

## Galleon Gold Corp. (TSXV:GGO)

### New Discovery at West Cache; South Area Looks Promising

## Exploration Update

July 14, 2021

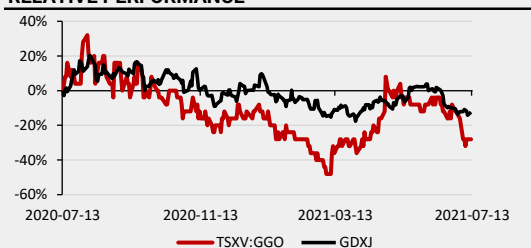
(Currency is C\$ unless noted otherwise)

Closing Price (C\$/sh)	\$0.09	
Rating	BUY	
Target (C\$/sh)	\$0.35	
Return to Target	289%	
52 Week Low / High (C\$/sh)	\$0.07 / \$0.17	
<b>CAPITALIZATION</b>	<b>Basic</b>	<b>Diluted</b>
Shares Outstanding (M)	470.9	650.1
Market Capitalization (C\$M)	\$42.4	
Enterprise Value (C\$M)	\$37.4	
Cash and Cash Equivalents (C\$M)	\$5.3	
Total Debt (C\$M)	\$0.3	

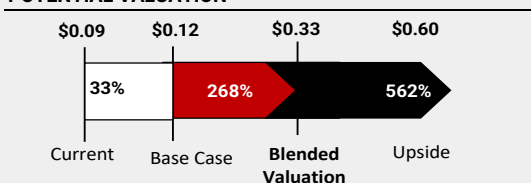
#### STOCK CHART



#### RELATIVE PERFORMANCE



#### POTENTIAL VALUATION



RELATIVE VALUATION	US\$/oz Au Eq
Galleon Gold Corp.	\$27
Peers*	\$45

\*S&P Market Intelligence

#### MAJOR SHAREHOLDERS

Management (3.34%), Sprott, Eric (22.56%)

DISCLOSURE CODE: 3, 4

(Please refer to the disclosures listed on the back page)

Source: RCS, Company Information, S&P Capital IQ

#### Company Description

Galleon Gold Corp. engages in the acquisition, exploration, development, and evaluation of mineral properties in Canada and the United States. The company holds interests in the Neal property with 5 patented mining claims covering ~22.4 ha, and another 7 unpatented lode claims covering ~52.6 ha located in Idaho, USA; and West Cache Gold Project that consists of 264 unpatented mining claims and three patented claims covering ~3,550 ha located west of Timmins, Ontario. It also has interests in various properties located in New Brunswick, Ontario, Quebec, and Manitoba, Canada. The company was formerly known as Pure Nickel Inc. and changed its name to Galleon Gold Corp. in December 2019. The company was incorporated in 1987 and is headquartered in Toronto, Canada.

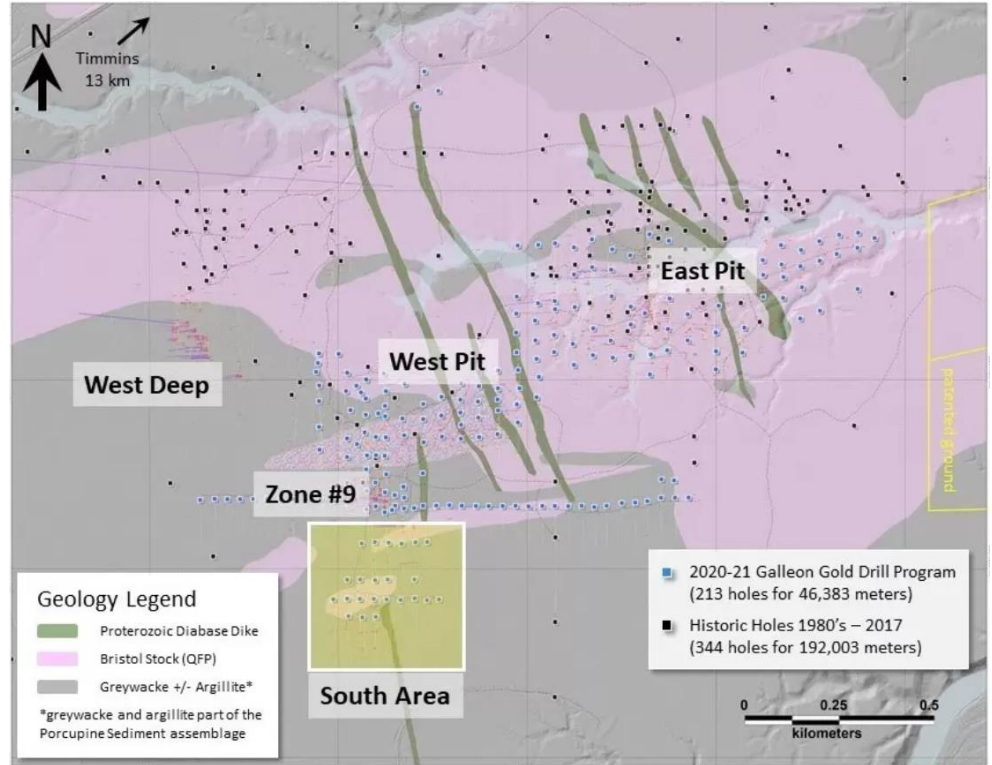
#### Impact: Positive

Galleon Gold reported additional drilling results, which includes the discovery of a new mineralized area at its 100%-owned, West Cache gold project near Timmins, Ontario. Assays were released for 16 holes targeting the newly uncovered South Area – located 50-250m south of Zone #9. **We believe the South Area represents a very promising discovery, as its favourable geometry and near-surface location could provide for an open-pittable target. The discovery also highlights the vast blue-sky potential that remains at West Cache.**

- New South Area discovered.** South Area was discovered by extending three holes that were initially targeting shallow portions of the Zone #9 discovery (read our last note [here](#)). These holes intersected multiple sulfide zones with significant Au grades down-hole, and once Zone #9 drilling was completed, the company drilled an additional 20 holes at the new target area. Highlights include: 1) **14.54 g/t Au over 2m** (WC-21-198), 2) **1.03 g/t over 41.5m** (WC-20-077), and 3) **7.96 g/t Au over 2m** (WC-21-188).
- Drilling at South Area defines 11 new gold zones.** These zones were delineated over a vertical range of ~300m and represent a series of stacked E-W trending bodies. Mineralization appears to begin from the top of the bedrock, immediately below the ~20-30m glacial till cover, similar to Zone #9 (Figure 3). Unlike Zone #9, however, we believe these gold zones could represent an open-pittable target, as these stacked gold zones are within proximity to one-another, and together cover a wider footprint that is near to surface.
- South Area is wide open for expansion.** The target area remains open both along strike and down dip. There are several geologic similarities to other targets at West Cache, including a comparable mix of sulfide minerals to that of the Zone #9 and West Deep targets (Figure 4). Importantly, the company believes that the geology could be indicative of additional Au zones further south in areas that have not been previously drilled.
- All eyes on a resource update and PEA.** Due to the long backlog at the assay labs, the company has only now received all assays needed for the updated resource and PEA for West Cache, which are now expected in early September. The updated resource is expected to incorporate over 213 new holes (>46,000m) and include a maiden resource for Zone #9. We expect the PEA to provide guidance on stope design and mining methods for a future test mining program.

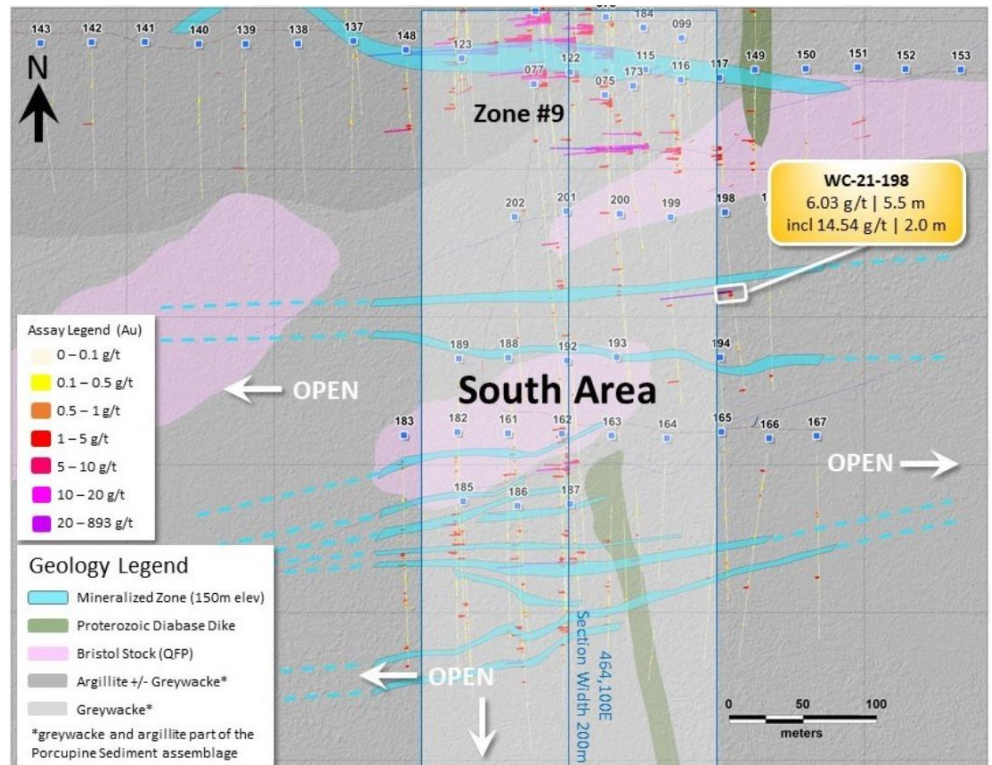
**We maintain our BUY rating and C\$0.35/sh price target.** Our target is based on our probability-based valuation method, which uses a sum-of-parts method to derive our blended valuation of ~C\$0.35/sh. Galleon trades at a discount on an EV/oz AuEq basis (US\$27/oz vs. peers at US\$45/oz), however, we believe Galleon's top mining jurisdiction and strong management team should warrant a premium. **Upcoming catalysts:** 1) West Cache resource update and PEA (Sept/21); 2) Exploration drilling in multiple areas potentially resuming in late Fall 2021.

**Figure 1: Map of West Cache project showing target areas**



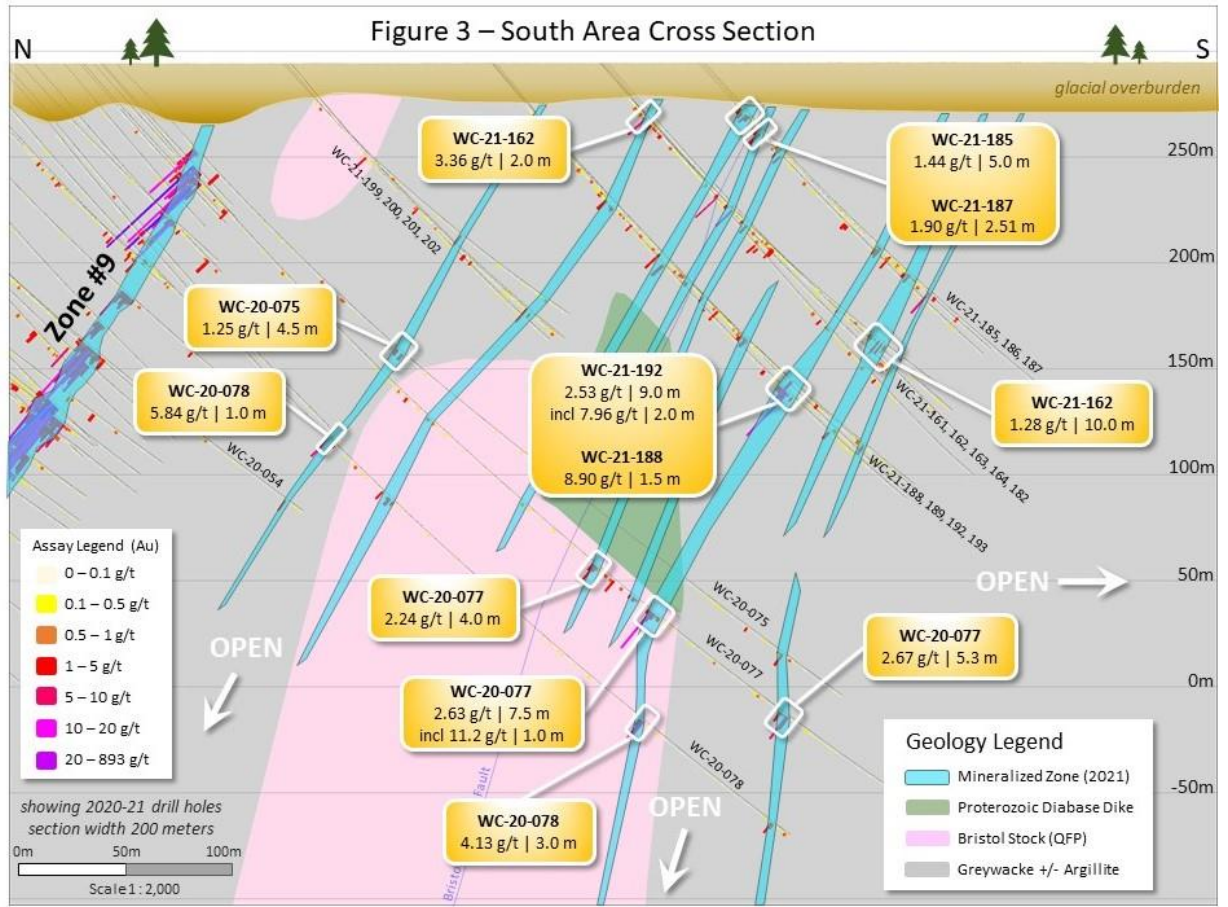
Source: Company Reports

**Figure 2: Map of South Area showing current drilling**



Source: Company Reports

Figure 3: Cross-section through South Area, looking east



Source: Company Reports

**Figure 4: Mineralized core photos from South Area drilling**



**WC-21-182:** 83-84m with 1.0m at 1.04 g/t Au; bedded sphalerite core with pyrite dominant margins define sulfide (clast?) in sediments; weakly re-mobilized sulfides in adjacent white quartz veining



**WC-21-186:** 126-127m with 1.0m at 3.5 g/t Au; mixed pyrite, pyrrhotite and sphalerite in mildly sheared bedded sulfides with late quartz veinlets



**WC-21-188:** 119-120m with 1.0 m at 4.69 g/t Au; disseminated finely bedded pyrite in mostly greywacke host; note black argillite clast



**WC-21-188:** 148-149m with 1.0m of 1.35 g/t Au; patchy replacement texture pyrite and chalcopyrite in greywacke host

Source: Company Reports

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Disclosure Statement

Updated July 13, 2021

Recommendation / Target Change			Red Cloud Securities has this percentage of its universe assigned as the following:	
Date	Rating	Target C\$/sh	Status	%
2020-08-17	BUY	0.40	BUY	70%
2020-09-10	BUY	0.40	BUY (S)	24%
2020-09-30	BUY	0.40	HOLD	0%
2020-10-22	BUY	0.40	SELL / Tender	0%
2020-10-29	BUY	0.40	NA	5%
2020-11-11	BUY	0.35	Under Review	2%
2020-11-18	BUY	0.35		
2020-12-04	BUY	0.35		
2021-01-13	BUY	0.35		
2021-01-27	BUY	0.35		
2021-02-03	BUY	0.35		
2021-03-08	Under Review	Under Review		
2021-03-08	Under Review	Under Review		
2021-04-15	BUY	0.35		
2021-04-15	BUY	0.35		
2021-04-22	BUY	0.35		
2021-04-28	BUY	0.35		

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Company Name	Ticker Symbol	Disclosures
Galleon Gold Corp.	TSXV:GGO	3,4

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