

## Galleon Gold Corp. (TSXV:GGO)

# Pan American Comes on Board with Toll Milling, C\$8M Financing

## Development Update

August 15, 2025

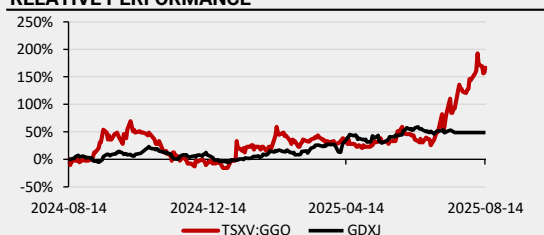
(Currency is C\$ unless noted otherwise)

Closing Price (\$/sh)	\$0.52	
Rating	BUY	
Target (\$/sh)	\$3.00	
Return to Target	477%	
52 Week Low / High (\$/sh)	\$0.16 / \$0.60	
<b>CAPITALIZATION</b>	<b>Basic</b>	<b>Diluted</b>
Shares Outstanding (M)	70.2	90.5
Market Capitalization (\$M)	\$36.5	
Enterprise Value (\$M)	\$38.9	
Cash and Cash Equivalents (\$M)	\$8.3	
Total Debt (\$M)	\$10.6	

### STOCK CHART



### RELATIVE PERFORMANCE



### RELATIVE VALUATION

	US\$EV/oz Au Eq
Galleon Gold Corp.	\$25
Peers*	\$24

\*S&P Market Intelligence

### MAJOR SHAREHOLDERS

Management (3%), Sprott, Eric (19.81%), HNW Retail (15%), Novum Asset Management AG (0.92%)

### DISCLOSURE CODE:

(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.

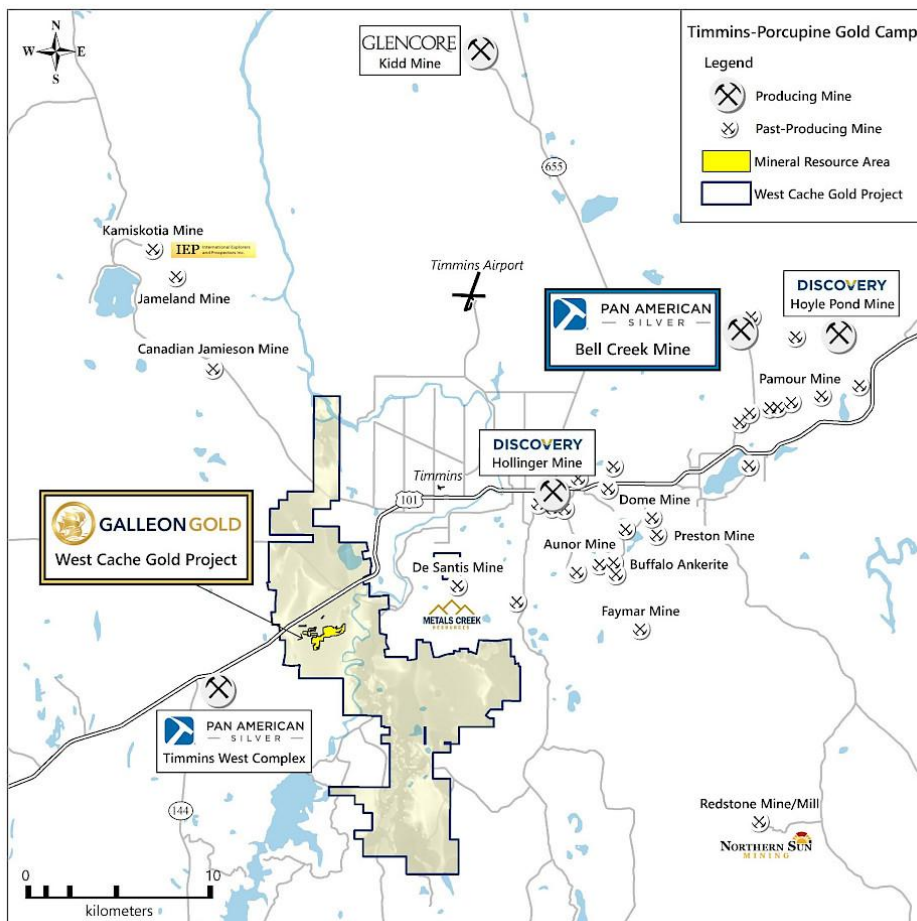
### Impact: Very Positive

Galleon has entered into a strategic agreement with Pan American Silver Corp. (TSX:PAAS, Not Rated) covering convertible debt financing and toll processing for its 100%-owned West Cache project in Timmins. **Overall, this is a very positive update from Galleon as the C\$8M financing provides the funds required to get its 86.5kt bulk sample program going and further de-risk the West Cache project.** Galleon has started surface work for the program, but operating permits for underground construction are still under review (**read note**). Once permits are received construction is estimated to take ~18 months with proceeds from the bulk sample expected to contribute toward the C\$150M capex required for the project. Data obtained will provide additional information on mining and processing methods and advance West Cache towards a PFS, which we believe should demonstrate better economics than the 2022 PEA.

- Pan American could be a long-term strategic investor.** Pan American is to provide C\$8M of convertible debt with a term of 3 years and interest rate of 10%. The conversion option is already ITM with a C\$0.45/sh conversion price. If exercised, Pan American would own 19.59% of the company on a partially diluted basis, and 11.30% on a fully diluted basis, and may increase its interest in Galleon. Pan American is currently operating two underground mines and a mill in the Timmins area with 12.2Mt in reserves and M&L resources, and 6,000tpd processing capacity, implying an ~8-year life. We believe this investment in Galleon is strategic and demonstrates that West Cache could be a potential takeover target, should the bulk sample program yield positive results. The 2022 PEA for West Cache outlines an average production rate of ~80k oz Au pa, compared to the 120-130k oz Au production guidance for Pan American's Timmins mines in 2025.
- Securing toll processing for West Cache.** Galleon has entered into an MOU with Lake Shore Gold Corp., a subsidiary of Pan American, to toll process material from the bulk sample program, at the Bell Creek mill, located 40km to the east of West Cache. We estimate that the mill could have spare capacity of ~1,200-1,500 tpd. Both parties are now working towards a definitive agreement.
- Adjusting our model.** Given that the bulk sample program is yet to be permitted and with construction estimated at 18 months, we are delaying the program in our model by a year, to 2028. This delays project financing, construction and essentially commercial production to 2031. We also assume that the C\$15.5M of convertible debt issued in 2025, both ITM, are converted into shares causing dilution. As a result, our NAVPS falls to C\$4.36 (was C\$5.68).

**We maintain our BUY rating and decrease our target price to C\$3.00/sh (was C\$4.00/sh).** Our target is based on a 0.70x multiple of our NAVPS of C\$4.36 (was C\$5.68), which was calculated using a DCF<sub>5%</sub> for the West Cache project. We believe the continued development of West Cache toward production will be key in re-rating the stock. **Upcoming Catalysts:** 1) Pre-construction site work for bulk sample (H2/25), 2) Commencement of bulk sample (2027/2028) and 3) PFS (2027/2028).

**Figure 1: Map showing the location of West Cache and other current/historic mines in the Timmins area**



Source: Company Reports

**Figure 2: Galleon NAV summary**

Asset	Status	Resource (Moz Au Eq)	Valuation Method	Fair Value Estimate		(%)
				(C\$M)	(C\$/sh)	
<b>Core Projects</b>						
West Cache	Development	1.6	DCF	\$890.8	\$4.79	110%
Neal	Exploration	NA	Exploration Credit	\$0.6	\$0.00	0%
<b>Project NAV</b>				<b>\$891.5</b>	<b>\$4.80</b>	<b>110%</b>
Cash				\$8.3	\$0.04	1%
Debt				(\$10.6)	(\$0.06)	-1%
Corporate adjustments				(\$78.7)	(\$0.42)	-10%
<b>Total Corporate Adjustments</b>				<b>(\$81.1)</b>	<b>(\$0.44)</b>	<b>-10%</b>
<b>Corporate NAV</b>				<b>\$810.4</b>	<b>\$4.36</b>	<b>100%</b>

Multiple	0.7x
Target Price	\$3.00

Source: RCS Estimates

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Disclosure Statement  
 Updated August 15, 2025

Recommendation / Target Change			Red Cloud Securities has this percentage of its universe assigned as the following:	
Date	Rating	Target	Status	%
2020-08-17	BUY	0.40	BUY	35%
2023-11-10	BUY	2.95	BUY (S)	18%
2023-11-17	BUY	2.95	HOLD	1%
2024-03-04	BUY	2.95	TENDER/ SELL	0%
2024-04-04	BUY	2.95	NA	42%
2024-09-04	BUY	3.50	UNDER REVIEW	4%
2024-10-21	BUY	3.50		
2025-01-07	BUY	4.15		
2025-02-12	BUY	4.15		
2025-02-27	BUY	4.15		
2025-03-03	BUY	4.15		
2025-04-10	BUY	3.70		
2025-04-24	BUY	4.00		
2025-08-15	BUY	3.10		

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Company Specific Disclosure Details

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

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