

ASX Announcement  
16 September 2019

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## TITAN MINERALS INTENDS TO ACQUIRE CORE GOLD

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### HIGHLIGHTS

- **Intends to make formal offer to acquire 100% of Canadian-based, Ecuador-focussed Core Gold Inc. (TSXV: CGLD)**
- **Compelling strategic rationale for merger, to create an emerging Latin American focused gold explorer, developer and producer, with a large portfolio in Ecuador and Peru, as well as a substantially stronger balance sheet**
- **Offer to include 2.5 fully paid ordinary shares of Titan for each Core Gold common share held, valuing Core Gold shares at CAD\$0.422 – a 164% premium to the Core Gold closing price on 13 September 2019**
- **This intended offer is on improved terms than the previous plan of arrangement proposal**
- **Titan has acquired all of Core Gold's secured debt in the principal amount of US\$2.5 million in order to ensure the long term success of the Core Gold assets**

Titan Minerals Limited (the "**Company**" or "**Titan**") (ASX: TTM) intends to make a formal offer (the "**Offer**") to purchase all of the issued and outstanding common shares of Core Gold Inc. ("**Core Gold**") (TSXV: CGLD) that Titan does not own, including any common shares that become issued and outstanding upon the exercise of any Core Gold convertible securities prior to the expiry of the Offer (collectively, the "**Core Gold Shares**"), which if successfully completed would create an emerging Latin American focused gold explorer, developer and producer, with a large portfolio in Ecuador and Peru, as well as a substantially stronger balance sheet.

The consideration to be offered by Titan for each Core Gold Share will be 2.5 fully paid ordinary shares of Titan (the "**Titan Shares**"), representing the equivalent of CAD\$0.422 per Core Gold share<sup>1</sup>. This represents a compelling premium of 164% over the closing price of Core Gold Shares on 13 September, 2019 (the last day prior to the public disclosure of Titan's intention to pursue a combination with Core Gold), and a 160% premium over the volume weighted average price ("**VWAP**") for Core Gold Shares for the last 20 trading days ended 13 September 2019.

Commenting on the compelling strategic rationale of the proposed Offer Laurence Marsland, Managing Director of Titan, said:

*"Titan intends to make this Offer as we strongly believe the enlarged group will draw on the best physical and human resources of both Titan and Core Gold to create an emerging Latin American focused gold explorer, developer and producer, with a large portfolio in Ecuador and Peru, as well as a substantially stronger balance sheet."*

*"We believe that the financial and strategic rationale for a combination with Core Gold is compelling, and that the transaction is in the best interests of both Titan Minerals and Core Gold shareholders."*

*"We look forward to formally initiating our bid and anticipate launching our offer within the next two weeks."*

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<sup>1</sup> Based on Titan's closing share price of A\$0.185 (CAD\$0.169) on 25 June 2019

### **Terms of the Offer**

The Offer will be made for all of the issued and outstanding Core Gold Shares that Titan does not own and will provide holders of Core Gold Shares with 2.5 Titan Shares for each Core Gold Share. Full details and conditions of the Offer will be included in the formal take-over bid circular, to be filed with applicable securities regulators and lodged with the ASX within the next several weeks. The take-over bid circular will be filed on the Core Gold profile on SEDAR at [www.sedar.com](http://www.sedar.com) and will also be available on Titan's website at [www.titanminerals.com.au](http://www.titanminerals.com.au). Titan will have to obtain the approval of its shareholders at a duly called shareholder meeting prior to the issuance of the Titan Shares in connection with the Offer.

Under applicable Canadian securities laws, the Offer will initially be open for acceptance for a minimum of 105 days from the date of the commencement, subject to the ability of the Core Gold board of directors to shorten the deposit period in certain circumstances, provided that the minimum deposit period can never be less than 35 days from the date of the Offer. The Offer will be subject to a non-waivable condition that more than 50% of the outstanding Core Gold Shares, excluding the 5.48% (9,151,363) of Core Gold Shares beneficially owned by Titan, or over which control or direction is exercised by Titan, shall have been validly deposited and not withdrawn. The Offer will be extended for a period of no less than 10 days after Titan first takes up Core Gold Shares under the Offer.

This press release does not constitute an offer to buy or an invitation to sell, or the solicitation of an offer to buy or invitation to sell, any of the securities of Core Gold. Such an offer may only be made pursuant to an offer and take-over bid circular filed with the securities regulatory authorities in Canada.

Subject to the exceptions described in the take-over bid circular as well as any exemptions or exclusions that may be available under applicable securities laws, the Offer is not being made directly or indirectly, in any jurisdiction where to do so would constitute a violation of the laws of such jurisdiction.

### **Benefits of Intended Offer to Titan Shareholders**

- Provides growth potential across a robust portfolio of high-grade gold exploration, development and production projects in Ecuador
- Exposure to existing high grade foreign (Non-JORC) mineral resource comprised of an estimated Indicated: 991k oz Au (6.62Mt @ 4.65 g/t gold) and Inferred: 1.1 million oz Au (7.8Mt @ 4.4 g/t gold) at the Dynasty Goldfield Project, reported in accordance with Canadian NI 43-101
- Diversifies Titan's asset base into the emerging mining jurisdiction of Ecuador
- Establishes an operating presence in Ecuador, where Core Gold is currently operating the Dynasty Goldfield Project and processing all material mined at the Portovelo processing plant
- Creates a larger pro-forma company with an enhanced capital markets presence, increased trading liquidity and a strengthened shareholder base
- Provides strong re-rating potential in-line with ASX-listed precious metal peers
- Potential for operational and corporate synergies

The information in this announcement relating to Mineral Resource Estimates for the Dynasty Goldfield Project is a foreign estimate and is not reported in accordance with the JORC Code 2012. A competent person has not done sufficient work to classify this foreign estimate as a mineral resource in accordance with the JORC Code 2012 and it is uncertain that following further exploration work that this foreign estimate will be able to be reported as a mineral resource in accordance with the JORC Code 2012.

**Benefits of Intended Offer to Core Gold Shareholders:**

- Delivers a significant and immediate up-front premium to Core Gold shareholders of 160% based on 20-day VWAP and 145% based on 30-day VWAP while maintaining meaningful equity participation in a well-funded and professionally managed gold company
- Proven track record of access to capital from institutional investors and improves the overall balance sheet with Titan's cash and liquid assets position of approximately A\$6.1 million (CAD\$5.1 million)
- Retains upside exposure to the growing resource at the Dynasty Goldfield Project
- Experienced mining and finance leadership team. Titan principals, shareholders and directors have an extensive track record in Australia and internationally, including experience with Galaxy Resources and Cobalt One (sold to First Cobalt). On successful completion of the Offer, Titan will offer three board seats to current Core Gold directors to further complement Titan's leadership team
- Creates a larger pro-forma company in a mining centric market, with an enhanced capital markets presence, increased trading liquidity and a strengthened shareholder base
- Diversifies asset base into Peru, a well-established mining jurisdiction, providing additional cash flow generation through additional gold production capability, while maintaining exposure to future growth in Ecuador
- Provides strong re-rating potential in-line with ASX-listed precious metal peers
- Potential for operational and corporate synergies

**Acquisition of Debt**

As part of its strategy in respect to Core Gold, Titan has assumed all of the outstanding interest bearing secured (i) promissory notes issued by Core Gold in the aggregate principal amount of US\$1.5 million (the "**Promissory Notes**") and (ii) convertible promissory notes issued by Core Gold in the aggregate principal amount of US\$1 million (the "**Convertible Notes**"), plus all accrued interest. Titan assumed this Core Gold secured debt in order to ensure that the Core Gold debt was held by a party that was supportive of the long term view of the Core Gold assets. Prior to the amendments (as described below), the Promissory Notes and the Convertible Notes incurred interest at a rate of 12% per annum and matured on 31 March 2019. The terms of the Convertible Notes originally provided that the Convertible Notes are convertible into common shares of Core Gold at CAD\$0.30 per share at any time prior to maturity of the Convertible Notes.

The Promissory Notes and the Convertible Notes are secured by a pledge of all of the issued and outstanding capital of Core Gold's indirect wholly-owned subsidiary, Elipe S.A., which holds certain of Core Gold's mining concessions in Ecuador, with the Convertible Notes ranking second to the Promissory Notes.

On 21 August 2019 Core Gold announced that Core Gold and the former holder of the Promissory Notes and Convertible Notes have agreed to amend the Promissory Notes and Convertible Notes and bring them current on the following terms (the "**Amendments**"): (i) the maturity date of the Promissory Notes will be changed from 31 March 2019 to 31 March 2021; (ii) the maturity date of the Convertible Notes will be changed from 31 March 2019 to 31 March 2020; (iii) the conversion price of the Convertible Notes will be reduced from CAD\$0.30 per share to CAD\$0.18 per share; and (iv) certain restrictions on the transfer of the Promissory Notes will be removed. The Amendments are subject to the review and approval of the TSX Venture Exchange.

### Pro Forma Capital Structure

Following completion of the Offer, the indicative effect on Titan's capital structure will be as follows:

	On issue	To be issued under the Offer <sup>1</sup>	Total
Ordinary Shares	296,566,718	394,312,413	690,879,131
Options	4,500,000	-	4,500,000
Performance Rights	9,550,000	-	9,550,000
Post-offer ownership based on the total issued share capital	42.9%	57.1%	100%

Note:

- Based on available information to date in respect to Core Gold's issued securities, excluding 9,151,363 Core Gold Shares held by Titan and assuming that Titan acquires 100% of the issued share capital of Core Gold and no options, warrants or convertible instruments in Core Gold are exercised. Titan understands that Core Gold presently has 8,918,000 options and 19,343,000 warrants with varying exercise prices and expiry dates on issue (as at the date of this announcement, some of the Core Gold options and warrants have exercise prices above the current trading price in Core Gold Shares). In the event that all of these options and warrants are exercised during the Offer period (notwithstanding the prevailing Core Gold Share trading price), a total of 761,523,311 Titan Shares would be outstanding following the Offer.

### Conditions of the Offer

Titan anticipates that the Offer will be subject to a number of customary conditions, including without limitation: (i) there being deposited under the Offer, and not withdrawn, at least 50.1% of the issued and outstanding Core Gold Shares (calculated on a fully diluted basis), excluding any Core Gold Shares already held by Titan; (ii) Titan obtaining all requisite shareholder approval in respect to the issue of Titan securities pursuant to the Offer; (iii) receipt of all governmental, regulatory and third party approvals that Titan considers necessary or desirable in connection with the Offer; and (iv) no material adverse change having occurred in the business, affairs, prospects or assets of Core Gold. If a 66 2/3% or greater acceptance level is achieved, Titan intends, but is not required to, take steps to acquire all of the outstanding Core Gold Shares and other convertible securities to acquire Core Gold Shares.

### Advisers

Titan has engaged Bacchus Capital Advisers Ltd as its exclusive financial and strategic adviser, from a mergers and acquisitions perspective, in connection with the Offer. Fasken Martineau DuMoulin LLP is acting as Canadian legal counsel and DLA Piper LLP (Australia) is acting as Australian legal counsel.

**Ends**

**For further information please contact:**

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**About Titan Minerals Limited**

Titan Minerals is a gold and copper explorer and the owner and operator of a gold treatment business in a well-established mining region of Southern Peru. A centralized processing plant produces loaded carbon from a CIP gold circuit, with feed previously averaging 17 to 24g/t gold head grades sourced from licensed third party operators.

Titan's gold assets include the wholly-owned Coriorcco and Torrecillas exploration projects and an exclusive right to acquire an 85% interest in the Las Antas gold project (refer to Titan's ASX release dated 14 January 2019). The Coriorcco and Las Antas areas are key projects within a district of high-grade gold and silver veins located within trucking distance of Titan's Vista gold plant.

Titan is continuously evaluating projects within Peru for acquisition or joint venture to both provide additional, low cost gold and silver mineralized material feed for existing processing facilities and opportunities for processing growth and expansion. In addition, Titan shall also continue to evaluate projects elsewhere in gold, copper and other commodities to grow shareholder value.

Website: [www.titanminerals.com.au](http://www.titanminerals.com.au)

**About Core Gold Inc**

Core Gold 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 mining unit and continued development at its underground Zaruma mine. Mineral is treated at the Company's wholly-owned Portovelo treatment plant close to the Zaruma mine operations.

The Company also owns other significant gold exploration projects including the Linderos and Copper Duke projects in southern Ecuador all of which are on the main Peruvian Andean gold-copper belt extending into Ecuador.

Core Gold is currently the largest producer of gold in Ecuador.

Website: [www.coregoldinc.com](http://www.coregoldinc.com)

**Qualified/Competent Persons Statement**

Mr Travis Schwertfeger confirms that the technical information in this release and information provided in this document relating to the Mineral Resource Estimate for the Dynasty Goldfield Project is based on information contained in the ASX announcement titled "*Corporate Presentation May 2019*" dated 13 May 2019 ("Announcement").

Pursuant to Listing Rule 5.13, Titan confirms that it is not in possession of any new information or data in respect to the Dynasty Goldfield Project and the supporting information provided in the Announcement continues to apply and has not materially changed.

Pursuant to the requirements of Listing Rule 5.12.9, the Company provides the following cautionary statement:

1. The Mineral Resource Estimates for the Dynasty Goldfield Project is not reported in accordance with the JORC Code 2012.
2. A competent person has not done sufficient work to classify the foreign estimate as mineral resources in accordance with the JORC Code 2012.
3. It is uncertain that following evaluation and/or further exploration work that the foreign estimates will be able to be reported as mineral resources or ore reserves in accordance with the JORC Code 2012.

The information in this release that relates to Mineral Resource Estimates is based on information compiled by Mr Schwertfeger, who is a Member of the Australian Institute of Geoscientists and is Titan's Chief Geologist. Mr Schwertfeger has sufficient experience relevant to the style of mineralisation and type under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 edition of the JORC Code. Mr Schwertfeger consents to the inclusion in the report of matters based on his information in the form and context in which it appears.

**Cautionary Note**

The information in this announcement relating to Mineral Resource Estimates for the Dynasty Goldfield Project is a foreign estimate and is not reported in accordance with the JORC Code 2012. A competent person has not done sufficient work to classify this foreign estimate as a mineral resource in accordance with the JORC Code 2012 and it is uncertain that following further exploration work that this foreign estimate will be able to be reported as a mineral resource in accordance with the JORC Code 2012.

**Cautionary Note Regarding Forward-Looking Statements**

Forward looking statements or information in this announcement include, among other things, statements regarding the current assets of both Titan and Core Gold; planned exploration and development activities and expenditures; market reaction to the Offer; Titan's ability to achieve its goals, including receipt of necessary securityholder approvals; planned changes to plant and equipment; statements regarding and assuming the commencement and/or completion of the Offer; and timing of the announcement and/or completion of the Offer.

In making the forward looking information or statements contained in this announcement, assumptions have been made regarding, among other things: general business, economic and mining industry conditions; interest rates and foreign exchange rates; the continuing accuracy of mineral resource estimates; geological and metallurgical conditions (including with respect to the size, grade and recoverability of mineral resources); the supply and demand for commodities and precious metals and the level and volatility of the prices of gold; market competition; the ability of the Titan to raise sufficient funds from capital markets and/or debt to meet its future obligations and planned activities and that unforeseen events do not, the stability and predictability of the political environments and legal and regulatory frameworks in Ecuador and Peru including with respect to, among other things, the ability of Titan and Core Gold to obtain, maintain, renew and/or extend required permits, licences, authorizations and/or approvals from the appropriate regulatory authorities; that contractual counterparties perform as agreed; and the

ability of Titan and Core Gold to continue to obtain qualified staff and equipment in a timely and cost-efficient manner to meet its demand.

Actual results could differ materially from those anticipated in the forward-looking information or statements contained in this announcement as a result of risks and uncertainties (both foreseen and unforeseen), and should not be read as guarantees of future performance or results, and will not necessarily be accurate indicators of whether or not such results will be achieved. These risks and uncertainties include the risks normally incidental to exploration and development of mineral projects and the conduct of mining operations (including exploration failure, cost overruns or increases, and operational difficulties resulting from plant or equipment failure, among others); the inability to obtain required financing when needed and/or on acceptable terms or at all; risks related to operating in South America, risks related to title to mineral properties; the risk of adverse changes in commodity prices; the risk that the exploration for and development of mineral deposits may not be successful; the inability of either company to obtain, maintain, renew and/or extend required licences, permits, authorizations and/or approvals from the appropriate regulatory authorities and other risks relating to the legal and regulatory frameworks including adverse or arbitrary changes in applicable laws or regulations or in their enforcement; competitive conditions in the mineral exploration and mining industry; that mineral resource estimates are only estimates and actual metal produced may be less than estimated in a mineral resource; the risk that Titan or Core Gold will be unable to delineate additional mineral resources; risks related to environmental regulations and cost of compliance, as well as costs associated with possible breaches of such regulations; uncertainties in the interpretation of results from drilling; the possibility that future exploration, development or mining results will not be consistent with expectations; inflation pressures which may increase the cost of production or of consumables beyond what is estimated in studies and forecasts; changes in exchange and interest rates; risks related to the activities of artisanal miners, whose activities could delay or hinder exploration or mining operations; the risk that third parties to contracts may not perform as contracted or may breach their agreements; the risk that plant, equipment or labour may not be available at a reasonable cost or at all, or cease to be available, or in the case of labour, may undertake strike or other labour actions; the inability to attract and retain key management and personnel; and the risk of political uncertainty, terrorism, civil strife, or war in the jurisdictions in which Titan or Core Gold operates, or in neighbouring jurisdictions which could impact on Titan or Core Gold's exploration, development and operating activities.

This announcement also contains mineral "resource" estimates. Information relating to mineral "resources" contained in this announcement is considered forward looking information in nature, as such estimates are estimates only, and that involve the implied assessment of the amount of minerals that may be economically extracted in a given area based on certain judgments and assumptions made by qualified persons, including the future economic viability of the deposit based on, among other things, future estimates of commodity prices. Such estimates are expressions of judgment and opinion based on the knowledge, mining experience, analysis of drilling results and industry practices of the qualified persons making the estimate. Valid estimates made at a given time may significantly change when new information becomes available, and may have to change as a result of numerous factors, including changes in the prevailing price of gold. By their nature, mineral resource estimates are imprecise and depend, to a certain extent, upon statistical inferences which may ultimately prove unreliable. If such mineral resource estimates are inaccurate or are reduced in the future (including through changes in grade or tonnage), this could have a material adverse impact on operating and financial performance. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Due to the uncertainty that may be attached to inferred mineral resources, it cannot be assumed that all or any part of an inferred mineral resource will be upgraded to an indicated or measured mineral resource as a result of continued exploration.

Although the forward-looking statements contained in this announcement are based upon what Titan believe are reasonable assumptions, Titan cannot provide assurance that actual results or performance will be consistent with these forward-looking statements. The forward-looking information and statements included in this announcement are expressly qualified by this cautionary statement and are made only as of the date of this announcement. Titan has no obligation to publicly update or revise any forward-looking information except as required by applicable securities laws.