

Granada Gold Mine Inc.

(TSXV:GGM)

Searching For The Right Mill

Company Description

Granada Gold Mine Inc. ("Granada") is a developer advancing its ~2,500 Ha Granada Gold property located in Quebec. The Company hosts a solid mineral resource base, good exploration upside, and the permits to operate a small startup scenario, but had delays finding a mill to process its ore. However, developments of late have shed light onto the project, revitalizing it once again as a near-term producer.

Investment Highlights

- Near-term production could be a possibility.** On September 8, 2017, Granada signed a Memorandum of Understanding (MOU) with Canada Cobalt Works Inc. (TSXV:CCW), a non-arm's length sister company, for the consideration of processing 579Kt grading 4.24 g/t Au for ~75,000 oz (assuming 95% recovery). This includes an option to process an additional 2Mt of material over the next three years. Included in the MOU, is the agreement for CCW to install a 600tpd gravity flotation plant at one of its northern Ontario assets. Canada Cobalt is expected to release a follow-up study. Recall, a PFS, assuming a similar startup scenario, was released in 2014 outlining a potential "Rolling Start" at Granada utilizing a custom milling agreement at a rate of 550 tpd with IAMGOLD, which did not come to light, due primarily to delays in the Quebec permitting process. The 2014 PFS estimated ~25K oz/year for three years with an all-in sustaining cost (AISC) of US\$797/oz, with a post-tax NPV_{6%} of \$20M, an IRR of 139%, with CAPEX of \$6.7M. In our view, this is an important development; if Granada successfully pursues an agreement without the need for additional equity/debt to build a mill, it would be a solid starting point to achieve near-term cash flow. This would bode well to advance the project organically through further exploration/development expansion with minimal dilution.
- Mine life should not be problem.** On May 16, 2017, Granada released an updated mineral resource estimate, hosting 21.6Mt in-pit M&I grading 1.16 g/t Au for 808K oz Au, with another 10.4Mt underground Inferred mineral resource grading 4.56 g/t for 1.5M oz Au. The Company is already permitted for an initial open-pit operation (stockpiled material on site).
- Untested potential.** The LONG Bars zone included in the 2017 resource hosts 17.1M t grading 1.14 g/t Au for 625K oz. However, note that 80% of the LONG Bars area outside of the open-pit resource shell has not been explored yet, and remains open in all directions and at depth.
- Trades significantly lower than its peers.** At US\$6/oz, Granada trades at a significant discount compared to peers to a mean of US\$28/oz and a median of US\$19/oz.

Financial Analysis

- In February 2018, GGM completed a \$2.1M private placement at \$0.25/unit.** Each unit comprises one two-year warrant with a strike price of \$0.35/share. Proceeds are anticipated to be used towards surface exploration, trenching, and historical resampling of drill core.
- Canada Cobalt dividend to Granada shareholders.** In 2017, GGM announced the distribution of 10M of Canada Cobalt Works Inc. (TSXV:CCW) units to shareholders in 2.5M increments (including one warrant with a strike of \$0.10). The third dividend was distributed on February 27, 2018 - the last will be paid in 2019.

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Price Performance



Market Data (TSXV:GGM)

Price (March 1, 2018)	\$0.31
52 Week Range	\$0.20 - \$0.72
Market Cap (M)	\$18.2
Current Shares Outstanding (basic, M)	58.8
Current Shares Outstanding (fully diluted, M)	81.6
Free Float	96%
Average Daily Volume (3 months)	125K
Last Reported Debt (M)*	\$1.5
Last Reported Cash (M)*	\$0.4
Total Assets (M)*	\$4.6

Headquarters Rouyn-Noranda, QC, Canada

Top Shareholders

Marquest Asset Management Inc.	7%
Management & Insiders	3%

Management

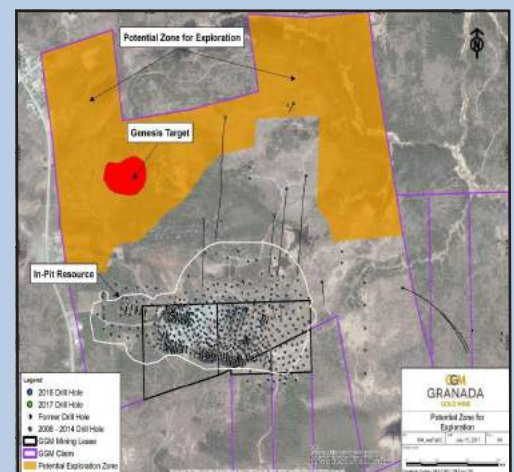
Frank J. Basa	President, CEO & Chairman
Thomas P. Devlin	CFO
Tina White	Corporate Secretary
Jacques F. Monette	Director
Ronald Goguen, Sr.	Director
Dianne Tookenay	Director

*As of Dec. 31, 2017

All figures in CAD unless otherwise stated.

Source: Company Reports, Thomson Reuters

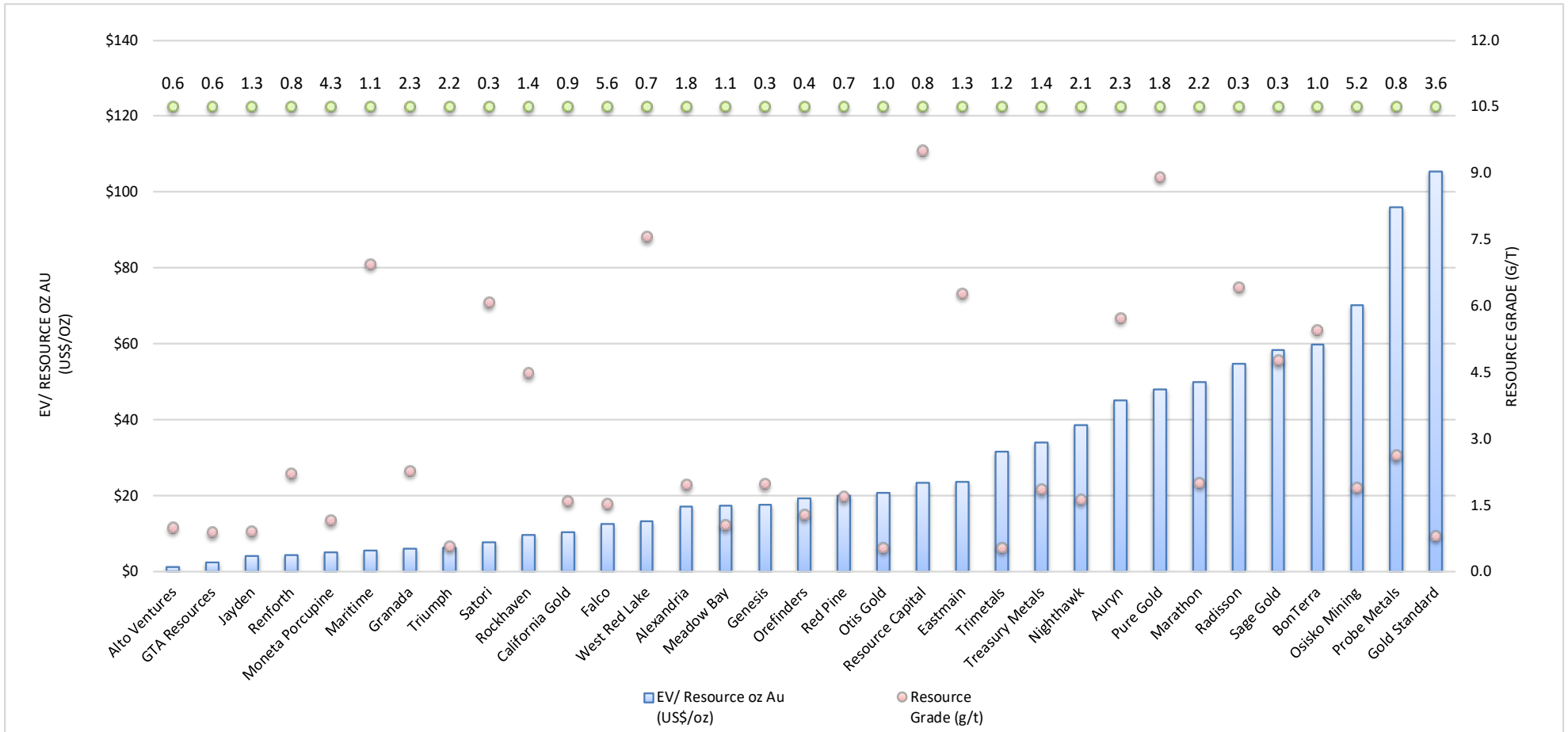
Genesis Target



Source: Company Presentation

Canadian and US Gold Developers

EV (US\$) / Resource oz Au



Source: Thomson Reuters, Ubika Research

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