



## SAMCO GOLD ANNOUNCES AGREEMENT TO SELL EL DORADO MONSERRAT PROJECT

**Toronto, September 13, 2017 – Samco Gold Limited** (TSXV: SGA) (“**Samco**” or the “**Company**”) announces that the Company has entered into an agreement to dispose of all of the shares of its wholly-owned Argentinean subsidiary 5R S.A. (the “**5R Shares**”) to certain shareholders of the Company (the “**Auriemma Shareholders**”), in exchange for the return for cancellation of all of the common shares in the capital of Samco (the “**Common Shares**”) owned by the Auriemma Shareholders (the “**Share Cancellation**”). 5R S.A. is the registered titleholder of the Company’s El Dorado Monserrat properties in Santa Cruz, Argentina (the “**EDM Properties**”).

The Auriemma Shareholders own or control 18,450,000 (approximately 28.4%) of the outstanding 65,076,075 Common Shares on a non-diluted basis. As additional consideration for the 5R Shares, all employment related lawsuits initiated by certain of the Auriemma Shareholders against Samco will be withdrawn, and each of Samco and the Auriemma Shareholders will release each other from all claims upon the closing of the Share Cancellation (such transactions collectively with the Share Cancellation, the “**Transaction**”). Samco will retain a 1.5% net smelter return royalty (the “**Royalty**”) over the EDM Properties following the Transaction, and the Judite I, Judite II, Ginette, Giancarla, Maribel I and Maribel IV concessions in Santa Cruz, Argentina, held by Samco’s wholly owned subsidiary Samco Gold S.A. (the “**Samco Exploration Properties**”) will become Samco’s material property for, among other things, continued listing purposes. A technical report that includes the Samco Exploration Properties entitled “Technical Report on a Portfolio Of Exploration Properties in Santa Cruz Province, Argentina” dated May 20, 2011 is available on the Company’s profile at [www.SEDAR.com](http://www.SEDAR.com). It is also a condition of the Transaction that the participation and option agreement (the “**PO Agreement**”) between Samco and Dr. Ricardo Auriemma (the execution of which was previously disclosed in a news release dated January 10, 2014, and a copy of which is filed on the Company’s profile on SEDAR) be amended such that, among other things, the amount of expenses payable by Dr. Auriemma to Samco thereunder, which was not fixed under the PO Agreement and had been the subject of dispute, be fixed at US\$200,000 as the full and final amount. US\$400,000 payable under the PO Agreement has historically been reflected as a receivable on the Company’s financial statements, while the US\$200,000 expense reimbursement had previously been deemed as too uncertain to disclose as a receivable in its financial statements.

One of the Auriemma Shareholders, Mrs. María Amalia Leguizamón, is considered 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 Mrs. Leguizamón owns or controls more than 22% of the outstanding Common Shares, making her a “control person” of the Company. The Company is of the view that that the Auriemma Shareholders are acting jointly or in concert with each other. Therefore in the absence of any available exemptions therefrom, the Transaction is subject to enhanced disclosure requirements, a formal valuation, and minority shareholder approval.

The Auriemma Shareholders have advised Samco that the Common Shares currently controlled or directed by the Auriemma Shareholders are held as follows:

<b>Auriemma Shareholder</b>	<b>Number of Common Shares Owned</b>
Ricardo Auriemma	Nil
María Amalia Leguizamón (spouse of Ricardo Auriemma)	3.9 million
Estanislao Auriemma (adult son of Ricardo and Maria)	1.5 million
Martin Auriemma (adult son of Ricardo and Maria)	0.95 million
Facundo Auriemma (adult son of Ricardo and Maria)	1.5 million
Anoki Venture Ltd. (holding company of Maria)	3.9 million
Safyre Management Ltd. (holding company of Maria)	6.7 million

Upon completion of the Transaction, the Auriemma Shareholders will no longer hold any Common Shares and there will be 46,626,075 Common Shares outstanding on a non-diluted basis.

### **Background to the Transaction**

Certain of the Auriemma Shareholders had been employed by 5R S.A. and Samco Gold S.A. (“**SGSA**”, both subsidiaries of Samco), in Argentina, including Estanislao Auriemma, who acted as President of SGSA and 5R S.A. until May and June, 2016, respectively (see below). Estanislao Auriemma’s brothers Martin Auriemma and Facundo Auriemma were concurrently employed by SGSA to provide technical geological services. In April 2016, in response to continuing depressed global commodity prices and a desire to preserve cash in a difficult financing environment, SGSA confirmed the termination of Messrs. Martin and Facundo Auriemmas’ employment from October 2015 as part of a plan to reduce its overall operational footprint and rationalize costs. Estanislao Auriemma was also dismissed as the President of SGSA in May of 2016 and of 5R S.A. in June of 2016. In August of 2016, Martin and Facundo Auriemma filed a lawsuit in Argentina against the Company alleging wrongful dismissal and claiming damages of approximately US\$400,000 in the aggregate. The Company deemed the claims to be without merit and the quantum of damages being claimed to be arbitrary and unfounded, and filed a response in the Argentinean courts to defend the action in October, 2016. In September 2016, Estanislao Auriemma filed a lawsuit against the Company in Argentina for loss of office claiming unpaid salaries, fines and damages, without a specific damages calculation of the amount. The Company deems the claim to be without merit, and filed a response and counterclaim in the Argentinean courts to defend the action.

Despite the Company’s position on the merits of these claims, the Company has explored settlement discussions with the Auriemma Shareholders to determine an acceptable and expedient solution to the claims since its initiation. Over this period to date, the Company’s management has corresponded with the Auriemma Shareholders and their counsel to arrive at a mutually acceptable solution. Eventually, management and the Auriemma Shareholders concluded that effecting the Transaction was a satisfactory resolution for both sides.

## Review and Approval Process

At a meeting of the Company's board of directors (the "**Board**") held on April 14, 2017, management presented the Transaction to the Board, including a draft letter of intent describing the material terms of the Transaction. At that meeting, the board resolved to pursue the Transaction and, management subsequently presented the Auriemma Shareholders with the draft letter of intent. The completion of the Transaction would be subject to a number of conditions, including shareholder and stock exchange approval, which it was not certain that the Company would be able to obtain.

As Sentient Executive GP IV, Limited (for the general partner of Sentient Global Resources Fund IV, L.P.) ("**Sentient**") would own greater than 20% of the Common Shares as a result of the proposed Share Cancellation and therefore become a new "Control Person" of the Company (as that term is defined in the policies of the TSX Venture Exchange ("**TSXV**")), Mr. Michel Marier, as an employee of Sentient and a director of Samco, declared his interest in the Transaction at the meeting and abstained from voting thereon. Mr. Charles Koppel, Executive Chairman and Chief Executive Officer of the Company, also abstained from voting on the Transaction, in light of the possibility that, when aggregated with other transactions contemplated by the Company at that time, he would also potentially own greater than 20% of the Common Shares as a result of the proposed Share Cancellation and therefore also become a new "Control Person" of the Company upon completion of the Transaction. Ultimately, the Company is not pursuing any such other transactions, and Mr. Koppel will not become a "Control Person" as a result of the Transaction.

Messrs. John Hick and Kevin Tomlinson, being the remaining independent directors of the Company (and both independent in relation to the Transaction) proceeded to approve a resolution authorizing Samco to proceed with the Transaction, and authorized and directed the draft letter of intent in respect the Transaction be delivered to the Auriemma Shareholders in the form presented to the Board, subject to such amendments as Mr. Hick, in his capacity as chair of the Company's audit committee, with the advice of legal counsel, may approve.

The Board determined it was not necessary to strike a special committee to consider the Transaction, as only two directors, neither of whom were or represented an "interested party" (within the meaning of that term pursuant to MI 61-101) in the Transaction, were eligible to participate in the Board's vote thereon. As the interested party is a third-party shareholder without representation on the Board, the interests of the minority shareholders in the Transaction were deemed to be adequately protected through the board's independent functioning. In addition, over 45% of the Common Shares held by disinterested shareholders (excluding the Auriemma Shareholders) is represented by Mr. Koppel's and Sentient's aggregate shareholdings. The interests of minority shareholders were deemed to be aligned with the interest of the Board and of the Company, as Mr. Koppel and Sentient will remain the Company's largest shareholders after the Transaction, with the same interest in the success of the Company as disinterested shareholders. Neither Mr. Koppel nor Sentient will receive treatment different from any other disinterested holders of Common Shares.

The Board considered a number of factors and alternatives in reaching its conclusion to approve the Transaction. Important among those factors was that the resolution of labour litigation through the Argentinean courts for the amount claimed in Argentina can take a significant amount of time - three or four years in some cases. Although the Company believes the claims to be without merit and the damages claimed are arbitrary and unfounded, if the Company chose to retain its interest in the EDM Properties and pursue a resolution through litigation, there would be no certainty that the claims would be resolved in the Company's favour given a labour-friendly court system in Argentina, and during which period the Company would incur significant costs associated with

litigation, spend a significant amount of management time, and suffer the opportunity cost of not being able to avail itself of other opportunities in the meantime. As a potential downside to the Transaction, the Board considered the possibility that Argentina as a natural resource investment jurisdiction may stabilize economically, and commodity prices could increase to a point that would make it rational for the Company to access additional funds to develop the EDM Properties, but such circumstances and such a course were deemed remote and presented significant uncertainty and risk. If such circumstances arose, the development of the EDM Properties would still require significant capital investment thereon. During this time, if the claims were not resolved, the Company would be in an active dispute with some of its largest shareholders, which would make it unlikely that they would support, and could effectively prevent, the Company from pursuing transactions on the EDM Properties or refocusing its business to generate value for shareholders, as well as acting as a “cloud” on the Company’s viability.

Additionally, the Board considered that completion of the Transaction resolves another area of uncertainty for the Company, being amounts due to Samco pursuant to the termination of the PO Agreement. The additional certainty of receiving US\$600,000 (comprising US\$400,000 as the return of the portion of the option payment payable to the Company by Dr. Ricardo Auriemma, as well as an agreed amount of US\$200,000 in expenses) will allow the Company to pay down outstanding debt and pursue its business objectives.

With the significant management time and costs freed up due to the resolution and the removal of the potential barrier of an unsupportive control block of Common Shares, and the increased certainty of cash inflows due upon the completion of the Transaction, the Company will be in a much better position to refocus its business and pursue other opportunities, which it aims to do outside of Argentina.

The Board considered the fairness of the Transaction to shareholders, and determined it to be fair. In its decision considerations, the Board noted that as a result of the Transaction, the Company would retain the Royalty, which allows the Company and its shareholders to participate in the potential upside of the development of the EDM Properties, without the contribution of any additional capital. The Company would also have a significantly reduced number of outstanding Common Shares and have one less controlling block of Common Shares. Given the current trading prices of the Common Shares on the TSXV, raising further funds to develop the EDM Properties would be extremely dilutive to shareholders, without any certainty of economically beneficial results. Instead, as a result of the Transaction, the public float is considerably reduced, and as a result of which smaller float and tighter capital structure the Company can better facilitate the pursuit of financing opportunities.

The Board also considered the market value currently ascribed to the EDM Properties indicated by the trading price of the Common Shares and deemed the value of the benefits of the Transaction to the Company significantly outweighed the market value ascribed to the EDM Properties. In further support of this consideration, the Board noted that by virtue of the Auriemma Shareholders’ current Common Share ownership position of approximately 28.4% - indicating an approximately 30% indirect ownership stake in the EDM Properties already - the actual net transfer of value to the Auriemma Shareholders is less than the actual full value of the EDM Properties. A loss in the labour litigation could also potentially result in costs to the Company significantly in excess of the market value of the EDM Properties.

For these reasons the Board determined that the certainty of a negotiated resolution whereby it disposed of the EDM Properties was a preferable outcome to retaining the EDM Properties and pursuing the litigation in the hope of participating in their further development.

The Company believes there are better mineral property acquisition and development opportunities to pursue outside of Argentina given a continuing uncertain business environment in the country that makes it difficult to conduct operations and secure financing on acceptable terms. If the Transaction is completed, the Company believes that, without the distraction and risk of litigation, it will be in position to transition from an Argentina-focused precious metals exploration and development company into a company able to exploit opportunities in multiple asset classes across jurisdictions.

### **Required Approvals**

The Transaction requires approval from disinterested shareholders of the Company (excluding the 18,450,000 Common Shares held by the Auriemma Shareholders) 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 Proposed Transaction constitutes a sale of more than 50% of the Company’s assets to a “Non-Arm’s Length Party” (as that term is defined in the TSXV Corporate Finance Manual) and to “associates” of such Non-Arm’s Length Party.

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 TSXV was not provided to TSXV in connection with the Transaction and therefore disinterested shareholder approval thereof is required on this basis as well.

As Sentient will own or control more than 20% of the outstanding Common Shares as a result of the Transaction, which will constitute a “change of control” of Samco within the meaning of that term under TSXV policies, under TSXV Policy 3.2 - *Filing Requirements and Continuous Disclosure* (“**Policy 3.2**”), disinterested shareholder approval of the Transaction excluding the 12,949,200 Common Shares held by Sentient is also required.

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 has determined there is no exemption available in respect of the Transaction from the minority shareholder approval requirements of Section 5.6 of MI 61-101. As under TSXV policies, the Company is permitted to evidence disinterested minority shareholder approval for the Transaction for the purposes of approvals required by the TSXV by written consent, and given that Mr. Koppel and Sentient alone represent greater than 45% of the votes of disinterested shareholders, the Company has applied to the Ontario Securities Commission (“**OSC**”) for an order granting relief from the requirements of section 5.3 of MI 61-101 that an issuer proposing to carry out a related party transaction subject to the minority shareholder approval requirement is required to obtain such minority shareholder approval at a meeting of holders of affected securities called for that purposes, and to send an information circular to those holders in connection with obtaining such minority approval. The 18,450,000 Common Shares currently owned by the Auriemma Shareholders will be excluded from the determination of minority approval for the related party transaction under MI 61-101.

As the Company is incorporated under and subject to the corporate law of the British Virgin Islands, the Transaction 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.

Subject to receipt of the requisite TSXV and shareholder approvals and the requested exemptive relief, the Transaction is expected to close on or about September 29, 2017.

#### **Additional Disclosure Pursuant to MI 61-101**

The Transaction does not constitute an "issuer bid" within the meaning of that term under applicable Canadian securities legislation as none of the Auriemma Shareholders are resident in a jurisdiction of Canada. However, the application of MI 61-101 mandates certain enhanced disclosure with respect to related party transactions be provided to shareholders in certain circumstances, including information typically required in an issuer bid circular, to the extent applicable and with necessary modifications. The Company is therefore providing the additional disclosure below in the spirit of compliance with MI 61-101.

#### *Trading in Securities of Samco*

The Common Shares are traded on the TSXV under the symbol "SGA". There is no change in the principal market for the Common Shares planned following the Transaction. The table below sets forth the price range and trading volumes for the Common Shares on the TSXV, as reported by the TSXV, for the periods indicated.

<b>2017</b>	<b>High Price</b>	<b>Low Price</b>	<b>Volume Traded</b>
September 1-12	\$0.020	\$0.015	25,275
August	\$0.025	\$0.020	295,200
July	\$0.030	\$0.025	9,200
June	\$0.030	\$0.030	0
May	\$0.035	\$0.030	59,000
April	\$0.035	\$0.030	23,000
March	\$0.040	\$0.025	318,848

#### *Ownership of Securities of Samco*

The following table sets out information in respect of the Common Shares owned or controlled and directed by each of the officers, directors and insiders of the Company and their affiliates and associates, and is based on information received by the Company from such persons.

<b>Officer, Director, Insider or Affiliate or Associate thereof</b>	<b>Number of Common Shares Owned Directly or Indirectly</b>	<b>Percentage of Common Shares Owned Directly or Indirectly<sup>(1)</sup></b>
Charles Koppel	8,373,085	12.9%
Michel Marier <sup>(2)</sup>	Nil	0.0%
Kevin Tomlinson	Nil	0.0%
John Hick	20,000	0.0%
Auriemma Shareholders	18,450,000	28.4%
Sentient	12,949,200 <sup>(3)</sup>	19.9% <sup>(3)</sup>

**Notes:**

- (1) Rounded to one decimal place.
- (2) Mr. Marier is an employee and director nominee of Sentient.
- (3) Sentient is the holder of an unsecured promissory note issued by the Company in the principal amount of US\$500,000 (the "Note"). Assuming the conversion of the principal amount of the Note in full, Sentient would acquire ownership and control over a maximum of 14,185,100 Common Shares (including the 12,949,200 Common Shares Sentient owns or controls and directs, calculated using the Bank of Canada noon exchange rate on June 26, 2015, as per the terms of the Note) representing approximately 21.4% of the outstanding Common Shares on a partially diluted basis. In certain circumstances, interest payable on the Note may be satisfied through the issuance of Common Shares. As such payments are contingent, in part, upon future share prices and exchange rates, the number of Common Shares that Sentient could acquire through the satisfaction of interest on the Note in Common Shares cannot be determined at this time.

*Commitments to Acquire Securities of the Company*

Other than the Transaction, the Company has no knowledge of any agreements, commitments or understandings made by the Company or any person named under "Ownership of Securities of Samco" above to acquire securities of the Company.

*Benefits of the Transaction*

Other than the Auriemma Shareholders, who will benefit from the Transaction through their direct participation therein, no director, officer or insider of the Company will benefit directly or indirectly from the Transaction other than in the same manner as all holders of Common Shares described above.

*Material Changes in the Affairs of the Company*

The Corporation has no plans or proposals for any material changes in its affairs other than as a result of the Transaction.

*Previous Purchases and Sales*

There have been no purchases or sales of any securities of the Company in the 12-month period prior to the date of this news release.

### *Financial Statements*

A copy of the Company's most recent interim financial statements for the three and six month periods ended June 30, 2017 and 2016 are available on SEDAR website at [www.sedar.com](http://www.sedar.com). Shareholders who wish to obtain a copy of these financial statements may do so, without charge, upon written request to the Company at 3 Hanover Square, 4th Floor, London, England W1S 1HD, Attention: Matthias Hauger, Chief Financial Officer.

### *Valuations*

Neither the Company nor any director or senior officer thereof know, after reasonable inquiry, of any prior valuations in the prior 24 months prior to the date of this news release, or of any bona fide prior offer that relates to the subject matter of or is otherwise relevant to the Transaction.

### *Dividend Policy*

The Company has not declared or paid any dividends on any Common Shares within the last two years. The Company does not intend to pay any dividends or alter its dividend policy for the foreseeable future. Any decision to pay dividends on the Common Shares will be made by the Board on the basis of the Company's earnings, financial requirements and other conditions existing at such future time.

### *Tax Consequences*

There are no income tax consequences to holders of Common Shares resulting from approval or the implementation of the Transaction.

### *Expenses*

Each of the Company and the Auriemma Shareholders are responsible for their respective costs in completing the Transaction, including but not limited to legal fees incurred in connection with the negotiation and preparation of documents relating to the Transaction, travel expenses, and the application for exemptive relief in connection with the Transaction. The estimated expenses of the Transaction are expected to be US\$75,000.

### *Board Approval*

This news release and its delivery to holders of Common Shares has been approved and authorized by the Board.

### **About Samco Gold Limited**

Samco's principal business has historically been the acquisition, exploration and development of precious metals properties in Argentina. Upon completion of the Transaction, the Company's material property will be the Samco Exploration Properties and the Company will refocus its business objectives on the acquisition, development and eventual exploitation of mineral properties.

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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*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.*

**FORWARD LOOKING STATEMENTS**

This press release contains forward-looking statements, including statements with respect to the completion of the Transaction, and the effect of the Transaction 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 exchange approvals; future prices of commodities; possible variations in grade or recovery rates; failure of equipment or processes to operate as anticipated; the ability to locate and acquire mineral properties with geological merit; labour disputes and other risks of the mining industry; delays in obtaining governmental approvals 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](http://www.sedar.com). 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.