

Galleon Gold Corp. (TSXV:GGO)

Exploration and Development Plans Picking up for 2022

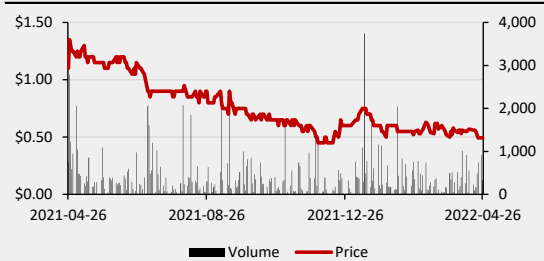
Development Update
April 27, 2022

(Currency is C\$ unless noted otherwise)

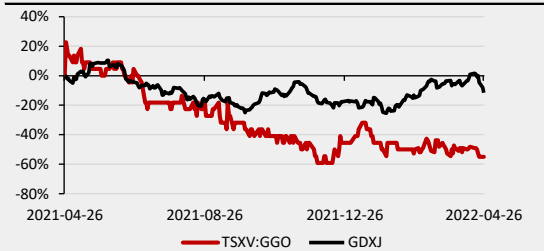
Closing Price (C\$/sh)	\$0.50
Rating	BUY
Target (C\$/sh)	\$3.35
Return to Target	577%
52 Week Low / High (C\$/sh)	\$0.45 / \$1.40

CAPITALIZATION	Basic	Diluted
Shares Outstanding (M)	54.4	75.7
Market Capitalization (C\$M)		\$26.9
Enterprise Value (C\$M)		22.928
Cash and Cash Equivalents (C\$M)		\$4.0
Total Debt (C\$M)		\$0.0

STOCK CHART



RELATIVE PERFORMANCE



VALUATION	C\$M	C\$/sh
West Cache	\$255.67	\$4.70
Neal	\$0.64	\$0.01
Corporate adjustments	\$4.00	\$0.07
Corporate NAV	\$260.31	\$4.79
Multiple	0.7x	0.7x
Target	\$182.22	\$3.35

RELATIVE VALUATION	US\$EV/oz Au Eq
Galleon Gold Corp.	\$18
Peers*	\$36

*S&P Market Intelligence

MAJOR SHAREHOLDERS

Management (2.4%), Sprott, Eric (21.37%)

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: Mildly Positive

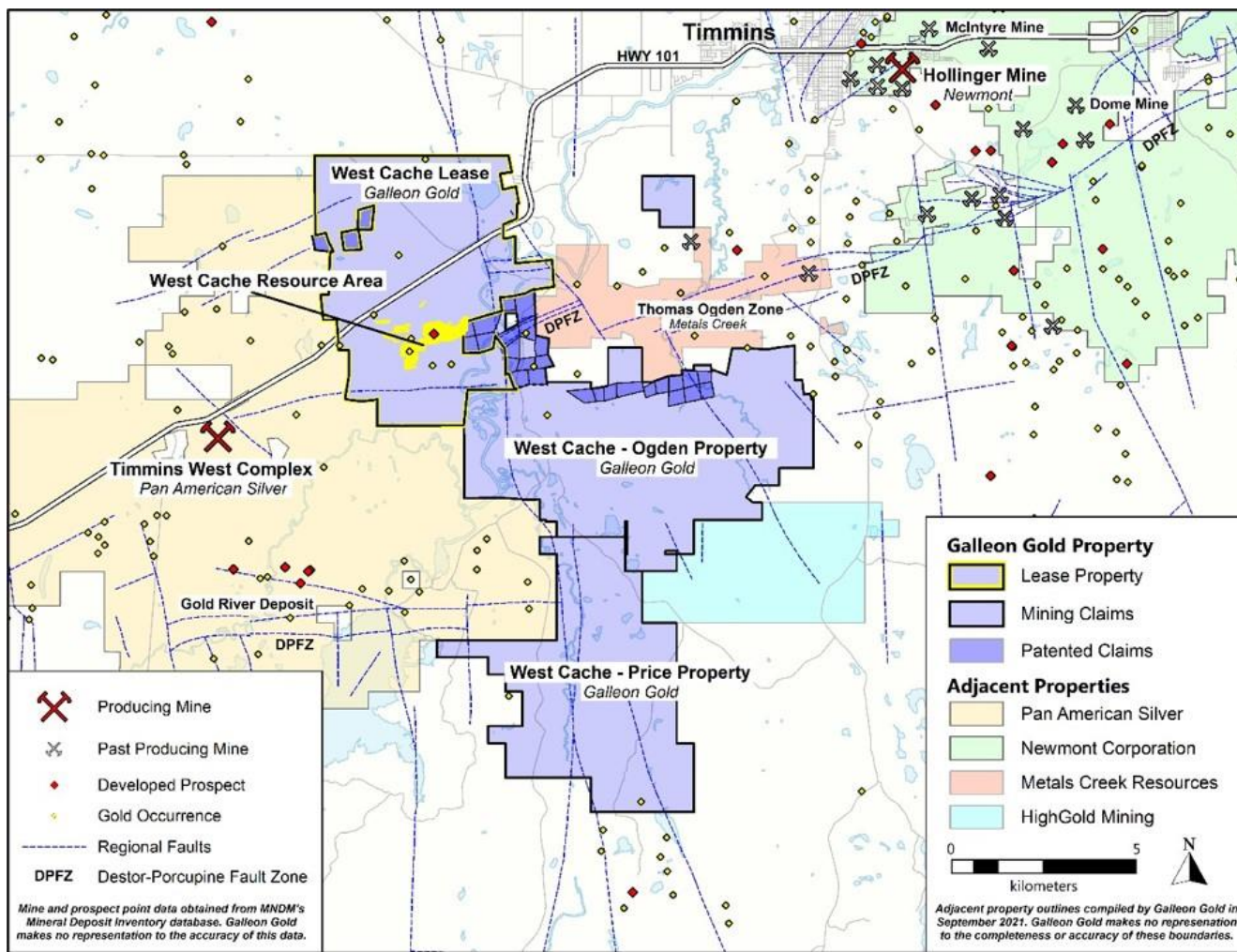
Galleon announced its exploration and permitting plans for 2022 at its West Cache Au project in the Timmins, Ontario area. The company recently closed a \$3.5M flow-through and non-flow-through financing, thus it is funded for its 2022 plans. We have adjusted our target price to take into account the financing and share consolidation. **Galleon is funded for exploration and permitting work, including drilling at high-grade targets as well as early-stage exploration on newly acquired properties that expand its West Cache project. We continue to believe there is significant upside potential as the company continues to advance West Cache toward a bulk sample program.**

- Drilling to focus on higher-grade target areas.** The company plans to begin a 5,000m program in May 2022. This will begin with a focus on higher-grade targets in the metasediment units near Zone #9 and the South Area. Additional drilling to be planned based on the results from this first phase. We note that NPLH, the Timmins-based drilling company contracted to complete the work has extensive experience at West Cache. Galleon also plans to conduct a soil sampling survey, covering both known Au zones and broader areas with the goal of identifying targets for future exploration. The company also recently acquired 4,230 ha of contiguous property in Ogden and Price Townships, extending its ground significantly to the S-SE (Figure 1). Galleon is compiling data from previous work on this ground to identify priority exploration targets.
- Advancing permitting process toward bulk sample program.** Galleon will also continue permitting and baseline studies toward a bulk sample program, which is planned to include the extraction of ~100,000 tonnes of material from four levels in Zone #9. The 2022 work will include geotechnical and condemnation drilling for ramp design work as well as a Metal Leaching and Acid Rock Drainage geochemical study and ore characterization tests work.
- Adjusting our model for changes to the share structure.** Galleon recently completed a \$3.5M financing, including flow-through and regular units, as well as a 10:1 share consolidation, and we have adjusted our model for the new share structure and cash position (Figure 2).

Valuation:

We maintain our BUY rating and raise our target price to C\$3.35/sh (was C\$0.40/sh). Our target is based on a sum-of-parts valuation, including a mine model for West Cache. Galleon trades at a discount on an EV/oz AuEq basis (US\$17/oz vs. peers at US\$37/oz) and a consensus P/NAV basis (0.1x to 0.34x), but we believe Galleon's top mining jurisdiction and strong management team should warrant a premium. **Catalysts:** 1) Exploration drilling focused on Zone #9 and the South Area (2022), 2) Permitting milestones (2022-2023), and 3) Initial test mining at Zone #9 (2023)

Figure 1: Map of the West Cache project showing the newly acquired properties in Ogden and Price townships, extending the property to the E-SE



Source: Company Reports

Figure 2: NAV summary for Galleon Gold

Asset	Status	Resource (Moz Au Eq)	Valuation Method	Fair Value Estimate		(%)
				(C\$M)	(C\$/sh)	
Core Projects						
West Cache	Development	1.6	Mine Model	\$255.7	\$4.70	98%
Neal	Exploration	NA	Exploration Credit	\$0.6	\$0.01	0%
Project NAV				\$256.3	\$4.71	98%
Cash				\$4.0	\$0.07	2%
Total Corporate Adjustments				\$4.0	\$0.07	2%
Corporate NAV				\$260.3	\$4.79	100%

Multiple	0.7x
Target Price	\$3.35

Source: RCS

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Disclosure Statement
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Recommendation / Target Change			Red Cloud Securities has this percentage of its universe assigned as the following:	
Date	Rating	Target	Status	%
2021-01-13	BUY	0.35	BUY	75%
2021-01-27	BUY	0.35	BUY (S)	21%
2021-02-03	BUY	0.35	HOLD	0%
2021-03-08	Under Review	Under Review	SELL / Tender	0%
2021-03-08	Under Review	Under Review	NA	2%
2021-04-15	BUY	0.35	Under Review	1%
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		
2021-09-09	BUY	0.35		
2021-10-13	BUY	0.30		
2021-10-19	BUY	0.30		
2022-01-13	BUY	0.40		

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Company Name	Ticker Symbol	Disclosures
Galleon Gold Corp.	TSXV:GGO	1,2,3,4

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