

Galleon Gold Corp. (TSXV: GGO) The New Kid in Timmins

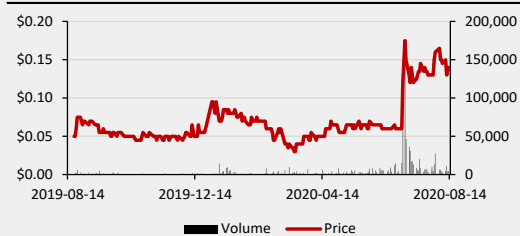
Initiating Coverage
August 17, 2020

(Currency is US\$ unless noted otherwise)

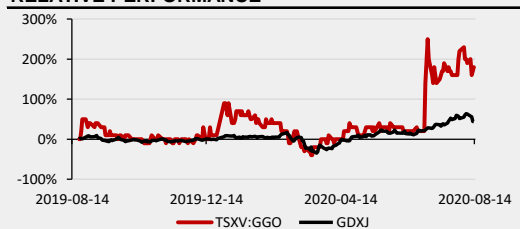
Closing Price (C\$/sh)	\$0.15
Rating	BUY
Target (C\$/sh)	\$0.40
Return to Target	176%
52 Week Low / High (C\$/sh)	\$0.03 / \$0.20

CAPITALIZATION	Basic	Diluted
Shares Outstanding (M)	397.5	493.8
Market Capitalization (C\$M)		\$57.6
Enterprise Value (C\$M)		\$51.4
Cash and Cash Equivalents (C\$M)		\$6.2
Total Debt (C\$M)		\$0.0

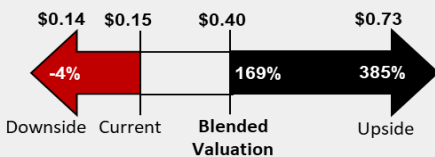
STOCK CHART



RELATIVE PERFORMANCE



POTENTIAL VALUATION



RELATIVE VALUATION	US\$EV/oz Au Eq
Galleon Gold Corp.	\$39
Peers*	\$47

*S&P Market Intelligence

MAJOR SHAREHOLDERS

Management (3.97%), Sprott, Eric (22.95%), Marquest Asset Management Inc. (0.44%)

DISCLOSURE CODE:

3

(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.

We are launching coverage on Galleon Gold Corp (TSXV:GGO) with a BUY rating and C\$0.40 price target. Galleon is advancing its 100%-owned West Cache Gold property located ~15 Km south west of Timmins Ontario. With a 2013 pit constrained resource of 290k oz of Au grading 1.67 g/t and underground resource of 789k oz of Au at 2.56 g/t (Ind+Inf) the project already has solid legs to stand on. We firmly believe the current drill program can add significant ounces to the both the open pit and underground resources and potentially increase the resource grade due to much tighter drill density. **With funding already in hand and a 15,000m infill drill program well underway, GGO is well-positioned to complete a PEA on the West Cache Au property.**

Investment Thesis:

- **High-grade open pit gold ounces in Timmins.** The West Cache Gold property borders the Timmins West mine of Pan American Silver (TSX:PAAS, Not covered). There are several mills in the Timmins Camp with excess capacity, which could potentially be contracted to process Galleon's ore. Interestingly, ore from the Timmins West mine is shipped 42 km to Pan American's Bell Creek mine and mill for processing. Should the West Cache Gold deposit be contract mined, capex would be minimal.
- **Much higher-grade ore shoots in the underground resource to be followed up.** Though the underground resources are presently modest in grade (but almost identical to the Timmins West mine), West Cache Gold has produced intercepts as high as 4m of 30.6 g/t Au and 7.8m of 115 g/t Au that were not followed up on by past operators due to lack of financial resources.
- **A second fully permitted high-grade Au project in Idaho.** The Neal Gold project encompasses three historic mines with past production that had recorded head grades of 13 to 20 g/ton. The project is being advanced with Eric Sprott as a 20% partner at the asset level (GGO earning into 80%).

Valuation:

We are initiating coverage on Galleon Gold (TSXV:GGO) with a BUY rating and C\$0.40 target. Our target is based on our probability-based valuation method, which uses a sum-of-parts valuation method to derive our base case scenario and what we believe to be a fair value estimate for the company's portfolio of assets (NAV of C\$0.14/sh). We also note that on an EV/oz Au Eq basis Galleon trades at \$39/oz, a discount to peers at \$47/oz, though most of its peers have little or no open pit resources and none are in the mining base of Timmins Ontario. Galleon also has a portfolio of ~12 gold and base metal non-core properties it could monetize by JV or a sale to potential third parties. **Upcoming catalysts** include: 1) Drill results from West CacheGold, 2) Revised resource estimate for West Cache Gold(H2), 3) Metallurgical study report (H2) and 4) West Cache Gold PEA (Q4).

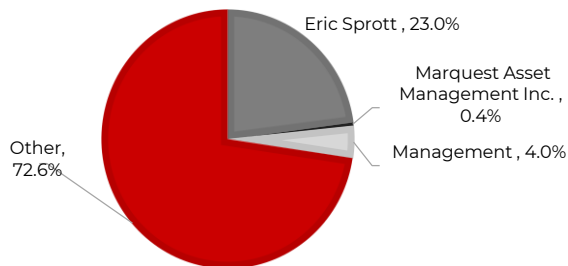
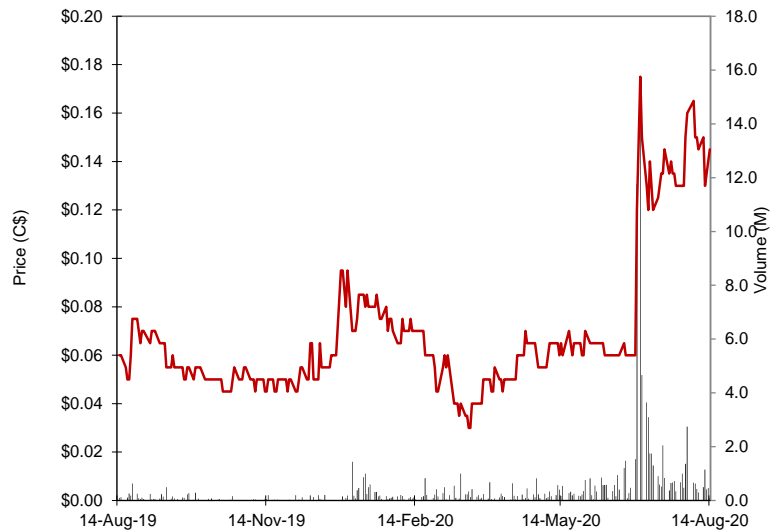
Financial and Operating Summary: Galleon Gold Corp.
FINANCIAL DATA

	TSXV:GGO
Ticker	TSXV:GGO
Current Price (C\$/sh)	\$0.15
52 Week Low / High (C\$/sh)	\$0.03 / \$0.20
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Cash (C\$M)	\$6.2
Debt (C\$M)	\$0.0
Enterprise Value (C\$M)	\$51.4

FINANCIAL DATA

Capital Structure	Shares (M)
Shares Outstanding	397.5
Options	20.6
Warrants	75.7
Fully Diluted Shares	493.8

Ownership	Shares O/S (M)	% O/S
Management	15.8	4.0%
Eric Sprott	91.2	23.0%
Marquest Asset Management Inc.	1.7	0.4%
AXA Investment Managers S.A.	0.1	0.0%
Other	288.6	72.6%


STOCK CHART

TECHNICAL ASSUMPTIONS

	2020E	2021E	2022E	2023E	2024E	2025E
Gold Price (US\$/oz)	\$ 1,700	\$ 1,700	\$ 1,700	\$ 1,700	\$ 1,700	\$ 1,700
Silver Price (US\$/oz)	\$ 17.00	\$ 17.00	\$ 17.00	\$ 17.00	\$ 17.00	\$ 17.00
Copper Price (US\$/lb)	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00
FX Rate (\$US:\$C)	\$ 0.71	\$ 0.71	\$ 0.71	\$ 0.71	\$ 0.71	\$ 0.71

NET ASSET VALUE

	Resource Moz	Multiple US\$/oz	Net Asset Value	
			C\$M	C\$/sh
West Cache				
Pit Constrained (0.3 g/t cut-off)	0.29	65	\$26.55	\$0.07
Underground (1.7 g/t cut-off)	0.79	20	\$22.23	\$0.06
Neal	NA	Exploration Credit	\$0.64	\$0.00
Chester	NA	Exploration Credit	\$0.00	\$0.00
Kidd Township	NA	Exploration Credit	\$1.46	\$0.00
Total Assets			\$50.88	\$0.13
Corporate Adjustments				
Equity investments			\$0.11	\$0.00
Cash			\$6.20	\$0.02
Total Corporate Adjustments			\$6.31	\$0.02
Net Asset Value			\$57.19	\$0.14

GLOBAL RESOURCES

Pit Constrained Resource (0.3 g/t cut-off)			
Category	Tonnes (M)	Au (g/t)	Au (koz)
Indicated	4.28	1.55	213
Inferred	1.14	2.09	77
Total	5.42	1.66	290
Underground Resource (1.7 g/t cut-off)			
Category	Tonnes (M)	Au (g/t)	Au (koz)
Indicated	4.42	2.79	396
Inferred	5.19	2.36	393
Total	9.61	2.56	789
Global Resource			
Category	Tonnes (M)	Au (g/t)	Au (koz)
Indicated	8.70	2.17	609
Inferred	6.33	2.31	470
Total	15.03	2.23	1,079

COMPARABLES

Company	Ticker	Price C\$/sh	Mrkt C\$M	EV/oz US\$oz	Consensus P/NAV
Wallbridge Mining Company Lir	TSX:WM	\$0.99	\$734	NA	0.66x
O3 Mining Inc.	TSXV:OIII	\$2.42	\$146	\$12	0.47x
Moneta Porcupine Mines Inc.	TSX:ME	\$0.17	\$57	\$23	0.48x
HighGold Mining Inc.	TSXV:HIGH	\$1.90	\$109	\$150	NA
Quebec Precious Metals Corporat	TSXV:QPM	\$0.27	\$18	NA	0.19x
Revival Gold Inc.	TSXV:RVG	\$1.03	\$74	\$17	0.50x
Excellon Resources Inc.	TSX:EXN	\$0.91	\$146	\$80	0.70x
Gowest Gold Ltd.	TSXV:GWA	\$0.33	\$26	\$24	NA
Great Bear Resources Ltd.	TSXV:GBR	\$16.16	\$816	NA	0.83x
GFG Resources Inc	TSXV:GFG	\$0.27	\$35	NA	0.46x
Integra Resources Corp.	TSXV:ITR	\$5.00	\$250	\$59	0.53x
Probe Metals Inc.	TSXV:PRB	\$1.46	\$188	\$34	0.44x
Cartier Resources Inc.	TSXV:ECR	\$0.30	\$66	\$36	NA
Orefinders Resources Inc.	TSXV:ORX	\$0.13	\$23	\$42	NA
Average				\$48	0.53x
Galleon Gold Corp.	TSXV:GGO	\$0.15	\$58	\$40	1.01x

Priced as of market close on Aug 14, 2020

Source: RCS Estimates, Company Reports, Capital IQ, S&P Global Market Intelligence

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Executive Summary

Galleon Gold was created by the merger of Explor Resources and Pure Nickel. in December 2019. Galleon Gold is a North American exploration and development company focused on advancing two main gold projects. These are the West Cache Gold Project is located ~15 km west of Timmins Ontario and the former producing Neal Gold Project (earning into 80% interest) in Idaho which is 20%-owned in partnership with Eric Sprott. With both projects located in known mining camps with excellent infrastructure, Galleon could quickly and efficiently leverage anticipated success it hits in its drill programs. Galleon is currently drilling to add open pit ounces to its West Cache high-grade open pit resource and has recently added very prospective neighboring ground that has known near surface gold mineralization that has barely been drilled. These open pit focused holes are relatively short and thus should be completed quickly and at a modest capital outlay due to its excellent location just west of Timmins. Additionally, we are excited about the underground potential at West Cache where some very high-grade Au hits have never been followed up by previous operators. We believe the Neal project, while much smaller than West Cache has the potential to quickly produce ounces once the company focuses additional resources towards it. Lastly, the company also has a portfolio of non-core exploration assets it could sell or JV to third parties.

Upcoming Catalysts:

1. Results from West Cache drilling (Ongoing)
2. Revised West Cache resource estimate (H2)
3. West Cache PEA (Q4)

Investment Thesis

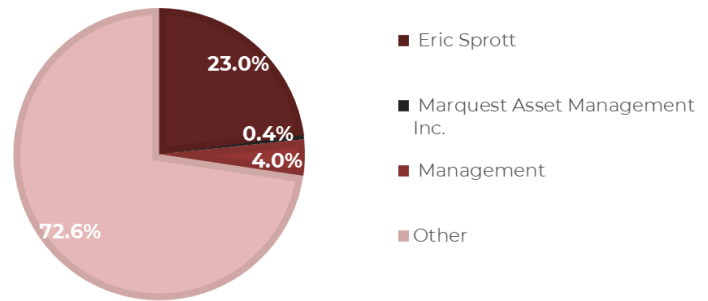
Unlike most companies exploring in the Timmins district, Galleon Gold already has high-grade open pit gold resources and has commenced a three-phase (15,000m) exploration program. The **first phase** infill drill program of approximately 4,000m of core drilling will consist of relatively short holes designed to provide better definition and confirm geological continuity of mineralized gold zones in potential open pit areas. The **second phase** plans to focus on the deeper higher-grade shoots of the deposit. The **third phase** will focus on technical aspects required to produce a PEA. The PEA will incorporate all three phases to be used in an updated mineral resource estimate that will support a PEA. The company is well on its way to developing the West Cache project and has laid out a comprehensive plan to advance it towards potential production.

In partnership with Eric Sprott at the Neal Gold Project. To complement its West Cache Gold development project, the company also has a lease to explore and mine the Neal Gold Project in Idaho. The Neal project is a fully permitted mine operation, the property produced ~30k oz of gold up to 1941, primarily from three historic underground mines on the land package. In April 2019, the company signed an agreement to acquire an operating and controlling interest in the property from a numbered company controlled by Eric Sprott. Today, the company is earning a 80% interest in the Neal project, and Eric Sprott will retain a 20% interest. It is often said “the best place to find a mine is next to an existing mine”, and with three historic mines on the Neal property, it’s quite possible the company could make a new discovery. The Neal project provides exploration upside to investors alongside the

development stage West Cache project. Both key projects are located in tier-one jurisdictions in Ontario and Idaho, respectively. Additionally, the company owns numerous non-core projects in New Brunswick, Ontario, Quebec and Manitoba that could provide future opportunities for the company.

The company has the financial backing and is in a JV partnership with Eric Sprott, who maintains a 23% interest in Galleon Gold. Mr. Sprott is a seasoned investor in the junior mining industry, and his direct and significant ownership of the company should provide investors with confidence in the strategy and management of the company. We also note that management owns a respectable 4% of the company.

Figure 1: Ownership of Galleon Gold Corp.



Source: S&P Capital IQ, Company Reports

The West Cache Gold Project

The West Cache Gold Project (formerly known as the Timmins Porcupine West Project) is located in Bristol and Ogden Townships in the Porcupine Mining Division, District of Cochrane, Province of Ontario. The property consists of 265 unpatented mining units and 3 patented mining claims located in the Bristol and Ogden Townships in the Timmins-Porcupine Mining Camp for a total 3,550 hectares. The property is bisected by highway 101 and can be accessed from the city of Timmins located 13 km to the east. The property is contiguous to the Timmins West Mine (now owned by Pan American Silver, TSX:PAAS, Not covered).

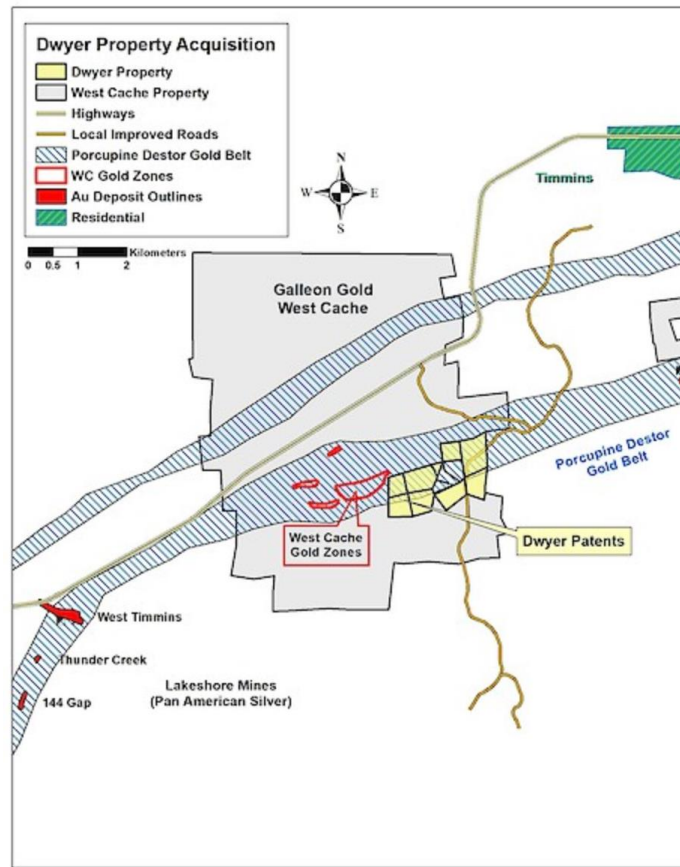
Figure 2: Location of the West Cache Gold Project



Source: Company Reports

Recently, Galleon Gold announced it has expanded its land position at the West Cache Gold Project. The Company has acquired 8 patent claims in the Ogden Township, contiguous to the eastern boundary of the property. This private land has been held by the Dwyer family for over 100 years, it was originally purchased by Fredrick D. Dwyer as a gold prospect. The West Cache Dwyer Land will retain a 2.0 % NSR which can be purchased for \$2,000,000. **Note that the largest portion of the West Cache Gold known resource is immediately adjacent to the Dwyer claims.** Initial drilling will likely commence on these newly acquired claims during the third phase of drilling.

Figure 3: Dwyer Property Claims



Source: Company reports

Importantly, these additional claims are on strike and only 600 meters from the proposed open pit location identified in the Galleon Gold’s current project development plans. With the acquisition of this private ground, the company has gained an additional 2 km of strike potential along the Porcupine Destor Fault Structure corridor.

Access & Infrastructure at West Cache Gold

It should go without saying that having Ontario Highway 101 crossing over your property assures excellent access on a year-round basis. It also brings with it the main powerline for northwestern Ontario. Ontario Highway 101 has been in existence since 1944 and was completely paved as a two-lane highway by the year 1971, connecting the town of Wawa on Lake Superior all the way to the Ontario-Quebec border. Even more important than having this highway on the West Cache property is the presence of Timmins ~15km to the east. Timmins is a mining-friendly city of ~41,800 people (2016) with an economy based on natural resource extraction, logging, and mining of gold, zinc, copper, nickel, and silver. In fact, **Timmins is one of the richest goldfields in the world and has produced more gold than any other mining camp in Canada.** The city is serviced by a regional airport and hospital, and all equipment and skilled labour is locally available for Galleon Gold Corp. Timmins with its abundance of open pit and underground gold and base metal mines boasts some of the worlds largest mining companies as residents including Glencore (LSE:GLEN, Not covered), Newmont (NYSE:NEM, Not covered), and Pan American Silver.

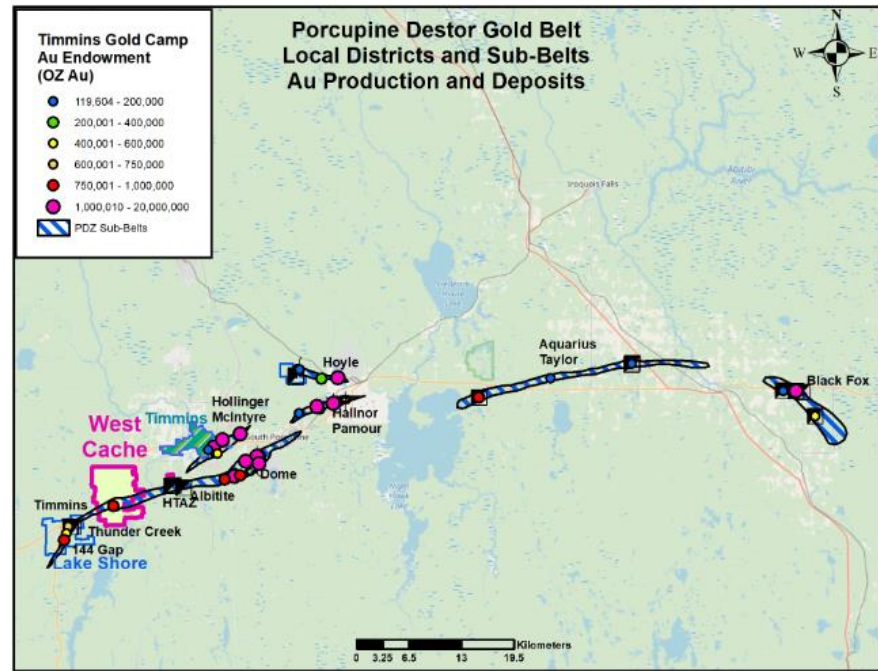
History of the West Grand Cache Property

- The property has been explored since 1927 by numerous ground geophysical surveys and diamond drilling. To date it has had 160,000 meters of diamond drilling in 325 holes.
- In 1984, Dome Exploration discovered and delineated a gold mineralized zone that is approximately 350 meters long and 45 meters wide. The zone strikes east northeast and dips to the north at ~70 to 80 degrees.
- Drill programs by Teck Corporation, Cameco Gold and Tom Exploration Inc., have extended the mineralization to 350 meters below surface.
- Explor Resources (now Galleon Gold) intersected gold mineralization in 121 out of 126 holes drilled and in 64 out of 65 wedges. The gold mineralization to date appears to be associated with a major porphyry unit. **Unlike the mines in the city of Timmins and to the east, there is very little outcrop in this part of the belt. This is likely why West Cache’s resource was found more recently and has not already seen any gold production.**

Geology of the West Cache Gold Project

The most significant deposits in Timmins are spatially associated with porphyry units that are in proximity to the Porcupine Destor Fault. These deposits appear to be also associated with splay faults that trend off to the North of the Porcupine Destor fault inside an interpreted splay fault corridor as shown in Figure 4. **It is important to note that the strike length of the gold mineralization at West Cache Gold is greater than 2000 meters at depth and thus remains significantly underexplored compared to most deposits in this area.** The continuity of mineralization along strike continues to be confirmed and the structure actually remains open at depth. Figure 4 also illustrates the special location of the Porcupine Destor Gold Belt, as well as sub-belts in the Timmins area along with Au oz endowment. Note that the size of the West Cache property is quite large in relation to its immediate neighbor to the west that hosts the Lake Shore/Timmins West/Thunder Creek/144 Gap mines which is only 1,712 ha.

Figure 4: Timmins Area Gold Belts showing West Cache & Lake Shore property outlines



Source: Company Reports

The West Cache Gold project has as a target model called “The Hollinger-McIntyre-Coniaurum System.” The Hollinger-McIntyre-Coniaurum (HMC) System has produced a total of over 30M oz of gold and is spatially associated with the Pearl Lake Porphyry. The high-grade gold bearing quartz veins which hosted the bulk of the gold at the HMC occurred in the adjacent mafic volcanics, located outboard from the porphyry itself.

Resource Estimate at West Cache

Galleon Gold’s most recent resource estimate (2013) is illustrated in Figure 5, split between open pit and underground domains with a cut-off of 0.3 g/t Au for the open pit and 1.70 g/t Au for the underground. More recent drilling (2017) has not been included in this estimate.

Figure 5: West Grand Cache Resource Estimate

Pit Constrained (cut-off = 0.30 g/t Au)	Tonnes	Grade	Au ozs
Indicated	4,283,000	1.55	213,000
Inferred	1,140,000	2.09	77,000
Underground (cut-off = 1.70 g/t Au)	Tonnes	Grade	Au ozs
Indicated	4,420,000	2.79	396,000
Inferred	5,185,000	2.36	393,000
Pit Constrained + Underground	Tonnes	Grade	Au ozs
Indicated	8,703,000	2.17	609,000
Inferred	6,325,000	2.31	470,000

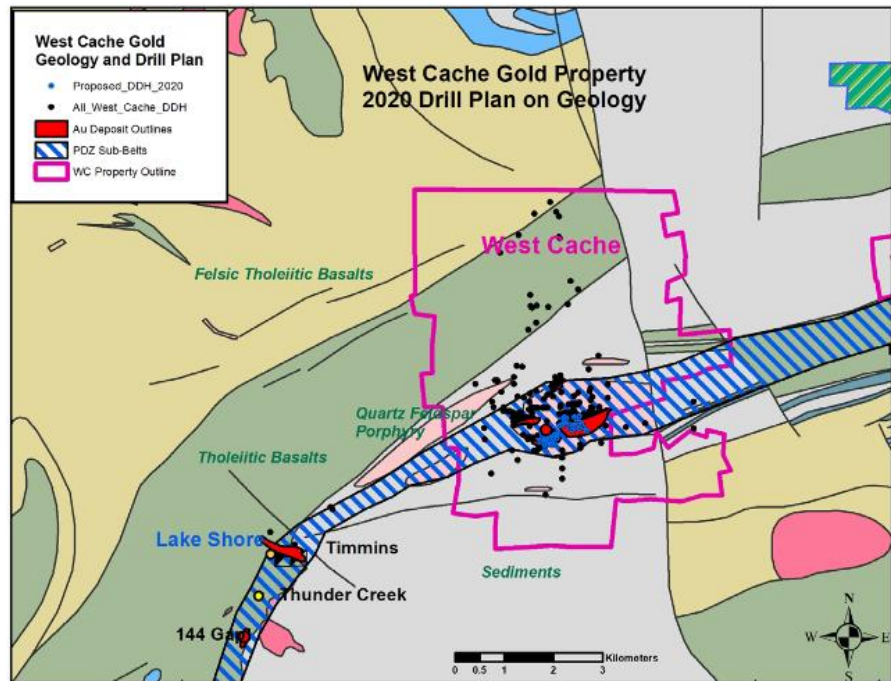
Source: Company Reports

In Figure 6, its quite easy to see that there are significant areas devoid of drilling in the open pit part of the deposit, especially in the Porcupine Destor fault sub-belt. Note also that in Figure 6, that the black dots are

the locations of prior drill holes which seem haphazardly strewn over the larger property, while the blue dots represent planned drill holes for this year's 15,000m program. These planned holes are entirely located around the known gold deposit outlines (shown in red within the Porcupine Destor fault sub-belt) and thus could potentially link up the three separate zones into one larger zone. Additionally, **the tighter spacing between holes once the first phase of the program is completed and remodelled could add a significant amount of ounces and/or demonstrate a higher overall grade than the previous resource estimate as large areas could be shown to be mineralized that were previously treated as waste.**

As a goal for the future open pit resource, Galleon is striving to produce a pit constrained body well above 2 g/t Au with a strip ratio of ~ 7:1 or 8:1. Considering that there several underutilized mills within ~40km, we would view an open pit resource of that magnitude as a very attractive since the deposit could be contract mined and simply shipped to a local mill for processing.

Figure 6: Geological Map of the West Cache Gold Property showing planned drill holes (note that the West Cache property boundary below does not include the Dwyer claims)



Source: Company Reports

The Way Forward at West Cache Gold

In late June, Galleon announced it had commenced a three-phase drill program at West Cache Gold. The first phase of the program is projected to consist of approximately 4,000 meters of infill diamond core drilling. This initial drilling is designed to provide better definition and confirm geological continuity of mineralized gold zones in contemplated open pit areas, while providing a nominal 50-meter drill spacing. Approximately 30 holes with an average depth of 130 meters are planned with nearly all of these already completed and sent for assay.

The Company plans to follow the phase one core drilling program with a second and third phase of core drilling for a total of 15,000 meters. The second phase of core drilling will explore known zones of deeper, high-grade gold mineralization for underground exploration. Historic high-grade results were quite impressive and were not followed up by previous operators, (Figure 7 below). This second phase of drilling should also allow for mine planning and follow up on any newly identified targets from phase one as well as initial drilling on the recently acquired **Dwyer property** to extend the strike length of the deposit, (Figure 6). Results from the three-phase core drilling program will be used to update the 2013 NI 43-101 Mineral Resource and support the development of a Preliminary Economic Assessment (PEA). Galleon Gold is budgeting approximately US\$3M for this 15,000m drill program and first results are expected later this month (August).

Figure 7: Historic high-grade results at depth to be targeted in phase two

Drill Hole	From (m)	To (m)	Width (m)	Gold (g/tonne)
TPW-10-09	679.5	690.65	11.15	5.38
TPW-10-21	489.5	494.0	5.50	8.45
TPW-10-23	220.0	224.0	4.00	30.56
TPW-10-30	726.0	738.0	12.00	9.22
including	730.0	734.1	4.10	23.69
TPW-11-43W4	762.0	769.5	7.50	9.41
TPW-11-46W1	877.5	892.8	15.30	8.12
TPW-11-46W2	889.0	909.0	20.00	4.07
TPW-11-54	443.0	454.0	11.00	4.88
TPW-11-60	333.4	341.2	7.80	114.76
TPW-12-62W3	787.5	801.0	13.50	7.36
TPW-12-62W1	847.5	862.2	14.70	6.70
TPW-12-73W5	841.3	874.5	33.20	7.65

Source: Company Reports

The Neal Gold Project

The Neal Property is located 27km SE of Boise, Idaho (Figure 8). It is accessed by a 25-minute commute via Interstate-84 followed by 20km of gravel and dirt roads. The property is relatively small, covering only 22.4 ha on five leased private patented claims as well as 52.6 ha on seven unpatented claims. The project is blessed with good infrastructure as grid power and water are both available nearby.

The Neal Gold project is a fully permitted Mine Operation in the State of Idaho as it was a past producing underground gold mine. A surety bond of \$87,500 has been posted to allow for exploration drilling, potential underground development, and transportation of ore offsite for processing.

The Neal Gold project is on strike with the Golden Eagle Mine that is currently operating 7km to the southeast. The property has historically produced ~30,000 oz of gold up to 1941, primarily from three historic underground mines on the land package. These mines are called the Homestake, Hidden Treasure and Daisy operations. Historic data indicates mineralized shoots averaged 0.4 oz/ton Au (13.7 g/ton) at Homestake and Hidden Treasure and ~0.6 oz/ton (20.6 g/ton) at Daisy.

Figure 8: Location of the Neal Gold Project in Idaho



Source: Company Reports, RCS Estimates

Historical work was undertaken at the project, with the first extensive drill program occurring between 1989-1990 run by Centennial Mining. That reverse circulation program targeted near surface oxide gold mineralization and consisted of 190 vertical and 18 angle holes totaling 47,655 ft (14,525 m) – highlights in Figure 9. The program identified five vein zones and near surface oxide potential. Later, between 2007-2013 Aquasolum Consultants followed up key intercepts from the earlier

Centennial program with additional trenching, which better defined vein and stockwork gold mineralization and produced samples for metallurgical and mine development studies.

Figure 9: Historical RC intercepts at the Neal project

RC Drill Hole	Depth to Top Interval	Depth to Top Interval	Intercept (ft)	Intercept (m)	Gold (opt)	Au (g/t)
DH # 89-43	265	80.8	5	1.5	0.972	33.32
DH # 89-104	50	15.2	5	1.5	0.813	27.88
DH # 89-166	60	18.3	5	1.5	0.664	22.78
DH # 90-87	75	22.9	5	1.5	0.615	21.08
DH # 89-116 N	140	42.7	5	1.5	0.605	20.74
DH # 89-117	150	45.7	5	1.5	0.555	19.04
DH # 89-20	80	24.4	5	1.5	0.417	14.28
DH # 89-154	25	7.6	5	1.5	0.397	13.60
DH # 89-170	265	80.8	5	1.5	0.377	12.92
DH # 89-116N	135	41.2	5	1.5	0.357	12.24

Intercept length from reverse circulation drilling only. True width unknown.

Source: Company Reports

In 2015, Neal Development LP started development work on an open cut exploration program (bulk sample) at the Neal mine to provide adequate sample volume for further metallurgical and mill recovery work. The open cut produced a 12,900-ton bulk sample of gold mineralized material that averaged 0.140 troy ounces per short ton. The bulk sample remains onsite and the company retains rights to the stockpiled material.

Valuation

Using our probability-weighted valuation method, we estimate that Galleon Gold’s shares are potentially worth C\$0.40. Our target is based on our probability-based valuation method. Our methodology considers three possible scenarios outlined as follows:

- Upside Case – C\$0.73/sh – 35% probability** – We have ascribed a 25% probability to this case that assumes the company achieves the objectives of the middle case and is able to make a major discovery at its Neal project in Idaho where it currently has plans to commence drilling. This scenario assumes both a 100% increase in resource at the core deposit (West Cache Gold) plus a new significant discovery (C\$250M).
- Medium Case – C\$0.24/sh – 60% probability** – We view this case as the most likely since the company has planned a phased exploration plan at West Cache Gold to increase its resources and advance towards a PEA. This scenario accounts for a 100% increase in resource at the core deposit (West Cache Gold).
- Base Case – C\$0.14/sh – 5% probability** – In our view, we see this as a starting point for the company and a baseline that the drilling planned for this year can build upon. This scenario uses a sum of the parts valuation only (see below) and implies that no new discoveries are made and the existing deposit does not expand.

In each scenario, we try and account for time, money and the cost of capital to further define the target. To achieve each case, we assume the company's share price progressively increases or decreases with exploration success or failure. Additionally, the capital required to achieve each case is reduced by any work done in the lower case (i.e. to achieve the upside case, C\$10M in additional spending is required to supplement the C\$5M required to achieve the medium case for a total of C\$15M). Finally, to account for time, we have used a discount rate of 8%. We note that with each new piece of exploration data, we plan to adjust our estimates.

Figure 10: RCS Probability Weighted Valuation Estimate

Scenario	Description	Potential Value (\$M)	Cost to Achieve (\$M)	Shares to be issued to achieve this case	Est. Share Count When Achieved	Per Share (C\$)	Time to Achieve (Years)	Time Adjusted Per Share Value (C\$)	Probability
Base Case	Sum of the parts valuation only, implying no new discoveries are made and the existing deposit does not expand	\$57.2	\$0.0	0.0	397.5	\$0.14	0.0	\$0.14	5%
Medium Case	100% Increase in resource at the core deposit (West Cache)	\$106.0	\$5.0	17.9	415.5	\$0.26	1.0	\$0.24	60%
Upside Case	100% Increase in resource at the core deposit plus a new significant discovery (C\$250M)	\$356.0	\$15.0	20.3	435.7	\$0.82	1.5	\$0.73	35%
								Probability Weighted Valuation Estimate	\$0.40

Notes:

Discount rate of 8%

To achieve downside case, shares issued at current share price

Medium case shares issued in 3 tranches at an average price of \$0.3

Upside case shares issued in 3 tranches at an average price of \$0.51

Capital to be raised in subsequent cases, reduced by prior case

Assumed that any in the money warrants/options would reduce the required capital to be raised and would have a roughly neutral impact

Source: Company Reports, RCS Estimates

Sum-of-Parts Valuation

We have used a sum-of-parts valuation method (Figure 11) to derive what we believe to be a fair value estimate for the company's portfolio of assets and a corporate NAV of C\$0.14/sh. The corporate NAV forms the basis for the probability-weighted valuation and base case scenario (see above). We have used an in-situ valuation for the company's core West Cache project and assigned an exploration credit based on the carrying value for the company's Neal project as well as its non-core Chester and Kidd Township projects. Based on these main projects in the company's portfolio, we estimate a corporate NAV of C\$0.14/sh. We note that we have not ascribed any value to the other properties in Ontario, Quebec and Manitoba that the company holds interests in due to the early stage nature of exploration on these properties. Should the company sell or JV these properties it would represent free upside to our valuation which we expect would have a positive impact on the stock.

Figure 11: NAV Summary

Asset	Status	Resource (Moz Au Eq)	Valuation Method	Fair Value Estimate		(%)
				(C\$M)	(C\$/sh)	
Core Projects						
West Cache	Development					
Pit Constrained (0.3 g/t cut-off)		0.3	In-situ - US\$65.00/oz	\$26.5	\$0.07	46%
Underground (1.7 g/t cut-off)		0.8	In-situ - US\$20.00/oz	\$22.2	\$0.06	39%
Neal	Exploration	NA	Exploration Credit	\$0.6	\$0.00	1%
Non-Core Projects						
Chester	Exploration	NA	Exploration Credit	\$0.0	\$0.00	0%
Kidd Township	Exploration	NA	Exploration Credit	\$1.5	\$0.00	3%
Project NAV				\$50.9	\$0.13	89%
Equity investments				\$0.1	\$0.00	0%
Cash				\$6.2	\$0.02	11%
Total Corporate Adjustments				\$6.3	\$0.02	11%
Corporate NAV				\$57.2	\$0.14	100%

Source: Company Reports, RCS Estimates

Relative Valuation

Galleon is currently trading at \$39/oz Au Eq, a discount to peers at \$47/oz Au Eq. This valuation is based on the company's existing NI 43-101 resources, and we have not assumed any resource growth in calculating the attributable resources. We believe a premium to peers could be justified for the company owing to its assets being in strategic tier one jurisdictions and for brownfield resource expansion.

Figure 12: Comparable Companies

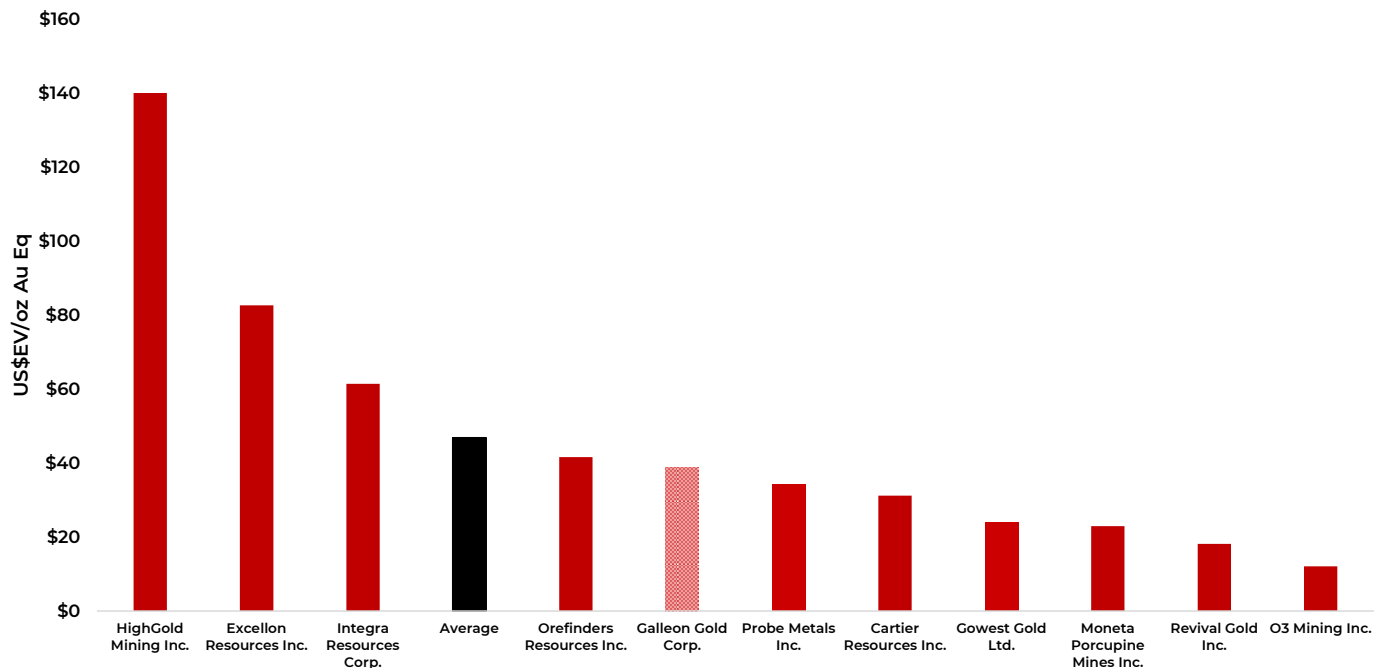
Company	Ticker	Price (C\$/sh)	YTD Perf.	Shares (M)	Mkt. Cap C\$M	Cash* C\$M	Debt C\$M	EV C\$M	Au Eq (Moz)	US\$EV/oz Au Eq
Galleon Gold Corp.	TSXV:GGO	\$0.15	53%	397.5	\$57.6	\$6.2	\$0.0	\$51.4	1.08	\$39
HighGold Mining Inc.	TSXV:HIGH	\$1.90	46%	57	\$108	\$13	\$0	\$95	0.5	\$140
Excellon Resources Inc.	TSX:EXN	\$0.91	-12%	159	\$145	\$9	\$9	\$145	1.3	\$83
Integra Resources Corp.	TSXV:ITR	\$5.03	68%	50	\$252	\$26	\$1	\$227	2.7	\$61
Orefinders Resources Inc.	TSXV:ORX	\$0.13	150%	180	\$23	\$1	\$0	\$21	0.4	\$42
Probe Metals Inc.	TSXV:PRB	\$1.46	27%	129	\$189	\$33	\$0	\$156	3.3	\$34
Cartier Resources Inc.	TSXV:ECR	\$0.30	94%	199	\$60	\$6	\$0	\$54	1.2	\$31
Gowest Gold Ltd.	TSXV:GWA	\$0.33	55%	79	\$26	\$1	\$15	\$40	1.2	\$24
Moneta Porcupine Mines Inc.	TSX:ME	\$0.17	32%	347	\$57	\$1	\$0	\$56	1.7	\$23
Revival Gold Inc.	TSXV:RVG	\$1.03	58%	72	\$75	\$1	\$0	\$73	3.0	\$18
O3 Mining Inc.	TSXV:OIII	\$2.42	-15%	60	\$146	\$61	\$0	\$85	5.0	\$12
Wallbridge Mining Company Limited	TSX:WM	\$0.99	9%	729	\$722	\$43	\$1	\$680	NA	NA
Quebec Precious Metals Corporation	TSXV:QPM	\$0.30	18%	68	\$20	\$3	\$0	\$17	NA	NA
Great Bear Resources Ltd.	TSXV:GBR	\$16.16	84%	50	\$816	\$24	\$0	\$792	NA	NA
GFG Resources Inc	TSXV:GFG	\$0.27	-28%	133	\$35	\$2	\$0	\$33	NA	NA
		Median						\$79.0	1.52	\$33
		Average						\$176.6	2.01	\$47

Note:

AuEq calculated using metals prices of (US\$): \$1700/oz Au, \$17/oz Ag, \$3/lb Cu, \$7.5/lb Ni, \$1.2/lb Zn and \$1/lb Pb

*Cash balance reflects most recent financing for Galleon Gold Corp.; cash for all other companies is as of the latest financial statements.

Source: Company Reports, S&P Global Market Intelligence

Figure 13: Comparable US\$EV/oz Au Eq


Source: Company Reports, S&P Global Market Intelligence

Risks

Our view is based on publicly available information and conversations with management. We note that our estimates and view are not without political, technical, geologic or financing risk typical for mining companies. For Galleon Gold Corporation, three risks are of note.

1. **Geologic** – Our assumptions for the West Cache project and Galleon Gold’s exploration targets are based on previous drill results and other publicly available geologic data. Should the resource differ materially from our estimate, our fair value would be impacted.
2. **Technical** – Our estimates are based on a combination of the 2013 NI 43-101 technical report, various company press releases and our estimated parameters. Should the projects develop differently than we assume (capital or operating costs, mining method, etc.) our estimates would be significantly impacted.
3. **Financial** – Our estimates assume that Galleon Gold is able to raise sufficient equity to complete next year’s drilling and fund its pro-rata share of mine development costs. We note that should the company need to raise additional equity to fund these projects it would impact our estimates. We note that our estimates would also be impacted if capex significantly exceeds our estimates and additional funding is required.

As new information becomes available, we plan to refine our numbers.

Appendix A: Management and Directors**R. David Russell – Chairman, CEO, President & Director**

Mr. Russell has over three decades of executive experience in the mineral exploration and development industry. He led the acquisition and redevelopment of the Glimmer Gold Mine and expansion of the stock mill starting in 2002 and eventually developed it as the Black Fox Mine. The mine complex was built within the public company, Apollo Gold, which he founded and was CEO of from 2002 until 2010. His previous positions include Vice-President and COO of Getchell Gold Company/Placer Dome Gold; General Manager, US Operations, LAC Minerals Ltd. (now Barrick Gold Corporation); Manager, Underground Mining, Independence Mining Company; Project Manager, Hecla Mining Company; and Manager, Lincoln Project FMC/Meridian Gold. Mr. Russell graduated from the University of Montana, School of Minerals Science and Technology with a Bachelor of Science Degree in Mining Engineering.

Chris Dupont, P.Eng. – Vice President, COO, & Director

Mr. Dupont is a mining engineer who has been involved with junior public companies for more than 28 years. He has held positions as senior mining engineer for Noranda and chief engineer for Exall Resources. He was also President and Director of Kayorum Gold Mines from 1992 to 1997, Director of Fieldex Exploration from 1997 to 1998, Director of Tom Exploration from 2000 to 2006, Director of Abcourt Mines from 2009 to 2013, President and Director of Explor Resources from 2005 to 2019 and has been President and Director of Brunswick Resources Inc. since December 2013. Mr. Dupont has a B.Sc Engineering from Dalhousie University in Nova Scotia and a B. Engineer (mining) from the Nova Scotia Technical College.

Sonia Agustina, Chief Financial Officer

Ms. Agustina worked as a consulting accountant for Galleon Gold (formerly Pure Nickel) from March 2017 until her appointment as CFO. She is a Chartered Professional Accountant (CPA, CA) with 17 years of audit and public market experience with a Bachelor of Administrative Studies (Honours) from York University.

Mario Colantonio, P.Eng. - Director

Mr. Colantonio has extensive experience in engineering and management for capital and maintenance projects for mine/mill infrastructures including feasibility studies. He has held senior engineering management positions for AMEC from 1995 to 2002 and was president of a privately-owned engineering consulting firm from 2004 until 2019 when it was sold to JL Richards where he is now an Associate. He holds a B.Sc. Degree in civil engineering from Queen's University, Kingston, Ontario.

Thomas S. Kofman - Director

Mr. Kofman was a founder and chairman of M Partners Inc., an independent full-service investment bank until April 2018. He has served as Senior Vice President and Chief Financial Officer of IPC Financial Network Inc., Vice President and Chief Financial Officer of RealFund, and CFO of Freed Developments. Mr. Kofman is a Chartered Professional Accountant and received a Bachelor of Arts degree from York University.

Gerhard Merkel - Director

Mr. Merkel has extensive senior executive experience. He was CEO and CFO of Metex (Germany) Trading Company from 1994 to 2005. From 2005 to present, he has been CFO and COO of CGM Import-Export Ltd (Portugal) Import/Export, a wholesale and retail of catering equipment company and producer of catering accessories.

James T. O'Neil Jr. - Director

Mr. O'Neil is a senior executive with 45 years of experience in the metal mining and processing industry. He has served on the board of directors or in executive positions with several junior mining companies including Jipangu International, Apollo Gold, Rye Patch Gold, Josephine Mining and Jerritt Canyon Gold. He holds a Bachelor and Master of Science from Arizona State University and is a Certified Management Accountant (CMA).

W.S. (Steve) Vaughan - Director

Mr. Vaughan, a lawyer, has served on various committees advising the Canadian government, the Ontario Securities Commission and the Toronto Stock Exchange on issues such as mineral policy, mineral strategy, mining finance, mining taxation, seed capital formation, and junior resource policies. Mr. Vaughan was counsel at the law firm Heenan Blaikie LLP from 2007 to February 2014 and a partner at the law firm Dorsey Whitney LLP in February 2014 until December 2016. He is currently a sole practitioner mining lawyer with an international practice. junior mining companies listed on the TSX and TSX-V, leveraging his skills and experience to become integral to the reporting issuers.

Jacob Willoughby | VP, Equity Research Analyst
Taylor Combaluzier | Associate, Research
Paul Kostuik | Associate, Research

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Company Specific Disclosure Details

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

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