6 million tonnes grading 0.7 g/tonne gold), announced on June 16, 2010. The NI 43-101 report was prepared for the Company by Brian Leslie Cole, P.Geo., who is a Qualified Person under National Instrument 43-101, utilizing the results from nine inclined drill holes with a cumulative total of 1,917m in the resource estimation. Several drill holes collared and/or terminated in significant mineralization, indicating that the mineralized target is not closed off in any direction laterally, or to depth.

In order to maximize data from previous work, the Company also plans to fire assay portions of the previously drilled cores that were not assayed during earlier programs. Fire assaying will be carried out to refine gold values for all eight of the 2003 core holes which were largely evaluated using ICP geochemical gold analyses. The Company's technical team is currently in the process of splitting and preparing that core for shipment to Eco Tech Laboratory Limited in Kamloops, British Columbia for fire assay. Eco Tech Laboratory is a member of the Stewart Group of laboratories, a worldwide recognized chain of laboratories with ISO 9001 - 2000 accreditation.

In addition to the planned drill program, the Company had contracted a detailed airborne hyperspectral survey of its Red Mountain property from HyVista Corporation. HyVista specializes in airborne hyperspectral surveying on a worldwide basis and has provided survey services with its HyMap hyperspectral sensor in more than 30 countries. Hyperspectral imaging is a relatively new, but powerful technology designed for a rapid identification and classification of surface cover and mineralogy, which are very useful in localizing zones of precious metal mineralization. AM Gold hopes to use the new high-resolution survey data to characterize the subtle hydrothermal alteration mineralogy and trends in the Red Mountain area and highlight the zones permissive to Au-mineralization beyond the established 542,000 oz. Au resource area. The hyperspectral imaging data will be complemented with the detailed topographic and spatial detail from the high-resolution (196 pixel) Ultracam digital aerial camera, improving spatial awareness and orientation for future planning efforts. The survey is planned for late July/early August depending on favorable weather conditions in the area with results being fielded by mid-August in support of drilling operations.

On behalf of the Board:

Gerald M. Aberle
President & CEO

AM GOLD INC.

This news release has been prepared by management. This document contains certain forward looking statements which involve known and unknown risks, delays, and uncertainties not under the Company's control which may cause actual results, performance or achievements of the Company to be materially different from the results, performance or achievements implied by these forward looking statements. We seek safe harbor.

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Contacts:

Progressive Investor Relations

604-689-2881 or 877-689-2881
info@progressive-ir.com

AM Gold Inc.
Bruce Korhonen
604-633-2442
Bruce@AMGold.ca
www.amgold.ca