



Suite 605-369 Terminal Avenue, Vancouver, BC, Canada V6A 4C4  
Telephone: (604) 646-0067 Fax (604) 692-0117

---

Vancouver, British Columbia

February 24, 2012

## NEWS RELEASE

### AM GOLD REPORTS PRELIMINARY METALLURGICAL RESULTS FROM RED MOUNTAIN

**AM GOLD INC.** (TSX V: AMG; Frankfurt: AMX) is pleased to announce the results of the first metallurgical test work from samples taken from the Company's Red Mountain project located in the Yukon Territory, Canada. The objective of the test work was to gain a preliminary understanding of the metallurgical characteristics of the gold mineralization at the project and to establish parameters for further metallurgical tests.

#### Summary

- Direct cyanidation testing showed a recovery of 72% after 96 hours.
- Testing on the clean concentrate fraction of the bulk sulphide flotation process recovered approximately 93% of the gold within the sample.
- The bottle roll test recoveries ranged from 30% - 61%, averaging 44% in a 96 hour bottle roll.

#### Metallurgy Testing Results

##### *Bottle Roll Testing*

A conventional bottle roll test series was conducted on eight samples of materials considered reasonably representative of the general tenor of the mineralization. Bottle roll is a preliminary metallurgical test to determine how much and how easily gold may be liberated from an ore using cyanide and provides insight to the extractability of gold within a heap leach style scenario.

For the bottle roll test work, the ¼ splits of HQ and NQ sized drill core were crushed to 80% passing 6.3mm diameter. Recoveries range from 30% - 61% in a 96 hour bottle roll, with the average being approximately 44%; however, the recovery curves often flatten after only 24-48 hours. Cyanide consumption is within acceptable limits. Results of these tests are shown in Table 1.

**Table 1: Metallurgical Results, Bottle Roll Tests****Red Mountain Core Intercepts, P<sub>80</sub> 6.3mm Feeds**

	<i>Core Intercept, Metres</i>							
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>
	ICE10028	ICE10028	ICE10033	ICE10038	ICE10038	ICE10029	ICE10041	ICE11043
<i>Metallurgical Results</i>	4.50-10.00	471.05-475.05	51.00-57.00	126.75-132.00	227.5-234.75	276.35-283.35	133.00-142.00	280.00-286.00
Composite Length	5.50m	4.00m	6.00m	5.25m	7.25m	7.00m	9.00m	6.00m
Rock Type	Intrusive	Intrusive	Sediment	Sediment	Intrusive	Intrusive	Intrusive	Intrusive
Extraction: % Total Au	Au	Au	Au	Au	Au	Au	Au	Au
in 2 hours	25.0%	45.1%	32.6%	13.1%	27.7%	20.4%	6.2%	17.0%
in 6 hours	32.3%	53.1%	41.5%	18.4%	37.4%	21.4%	10.9%	23.5%
in 24 hours	40.3%	57.8%	49.9%	24.9%	44.5%	26.1%	14.1%	30.1%
in 48 hours	49.2%	61.4%	53.0%	28.9%	44.5%	31.8%	21.9%	34.0%
in 72 hours	50.8%	61.4%	54.6%	30.3%	44.5%	35.2%	25.0%	34.6%
in 96 hours	52.4%	61.4%	56.9%	30.7%	44.5%	38.6%	29.7%	35.9%
Extracted (g/t Au)	0.22	1.41	1.20	2.47	0.24	0.12	0.07	0.19
Tail Assay (g/t Au)	0.20	0.88	0.91	5.57	0.29	0.19	0.15	0.34
Calculated Head (g/t Au)	0.43	2.29	2.12	8.03	0.53	0.30	0.22	0.52
Assay Head (g/t Au)	0.47	2.39	1.71	9.16	0.57	0.28	0.34	0.66
NaCN Consumed (kg/t)	0.15	0.23	1.28	0.83	1.32	0.16	0.15	0.45
Lime Added (kg/t)	1.20	1.70	2.30	1.65	1.60	0.70	0.95	2.35
Final Leach pH	10.9	10.9	10.8	10.8	10.8	10.9	11.0	11.0
Silver Extracted (g/t Ag)	0.55	0.34	0.62	0.41	0.03	0.10	0.10	2.81

*Note : Drill Core Composites constructed from ¼ HQ and NQ splits.*

The bottle roll test work was conducted on eight samples taken from six drill holes completed in 2010 and 2011. For more details on the drill holes see the Company's news releases dated: September 12, 2011 (ICE11041 and ICE11043), November 22, 2010 (ICE10038), November 4, 2010 (ICE10033), October 5, 2010 (ICE10029 and remainder of ICE10028) and September 28, 2010 (part of ICE10028), copies of which are available under the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com).

#### *Direct Cyanidation Testing*

The sample with the highest tenor, at 10.56g/t Au, was chosen for direct cyanidation testing and bulk sulphide flotation testing. A portion of the sample composite was reduced to 80% passing 200 mesh. Direct cyanidation testing showed a recovery of 72% after 96 hours. The clean concentrate fraction of the bulk sulphide flotation test recovered approximately 93% of the gold within the sample. It is noted that the higher grade sample selected for direct cyanide testing is derived from vein material within the altered sedimentary rocks and may differ from the overall nature of the mineralization which is more commonly hosted within the intrusive host rocks. It is also noted that this sample has an anomalously high tenor and is not representative of the deposit as a whole. Results of these tests are shown in Tables 2 and 3.

<b>Table 2:</b>			
<b>Metallurgical Results, Direct Cyanidation Test</b>			
<b>Red Mountain Core Intercept, P<sub>80</sub> 200 Mesh Feed Size</b>			
		<b>4</b>	
		ICE10038	
<i>Metallurgical Results</i>		126.75-132.00	
Composite Length		5.25m	
Rock Type		Sediment	
Extraction: % Total		Au	Ag
	in 2 hours	49.1%	24.1%
	in 6 hours	64.5%	36.1%
	in 24 hours	70.6%	43.5%
	in 48 hours	70.7%	45.4%
	in 72 hours	70.8%	46.3%
	in 96 hours	71.7%	46.3%
Extracted (g/t Au)		7.34	1.71
Tail Assay (g/t Au)		2.90	1.99
Calculated Head (g/t Au)		10.23	3.70
Assay Head (g/t Au)		9.16	3.81
NaCN Consumed (kg/t)		1.0	
Lime Added (kg/t)		1.3	
Final Leach pH		11	

Table 3: <b>Metallurgical Results, Bulk Sulphide Flotation Test</b> <b>Red Mountain Core Intercept, P<sub>80</sub> 200 Mesh Feed Size</b>								
ICE10038 126.75-132.00 5.25m Sediment								
Product	Weight %	Cum. Wt, %	Assay		Distribution			
			g/t		%		Cum. %	
			Au	Ag	Au	Ag	Au	Ag
Clean Concentrate	9.53	9.53	96.20	16.01	92.8	58.3	92.8	58.3
Clean Tail	6.40	15.93	5.92	4.01	3.9	9.8	96.7	68.1
Rough Tail	84.07	100.00	0.39	0.99	3.3	31.9	100.0	100.0
Composite	100.00		9.87	2.61	100.0	100.0		

*Concentration Ratios  
(Cl. Conc. : Feed)*

*Weight = 10.5 : 1*

*Gold = 9.7 : 1*

*Silver = 6.1 : 1*

### **Metallurgy Testing Comments**

Given the style of the mineralization at Red Mountain, the above results are consistent with other deposits of this type, including that of Kinross Gold Corporation's Fort Knox project located near Fairbanks, Alaska. The Fort Knox project has been in production for over 10 years and is located in a similar intrusive rock complex within the Yukon-Tanana mineral belt which extends from central Alaska through central Yukon.

Commenting on these preliminary metallurgical results, Neil Downey, VP Exploration of the Company said: "We are pleased with the results of the initial metallurgical study at Red Mountain and are encouraged with the results of the initial direct cyanidation testing. The results suggest that with further testing, methods for recovering gold with direct cyanidation may be feasible. The bottle roll results were within the range we expected for our initial metallurgical testing. Particularly encouraging is the 61% recovery in 48 hours for the sample from ICE10028<sup>1</sup> taken approximately 467 metres below surface within the Jethro zone which contains a substantial portion of the inferred resource estimate.<sup>2</sup> Although the results are preliminary in nature, they have given us a first look into the metallurgy and we are now in an excellent position to design additional metallurgical work as the project advances."

#### **Notes:**

<sup>1</sup> ICE10028 carries an overall tenor of 0.75 g/t Au over its entire length of approximately 526 meters. See the Company's news releases of September 28, 2010 and October 5, 2010.

<sup>2</sup> Inferred resource estimate of 79.3 million tonnes grading 0.52 g/t gold, approximately 1.32 million gross troy ounces of gold. See the Company's news release of December 2, 2010 for the first time disclosure of the inferred resource estimate.

## **Quality Control / Quality Assurance**

The metallurgical studies were completed on coarse reject materials from diamond drill core holes completed in 2010 and 2011. The coarse reject materials had been stored in sealed bags in dry conditions. Composite samples were prepared utilizing multiple drill intercepts to produce samples representative of average mineralization grades. The test work was conducted by McClelland Laboratories, Inc. in Sparks, Nevada, USA.

For the original core materials, cores were sawn with a half sample archived for reference. Sample preparation and fire assaying work was 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, now owned and operated by ALS. Initial fire assay with atomic absorption 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 inserted two revolving standards in 3% of the samples, inserts blanks in 4% of the samples, and a duplicate sample was re-split every tenth sample. Results for the core assays 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).

Dr. Stewart Jackson, P. Geol. a director of the Company, and a Qualified Person within the meaning of National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*, has reviewed and approved the technical disclosure contained in this news release.

## **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.