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NEWS RELEASE

AM Gold Announces Significant Resource Estimate Increase at Pinaya

AM Gold Inc. (TSX-V: AMG; Frankfurt: AMX) (“AM Gold” or the “Company”) is pleased to announce an updated resource estimate for the Company’s Pinaya Au/Cu Project in Peru (the “Pinaya Project”). A new resource estimate report has been jointly prepared by Brian L. Cole, *P. Geo.* and Ronald G. Simpson *P. Geo.* (GeoSim Services Inc.) and dated effective May 30, 2011 (the “Technical Report”). A copy of the Technical Report will be filed on SEDAR under the Company’s profile at www.sedar.com.

John Fiorino, Chief Executive Officer of AM Gold commented: “We are extremely pleased with this increased resource estimate. Inferred Resources have increased by approximately 110% contained ounces gold and 177% contained pounds copper when compared to the Company’s previous inferred mineral resource estimate prepared in 2006. In addition, the Company upgraded 22% of the copper and 31% of the gold of the indicated resource estimate prepared in 2006 to a measured resource.”

GeoSim Services Inc., a co-author of the report, modelled a new resource estimate for the Pinaya Project. The new estimate supersedes the previous estimate prepared by J. Douglas Blanchflower *P. Geo.* in October 2006 (see the Company’s news release dated September 20, 2006). Mineral resources were estimated for the Gold Oxide Skarn Zone (“GOSZ”) as well the two copper / gold zones: the Western Porphyry Zone (“WPZ”) and the Northwestern Porphyry Zone (“NWPZ”). Highlights of the new mineral resource estimate are:

<i>Mineral Resources - Gold Oxide Skarn Zone</i>						
<i>Zone and Cut-off Grade</i>	<i>Class</i>	<i>Tonnes 000's</i>	<i>Contained g/t Au</i>	<i>Contained % Cu</i>	<i>Oz Gold 000's</i>	<i>lbs Copper 000's</i>
GOSZ	Measured	2,178	0.920	0.093	64	4,465
	Indicated	4,223	0.735	0.092	100	8,565
0.25 g/t Au	Measured and Indicated	6,401	0.798	0.092	164	13,030
	Inferred	2,383	0.597	0.081	46	4,256

<i>Mineral Resources - Combined Cu/Au Porphyry Zones</i>							
<i>Zone and Cut-Off Grade</i>	<i>Class</i>	<i>Tonnes 000's</i>	<i>Contained % Cu</i>	<i>Contained g/t Au</i>	<i>Contained % CuEQ</i>	<i>lbs Copper 000's</i>	<i>Ounces Gold 000's</i>
WPZ + NWPZ 0.3% CuEQ	Measured	5,530	0.439	0.493	0.703	53,526	88
	Indicated	26,738	0.384	0.423	0.610	226,213	364
	Measured and Indicated	32,269	0.393	0.435	0.626	279,738	452
	Inferred	35,412	0.402	0.270	0.546	313,911	307

Resource Estimate Parameters and Assumptions

The Pinaya Project sample database contains information from 160 core holes (46,531.7m) completed between 2004 and the end of 2008. Of these, 151 core holes are located within the present resource model area with 44,306m being utilized in the resource modelling. These are HQ inclined diamond drill holes spaced at centres ranging from between 25m to 200m. Specific Gravity was assigned according to lithology. Gold and copper assays were capped pursuant to the results of decile analysis and the gold and copper mineralization was treated separately when creating the mineralization domain constraints. The GOSZ was treated separately as a gold zone while the copper mineralization in the WPZ overprints portions of the GOSZ gold zone and extends below it. Gold and copper in the NWPZ were also modelled as separate domains.

The resources were estimated using ordinary kriging for the GOSZ and the WPZ and by the inverse distance squared method for the NWPZ. Classified blocks were constrained by an optimized pit shell. Cut-off values utilized are 0.25 grams gold per tonne (“g/t Au”) and 0.3 percent copper equivalent (“%CuEq”). The gold cut-off was applied to the GOSZ and the copper equivalent cut-off to the WPZ and NWPZ respectively.

As there is not sufficient information at present to divide the deposit into oxide vs. sulphide components (or leachable vs. non-leachable), it was decided to treat the entire resource as a conventional copper concentrator scenario and use costs associated with deposits of this type and size to establish a copper equivalent value. The copper equivalent value was thus calculated based on assumed metal prices of \$3.00/lb Cu and \$1,100/oz Au. The formula derived from this was $CuEq = \% Cu + g/t Au * 0.535$. Overall recovery was assumed to be 80%. General and Administration, Processing and Ore Mining costs were assumed to be \$10/tonne. Base waste mining costs were assumed to be \$2.00/tonne and overburden removal costs were set at \$1.50/tonne.

The tables above present “in situ” contained metal with no consideration for recovery factors. It is not known whether any of the copper in the GOSZ is recoverable as it primarily a heap leach gold target.

The resource estimate is effective May 30, 2011 and was prepared in accordance with National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* (“NI 43-101”) as well as commensurate with CIM definitions (2005).

Independent Quality Control and Analytical Protocol

All samples taken since the October 2006 resource estimate and used in this resource update were analyzed by SGS Laboratories in Lima, Peru. During the 2008 drill program core of HQ size was split in half on site using a diamond saw. Samples were crushed and portion pulverized for analysis. Drill core samples were assayed for gold using a 30 gram fire assay procedure with a gravimetric or Atomic

Absorption (AA) finish. A 36-element ICP analysis was then carried out using an Aqua Regia (4 acid) digestion. Copper assays over 1.0% were reanalyzed using an AA procedure.

A quality assurance/quality control (QA/QC) program including standard material of known copper and gold content, blanks, and duplicate samples has been followed. Standards and blanks were inserted every 20 samples with duplicate samples also taken every 20 samples. Approximately 5% of all samples were sent to an alternate laboratory (ALS Chemex Laboratories in Lima, Peru) for check assaying of gold and copper.

Comparison between 2006 and 2011 Mineral Resource Estimates

A comparison between this updated mineral resource estimate and the previous 2006 mineral resource estimate is set out in the chart below.

Resource Estimate Comparison													
2006 ⁽¹⁾⁽²⁾								2011 ⁽²⁾⁽⁴⁾					
Zone	Cut-Off	Class	Tonnes 000's	Contained % Cu	Contained g/t Au	lbs Copper 000's	Ounces Gold 000's	Cut-Off	Tonnes 000's	Contained % Cu	Contained g/t Au	lbs Copper 000's	Ounces Gold 000's
GOSZ	GMV ⁽³⁾	Measured						0.25g/t Au	2,178	0.093	0.920	4,465	64
		Indicated	13,870	0.29	0.42	88,000	188		4,223	0.092	0.735	8,565	100
		Meas+Ind	Nil	Nil	Nil	Nil	Nil		6,401	0.092	0.798	13,030	164
		Inferred	7,180	0.27	0.31	43,000	71		2,383	0.081	0.597	4,256	46
WPZ	GMV ⁽³⁾	Measured	Nil	Nil	Nil	Nil	Nil	0.3% CuEq	5,530	0.439	0.493	53,526	88
		Indicated	15,260	0.54	0.63	181,000	310		12,672	0.409	0.495	114,261	202
		Meas+Ind							18,202	0.418	0.494	167,787	289
		Inferred	5,540	0.59	0.55	72,000	97		7,540	0.395	0.327	65,663	79
NWPZ		Indicated	Nil	Nil	Nil	Nil	Nil	0.3% CuEq	14,067	0.361	0.359	111,951	162
		Inferred	Nil	Nil	Nil	Nil	Nil		27,872	0.404	0.254	248,248	228

Notes:

1. See the Company's news release dated September 20, 2006 for first time disclosure.
2. Does not take into account metallurgical recovery and assumes 100% recovery.
3. Gross Metal Value cut-off (>US\$5.50/tonne, based on US\$1.25/lb Cu and \$US450/oz Au).
4. First time disclosure contained in this news release.

The discrepancy between tenor and tonnages in the GOSZ set out in the chart above is attributed to differences in methodology and rationale between the 2006 and the 2011 resource estimations. The 2006 estimation attempted to embrace a copper overprint on the GOSZ whereas the 2011 resource estimation rationalized the GOSZ as a heap leachable gold target only and focused solely on the gold domain.

Brian L. Cole, *P. Geo.* and Ronald G. Simpson *P. Geo.* have reviewed and approved the technical disclosure contained in this news release and are independent Qualified Persons within the meaning of NI 43-101.

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. AM Gold holds an 80% interest in Red Mountain with an option to acquire 100% ownership of the 52 contiguous claims that constitute the property and cover approximately 1,168 hectares. 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 305 – 369 Terminal Avenue, Vancouver, British Columbia, V6A 4C4 (phone: 604-646-0067).

This news release was prepared on behalf of the Board of Directors, which accepts full responsibility for its contents.

On behalf of the Board:

"Gerald M. Aberle"

Gerald M. Aberle

President and Chief Operating Officer

AM GOLD INC.

For further information on AM Gold, please contact Murray Caruth at 1-604-646-0067 or by email at mcarruth@amgold.ca, or visit AM Gold's website at: <http://www.amgold.ca>.

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