

Galleon Gold Corp. (TSXV:GGO) MRE at West Cache Increases by 20%

Exploration Update
September 9, 2021

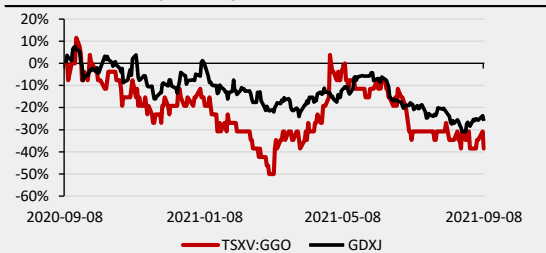
(Currency is C\$ unless noted otherwise)

Closing Price (C\$/sh)	\$0.08	
Rating	BUY	
Target (C\$/sh)	\$0.35	
Return to Target	338%	
52 Week Low / High (C\$/sh)	\$0.07 / \$0.15	
CAPITALIZATION		
	Basic	Diluted
Shares Outstanding (M)	470.9	650.1
Market Capitalization (C\$M)	\$37.7	
Enterprise Value (C\$M)	\$35.3	
Cash and Cash Equivalents (C\$M)	\$2.5	
Total Debt (C\$M)	\$0.1	

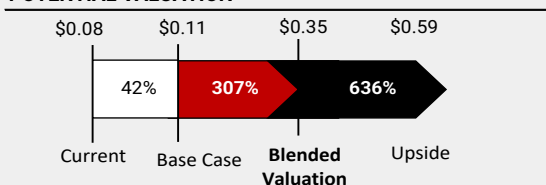
STOCK CHART



RELATIVE PERFORMANCE



POTENTIAL VALUATION



RELATIVE VALUATION

	US\$/oz Au Eq
Galleon Gold Corp.	\$21
Peers*	\$43

*S&P Market Intelligence

MAJOR SHAREHOLDERS

Management (2.4%), Sprott, Eric (22.56%), Marquest Asset Management Inc. (0.93%)

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 is primarily focused on the West Cache Gold Project that consists of 264 unpatented mining claims and three patented claims covering ~3,550 ha located west of Timmins, Ontario; and Galleon also has an interest 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. The company, formerly known as Pure Nickel Inc., was incorporated in 1987 and is headquartered in Toronto, Canada.

Impact: Neutral

Galleon Gold provided an updated mineral resource estimate (MRE) for its 100%-owned, West Cache Au project near Timmins, Ontario. The new MRE of ~1.3M oz Au represents a 20% increase in contained ounces over the previous resource estimate largely by incorporating more open pit material, and overall, it is in line with our expectations. **We view the completion of the MRE as an important milestone for Galleon, as it will form the basis for the upcoming PEA on the project.**

- Contained ounces increase by 20%.** Based on 557 drill holes (~210,000m) including 213 diamond drill holes (~46,380m), the project is estimated to host **657k oz Au in indicated** (13.4Mt at 1.52 g/t Au) and **640k oz Au in inferred** (11.7Mt at 1.71 g/t Au) resources (Figure 1). The MRE consists of a combination of open pits – the East and West pit (Figure 2) which contains 694k oz Au – and underground areas – West Deep, Zone #9 and South zone (Figure 3) which contain 603k oz Au. In comparison the previous resource estimate (from 2013) estimated an open pit resource of 290k oz Au and an underground resource of 789k oz Au. We note that the average grade of the new estimate is lower, and, while this is due in large part to the incorporation of more open pit material, the rest of the resource outside the pits is somewhat low-grade (4.16 g/t Au indicated and 2.71 g/t Au inferred) compared to most other underground Au mines.
- Resource could be increased further with future drilling.** With the sale of its non-core Kidd and Carnegie properties ([read more](#)) last month, Galleon has demonstrated its commitment to advance the West Cache project. There is still plenty of upside potential as the East pit remains open for expansion ([read more](#)) and in the South zone where drilling has recently intercepted near-surface mineralization ([read more](#)). Mineralization remains open to the east of the East pit, where there is 2.2km of strike potential to test to the property border. Furthermore, drilling has yet to test the gap area between the East and West pits. The South zone is open along strike and down-dip and shares geological similarities to other targets on the property, including West Deep and Zone #9.
- Focus shifts to PEA.** Work on the PEA is ongoing and is expected to outline a design plan for a bulk sample within Zone #9, as well as outline the various stages of development for the open pit and additional underground mining required. Optimization of mining methods, toll processing and throughput will also continue. The PEA is anticipated in the coming weeks (Q3/21).

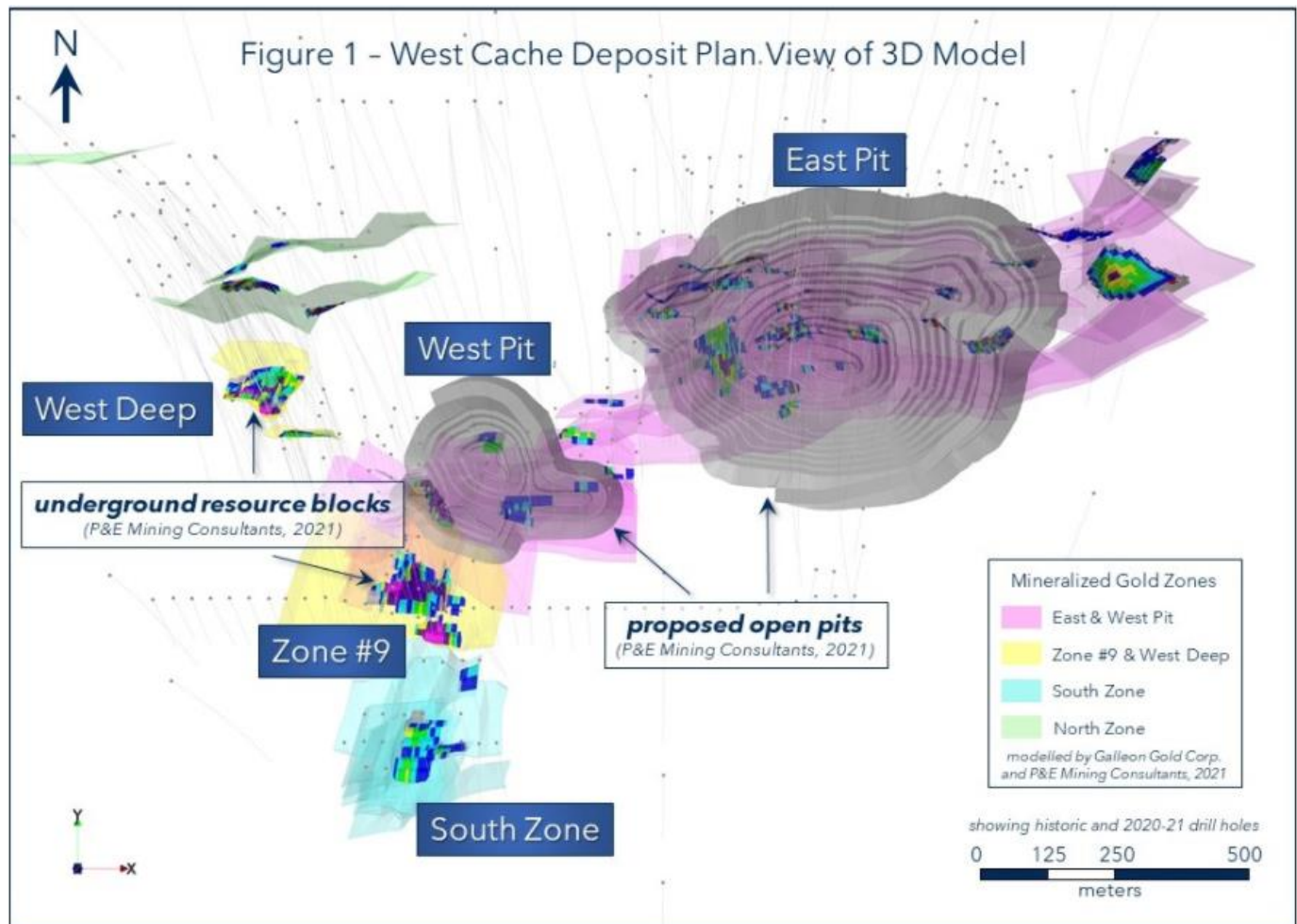
We maintain our BUY rating and C\$0.35/sh price target. Our target is based on our probability-based valuation method, which uses a sum-of-parts method to derive our blended valuation of ~C\$0.35/sh. Galleon trades at a discount on an EV/oz AuEq basis (US\$21/oz vs. peers at US\$43/oz), however, we believe Galleon's top mining jurisdiction and strong management team should warrant a premium. **Upcoming catalysts:** 1) West Cache PEA (Sep/21) and 2) Future exploration drilling in multiple areas (potentially resuming in Q4/21).

Figure 1: West Cache mineral resource estimate (current vs. previous)

Current Mineral Resource Estimate (2021)				Previous Mineral Resource Estimate (2013)				Au (k oz) % chg
Classification	Tonnes (k)	Au (g/t)	Au (k oz)	Classification	Tonnes (k)	Au (g/t)	Au (k oz)	
Pit constrained resource @ 0.3 g/t Au cut-off				Pit constrained resource @ 0.3 g/t Au cut-off				
Indicated	11,575	1.11	413	Indicated	1,280	1.55	213	94%
Inferred	7,554	1.16	281	Inferred	1,140	2.09	77	265%
Out-of-pit constrained resource @ 1.6 g/t Au cut-off				Out-of-pit constrained resource @ 1.7 g/t Au cut-off				
Indicated	1,823	4.16	244	Indicated	4,420	2.79	396	-38%
Inferred	4,116	2.71	359	Inferred	5,190	2.36	393	-9%
Total mineral resource @ 0.3 g/t and 1.6 g/t Au cut-offs				Total mineral resource @ 0.3 g/t and 1.7 g/t Au cut-offs				
Indicated	13,398	1.52	657	Indicated	8,700	2.17	609	8%
Inferred	11,670	1.71	640	Inferred	6,330	2.31	470	36%
Total I&I	25,068	1.61	1,297	Total I&I	15,030	2.23	1,079	20%

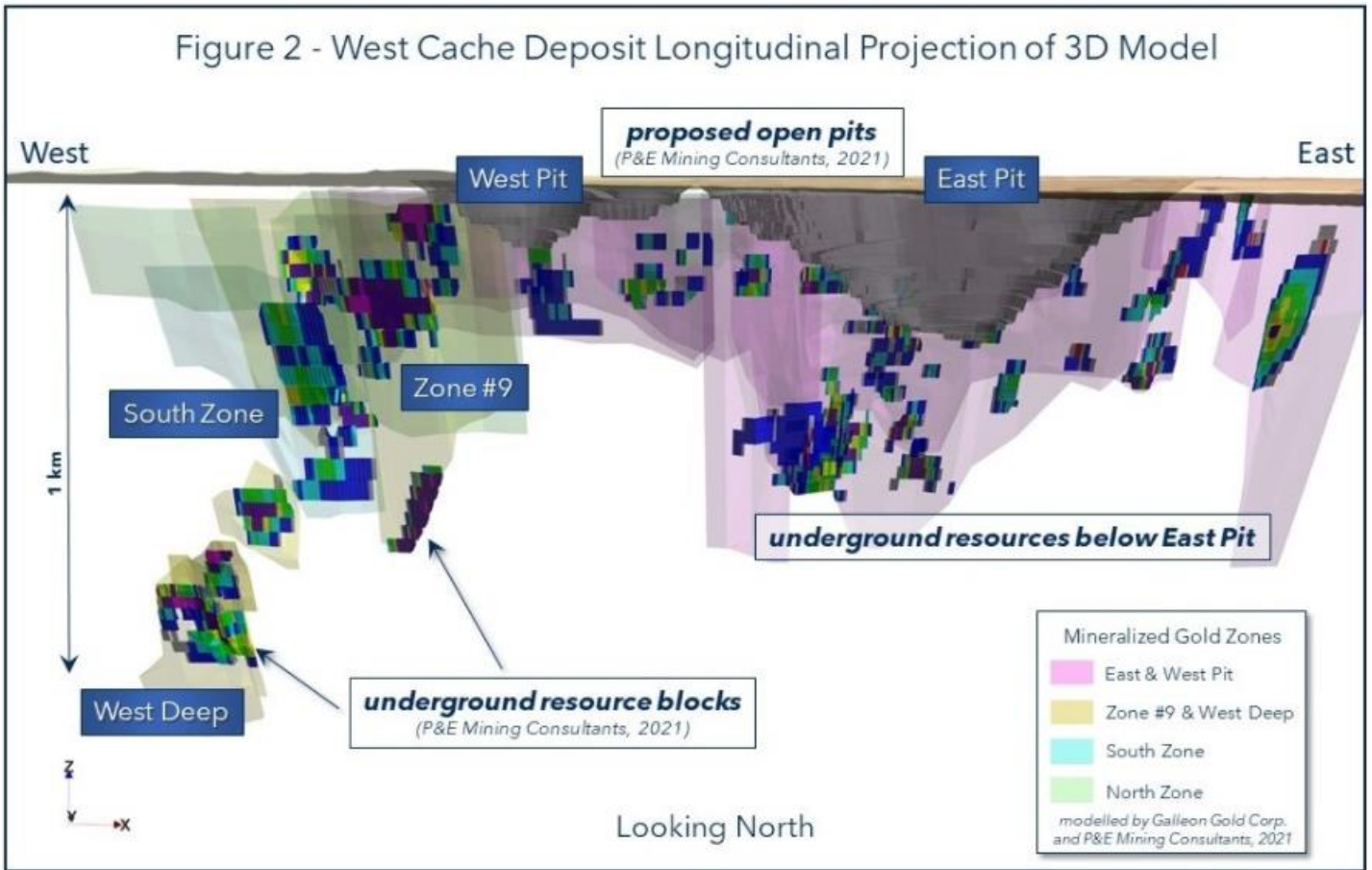
Source: Company Reports

Figure 2: West Cache deposit plan view



Source: Company Reports

Figure 3: West Cache deposit cross-section looking north



Source: Company Reports

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Disclosure Statement
 Updated September 8, 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	69%
2020-09-10	BUY	0.40	BUY (S)	22%
2020-09-30	BUY	0.40	HOLD	0%
2020-10-22	BUY	0.40	SELL / Tender	0%
2020-10-29	BUY	0.40	NA	7%
2020-11-11	BUY	0.35	Under Review	1%
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		
2021-07-14	BUY	0.35		
2021-07-22	BUY	0.35		

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

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