NOTICE TO SHAREHOLDERS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2005

AMARILLO GOLD CORPORATION

Responsibility for Financial Statements

The accompanying financial statements for Amarillo Gold Corporation have been prepared by management in accordance with Canadian generally accepted accounting principles consistently applied. The most significant of these accounting principles have been set out in the December 31, 2004 audited financial statements. Only changes in accounting information have been disclosed in these financial statements. These statements are presented on the accrual basis of accounting. Accordingly, a precise determination of many assets and liabilities is dependent upon future events. Therefore, estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these financial statements have been fairly presented.

Auditors' involvement

The auditors of Amarillo Gold Corporation have not performed a review of the unaudited financial statements for the three and six months ended June 30, 2005 and June 30, 2004.

AMARILLO GOLD CORPORATION

Balance Sheets - (Prepared by Management)

	June 30, 2005 (Unaudited)	December 31, 2004 (Audited)
Assets		
Current assets		
Cash	$ 138,961	$ 100,957
Prepaids and deposits	17,077	12,077
GST and sundry receivable	41,089	14,232
	197,127	127,266
Advances to Metallica Resources Inc. (Note 8)	597,074	597,074
Resource properties (Note 3)	223,748	12,536
	$ 1,017,949	$ 736,876
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 93,793	$ 77,001
Due to related parties (Note 6)	303,926	360,703
Promissory note (Note 9)	143,341	143,341
Funds advanced for share subscription	-	25,000
	541,060	606,045
Shareholders' equity		
Share capital (Note 2(b))	4,994,548	4,494,398
Contributed surplus (Note 4)	223,400	259,400
Warrants (Note 2(c))	75,850	-
Common shares and warrants to be issued (Note 2(b)(ii))	144,900	205,000
Deficit	(4,961,809)	(4,827,967)
	476,889	130,831
	$ 1,017,949	$ 736,876

AMARILLO GOLD CORPORATION

Statements of Operations and Deficit

(Prepared by Management)

(Unaudited)

	Three Months Ended June 30, 2005	Three Months Ended June 30, 2004	Six Months Ended June 30, 2005	Six Months Ended June 30, 2004
Expenses				
Stock-based compensation	$ -	$ -	$ -	$ 35,800
Professional fees	43,363	15,500	47,872	22,400
Consulting fees	784	24,713	2,254	57,213
Filing and transfer agent fees	12,322	15,588	21,056	22,429
Interest and bank charges	198	20	418	103
General and administrative expenses	3,643	613	8,226	10,955
	60,310	56,434	79,826	148,900
Loss from operations before undernoted items	(60,310)	(56,434)	(79,826)	(148,900)
Resource property written-off	-	-	(54,016)	-
Net loss for the period	(60,310)	(56,434)	(133,842)	(148,900)
Deficit, beginning of period	(4,901,499)	(4,150,959)	(4,827,967)	(4,058,493)
Deficit, end of period	$ (4,961,809)	$ (4,207,393)	$ (4,961,809)	$ (4,207,393)
Loss per share (Note 5)	$ 0.00	$ 0.00	$ 0.01	$ 0.01

AMARILLO GOLD CORPORATION

Statements of Cash Flows

(Prepared by Management)

(Unaudited)

	Three Months Ended June 30, 2005	Three Months Ended June 30, 2004	Six Months Ended June 30, 2005	Six Months Ended June 30, 2004
Cash flow from operating activities				
Net loss for the period	$ (60,310)	$ (56,434)	$ (133,842)	$ (148,900)
Items not affecting cash				
Stock-based compensation	-	-	-	35,800
	(60,310)	(56,434)	(133,842)	(113,100)
Prepaids and deposits	-	-	(5,000)	(2,077)
GST and sundry receivable	(24,120)	(1,234)	(26,857)	(2,980)
Accounts payable and accrued liabilities	18,039	152,527	16,792	88,122
Due to related party accruals	(58,388)	-	(56,777)	-
	(124,779)	94,859	(205,684)	(30,035)
Cash flow from investing activities				
Acquisition of resource properties	(192,203)	-	(211,212)	(6,760)
Cash flow from financing activities				
Advances to Metallica Resources Inc.	12,149	(157,813)	-	(305,909)
Common share and warrants to be issued	144,900	-	144,900	-
Issuance of common shares, net of cost of issue	45,000	22,500	310,000	396,422
Loan from related party	-	-	-	(75,000)
Funds advanced for share subscription	-	10,000	-	14,629
	202,049	(125,313)	454,900	30,142
Increase in cash	(114,933)	(30,454)	38,004	(6,653)
Cash, beginning of period	253,894	42,176	100,957	18,375
Cash, end of period	$ 138,961	$ 11,722	$ 138,961	$ 11,722

1. ACCOUNTING POLICIES AND GOING CONCERN

Amarillo Gold Corporation ("the Company") was designated as "inactive" by the TSX Venture Exchange on December 5, 2002. Effective August 18, 2003, the Company was transferred to the NEX Board.

The Company is in the process of exploring its resource properties and has not yet determined whether the resource properties contain ore reserves that are economically recoverable. The recoverability of amounts shown for the resource properties and related deferred exploration costs are dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production or proceeds from the disposition thereof.

These financial statements have been prepared on a going concern basis which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business for the foreseeable future. The Company's ability to meet its obligations as they fall due and to continue to operate as a going concern is dependent on the continued financial support of the creditors and the shareholders and ultimately, the attainment of profitable operations. These financial statements do not reflect any adjustments to the carrying values of assets and liabilities that might be necessary should the Company not be able to continue in its operations.

The unaudited financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and notes to the financial statements required by Canadian generally accepted accounting principles for annual financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and six month periods ended June 30, 2005 may not be necessarily indicative of the results that may be expected for the year ending December 31, 2005.

The balance sheet at December 31, 2004 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by Canadian generally accepted accounting principles for complete financial statements. The interim financial statements have been prepared by management in accordance with the accounting policies described in the Company's annual financial statements for the year ended December 31, 2004. For further information, refer to the financial statements and notes thereto included in the Company's annual financial statements for the year ended December 31, 2004.

2. SHARE CAPITAL

Refer to Supplement I of the June 30, 2005 unaudited financial statements for disclosure of information relating to the outstanding securities of the Company as at August 17, 2005 to comply with Form 51-102F1.

(a) Authorized

100,000,000 common shares without par value

(b) Issued

	Shares	Amount
Balance, December 31, 2004 (audited)	15,108,133	$ 4,494,398
Exercise of warrants	1,800,000	360,000
Fair value of warrants exercised	-	36,000
Private placement (i)	1,025,000	205,000
Fair value of warrants issued under private placement (i)	-	(75,850)
Cost of issue - cash laid out	-	(25,000)
Balance, June 30, 2005 (unaudited)	17,933,133	$ 4,994,548

(i) The Company closed a private placement of 1,025,000 units at a price of $0.20 per unit for proceeds to the Company of $205,000. Each unit consists of one common share and one non-transferable share purchase warrant entitling the holder to purchase an additional common share at a price of $0.25 for one year. The shares are subject to a hold period that will expire on July 3, 2005.

2. SHARE CAPITAL (Continued)

(i) - (continued) The fair value of 1,025,000 common share warrants granted during the period has been estimated at $75,850 using the Black-Scholes pricing model. In determining this value, the following weighted-average assumptions were used: Risk-free interest rate of 1.5%, dividend yield of 0%, expected stock volatility of 54% and an expected life of 1 year.

(ii) On July 22, 2005, the Company closed a private placement financing of 724,500 units at a price of $0.20 per unit for gross proceeds of $144,900. Each unit consists of one common share and one non-transferable share purchase warrant entitling the holder to purchase an additional common share at a price of $0.30 for one year. The shares will be subject to a hold period that will expire on November 14, 2005. There are no finder's fees payable. At June 30, 2005, the Company received all the funds relating to this private placement.

(c) Warrants

The following table sets out the warrant activity for the six month period ended June 30, 2005:

	NUMBER OF WARRANTS	WEIGHTED AVERAGE EXERCISE PRICE
Balance, December 31, 2004 (audited)	2,825,000	$ 0.20
Exercised	(1,800,000)	0.20
Granted (Note 2(b)(i))	1,025,000	0.25
Expired	(1,025,000)	0.20
Balance, June 30, 2005 (unaudited)	1,025,000	$ 0.25

The following table outlines the warrants outstanding at June 30, 2005:

NUMBER OF WARRANTS	EXERCISE PRICE ($)	EXPIRY DATE	BLACK SCHOLES VALUE
1,025,000	0.25	March 3, 2006	$ 75,850

3. RESOURCE PROPERTIES

Refer to the Schedule of Activity of Resource Properties of the June 30, 2005 unaudited financial statements for a breakdown of material costs to comply with Form 51-102F1.

At June 30, 2005, accumulated costs with respect to the Company's interest in mineral properties owned, leased or under option, consisted of the following:

	Opening Balance January 1, 2005	Additions	Ending Balance June 30, 2005	Ending Balance December 31, 2004
San Antonio Property (*)	$ 12,536	$ 211,212	$ 223,748	$ 12,536

(*) Refer to the December 31, 2004 audited financial statements for a description of this property.

4. STOCK OPTIONS AND CONTRIBUTED SURPLUS

The following is a continuity of the stock options issued, exercised and expired during the period:

	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Balance, December 31, 2004 (audited) and June 30, 2005 (unaudited)	1,540,000	$ 0.17

As at June 30, 2005 the Company had the following stock options outstanding:

NUMBER OF OPTIONS	EXERCISE PRICE ($)	BLACK-SCHOLES VALUE	EXPIRY DATE
890,000	0.15	$ 117,682	November 15, 2005
650,000	0.20	85,218	September 23, 2009
1,540,000		202,900	

As at June 30, 2005 the Company had the following expired warrants:

NUMBER OF EXPIRED WARRANTS	EXERCISE PRICE ($)	BLACK-SCHOLES VALUE
1,025,000	0.20	$ 20,500

Contributed Surplus	$ 223,400

5. LOSS PER SHARE (LPS)

Basic loss per share is computed by dividing the loss for the period by the weighted average number of common shares outstanding during the period, including contingently issuable shares which are included when the conditions necessary for issuance have been met. Diluted loss per share is calculated in a similar manner, except that the weighted average number of common shares outstanding is increased to include potentially issuable common shares from the assumed exercise of common share purchase options and warrants, if dilutive. The number of additional shares included in the calculation is based on the treasury stock method for options and warrants. The effect of potential issuances of shares under options and warrants would be anti-dilutive, and accordingly basic and diluted LPS are the same.

6. DUE TO RELATED PARTIES AND RELATED PARTY TRANSACTIONS

As at June 30, 2005, the balance included in due to related parties is comprised of the following:

Due to shareholders (i)	$	81,767
Due to a corporation with a common director (i)		28,768
Due to a director's legal corporation (ii)		119,000
Due to a corporation with a director that is a shareholder of the Company (ii)		2,111
Due to directors (i)		72,280
	$	303,926

(i) There is no specific terms of repayment on these balances and they bear interest at 10% per annum.

(ii) These amounts are non-interest bearing and subject to normal trade payment terms.

In addition, a director is owed a promissory note (Note 9) as at June 30, 2005.

These transactions are in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by related parties.

During the period, the Company incurred charges with directors, a shareholder and companies with a common director as follows:

Consulting fees charged by a shareholder	$	33,587
Interest accrued on amounts due to - directors		2,440
- a shareholder		784
	$	36,811

7. INCOME TAXES

The estimated taxable income for the period is $nil. Based upon the level of historical taxable income, it cannot be reasonably determined if the Company will realize the benefits from future income tax assets or the amounts owing from future income tax liabilities. Consequently, the future recovery or loss arising from differences in tax values and accounting values have been reduced by an equivalent estimated taxable temporary difference valuation allowance. This estimated taxable temporary difference valuation allowance will be adjusted in the period that it can be determined that it is more likely than not that some or all of the future tax assets or future tax liabilities will be realized.

8. ADVANCES TO METALLICA RESOURCES INC.

By agreement dated October 21, 2003, as amended on April 20, 2004 and July 19, 2004, the Company entered into an agreement with De Re Holdings "De Re", (an indirectly wholly-owned subsidiary of Metallica Resources Inc.), to purchase all of the issued and outstanding shares of Metallica Brasil Limitada ("Metallica"). The primary asset of Metallica is the Mara Rosa Gold Project located in Goias State in central Brazil. The project encompasses 28,567 hectares within 3 mining leases, 19 exploration permits and 1 exploration application.

Terms of the transaction call for the Company to acquire the project for US$450,000 in staged payments to be completed not later than July 20, 2004. Payments have been made in full and the completion of the purchase of the shares is now conditional upon approval by regulatory authorities. Underlying interest on the property includes a 1%Net Smelter Returns ("NSR")royalty to Newmont Mining Corporation and a 1%NSR royalty to BHP Billiton.

In the course of acquiring Metallica, the Company has agreed to incur certain operational and other costs related to the Mara Rosa Gold Project. As the Company does not have legal ownership of this project, these costs have been expensed in the financial statements.

9. PROMISSORY NOTE

The Company obtained US$99,207 of funds from a shareholder of the Company by way of a convertible promissory note. The note is due on demand and bears a one-time 20% bonus. The director has a right to covert the loan into common shares of the Company based on conversion rate to be determined based upon future financing completed by the Company.

Schedule of Activity of Resource Properties
Six Months Ended June 30, 2005
(Unaudited)

The following is a breakdown of material costs to comply with Form 51-102F1:

San Antonio Property

	Three Months Ended June 30, 2005	Three Months Ended June 30, 2004	Six Months Ended June 30, 2005	Six Months Ended June 30, 2004
Activity during the period				
Consulting	$ -	$ -	$ 10,442	$ 6,760
Exploration advances	176,278	-	176,278	-
Lease payments and legal costs	15,922	-	15,922	-
Drilling	-	-	8,570	-
	$ 192,200	$ -	$ 211,212	$ 6,760

Supplement I to Financial Statements
Six Months Ended June 30, 2005
(Unaudited)

The following is disclosure of information relating to the outstanding securities of the Company as at August 17, 2005 to comply with Form 51-102F1.

1) Common Shares - 18,657,633

2) Warrants - See Note 2(b)(ii) and Note 2(c)

3) Stock Options - See Note 4