



Suite 305-369 Terminal Avenue, Vancouver, BC, Canada V6A 4C4
Telephone: (604) 646-0067 Fax (604) 692-0117

Vancouver, British Columbia

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NEWS RELEASE
CANCELLATION AND NEW GRANT OF STOCK OPTIONS

AM GOLD INC. (TSX-V: AMG; Frankfurt: AMX) (“AM Gold” or the “Company”) announces that, it has granted incentive stock options to certain directors, officers, consultants and employees of the Company to purchase up to 1,700,000 common shares in the capital of the Company (the “Shares”) pursuant to an approved share option plan. The options are exercisable on or before July 12, 2016 at an exercise price of \$0.50 per Share. The grant of options is subject to TSX Venture Exchange approval.

The Company has cancelled options to purchase up to 100,000 Shares granted on September 21, 2010 with an exercise price of \$0.47 per Share and options to purchase up to 300,000 Shares at an exercise price of \$0.35 per Share granted on June 29, 2010.

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.