

New drill and bulk sample gold results to drive updated resource estimate for Granada Gold

Initial bulk sample returns 55.6 grams per tonne native gold

Granada Gold's summer drilling program is coming to an end with drill results and larger bulk sample results expected to follow. Given some of the past high-grade results, such as the recent small bulk sample returning 55.6 g/t native gold, investors are looking forward to the results of the new exploration with anticipation.

Granada Gold Mine Inc. (TSXV: GGM | OTC: GBBFF) ('Granada') 100% owns the approximately 1,400 hectare Granada Gold Property, which includes the former Granada Gold Mine which produced more than 50,000 ounces of gold in the 1930s before a fire destroyed the surface buildings in 1935. Historic underground production between 1930 and 1935 from two shafts in the area had an average grade of 9.7 g/t gold and 1.5 g/t silver. About 80% of Granada Gold's potential 5.5 km east-west strike length remains unexplored, leaving plenty of room for future exploration expansion.

Investors familiar with gold know that the 'Cadillac Break Trend' in Quebec, Canada, is possibly the best gold address in the world, producing more than 75 million ounces of gold over the past 100 years, and the immediate area has produced over 140 million ounces of gold.

Preparatory work for bulk sampling at Granada Gold Property –

Spring 2020



Source

First small bulk sample result – August 2020

In recent news Granada announced a small bulk grab sample reporting “**55.6 grams per tonne native gold** from 1,220 kilograms of mineralized material taken from surface over a 3-meter strike length on Vein No 1 structure where diamond drill hole GR-19-A intersected 11.45 g/t gold from 0 to 33 metres core length.”

Anything above 5 g/t is considered high grade, so 55.6 g/t is an impressive result and may bode well for larger bulk sampling in the area. Also it is worth noting that due to using conventional gravity concentration only native gold was recovered and quantified. The gold-bearing sulfides were not recovered. Native Gold is the natural gold to the area and does not include the gold found in the sulphide deposits. The native gold component has been defined for the Granada Gold Mine to represent an average of 50% of the recoverable gold from the mineralized deposit.

Granada Gold President and CEO, Frank J. Basa, comments: "A bulk sample is to be taken at this location to further quantify the grade of the mineralized material. The company is awaiting quotes from local contractors to take this bulk sample," with the bulk sample to be processed at Temiskaming Testing Labs in Cobalt, Ontario.

Drill results expected soon

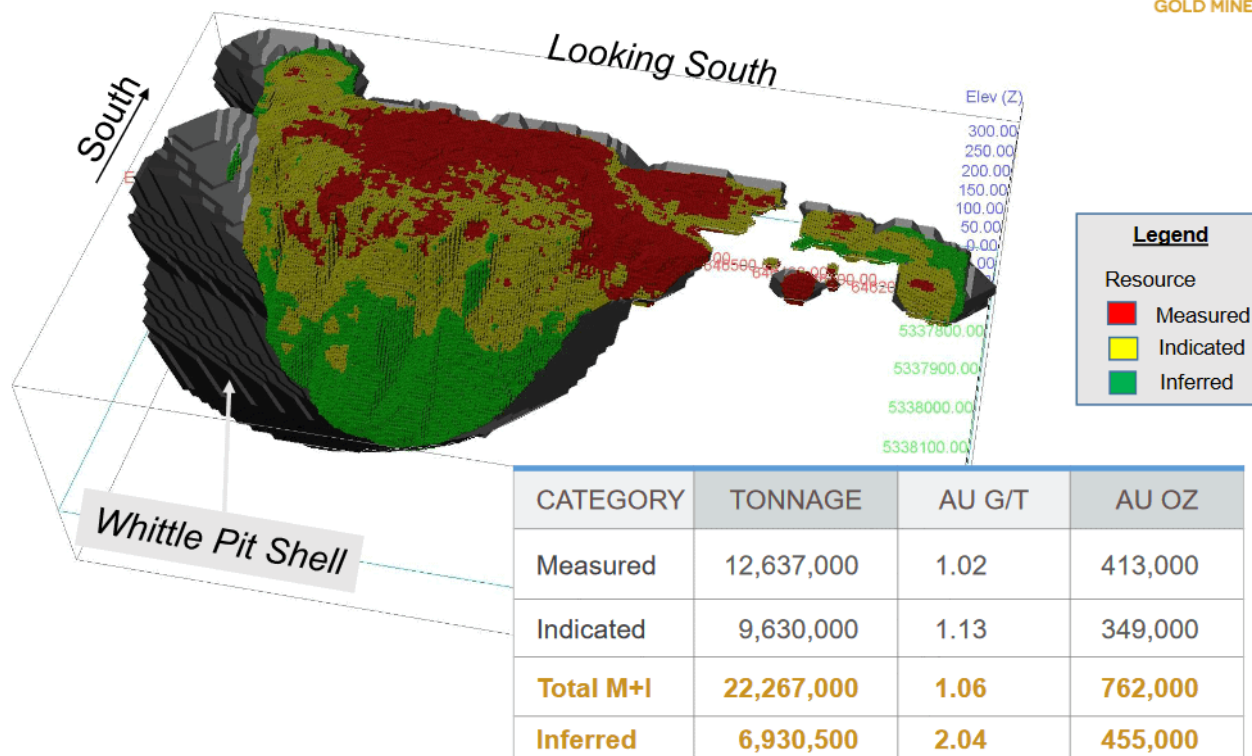
Drill results are pending from Granada's summer exploration campaign (June through August, 2020). Granada is focusing on the high-grade Vein No 1 structure. The mineralized structure has been traced on surface for over 115 meters on east-west trend by stripping. The structure extends over 500 meters when connected by the pierce points with the drill holes. Drill results reported in January, 2020 returned **11.45 g/t gold over 33 meters** which sent the stock price up 62.5%.

Granada Gold's existing resource and an updated resource on the way

In February 2019, the Company filed a NI 43-101 compliant technical report announcing an updated pit constrained resource estimate of **762,000 ounces of gold @ 1.06 g/t Au** in the Measured and Indicated categories, plus 455,000 ounces of gold @ 2.04 g/t Au in the Inferred category.

Granada Gold's 2019 NI 43-101 updated pit-constrained Resource estimate (surface pit only)

Granada Gold – Whittle Pits and Current Resources



Source

In July Granada announced that it had retained Innovexplo to update their 43-101 Resource Study at the Granada Gold Mine property. Granada is currently drilling key holes aimed at increasing underground resources quality below existing pit constrained mineral resources, which is intended to augment the revised resource estimate now underway. Granada’s President and CEO Frank J. Basa explained that the company “decided that a revised 43-101 should be undertaken at this stage to better reflect the potential of the resource.”

Closing remarks

What has caught the market’s imagination is Granada Gold’s potential for a very low cost shallow starter open pit gold mine with already good grades, with the possibility of resource expansion and higher grades from additional exploration. Most open pit gold mines today are in the 0.5-2.0 g/t range, and Granada’s un-updated resource estimate already puts it comfortably in that zone. The CapEx for this starter

pit is estimated at only C\$6.7m and assumes the processing would be done at a nearby mill. Before that happens Granada Gold needs to further prove up the resource, which is what they are working on now with additional bulk sampling and drilling.

Open-pit permits are already in place for a “Rolling Start” 550 t/day operation by Granada. Milling may be done locally or perhaps on site if funds were raised to support this. Infrastructure is excellent with proximity to 10 gold mills, an established mining labor market, and the electrical grid nearby. Management is very experienced and has stated a goal for further resource expansion and plans for scalable possible future production.

It has taken 10 years for Granada Gold to get to where they are today, so patience may be the key for current investors. The good news for new investors is that most of the hard work has been done and a small scale starter pit operation may not be too far away now. With a current market cap of just C\$21m, there appears to be room to grow, especially with gold at US\$1,940/oz.

Disclosure: The author is long Granada Gold Mine Inc. (TSXV: GGM)

**Granada Gold looks to be
'underestimated' by the
market as drilling continues...**

With gold prices at or near record highs investors love gold juniors, especially those that can rapidly discover gold, grow

a good grade resource, then make it to production with a reasonably low CapEx, ideally in a safe jurisdiction.

One junior gold miner that is making significant moves along this pathway is Granada Gold Mine Inc. (TSXV: GGM).

Granada Gold is focused on exploration and development of their Granada Gold Project situated in the heart of the famous Abitibi Greenstone Belt and along the prolific 'Cadillac Break Trend' in Quebec, Canada. The Cadillac Break Trend has produced >75 million ounces of gold over the past 100 years, and the immediate area has produced over 140 million ounces of gold.

The Granada Gold Property is located in a famous gold producing region (Abitibi Greenstone Belt) and along the prolific 'Cadillac Break Trend'



The Granada Gold Property

The Granada Gold Property includes the former Granada Gold Mine which produced more than 50,000 ounces of gold in the 1930's before a fire destroyed the surface buildings. Historic underground production between 1930 and 1935 from 2 shafts in the area had an average grade of 9.7 g/t gold and 1.5 g/t silver.

Approximately 120,000 meters of drilling has been completed to

date on the Property, focused mainly on the extended LONG Bars zone which trends 2 kilometers east west over a potential 5.5 kilometers mineralized structure. 80% of the potential 5.5 km east-west strike length remains unexplored, which means there remains very significant potential exploration upside.

In February 2019, the Company filed a technical report compliant with National Instrument 43-101 announcing an updated pit constrained resource estimate of **762,000 ounces of gold @1.06g/t Au** in the Measured and Indicated categories, plus 455,000 ounces of gold @2.04g/t Au in the Inferred category.

Then in January 2020 Granada Gold announced a very exciting high grade gold drill result that resulted in a 62.5% stock price rise. Here is a summary:

“Granada Gold Mine intersects 11.45 G/T gold over 33 meters, supports continuity of high-grade structures. Unexpected near-surface, high-grade mineralization has been discovered within the recently explored two-kilometer LONG Bars Zone of the five and half kilometer Granada Shear zone.”

Note that the core length reported is estimated to have intersected only 15-20% of the entire thickness of the zone.

Granada Gold CEO and President Frank Basa stated:

“Recent drill results are in line with historic production grades of 8 to 10 g/t gold when Granada was mined in the 1930s. These drill results are not included in the current in-pit resource estimate for the property.....The current drill program has unlocked the high-grade, near-surface potential and shows that the Granada gold deposit resource may have been underestimated.”

“Underestimated” is certainly an understatement, but time will tell. Anything over 5g/t is considered high grade gold, which is especially nice with the gold price (US\$1,808/oz) near a

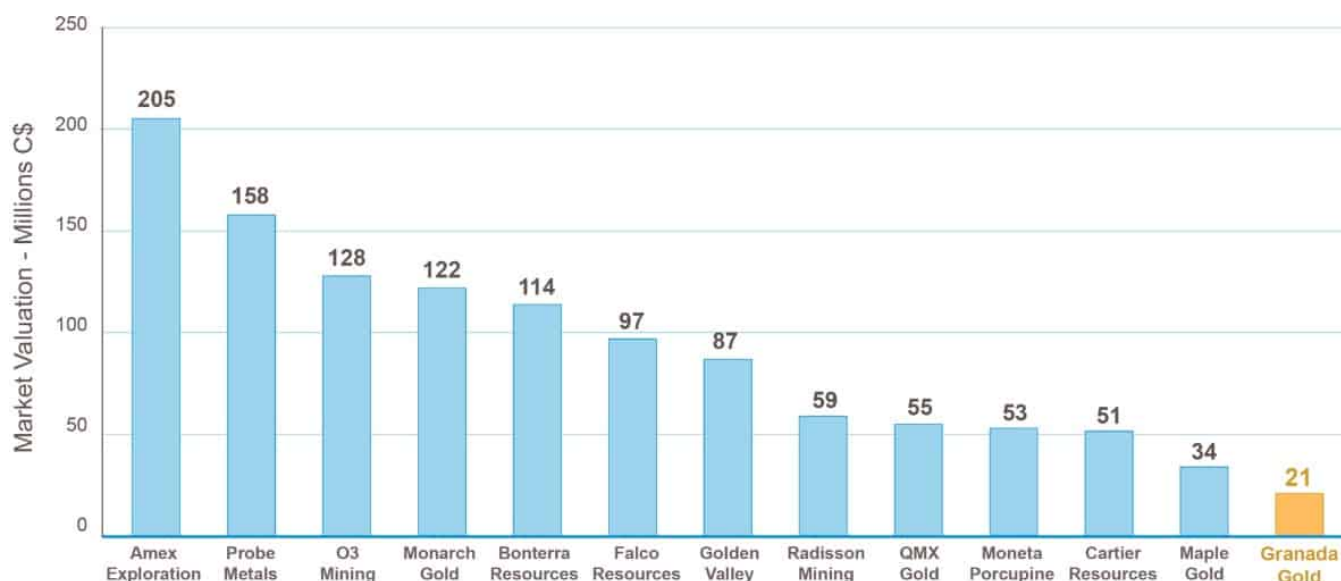
record high. Granada Gold announced last month that they have begun further exploration with a summer drilling campaign aimed to identify further high grade gold and a 30-50 tonnes mineralized material bulk testing program.

Understandably Granada Gold now wishes to focus on further exploring their Granada Gold Project. In recent news Canada Silver Cobalt Works Inc. (TSXV: CCW) (OTC: CCWOF) announced that they have now effectively acquired five mining leases at Castle East (part of the Castle mine property near Gowganda, Ontario). This means that Granada Gold can now focus on their Abitibi Greenstone Belt Gold Project; but still potentially benefit in silver via the consideration from the deal. Noting that Canada Silver Cobalt Works will issue 2,941,000 common shares to Granada Gold at a deemed price of \$0.51 per share, for total deemed consideration of approximately \$1,500,000. Each of the shares will be accompanied by one common share purchase warrant at a \$0.55 exercise price for a period of five years.

The chart below clearly highlights that Granada Gold Mine Inc. has a much lower market cap relative to peers in the region. The reason for the lower market cap is the early stage and the existing M&I resource estimate is only at 1.06g/t grade. Clearly further high grade gold discoveries and inclusion of recent discoveries into the resource estimate can significantly boost the grade. Should this occur then certainly the "undervaluation" would become very clear.

Granada Gold Mine Inc. on a market cap of C\$21 million is much lower than peers in the region

Market Valuation of Peers Conducting Exploration in the Abitibi Region¹



Granada Gold is greatly undervalued compared with other exploration companies in the area

Source: Granada Gold July 2020 Company presentation

Next steps for Granada Gold include the summer drilling (June, July, August 2020) and bulk sampling campaign which is already underway and should soon start to release results. Beyond that the Company hopes to start production. Permits are already in place for an open-pit mine of 550 t/day and to ship to a local mill for processing, although the Company now considers an onsite Mill maybe a better solution. Previous engineering work is to be updated towards building a mill producing 80,000 to 100,000 oz Au per year.

Closing remarks

Granada Gold Mine Inc. certainly ticks many boxes. The Company is in a safe and also prolific gold location in Canada, has an established resource (M& I 762,000 ozs of gold @1.06g/t, plus Inferred 455,000 ozs of gold @2.04g/t), massive exploration upside already finding high grade gold (11.45 g/t gold over 33 meters etc), good infrastructure, and still trades on a relatively low market cap.

So yes Granada Gold Mine Inc. is “underestimated” and quite possibly “undervalued” right now, especially if they were to strike more high grade gold. With more drill results and a bulk sample result expected very soon in the area where recent high grade gold was found, it may well be a good time to take a position in Granada Gold.

Further reading

- Frank Basa on the competitive advantages of Granada’s high grade gold mine (video and text)