



SAMCO GOLD ANNOUNCES US\$244 MILLION ARGENTINEAN COURT AWARD AGAINST YAMANA SUBSIDIARY

TORONTO, January 2, 2015 – Samco Gold Limited (TSXV:SGA) (“Samco Gold” or the “Company”) announces that further to the Argentinean Commercial Court of Appeals judgment of May 22, 2013 (the “Judgment”) for breach of contract against Northern Orion Resources Inc. (now named 0805346 B.C. Ltd. and owned by Yamana Gold Inc.; referred to herein as “Northern Orion”), the Argentinean court appointed expert arbitrator has quantified the damages at US\$244 million (the “Arbitrator’s Award”).

On January 10, 2014 the Company announced that it had entered into a participation and option agreement (the “Participation Agreement”) with Ricardo Auriemma (the “Grantor”), a director of the Company, under which the Company could acquire the sole and exclusive right to participate in any benefits arising from the enforcement of the Judgment. On February 11, 2014 the Company announced that it had received all required approvals and proceeded with closing the Participation Agreement.

The Participation Agreement grants Samco Gold the exclusive right to participate in the proceeds arising out of the damages awarded in relation to the breach of a regional alliance agreement by Northern Orion entered into between the Grantor and Northern Orion.

The Company’s participation right is based on a sliding scale basis which, further to the Arbitrator’s Award, entitles Samco Gold to receive US\$88.4 million. The Participation Agreement also grants Samco Gold an option, in lieu of its participation right and for a prescribed period of time, to acquire all rights arising under the Judgment in favour of the Grantor against Northern Orion, by paying the Grantor US\$50 million, provided these purchase funds are not raised through the issue of shares or convertible securities of Samco Gold or its affiliates. Should the Company elect this option, Samco Gold’s share of the Arbitrator’s Award would amount to US\$194 million.

By way of background to today’s announcement, the Grantor was party to a regional alliance agreement entered into with Northern Orion. This regional alliance agreement provided that the Grantor and Northern Orion had a right to participate equally in mining opportunities generated by the other party in Argentina, among other jurisdictions (the “Priority Right”). In 2004, the Grantor commenced a legal action against Northern Orion for breach of his Priority Right. Yamana Gold Inc. acquired Northern Orion in 2007. The Grantor lost in the Argentinean court of first instance and appealed in 2008. In its Judgment in 2013, the Argentinean Commercial Court of Appeals found that Northern Orion had breached the Grantor’s Priority Right. Further, in relation to Northern Orion’s acquisition of a 12.5% interest in the Bajo de la Alumbrera mine in Argentina, the Court determined that the damages to be awarded to the Grantor represented 15% of Northern Orion’s dividends (subject to certain adjustments) commencing from its original investment in 2003 to the expected end of the mine life. The court appointed expert arbitrator had been appointed to quantify the damages and has now concluded that the damages are US\$244 million.

By way of background, following the Commercial Court of Appeals Judgment of May 22, 2013;

- On June 12, 2013 Northern Orion filed an extraordinary proceeding with the Commercial Court of Appeals seeking referral to the Argentinean Supreme Court of Justice, which was rejected by the Commercial Court of Appeals on December 11, 2013;
- On February 3, 2014 Northern Orion made an extraordinary motion of complaint to the Supreme Court of Justice in Argentina requesting that it accept the extraordinary proceeding that had been rejected by the Commercial Court of Appeals. This extraordinary motion of complaint was unanimously denied by the Supreme Court of Justice on October 28, 2014.
- With the rejection by the Supreme Court, all possible appeals of the Judgment had been exhausted by Northern Orion and the proceedings to quantify damages against Northern Orion pursuant to the Judgment remained the only matter outstanding.

The decision of the court appointed expert arbitrator in Spanish together with a certified English translation thereof will be filed on SEDAR, and will be accessible at www.sedar.com.

Further details of the Participation Agreement and Judgment are found in the Company's press releases dated January 10, 2014 and February 11, 2014. The Participation Agreement and an English translation of the Judgment were publicly filed by Samco on www.sedar.com.

About Samco Gold Limited

Samco Gold's principal business has been the acquisition, exploration and development of precious metals resource properties in Argentina and the region. The Company's principal mineral property in Argentina is the *El Dorado Monserrat* ("EDM") epithermal gold project, located in the Deseado Massif region of Santa Cruz Province. With an experienced board and management team including a strong Argentinean complement, the Company's goal remains to become an Argentinean producer of gold and silver through the exploration and development of EDM. Samco Gold also owns a portfolio of other mineral exploration properties in the Deseado Massif, the most notable of which is the Corina property.

By virtue of its recently announced agreement with Mantaro Resources Limited, Samco Gold proposes to extend its principal business activities into Peru with the intention of becoming a Peruvian producer of zinc, lead and silver through the exploration and development of the Dino Property.

Additional details on the Company are available on SEDAR (www.sedar.com).

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FORWARD LOOKING STATEMENTS

This press release contains forward-looking statements which can be identified by the use of words “will”, “expects”, “believe”, “potential”, “anticipated”, “goal”, and phrases or statements that certain actions, events or results “may”, “would”, or “will” be taken, occur or be achieved.

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, any appeal of the monetary value of the damages under the Judgment as determined by an expert arbitrator; the ability and timing to effect enforcement of the Judgment; changes in EDM project parameters as plans continue to be refined; future prices of gold; possible variations in grade or recovery rates; failure of equipment or processes to operate as anticipated; labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of exploration, as well as those factors disclosed in Samco Gold’s disclosure documents publicly available under the Company’s profile on the SEDAR website at www.sedar.com. In developing the forward looking statements herein the Company has assumed the regular functioning of the judicial system in Argentina. Although Samco Gold 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 obligations, to update forward-looking statements, whether as a result of new information, future events or otherwise, unless otherwise required by applicable securities laws.