



## **SAMCO GOLD ANNOUNCES INTENTION TO UNDERTAKE CAPITAL REORGANIZATION TRANSACTIONS**

**Toronto, August 14, 2018 – Samco Gold Limited** (TSXV: SGA) (“**Samco**” or the “**Company**”) announces that the Company intends to undertake a series of capital reorganization transactions in order to better position itself to take advantage of potential changes in business opportunities. These capital reorganization transactions are expected to include a private placement of common shares in the capital of the Company (“**Common Shares**”), the conversion of outstanding debt to certain related parties of the Company, and the disposition of certain royalty assets held by the Company to related parties in satisfaction of existing debt. As a result of the elimination of outstanding debt, disposition of legacy assets, potentially increased public float, and increased cash balance expected to result from the Capital Reorganization (as defined herein), the Company believes it will have a capital structure that will be more attractive to any potential new business partners seeking a publicly listed entity to combine with.

### *Private Placement Available to Existing Shareholders*

The Company intends to offer up to 30,000,000 Common Shares for sale pursuant to a private placement from treasury in which existing shareholders of the Company may participate at a price of \$0.05 per Common Share for gross proceeds of up to \$1,500,000 (the “**Offering**”). The Offering would be undertaken pursuant to the existing security holder exemption available in certain provinces and territories of Canada (the “**Existing Security Holder Exemption**”). Proceeds of the Offering are intended to be used for working capital purposes while the Company explores business opportunities to increase shareholder value. To the extent not taken up by other participating shareholders, Mr. Charles Koppel, Chairman and Chief Executive Officer of the Company, intends to subscribe for Common Shares with a value of up to \$750,000 in the Offering.

The Offering is available to all shareholders of the Company as of August 13, 2018 (the “**Record Date**”). All existing shareholders of the Company as of the Record Date (the “**Existing Shareholders**”) are eligible to participate in the Offering under the Existing Security Holder Exemption provided they have notified the Company of their intention to do so by email to Matthias Hauger, Chief Financial Officer of the Company, at mh@samcogold.com no later than August 28, 2018 (shareholders who have so notified the Company, “**Interested Shareholders**”).

The Company will provide a subscription agreement to all Interested Shareholders who are required to certify the number of Common Shares they held as of the Record Date, and indicate the total number of Common Shares they wish to subscribe for at the specified price of \$0.05 per Common Share. Subject to certain limitations described herein, each Interested Shareholder will be entitled to purchase that number of Common Shares as is equal to at least their *pro rata* holdings expressed as a percentage based on the number of Common Shares the Interested Shareholder owned as of the Record Date. Any additional available Common Shares will be allocated by the Company based on subscriptions received and Common Shares available. Orders will be processed by the Company on a “first come, first served” basis such that it is possible that a subscription received from an Interested Shareholder may not be accepted by the Company if the Offering is over-subscribed. Any person who becomes a shareholder of the

Company after the Record Date is not eligible to participate in the Offering pursuant to the Existing Security Holder Exemption. The use of the Existing Security Holder Exemption limits a shareholder to a maximum investment of \$15,000 under that exemption unless the shareholder certifies in the subscription agreement that he or she has obtained advice regarding the suitability of the investment from a registered dealer, and provided that the aggregate number of outstanding Common Shares may not be increased by more than 100% pursuant to the use of the Existing Security Holder Exemption. The Offering size is currently expected to be less than 100% of the outstanding Common Shares.

Common Shares sold in the Offering will be subject to a hold period of four months plus a day from the date of issuance pursuant to applicable securities laws.

#### *Shares for Debt*

The Company also intends to settle outstanding cash debts in the amount of US\$213,333.33 owed to Sentient Global Resources Fund IV, L.P. ("**Sentient**") pursuant to interest owing on outstanding convertible notes, and US\$587,200 owed to Mr. Koppel, through the issuance of an aggregate of 21,031,612 Common Shares at a price of \$0.05 per Common Share pursuant to TSX Venture Exchange ("**TSXV**") Policy 4.3 - *Shares for Debt* (the "**Shares for Debt**"). The Shares for Debt amount was converted into Canadian dollars at the average daily rate of exchange for United States dollars as presented by the Bank of Canada on August 13, 2018, being US\$1 = C\$1.3136. The Company is choosing to settle the outstanding indebtedness through the issuance of Common Shares as even after the Capital Reorganization, it expects to have very little cash on hand and no immediate source of cash to repay the debt, and will require cash for working capital and continuing operations. Completion of the Shares for Debt is subject to completion of definitive agreements.

#### *Royalty Disposition*

As part of the Capital Reorganization, the Company further intends to dispose of a 1.5% net smelter return royalty it holds on its former El Dorado Monserrat property, and a 2% net smelter return royalty it holds on its former Corina property (collectively, the "**Royalties**"), by jointly and proportionally assigning the Royalties to Mr. Koppel and Sentient in exchange for settlement of the remainder of the debt owed by the Company to Mr. Koppel and Sentient after completion of the Shares for Debt, in the amounts of US\$250,000 and US\$500,000, respectively (the "**Royalty Disposition**"). Completion of the Royalty Disposition is subject to completion of definitive agreements and assumes completion of the Shares for Debt. The Royalty Disposition, the Offering and the Shares for Debt are collectively referred to herein as the "**Capital Reorganization**".

#### *Related Party Transactions and Required Approvals*

Each of Mr. Koppel and Sentient is a "related party" of Samco within the meaning of that term in Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**") as Mr. Koppel is a senior officer and a director of the Company, and Sentient is a control person of the Company by virtue of owning more than 20% of the outstanding Common Shares. Therefore in the absence of any available exemptions therefrom, each transaction constituting the Capital Reorganization is subject to enhanced disclosure requirements, a formal valuation, and minority shareholder approval. In addition, the Capital Reorganization transactions will each require TSXV approval and the Offering and the Royalty Disposition are expected to require shareholder approval as a condition of such TSXV approval, in accordance with TSXV policies.

The Company is exempt from the formal valuation requirement of MI 61-101 in respect of the Transaction pursuant to section 5.5(b) of MI 61-101 - *Issuer not Listed on Specified Markets*, as no securities of the Company are listed or quoted on the Toronto Stock Exchange, the New York Stock Exchange, the American Stock Exchange, the NASDAQ Stock Market, or a stock exchange outside of Canada and the United States other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc.

The Company is also exempt from the requirement to obtain disinterested shareholder approval under MI 61-101, as (i) the Company is in serious financial difficulty, (ii) the Capital Reorganization is designed to improve the financial position of the issuer, (iii) the Capital Reorganization is not subject to court approval and no court has ordered that the Capital Reorganization be effected under bankruptcy or insolvency law or applicable corporate laws, (iv) the Company has at least one independent director in respect of the Capital Reorganization, and (v) the Company's board of directors, acting in good faith, determined, and all of the Company's independent directors, acting in good faith, determined that (i) and (ii) above apply, and that the terms of the Capital Reorganization are reasonable in the circumstances.

It is possible that after completion of the Offering and the Shares for Debt, Mr. Koppel will own or control more than 20% of the outstanding Common Shares, which will constitute a "change of control" of Samco within the meaning of that term under TSXV policies, and as a result of which, disinterested shareholder approval of the Offering and Shares for Debt (excluding 8,373,085 Common Shares owned or controlled by Mr. Koppel) will be required under TSXV Policy 3.2 - *Filing Requirements and Continuous Disclosure*.

The Company also expects that the Royalty Disposition will require approval from disinterested shareholders of the Company (excluding 8,373,085 Common Shares owned or controlled by Mr. Koppel and 12,949,200 Common Shares held by Sentient) pursuant to TSXV Policy 5.3 - *Acquisitions and Dispositions of Non-Cash Assets* ("**Policy 5.3**") on the basis that, according to the Company's most recently issued financial statements, the Royalty Disposition constitutes a sale of more than 50% of the Company's assets to "Non-Arm's Length Parties" (as that term is defined in the TSXV Corporate Finance Manual). In addition, pursuant to Policy 5.3, the Company is required to produce evidence of value to the TSXV in connection with dispositions (i) of 50% or greater of the Company's assets; and (ii) to "Non-Arm's Length Parties" (within the meaning of that term pursuant to TSXV policies), but satisfactory evidence of value in the form required by the TSXV may not be available to be provided to the TSXV in connection with the Royalty Disposition and therefore disinterested shareholder approval thereof is expected to be required on this basis as well.

As the Company is incorporated under and subject to the corporate law of the British Virgin Islands, the Company expects the Royalty Disposition will also require approval from shareholders of the Company holding a majority of the Common Shares pursuant to section 175 of the BVI *Business Companies Act, 2004* as amended, which vote is not required to exclude any shareholders.

The Company expects to obtain the written consent of disinterested shareholders to evidence any required shareholder approvals under the applicable TSXV policies and corporate law.

Subject to receipt of the requisite TSXV and shareholder approvals, the Capital Reorganization transactions are expected to close in sequence and not necessarily concurrently by approximately the end of September, 2018.

## About Samco Gold Limited

Samco's principal business has historically been the acquisition, exploration and development of precious metals properties in Argentina. The Company is currently refocusing its business objectives on either the acquisition, development and eventual exploitation of mineral properties in the Americas, or, potentially, new lines of business outside of the mining sector.

Additional details on the Company are available on SEDAR ([www.sedar.com](http://www.sedar.com)).

For further information please contact:

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## FORWARD LOOKING STATEMENTS

This press release contains forward-looking statements, including statements with respect to the completion of the Capital Reorganization and the timing therefor, the intended use of proceeds of the Offering, and the effect of the Capital Reorganization and the use of the proceeds of the Private Placement on the Company's business on a going-forward basis. Forward-looking statements involve known and unknown risks, assumptions, future events, conditions, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, prediction, projection, forecast, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, the ability to obtain or delays in securing necessary shareholder and stock exchange approvals and future prices of commodities; as well as those factors disclosed in the Company's disclosure documents publicly available under its profile on the SEDAR website at [www.sedar.com](http://www.sedar.com). Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company does not intend, and does not assume any obligation, to update forward-looking statements, whether as a result of new information, future events or otherwise, unless otherwise required by applicable securities laws.