



## **CORE GOLD CORRECTS SELF-SERVING, FALSE, MISLEADING, DEFAMATORY AND INACCURATE DISCLOSURES MADE BY ITS FORMER CEO**

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- *Core Gold has identified disclosure and misinformation issues by its former CEO to the TSX Venture Exchange and the British Columbia Securities Commission, including his recent press release on April 1, 2019 which constitutes unlawful disclosure of confidential corporate information*
- *Disgruntled former CEO's alarming self-interested actions include:*
  - *Repeatedly breaching his duty of confidence*
  - *Acting without Board authority to negotiate two non-binding letters of intent which would breach Core Gold's contractual agreement with Titan Minerals Limited*
  - *Unilateral and unlawful disclosure of Core Gold's confidential information*
  - *Misappropriation of corporate funds*
- *Former CEO's conduct appears to be driven solely by a desire to regain and entrench his position as CEO and to prevent the Titan transaction at any cost which would conveniently leave him as Core Gold's CEO while leaving Core Gold shareholders to receive no value*
- *Former CEO is simply lying about a so-called competing proposal, which was highly conditional and non-binding, and at no time was actionable by Core Gold, or superior, or even comparable, to the Titan transaction; no subscription agreement was ever executed*
- *The Core Gold Board continues to support the Titan transaction as the best value-creator for Core Gold shareholders and believes that the former CEO's press releases are self-serving, distracting and potentially harmful to Core Gold and its shareholders*

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**Vancouver, Canada, April 3, 2019** – Core Gold Inc. ("**Core Gold**" or the "**Company**") (TSXV: CGLD, OTCQX: CGLDF) is issuing this press release to correct self-serving, false, misleading, defamatory and inaccurate disclosures made by its terminated former CEO, Mr. Keith Piggott, in a press release issued on April 1, 2019. Mr. Piggott was terminated for cause by Core Gold in March, 2019. Mr. Piggott remains a director of Core Gold.

Mr. Piggott's press release misrepresents and omits many significant and important facts and was issued for entirely self-serving purposes. Rather than identify some nefarious action by the Core

Gold board of directors (the "**Board**"), his press release only serves to show that Core Gold and its Board have acted with the best interests of its shareholders in mind, while at all times being mindful of its contractual obligations and its obligations under securities and other laws, all of which Mr. Piggott continues to misunderstand, ignore and breach. Mr. Piggott, through his press release, continues to provide the corroborating evidence that justifies his termination for cause by Core Gold.

Core Gold therefore wishes to correct the misleading statements and also to provide additional information which Mr. Piggott has selectively omitted from his press release.

**1. Mr. Piggott's Press Release is a Clear Breach of his Duty of Confidence as a Director of Core Gold and a Misuse of Corporate Information solely for his own Personal Interest**

Mr. Piggott does not understand even the basic legal requirements of being a director of a corporation, and most certainly does not understand that his press release is a breach of his duties as a director under Section 142 of the *Business Corporations Act* (British Columbia). As a director, he owes Core Gold a duty of confidence and he must protect Core Gold's corporate information, which he is not to use for his own personal interest and gain. His press release of April 1, 2019 is completely at odds with this requirement as he is now divulging confidential corporate information about a possible transaction and discussions that are not his to divulge unilaterally. This is consistent with his prior actions as CEO where it is known that he "tipped" numerous Core Gold shareholders to internal Core Gold discussions, which is contrary to securities laws and which has been notified to the British Columbia Securities Commission. Mr. Piggott seems to believe that he does not have to abide by any corporate or securities law, or any duty owed at law or otherwise.

**2. Mr. Piggott's Purported Transaction with a Chinese Mining Company would Deliver no Value direct to Core Gold Shareholders but would have Preserved Mr. Piggott as CEO**

Core Gold did authorize a \$4 million private placement at C\$0.45 per share from a Chinese mining company. **However, the Chinese structure would have kept Mr. Piggott as CEO (which the Titan transaction does not), and so clearly Mr. Piggott's own personal interest is skewing his perception of a transaction which was non-binding, highly conditional, subject to lengthy and uncertain due diligence, required much further negotiation, and would not deliver value direct to Core Gold shareholders.** Leaving aside the non-binding and highly conditional nature of the Chinese mining company's letters of intent, that purported transaction would not have delivered value directly to Core Gold's shareholders as does the agreement with Titan Minerals Limited ("**Titan**"). Rather, it would have provided new cash into Core Gold (which the Titan transaction also does) but would not provide a value uplift associated with the exchange of shares for shares in a larger consolidated Titan and Core Gold merged group.

**3. The Core Gold Board has Authorized an Additional Private Placement but there is No Signed Subscription Agreement nor Funds Received from the Chinese Mining Company**

Under the terms of the Titan Arrangement Agreement, up to a US\$8 million private placement into Core Gold is permitted under an exemption and as such, a C\$4 million investment was authorized by the Core Gold Board to proceed. However, the Chinese mining company has neither provided the subscription funds to the account notified to them nor have they delivered an executed subscription agreement, which was also provided to them. **Mr. Piggott's assertion that there is a "subscription" is therefore false, misleading and inaccurate.** If the Chinese mining company executed the provided subscription agreement, the Core Gold Board would consider accepting this subscription, but to date, and contrary to Mr. Piggott's assertions, there is no subscription to accept.

Mr. Piggott has also asserted that the Chinese mining company "commit[ted]" to invest in excess of US\$100 million. **This is a patently false and misleading statement.** There is, and was, no commitment for even C\$4 million let alone any higher amount. There were only extremely brief non-binding letters of intent, which had subscription amounts (if ever actually agreed in definitive documentation), would have barely exceeded US\$12 million (approximately C\$16 million).

**4. Mr. Piggott's Purported Transaction with a Chinese Mining Company was Non-Binding, Highly Conditional, Subject to Due Diligence, only an Option, Required Significant Further Negotiation on Key Commercial Terms, and could not have been considered "Superior" to the Titan Transaction**

Under the Arrangement Agreement with Titan, Core Gold had the ability to consider a private placement equivalent to US\$14 million to be a "superior proposal" that would permit Core Gold to terminate that agreement. However, the purported transaction brought forth by the Chinese mining company fell short in size of placement and could not therefore be considered "superior" leaving all of the many other factors concerning the non-binding letters of intent aside. As such, Core Gold could not pursue this transaction without breaching the Arrangement Agreement with Titan. This was explained to Mr. Piggott by Core Gold's legal counsel at the Board meeting of March 9, 2019 and documented in an email to the directors, including Mr. Piggott. **Mr. Piggott either did not understand the contractual arrangements that Core Gold had entered into (and that he voted in favour of), or chose to simply ignore them.**

As well, the non-binding letters of intent were subject to 45 days of due diligence, were structured as an "option" for the Chinese mining company to increase its interest (meaning it was their choice whether to proceed and they would not have been obliged to further subscribe), required negotiation of the significant terms (including a full joint venture, rights of board representation, project cooperation including in management, design, construction, and finance, and a pre-emptive right and standstill obligations) and would only have led to a further non-binding letter of intent. The Titan transaction is a legally agreed and binding agreement, which had no due diligence condition, and already in progress. The fact is the proposed investment from the Chinese mining company was only a non-binding and highly conditional expression of interest that could not have been actioned by Core Gold without absorbing vastly more risk of non-completion than the Titan transaction provides.

**5. Mr. Piggott Negotiated Non-Binding Letters of Intent without Board Authority**

Mr. Piggott, acting without Board authority, negotiated two non-binding letters of intent with the previously mentioned Chinese mining company. These were negotiated with only limited notification to the Board and without any oversight from the Board or its special committee of independent directors, and were only ever seen by the Board in executed form. Mr. Piggott gave the Board and its special committee no opportunity to review what he was negotiating. The resulting non-binding letters of intent paid no regard to Core Gold's contractual agreement with Titan, which Mr. Piggott had originally approved and pre-dated these negotiations. As well, Mr. Piggott determined to negotiate these non-binding letters of intent without the benefit of any legal advice, or financial analysis, or assistance from Core Gold's management or its special committee of independent directors and its advisors. **It was a Keith Piggott one-man effort with no regard for proper Board governance, process, legal requirements, financial analysis or the best interest of any other stakeholder, other than Mr. Piggott.**

#### **6. Mr. Piggott Negotiated the Purported Transaction with the Chinese Mining Company with No Regard for Core Gold's Contractual Arrangements**

The due diligence proposed to be undertaken (including drilling activities) was not permitted under the Arrangement Agreement with Titan, and was not even notified to the Board of Core Gold. It should be noted that the Chinese mining company had the opportunity to conduct due diligence on Core Gold's Dynasty Goldfields project in the autumn of 2018, and to review all the data at that time. What Mr. Piggott purportedly authorized was a 30 person, 3 drill rig exploration program, which was far from a due diligence twin hole confirmation, which no company would authorize as part of a due diligence investigation even if it was able to do so.

Furthermore, Mr. Piggott went to China to negotiate the letters of intent and invited no director or member of management of Core Gold to these negotiations; only a shareholder that was not an elected director; not an officer; not an employee and not even a consultant.

Unfortunately, the Chinese mining company was also the innocent recipient of another misrepresentation by Mr. Piggott as he clearly misrepresented the due diligence that Core Gold was permitted to grant, likely as a result of both his misunderstanding of the terms of the agreement with Titan that he had voted in favour of, and simply ignoring those requirements.

Accordingly, Core Gold did not, at its March 9, 2019 Board meeting, permit the due diligence to proceed because it was not permitted under the Arrangement Agreement with Titan. Core Gold honored its contractual commitments, something Mr. Piggott seems incapable of doing. This is another example of Mr. Piggott being of the view that he has the unilateral ability to do what he pleases without regard for his statutory duties as a director, the limits of his authority as CEO (who reports to the Board), securities laws, and Core Gold's contractual relations.

**Accordingly, Mr. Piggott, in order to serve his own personal interest in trying to remain as CEO, took actions that exposed the corporation to potential contractual breaches, "tipped" persons contrary to securities laws, and were undertaken without any approval from the Core Gold Board or its special committee of independent directors.**

## **7. Mr. Piggott's Termination for Cause was Unrelated to the Chinese Mining Company's Purported Non-Binding, Highly Conditional Letters of Intent**

Core Gold's news release of March 19, 2019 clarified the circumstances of Mr. Piggott's termination for cause. Mr. Piggott's press release of April 1, 2019 continues to establish that Core Gold was justified in its action and provides further ample evidence that Mr. Piggott breached his fiduciary duties, acted outside of his legal authority, exposed Core Gold to contractual breaches, misled third parties, took no legal or financial advice, breached securities laws, and acted in a manner contrary to Core Gold's contractual arrangements.

## **8. Mr. Piggott was not Threatened in any Manner by Core Gold, its Directors, its Management or its Advisors**

Mr. Piggott's press release states: *"At the board meeting held March 9, 2019 directors and advisors of Core Gold explicitly threatened to terminate me for cause unless I voted for the Titan amended proposal and agreed to vote all my shares in favour of the Titan merger. I refused," said Mr. Piggott.*

**This statement is false, defamatory and fanciful to a degree that it hardly merits a response, but it does.**

At the Board meeting on March 9, 2019, Mr. Piggott was notified that he was being terminated for cause and that the Core Gold Board was prepared to deliver that notice immediately. Mr. Piggott was advised by Core Gold's remaining directors and legal counsel that the Board had already made this decision and that he was now merely being notified of that unilateral determination taken by the other Core Gold directors following his being put on notice in November, 2018.

However, given the lengthy relationship between Mr. Piggott and Core Gold and his prior approval of the Titan transaction, Mr. Piggott was also presented with a mutual termination process whereby he would step down as CEO and a director, and not be terminated for cause, and as a condition, he would also enter into a voting support agreement (as each other director and member of senior management had agreed to do). Mr. Piggott was not required to agree to this but he was provided with the option. He was also given the opportunity to have his personal legal counsel review the terms of the mutual termination, but as he did not respond with the timeframe provided, the Core Gold Board provided notice of termination for cause under his consulting agreement.

**Mr. Piggott was not, in any way, terminated because he did not support the Titan transaction. He was terminated for the numerous, and now well documented, breaches, circumstances and events stated earlier and described in Core Gold's news release of March 19, 2019. The causal link that Mr. Piggott suggests simply does not exist. Had he agreed to the mutual termination process, and agreed to sign a voting support agreement, he would still not be CEO of Core Gold today.**

### **About Core Gold Inc.**

The Company is a Canadian based mining company involved in the mining, exploration and development of mineral properties in Ecuador. The Company is currently focused on gold production at its wholly-owned Dynasty Goldfield

project. Mineral is treated at the Company's wholly-owned Portovelo treatment plant. The Company also owns other significant gold exploration projects including the Linderos and Copper Duke area in southern Ecuador all of which are on the main Peruvian Andean gold-copper belt extending into Ecuador.

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