

FORM 51 – 102F1

Amarillo Gold Corporation

FIRST QUARTER REPORT

For the Three months ended March 31, 2005

Date: May 31st, 2005

Forward Looking Information

This annual Management Discussion and Analysis (“Annual MD&A”) contains certain forward-looking statements and information relating to Amarillo Gold Corp. (“Amarillo” or the “Company”) that are based on the beliefs of its management as well as assumptions made by the information currently available to Amarillo. When used in this document, the words, “anticipate”, “believe”, “estimate”, “expect”, and similar expressions, that relate to Amarillo or its management, are statements relating to, amongst other things, regulatory compliance, the sufficiency of working capital, the estimated cost and availability of funding, for the continued exploration and development of Amarillo with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance and achievements of Amarillo to be materially different from any future results, performance or achievements that may be expressly implied by such forward looking statements. Important factors are identified in this quarterly MD& A.

Overall Performance

Amarillo Gold Corporation is a reporting issuer in British Columbia and Alberta and trades on the NEX board of the TSX Venture Exchange under the symbol AGC.H. Application has been made to move the Company to Tier II of the TSX Venture Exchange. The Company is a development stage company engaged in the acquisition and exploration of mineral properties in Brazil. In October of 2003, the Company entered into an agreement with De Re Holdings Inc., an arm’s length party, to acquire all of the shares of Metallica Brasil Ltda. in consideration of the payment of US\$450,000. The main asset of Metallica Brasil Ltda. is the Mara Rosa Property in Brazil. The purchase price has been paid largely by utilizing loans from directors and shareholders. The acquisition of the property triggered a Reverse Take Over (“RTO”) situation, therefore the Company is prohibited by the policies of the Exchange from completing the acquisition until it has received both shareholder and Exchange acceptance. Shareholders of the Company will be asked to vote on the acquisition at the Company’s upcoming annual and special general meeting scheduled for June 15, 2005. If the vote is positive, and if given Exchange approval, the Company will move to the Tier II of the TSX Exchange. If the vote is negative the Company will sell the Mara Rosa asset. Amarillo’s main focus remains to be the completion of the RTO procedure.

In April of 2004 the Company announced that it had entered an option with Phelps Dodge Do Brasil Mineração LTDA. (“Phelps Dodge”) on Phelps Dodge’s San Antonio property in the Goias State, Brazil. During the quarter the Company commenced a drilling on this property, testing the down dip extension of galrimpo diggings on the property.

The Company has relinquished its non-Brazilian property interests.

Results of Operations

A private placement announced in March 2004 consisting of 1,025,000 units of common shares @ \$0.20 per unit, for proceeds of \$205,000, was completed in March of 2005.

On October 21, 2003, the Company entered into an agreement (the “Acquisition Agreement”) with De Re Holdings Inc. (the “Vendor”), an arm’s length party to the Company, for the purchase of all of the issued and outstanding shares of Metallica Brasil Limitada (“Metallica Brazil”), a wholly owed subsidiary of the Vendor. The primary asset of Metallica Brazil is the Mara Rosa Gold project located in Goias State in central Brazil (the “Mara Rosa Project”).

Under the terms of the Acquisition Agreement, the Company has paid the Vendor US\$450,000 and completed the payment for the shares of Metallica Brazil. Underlying interests on the Mara Rosa Project include two separate 1% NSR royalties to Newmont Mining Corporation and to BHP/Billiton respectively. Amarillo arranged for the finalization of the purchase and will own the project 100% at the completion of the RTO process, given Exchange and Share Holder approval.

The Mara Rosa Project is the subject of an independent technical report prepared by Mr. B. Terrence Hennessey, of Micon International Limited, entitled “A Review of the Mara Rosa Gold Project, Goiás State, Brazil” (the “Technical Report”) and dated December, 2003. The Technical Report was prepared in accordance with National Instrument 43-101 and is available for inspection upon request at the Company’s operations office or it can be viewed on the SEDAR website (www.sedar.com) under the Company’s public documents section. The document was filed on SEDAR on January 13th 2004.

An historic resource estimate exists for the Posse Deposit, the key asset of the Mara Rosa project. In 1997 Metallica Brazil made a resource prepared prior to the implementation of National Instrument 43-101, section 2.4. This historical resource estimate is therefore not compliant with National Instrument 43-101 and is presented only to show that there is significant gold mineralization on the property and to demonstrate why the management of Amarillo is interested in the project.

Metallica Brazil estimated a mineral resource for the Posse south lode within the Mara Rosa project after re-logging approximately 8100m of core and remapping exposures in the pit. Shallow reverse circulation and blast holes from the pit were also used. The estimate was performed using ordinary kriging and a 10.0 g/t top cut and were reported at a 1.0g/t Au cut off grade, down to 300m below surface. Datamine was the software used for the estimate. The resulting Posse mineral resource is presented in the table below. Metallica Brazil did not state which reporting code they used, however they do mention they followed, “industry standards” at the time. The resource estimate is considered still relevant today, the deposit has sat idle, but since the estimate was made, there has been a significant increase in the gold price and a devaluation of the Brazilian Real.

Category	Tonnes (Thousands)	Grade (Au,g/t)	Contained Gold (ounces)
Measured	6,385	1.81	372,300
Indicated	4,948	1.67	265,700
Inferred	1,417	1.94	88,500

Results of Operations (Continued)

The estimates, while prepared prior to the implementation of NI 43-101, are considered reliable since they were reported by a consultant independent of Metallica Brazil and Amarillo, Pedro Gusman of PGV Consultores in Chile. In 1996-1997 the same consultant acting for Barrick Minerals estimated a resource of 15.468 million tonnes @ 1.47 g/t containing 730,342 oz of gold using a 1 g/t cutoff. Barrick commissioned the resource estimate while carrying out its due diligence when evaluating the property. It is considered encouraging that the Barrick estimate is similar to the Metallica Brazil estimate. The Metallica estimate was more constrained by due diligence work.

In December 2003 Amarillo was the successful bidder on the Mara Rosa property. Representatives of Amarillo have visited the Posse deposit as had the independent author of the 43-101 technical report filed by Amarillo. During the visits the extensive records, core library and maps were briefly reviewed. Given that several reputable companies including, BHP/Billiton, Western Mining, Barrick and Metallica, had each independently conducted work on the deposit there was every reason to accept the reliability and quality of such work.

Amarillo intends to implement an independent review of this historic resource estimate in the future with the view of re-stating this resource in the 43-101 framework. It is possible that the resource estimate given after this review will differ by some amount up or down from the historic Metallica Brazil estimate. Various parameters, such as how geologists interpret the geology, and choices made while performing the statistical analysis of the gold assays results variations in the precision of any resource estimate. The result however, should be globally similar as long as the same methodology is adhered to.

The acquisition of the Mara Rosa project triggered an RTO, and the Companies main focus during 2004 has been to work through the RTO process.

In April of 2004, the Company entered into an option with Phelps Dodge Do Brasil Mineração LTDA. ("Phelps Dodge") on Phelps Dodge's San Antonio property in the Goiás State, Brazil. The property consists of 1931 Ha of exploration permits within which there are gold and copper stream, soil and rock-chip anomalies hosted in carbonates in a promising structural setting 1km by 3km in area. This area was in the past worked by garimpeiros, who left behind shallow trenches and shafts as evidence of their activities. Rock chips from these workings have returned values of up to 22m of 8.80 g/t Au, and 5m of 11.7 g/t with up to 1.23% Cu and 115g/t Ag. Within the 20000-hectare exploration package that is part of the option there are at least three other garimpo gold workings that will bare a geological review. The option agreement calls for a US\$5000 payment and a minimum of 400m of drilling within 12 months. The Company can earn a 50% interest in the property if it completes 1000m of drilling during the first year of the option and expends US\$250,000 during the second year of the option. The Company can earn a 70% interest by spending US\$250,000 on exploration in year three. It will acquire a 100% interest by spending US\$250,000 in the fourth and fifth years and presenting a bankable feasibility study by the end of the sixth year. Phelps Dodge then will retain a 2% NSR. Drilling commenced on this property during this quarter.

Results of Operations (Continued)

The Company as of March 31, 2005 had assets totaling \$928,708 which is an increase of \$191,832 compared to the last quarter of \$736,876. The main asset is the advances to De Re Holdings Ltd. for the shares of Metallica Brasil Ltda. which amounted to CDN\$609,223. This varied from the last quarter (\$597,074), mainly due to currency variations. The next major asset is cash. As of March 31, 2005 Amarillo had cash of \$253,894, an increase of \$152,937 from the cash at the end of 2004 of \$100,957. Cash was provided by the exercise of warrants and the issuance of common shares. A total of \$31,545 has been spent on the San Antonio property, an increase over the last quarter of \$19,009 due to the commencement of drilling. The rest of the assets consist of prepaid deposits and GST receivables.

The liabilities for the quarter, total \$566,409, most of these are related to loans, property maintenance costs and the costs of completing the RTO process. This is a decrease of \$39,636 from the last quarter; the decrease is mainly due to currency fluctuations.

The net loss for the quarter was \$73,532 compared with \$92,466 for the first quarter 2004, losses reflect the cost of running the company and the RTO transaction. Expenses in this quarter were only \$19,516, which is less than the \$92,466 of expenses recorded in the first quarter of 2004. Property acquisition costs for properties that were relinquished in 2004 were expensed, these amounted to \$54,016.

A total of \$265,000 of funds was acquired by the issuance of common shares, compared to \$373,923 in the first quarter of 2004.

Summary of Quarterly Results

The following tables present our unaudited quarterly results of operations for each of the last eight quarters.

	Q-1	Q-4	Q-3	Q2
	Mar. 31, 2005	Dec. 31, 2004	Sep. 30, 2004	Jun. 30, 2004
Net loss excluding write-down	\$19,516	\$388,776	\$96,296	\$56,434
Write-down of assets	54,016	109,815	-	-
Net Loss	73,532	498,591	96,296	56,434
Loss Per Share	\$0.00	\$0.03	\$0.01	\$0.00

	Q-1	Q-4	Q-3	Q2
	Mar. 31, 2004	Dec. 31, 2003	Sep. 30, 2003	Jun. 30, 2003
Net loss excluding write-down	\$92,466	\$90,794	\$22,536	\$29,967
Write-down of assets	-	3,086	16,805	89,942
Net Loss	92,466	93,880	39,341	119,909
Loss Per Share	\$0.00	\$0.01	\$0.00	\$0.01

Liquidity and Solvency

At March 31, 2005 the Company had a working capital deficiency of \$278,469 compared to a deficiency of \$478,779 in the last quarter. As stated earlier it has current liabilities of \$566,409. The liabilities exceed the cash in hand, but the majority of liabilities consists of loans or advances from related parties in relation to the Mara Rosa property. The Company therefore remains liquid and solvent. The Company proposes to complete a financing of up to \$1,500,000 in conjunction with its reverse takeover in order to provide it with sufficient working capital to meet the listing requirements of the TSX Venture Exchange, cover the current liabilities and to raise a minimum of \$200,000 for exploration of the Mara Rosa property.

The Company's activities have consisted mainly of completing the RTO, conducting an Audit of its Brazil assets and completing the first round of exploration drilling on the San Antonio project. It is anticipated that general and administrative costs will increase dramatically in fiscal 2005 to reflect the anticipated increased exploration activity of the Company once the RTO procedures are completed.

Capital Resources

During the period \$265,000 of subscriptions were received towards new equity financing.

Off – Balance Sheet Arrangements

There were no off balance sheet arrangements.

Transactions with Related Parties

The board of directors, consists of:

- Mr. Buddy Doyle, President
- Mr. Martin Walter, CFO, Secretary
- Mr. Bruce Bragagnolo, Director
- Mr. Patrick Power, Director

There were no new transactions with related parties during the quarter, however as of March 31st 2005, \$465,655 of funds are due to related parties. Of these \$120,059 is due to a legal firm used by the company and owned by one of the directors and \$37,398, is due to a geological consulting company which shares a common director. The remainder consists of loans from directors and a shareholder.

Proposed Transactions

The Company proposes to enter into agreements to acquire additional natural resource properties as opportunity arises once it has graduated to Tier II of the Exchange.

Critical Accounting Estimates

The Company has no critical accounting estimates.

Changes in Accounting Policies Including Initial Adoption

The Company has not undergone any material changes in accounting policies. Readers are referred to the notes to the consolidated financial statements for the quarter ended March 31st, 2005 for further information.

Investor Relations Activities

The Company did not incur investor relation costs during the year.

Other material events

On October 21, 2003, the Company has entered into a Finders Fee Agreement with a shareholder (the "Finder"), whereas the Finder has acted as middleman in negotiations between the Company and the vendor of the shares of Metallica. The Company shall pay to the Finder within five days of the acceptance by the TSX Venture Exchange of the acquisition by the Company of Metallica, a fee of US\$40,000, satisfied by paying CAD\$25,000 in cash and issuing 250,000 fully paid and non-assessable common shares of the Company to the Finder at a deemed value of \$0.10 per share. This finder's fee is subject to approval by the TSX Venture Exchange.

The Company is currently a NEX issuer, a board of the TSX Venture Exchange. NEX is a forum where issuers without an active business or issuers in the process of reactivating are able to trade their shares. Management has determined, subject to shareholder and regulatory approval, to complete certain transactions in order to become an exploration and mining company satisfying the Exchange's Tier II minimum listing requirements and thereby taking the Company off the NEX board.

Under Policy 5.2 of the Exchange, shareholder approval of the acquisition of the shares of Metallica Brazil Ltda must be obtained by way of a resolution passed by a majority of the votes cast at a meeting of shareholders, other than votes attached to shares beneficially owned by the Vendor and related parties to the Vendor. The information required for shareholder approval of the Acquisition has been submitted to the Exchange and is awaiting acceptance. The date of this meeting is currently set for June 28th 2005.

Additional Disclosure for Venture Issuers without Significant Revenue

See Note 3 and Supplement I to the unaudited interim financial statements for the quarter ended March 31, 2005 for further information about resource properties.

Disclosure of Outstanding Share Data

Supplement II to the unaudited interim financial statements for the quarter ended March 31, 2005 for further information about outstanding share data.