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Mercenary Alert: Allegiant Advances Eastside

A Special Alert Musing from Mickey the Mercenary Geologist

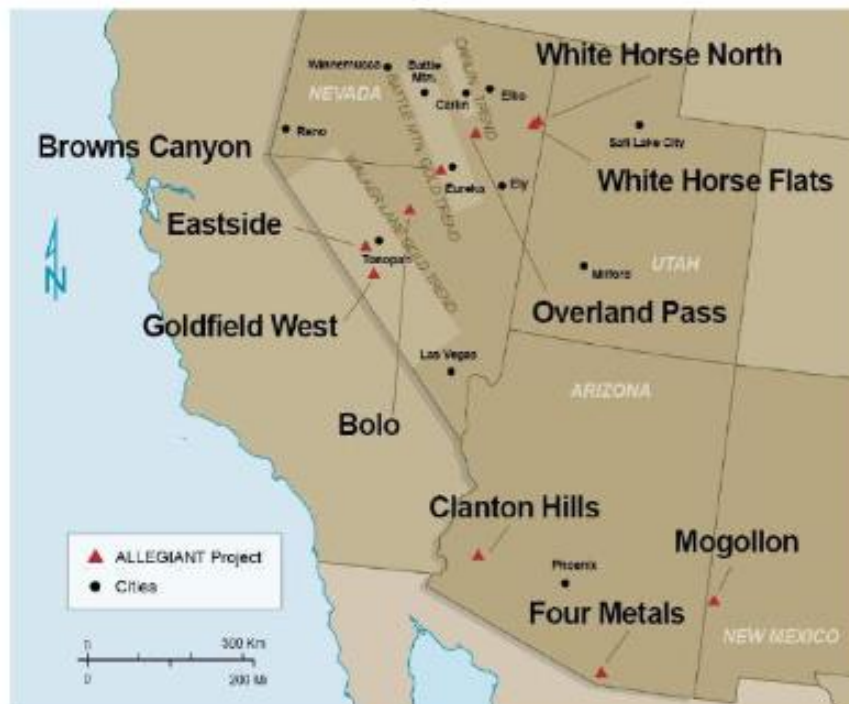
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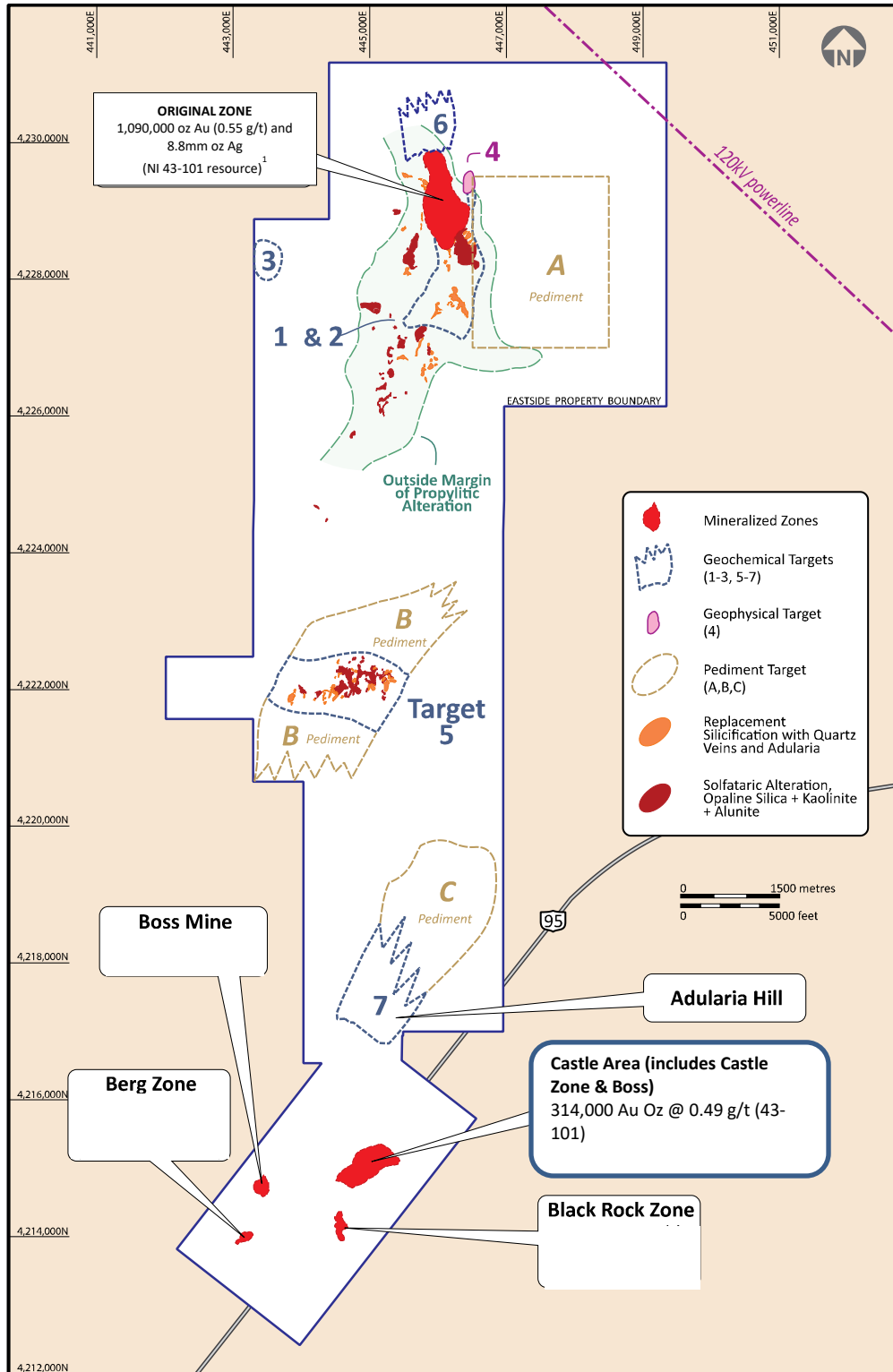
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[Allegiant Gold Ltd \(AUAU.V; AUXXF.OTCQX\)](#) has been a periodic website sponsor since it was created as a spinco by Columbus Gold in early 2018. The company is a hybrid prospect generator with exploration focus on its flagship Eastside project near Tonopah, Nevada. Allegiant owns 100% of 10 highly-prospective gold projects in the Western United States with seven located in the mining-friendly jurisdiction of Nevada. Four of Allegiant's projects are currently farmed-out and provide sufficient cash-flow to cover all general and administrative expenses.

This map shows project locations:



Today I update progress on the flagship Eastside project and additional company developments over the past year. Below is a map of the Eastside project that shows the 80 sq km of landholdings, known resource areas, and many untested targets:



Now on to the news:

In April and May of 2021, Allegiant completed a drilling program at Eastside that included 58 reverse circulation holes for 9690 meters.

Nine holes totaling 3800 meters were designed to expand in-pit resources and test for deeper mineralization at the Eastside Original Pit Zone while 49 holes totaling 5890 meters targeted the Castle Area around the past-producing Boss Pit 15 km to the south.

At the Original Pit Zone, gold mineralization was encountered in seven of the nine holes. The best hole intercepted 148 m of 2.55 g/t Au and ended in strong mineralization below the current in-pit resource. Assays in three other holes included 111.3 m of 1.45 g/t Au; 6.1 m of 1.48 g/t Au; and 15.2 m of 3.2 g/t Au. Significant silver mineralization was also found.

At the Castle Area, 47 of 49 holes encountered significant gold mineralization within 45 meters of the surface. Highlights included: 5 m of 1.85g/t Au; 14.0 m of 1.08 g/t Au; 4.5 m of 2.32 g/t Au; 3.6 m of 2.00 g/t Au; and 1.5 m of 3.86 g/t Au.

In July, AUAU acquired 84 claims from a private individual that are adjacent to and west of its core landholdings.

In August, the company announced a new 43-101 resource estimate that updated the Original Pit Zone and included Castle Zone / Boss Pit mineralization for the first time. Pit-constrained inferred resources using a cut-off grade of 0.15 g/t are: 61,730,000 tonnes at 0.55 g/t Au and 4.4 g/t Ag for 1,090,000 ounces gold and 8,700,000 ounces silver at the Original Pit Zone; and 19,986,000 tonnes at 0.49 g/t Au for 314,000 ounces gold in the Castle Area.

At this juncture, total inferred resources are 1.4 million oz gold and 8.7 million ounces silver. The Original Pit Zone remains open in all directions and at depth

Later that month, it closed a bought-deal private placement for \$5.0 million at 40c (12,500,000 shares) with a 70c half warrant expiring in two years.

More good news followed in September with BLM granting of expanded operating areas totaling over 3600 ac. The permits will allow road building and drill access to an additional 160 sites to the south and west of Original Zone resources and targets covered by shallow pediment gravels to the east.

In November, Allegiant Gold announced appointment of Chairman of the Board Gordon Bogden. Mr. Bogden is an engineer and geophysicist with a long career as an international financier, investment banker, and board director.

Also in November, the company commenced roadbuilding at Eastside in preparation for a late winter drill program at Eastside.

In early February 2022, Allegiant announced amendment of its Bolo option agreement with New Placer Dome Gold Corp (NGLD.V). That company did not incur sufficient exploration to meet its work commitment for 2021. In addition to \$400,000 in cash and \$250,000 in share payments made in December 2021, the new terms require additional payments to AUAU of \$250,000 in cash and \$150,000 in shares and \$1.5 million in 2022 exploration work to earn an initial 50.01% in the project.

In mid-month, the company announced completion of roadbuilding and commencement in March of a +12,000 meter drill program at Eastside that will include around 35 reverse circulation and seven core holes. New targets to be tested by shallow RC drilling are in the East Pediment and Western Anomaly areas. Diamond core drilling will test the recently discovered high-grade targets at the Original Pit Zone to an average depth of 600 meters.

Today, Allegiant Gold announced a strategic investment by Kinross Gold (KGC.NYSE, K:TSX) to acquire 9.9% of the company via a private placement of \$4.0 million with 10.0 million shares issued at 40 cents with a half warrant of 70 cents and expiry in two years. These funds will expedite exploration on high-grade gold mineralization at the Original Pit Zone.

Allegiant management and I determined to restart sponsorship last September; the six-month chart is shown below. The stock has been range-bound during the interim and even with today's announcement is still trading at around 40 cents. I attribute this to a general market disinterest in junior gold explorers.



When today's private placement announcement is closed, there will be 101.3 million shares outstanding for a current market capitalization of around \$40 million.

Let's do the math: Given 1.4 million ounces of gold resources in-the-ground, valuation is about \$28 per ounce. Folks, that is quite low compared to other Nevada gold explorers.

Recent developments at Eastside, including higher grade mineralization at depth, expanded permits, and strategic investment by major gold miner Kinross, are all potential game-changers for the project.

Note that my methodology assigns zero value to the company's nine other project holdings including four current option agreements with other junior explorers. Two of these, Bolo in east-central Nevada and the past-producing Mogollon district in southwestern New Mexico, have encountered significant precious metals mineralization during modern-day exploration.

Furthermore, option agreements generate annual cash flow and equity positions sufficient to pay for all the company's overhead including G&A and landholding costs.

In my opinion, Allegiant Gold Ltd is a well-managed hybrid prospect generator based in the world's premier gold province. It is sorely undervalued compared to its Nevada exploration peers.

With a major drill program set to commence on its flagship project, strategic investment by a major international gold mining company, ongoing option agreements for cash and shares, and a rising gold price, I can suggest that nigh is the time is to revisit AUAU.V as a speculative gold play.

That said, there is no doubt that my financial involvement colors my views on the company. You must do you own due diligence before speculating in any high risk financial instrument.

Ciao for now,

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The [Mercenary Geologist Michael S. "Mickey" Fulp](#) is a Certified Professional Geologist with a B.Sc. in Earth Sciences with honor from the University of Tulsa, and M.Sc. in Geology from the University of New Mexico. Mickey has 40 years of experience as an exploration geologist and analyst searching for economic deposits of base and precious metals, industrial minerals, uranium, coal, oil and gas, and water in North and South America, Europe, and Asia.

Mickey worked for junior explorers, major mining companies, private companies, and investors as a consulting economic geologist for over 20 years, specializing in geological mapping, property evaluation, and business development. In addition to Mickey's professional credentials and experience, he is high-altitude proficient, and is bilingual in English and Spanish. From 2003 to 2006, he made four outcrop ore discoveries in Peru, Nevada, Chile, and British Columbia.

Mickey is well-known and highly respected throughout the mining and exploration community due to his ongoing work as an analyst, writer, and speaker.

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