Core Gold Announces Proposed US$15,000,000 Debt Facility and $1,300,000 Private Placement

01.12.2017 | GlobeNewswire

VANCOUVER, British Columbia, Dec. 01, 2017 (GLOBE NEWSWIRE) -- Core Gold Inc. ("Core Gold" or the "Company") (TSXV:CGLD) (OTCQX:CGLDF) is pleased to announce it has signed a term sheet with Investa Bank S.A (“Investa”) to arrange a debt facility for up to US$15,000,000. Core Gold’s current loan outstanding to Vertex may be restructured into the Investa Facility.

In addition, the Company intends to conduct an offering, on a non-brokered private placement basis, of up to 4,333,334 units of the Company at a subscription price of $0.30 per Unit for aggregate gross proceeds of up to $1,300,000.

US$15 Million Investa Facility

The Company is pleased to announce that it has signed a term sheet with Investa to arrange a debt facility for up to US$15,000,000 (the “Investa Facility”). The Company is currently in discussion with Vertex Managed Value Portfolio and Vertex Enhanced Income Fund (together as “Vertex”) to restructure the current loans outstanding to Vertex into the Investa Facility. The Investa Facility is expected to include the following key terms:

Borrower	The Company
Guarantors	Any subsidiary of the Company with direct or indirect ownership of the following pro Copper-Gold Belt Mining Projects, Zaruma Gold Project, Jerusalem Gold Project a in Portovelo, Del Oro Province (jointly; “Projects”), all located in Ecua
Facility amount	US$15,000,000
Lender	Investa and/or any other lenders introduced by Investa.
Interest rate	12% per annum, payable quarterly.
Security	First ranking security over the assets, property and undertaking of the Company ar
Arrangement fee	2% of the Facility amount.
Agent warrants	One (1) Warrant per every $2 arranged, issued without cost to Investa (“Age closing, with an exercise price of CAD$0.50/share. If the trading price per share ex for over 10 consecutive trading days (the “Trigger”), the Company ha on 50% of the Warrants issued from the original four expiry dates below to 30 caler the Trigger (“Acceleration Clause”). The remaining 50% of the Agent any restrictions. The following table is the expiration date of the Agent Warrants: 25% of warrants – 27th month after closing 25% of warrants – 30th month after closing 25% of warrants – 33rd month after closing 25% of warrants – 36th month after closing
Commitment fee	2% per annum on available but undrawn balance of the Facility amount, payable qu
Drawing period	Available for drawing through July 31, 2019.

Repayment schedule	25% of amount outstanding – 27th month after closing 25% of amount outstanding – 30th month after closing 25% of amount outstanding – 33rd month after closing 25% of amount outstanding – 36th month after closing
Mandatory prepayment	Mandatory prepayments are to be made as follows: a) 50% of all proceeds in excess of $10 million of equity raised by the Company in b) The Facility will be paid in full if the Company raises equity in excess of $20 milli period.
Financier share purchase warrants	(One) 1 Warrant per every $2 arranged, issued without cost to Lenders (“Fir at closing. The terms of the Financier Warrants will be the same as Agent Warrants
Conditions precedent to Closing	Conditions precedent will include payment of the Arrangement fee, completion of s financial, commercial, environmental and legal due diligence, all necessary regulat the approval of the TSX Venture Exchange ("TSXV"), satisfactory arrangements fo and guarantees for Projects, budgets, security and insurance as well as usual cond facility of this nature. In addition, any offer of finance will be subject to the approval of the Investment Co the Lenders.
Closing date	Expected to be on or before March 31, 2018 subject to satisfaction of the condition above.

The Company is proposing to use the Investa Facility proceeds as follows:

Amount ($)	Use of Proceeds
$500,000	Arrangement fee and other professional fees to complete the financing.
$4,000,000	[illegible] Plant expansion to increase capacity from 750 tons per day to 2,000 tons per day.
Up to $4,500,000	Restructure of Vertex’s outstanding loan.
$6,000,000	Corporate development initiatives and general working capital including exploration.

Private placement - $1.3 million

The Company announces that it intends to conduct an offering, on a non-brokered private placement basis, of up to 4,333,334 units of the Company (the "Units") at a subscription price of $0.30 per Unit for aggregate gross proceeds of up to $1,300,000 (the "Private Placement"). Each Unit will consist of one common share of the Company (each, a "Common Share") and one-half of one Common Share purchase warrant (each whole Common Share purchase warrant, a "Warrant"). Each Warrant will entitle the holder to purchase one Common Share at a price of $0.45 for a period of two (2) years following the closing of the Private Placement, subject to acceleration in the event that the closing price of the Company’s Common Shares is $0.60 per share or higher over a period of 10 consecutive trading days. All securities issued pursuant to the Private Placement will be subject to a hold period that expires four months and a day from the closing date in accordance with the rules and policies of the TSXV and applicable Canadian securities laws.

The Company intends to use the net proceeds of the Private Placement for general corporate purposes and working capital between now and closing of the Facility.

Upon closing of the Private Placement, the Company may pay a cash finder's fee to one or more arm's length parties equal to 7% of the aggregate gross proceeds raised under the Private Placement from subscribers introduced by such parties. The Private Placement is expected to close on or about December 29, 2017 and is subject to certain conditions including, but not limited to, the receipt of all necessary approvals including the approval of the TSXV.

This press release shall not constitute an offer to sell or solicitation of an offer to buy the securities in any jurisdiction. The securities will not be and have not been registered under the United States Securities Act of 1933 and may not be offered or sold in the United States absent registration or applicable exemption from the registration requirements.

Keith Piggott, President and Chief Executive Officer of Core Gold commented: “With the Investa debt facility in place, the Company will be well positioned to continue expanding gold production in 2018 and to devote material capital to high-impact exploration activities throughout its Dynasty District copper-gold belt concession holdings.”

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 and continued development at its Zaruma mine. Mineral is treated at the Company’s wholly-owned treatment plant close to the Zaruma mine operations. The Company also owns other significant gold exploration projects including the Jerusalem Project (located 30 kilometers south of the Fruta del Norte project), the Copper Duke area and the Linderos area in southern Ecuador.

For further information please contact:

Keith Piggott, CEO
Suite 1201 – 1166 Alberni Street
Vancouver, B.C. V6E 3Z3
Phone: +1 (604) 345-4822
Email: info@coregoldinc.com

Forward-Looking Information

All statements, trend analysis and other information contained in this press release relative to anticipated future events or results constitute forward-looking statements. All statements, other than statements of historical fact, included herein, including, without limitation, statements relating to the receipt of and anticipated use of proceeds of the Investa Facility, the Company’s plans and intentions for expanding gold production, and the Company's plans to complete the Private Placement, are forward-looking statements. Forward-looking statements are based on assumptions, estimates and opinions of management at the date the statements are made that the Company believes are reasonable, including: that the Investa Financing and the Private Placement will be arranged on the anticipated terms, that the Company will be able to comply with the delivery and other obligations under the Investa Facility, that results of exploration activities will be consistent with management's expectations and that the Company will not experience any material accident, labour dispute, or failure of equipment and with respect to the planned mining operation; that mineralization at the Projects will be of the grades and in the locations expected; that the Company will be able to extract and transport mineralized rock efficiently and sell the mineralized rock at the prices and in the manner and quantities expected; that any required permits will be received on the terms and timeline expected and that other regulatory or permitting issues will not arise; that mining methods can be employed in the manner and at the costs expected and that such methods yield the results the Company expects them to. However, forward-looking information involves known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such risks, uncertainties and other factors include, among others: all of the risks described in this news release; failure of the Investa Facility and/or the Private Placement to be arranged on the proposed terms or at all, including due to the Company’s inability to complete the conditions precedent, the risk that actual results of exploration and development activities will be different than anticipated; that the Company will not be able to comply with the delivery or other obligations in the Investa Facility and the risk that the lenders will enforce their security over the Company’s assets, including its mineral properties; that cost of labour, equipment or materials will increase more than expected; that the future price of gold will decline; that the Canadian dollar will strengthen against the U.S. dollar; that mineral resources are not as estimated; unexpected variations in mineral resources, grade or recovery rates; risks related to shipping mineralized rock; the risk that local mills cannot or will not buy or process mineralized rock from the planned production for the prices expected or at all; risk of accidents, labour disputes and other risks generally associated with mineral exploration; unanticipated delays in obtaining or failure to obtain community, governmental or regulatory approvals or financing; and all of the risks generally associated with the development of mining facilities and the operation of a producing mine, as well as the risks described in the Company’s annual information form, which is available on SEDAR at 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 information, there may be other factors that cause actions, events or results to not be as anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Readers are cautioned not to place undue reliance on forward-looking information due to the inherent uncertainty thereof. The Company does not undertake any obligation to update forward-looking statements except as required by applicable securities laws. Investors should not place undue reliance on forward-looking statements.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.