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NEWS RELEASE

AM GOLD CLOSSES FINAL TRANCHE OF PRIVATE PLACEMENT FOR ADDITIONAL GROSS PROCEEDS OF APPROXIMATELY \$847,800

AM Gold Inc. (TSX-V: AMG; Frankfurt: AMX) (“AM Gold” or the “Company”) is pleased to announce that further to its news release of June 30, 2011 (the “June News Release”) announcing the closing of a brokered private placement (the “Brokered Offering”) for gross proceeds of \$3,500,000 that the Company has closed the final tranche of its private placement for additional gross proceeds of approximately \$847,880. The final tranche of the private placement was a non-brokered offering (the “Non-Brokered Offering”) and together with the Brokered Offering the Company raised aggregate gross proceeds of approximately \$4,347,880. For further details of the Brokered Offering see the June News Release, a copy of which is available under the Company’s SEDAR profile at www.sedar.com.

On closing of the Non-Brokered Offering 634,000 units of the Company (“Units”) were placed at a price of \$0.32 per Unit (an increase of 34,000 Units from the number originally announced by the Company via news release dated June 29, 2011) and 1,842,856 flow-through common shares of the Company (the “FT Shares”) were placed at a price of \$0.35 per FT Share for aggregate gross proceeds of approximately \$847,880. Each Unit consists of one non-flow-through common share of the Company (a “Share”) and one-half of a common share purchase warrant (a “Warrant”). Each whole Warrant entitles the holder thereof to purchase one common share of the Company (the “Warrant Share”) at a price of \$0.40 per Warrant Share until January 8, 2013, subject to acceleration in certain events.

Pursuant to the terms of the Non-Brokered Offering if the Shares close for 20 consecutive trading days at a volume weighted average trading price above \$0.75, the Company will have the right to require conversion of the Warrants at the exercise price therefor by providing a notice (the “Conversion Notice”) to the Warrant holders. Upon receipt of the Conversion Notice the holder must exercise the Warrants then held in accordance with their terms within 30 days of receipt of such notification (the “Conversion Deadline”), after which Conversion Deadline any unexercised Warrants will be deemed to have expired.

The Company paid a finder’s fee to an arm’s length party (the “Finder”) in connection with the Non-Brokered Offering consisting of (i) a cash commission of \$36,678 representing 6% of the gross proceeds raised on the sale of the FT Shares and Units placed by the Finder and (ii) 107,880 common share purchase warrants (the “Finder’s Warrants”), representing 6% of the number of FT Shares and Units placed by the Finder. Each Finder’s Warrant is exercisable to acquire one non flow-through common

share of the Company (a “Finder’s Warrant Share”) at a price of \$0.40 per Finder’s Warrant Share until January 8, 2013, subject to acceleration on the same terms as the Warrants.

All securities issued in connection with the Non-Brokered Offering are subject to a statutory hold period expiring on November 9, 2011.

The gross proceeds from the sale of the FT Shares will be used by the Company to incur Canadian Exploration Expenses (“CEE”) (within the meaning of the *Income Tax Act* (Canada) (the “ITA”)), which will qualify as “flow-through mining expenditures” for the purposes of the ITA, related to the exploration of the Company’s Red Mountain gold project in the Yukon Territory, Canada. The proceeds from the sale of the Non-Brokered Units will be used to fund the continued exploration of the Company’s Red Mountain gold project in Yukon Territory, Canada, the continued exploration and development of the Company’s Pinaya gold-copper project in southern Peru and for general working capital purposes.

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 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 (approximately 2,400 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).

ON BEHALF OF AM GOLD INC.

“John Fiorino”

John Fiorino

Chief Executive Officer
AM GOLD INC.

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

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.

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.