AM Gold Expands Gold Mineralization to Extend Across 450m Width Including Jethro Structure at Red Mountain, Yukon Territory

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VANCOUVER, 10/03/11 - AM Gold Inc. (TSX VENTURE: AMG)(FRANKFURT: AMX) ('AM Gold' or the 'Company') is pleased to announce the second tranche of assay results of the 2011 exploration program at Red Mountain, Yukon Territory Canada. A new zone of mineralization reported on September 12, 2011 has been shown to be continuous with the current inferred resource (see the Company's news release of December 2, 2010 for the current inferred resource estimate) and extends across a lateral distance of 450 metres, as shown on the accompanying cross-section. The area of gold mineralization around and including the current inferred resource estimate is now at least 800 metres along strike and at least 450 metres across.

A total of approximately 7,850 meters of core has been cut from 23 holes drilled east, west, and north of the resource area. Assay results of the first five holes and partial results for the sixth were previously reported in a Press Release dated September 12, 2011. Assays results have now been received for the remainder of ICE11045 plus the next three holes: ICE11046, ICE11047, and partially for ICE11048. The Company will issue a further news release on the assay results for ICE 11048 following receipt of the assay results for such hole.

Drill Holes ICE11046, ICE11045, ICE11047, and ICE11048 were drilled along a common section line at the western end of the resource area, across the Jethro Structure and towards the northeast to further test the new mineralization intersected in ICE11043 (previously reported September 12, 2011). All holes were drilled to the north-northeast and dips varied between minus 50 degrees to minus 55 degrees. Hole ICE11046 is the southeastern-most hole and is located approximately 215 metres southeast of ICE10028 (results previously reported September 28, 2010). Holes ICE11045, ICE11047, and ICE11048 are located approximately 170 metres, 300 metres, and 380 metres north-northeast of ICE11046 respectively.

To view the Red Mountain Section, please click on the following link:
http://media3.marketwire.com/docs/amgold.pdf

The four-hole section line demonstrates gold mineralization is linked between the resource area and the new zone reported on September 12, 2011. Gold mineralization is continuous across at least 450 metres of lateral distance covered by the cross-section. Assay results for Drill Holes ICE11045, ICE11046, ICE11047, and ICE11048 are summarized in the table below:

Hole Number	From (m)	To (m)	Interval Length (m)	Gold (g/t)
ICE11045	0.0	419.4	419.4	0.38
Including	0.0	323.5	323.5	0.42
Including (i)	8.0	158.5	150.5	0.58
Including (i)	49.5	81.5	32.0	0.69
ICE11046	0.0	342.9	342.9	0.37
Including	145.0	200.0	55.0	0.60
ICE11047	0.0	350.5	350.5	0.25
Including	7.5	173.0	165.5	0.32
Including	52.5	74.5	22.0	0.51
ICE11048	0.0	121.5	121.5	0.33
Including	81.5	104.5	23.5	0.66
Including	94.5	104.5	10.0	0.94
And	121.5	371.1	249.6	Pending
Note: Reported Widths Are Drilled Thicknesses. True Widths Are Not Known				
(i) Reported September 12, 2011				

All sample preparation and fire assaying work has been performed by Eco Tech Laboratory Limited ('Eco Tech') in Kamloops, British Columbia. Eco Tech is an ISO 9001:2008 accredited laboratory and subsidiary of the Stewart Group of worldwide laboratories. Initial fire assay with atomic adsorption finish is completed for all samples. Those samples running greater than 1g/t Au are automatically rerun. Those samples assaying in excess of 3g/t Au are rerun using a gravimetric finish. In addition to the internal laboratory controls, the Company inserts two revolving standards in 3% of the samples, inserts blanks in 4% of the samples, and a duplicate sample is resplit every tenth sample. Results reported herein have been checked and have undergone quality control review.

About AM Gold Inc.

AM Gold Inc. is a publicly held resource company based in Vancouver, Canada. The Company is listed on the TSX Venture Exchange under the symbol 'AMG' and is quoted on the Frankfurt Exchange under the symbol 'AMX'. The Company is focused on creating shareholder value through the development of the Company's gold and gold-copper projects in the Yukon and Peru while building a portfolio of quality pipeline projects in North and South America. The Company's Red Mountain gold property is located in central Yukon Territory approximately 55 kilometres northwest of the community of Mayo in the Tintina Gold Belt. The Company's Red Mountain gold property consists of approximately 3,600 hectares of contiguous quartz claims. 52 of such quartz claims (1,168 hectares) are held 80% by the Company with an option to acquire 100% ownership and are subject to a net smelter returns royalty and 131 quartz claims (2,430 hectares) are held 100% by the Company. AM Gold's Pinaya gold-copper project is located approximately 775 kilometres southeast of the city of Lima, Peru in the Tintaya Gold Belt. The Company maintains 100% ownership of 35 mining concessions covering the 19,200 hectare Pinaya land position. AM Gold's corporate offices are located Suite 605 - 369 Terminal Avenue, Vancouver, British Columbia, V6A 4C4 (phone: 604-646-0067).

Brian L. Cole, P. Geo., has reviewed the technical disclosure contained in this news release and is a

Qualified Person and is independent of the Company within the meaning of National Instrument 43-101 - Standards of Disclosure for Mineral Projects.

ON BEHALF OF AM GOLD INC.:

John Fiorino, CEO
AM GOLD INC.

Cautionary Statement Regarding 'Forward-Looking' Information

Some of the statements contained in this press release are forward-looking statements and information within the meaning of applicable securities laws. Forward-looking statements and information can be identified by the use of words such as 'expects', 'intends', 'is expected', 'potential', 'suggests' or variations of such words or phrases, or statements that certain actions, events or results 'may', 'could', 'should', 'would', 'might' or 'will' be taken, occur or be achieved. Forward-looking statements and information are not historical facts and are subject to a number of risks and uncertainties beyond AM Gold's control. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this news release. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements, except as may be required by law.

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 this release.

Contacts:

AM Gold Inc.
Murray Caruth
1-604-646-0067
mcaruth@amgold.ca
www.amgold.ca