

# Marathon Gold Announces 2019 Fourth Quarter and Full-Year Results

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TORONTO, March 26, 2020 - [Marathon Gold Corp.](#) ("Marathon" or the "Company"; TSX: MOZ) today announces its financial results for the fourth quarter and full-year ("FY") 2019 and provides an update on the Company's activities at the Valentine Gold Project (the "Project") in Central Newfoundland and Labrador. Highlights are as follows (all figures are in Canadian dollars unless otherwise noted):

- Cash position of \$28.0 million at December 31, 2019;
- Approximately 60,000 metres of infill drilling completed at the Valentine Gold Project. An increase in Measured and Indicated Resources of 400,000 ounces to 3.1 Moz (54.9 Mt at 1.75 g/t), announced in January 2020;
- A Pre-Feasibility Study ("PFS") initiated. Ausenco Engineering Canada Inc. ("Ausenco") appointed as lead consultant. On schedule for completion in the second quarter of 2020;
- Environmental Assessment ("EA") initiated. Project descriptions filed with provincial and federal regulators. Environmental Impact Study ("EIS") under preparation and expected to be filed in the third quarter of 2020;
- 7,000 metres of exploration drilling completed within the "Sprite Corridor", leading to the recognition of a new area of "Main Zone" type mineralization, subsequently designated the "Berry Zone";
- Capital raising by way of the sale of a Net Smelter Returns royalty to Franco Nevada Corp. ("FNV NSR") in February 2019 (net proceeds of \$18.0 million) and the completion of a private placement of common share units in September 2019 (net proceeds of \$24.0 million); and
- Changes made to leadership team, with Matt Manson appointed President & CEO upon the retirement of Phill Walford, Hannes Portmann appointed to the role of CFO & Business Development, and additional strengthening in the areas of EA management, community engagement, and financial control.

Matt Manson, President and CEO, commented: "Like so many others, our priority at Marathon Gold at this time is the health and well being of our employees and contractors, and their families. In response to the COVID-19 emergency, and as reported on March 13th, we closed our exploration camp at the Valentine Gold Project in central Newfoundland early for its annual spring shutdown, and we have instigated work-from-home protocols for our salaried staff. We will continue on this basis until safe return-to-work protocols can be established. Our business, however, continues. With \$28 million at year end in treasury, critical path activities around the project's ongoing environmental assessment and engineering studies are ongoing. The preparation of our Environmental Impact Statement is proceeding, and we expect our Pre-Feasibility Study to be released shortly. This work is benefitting from the extensive drilling, engineering, and environmental data gathering already completed in 2019 and over the winter months. We are also excited about the exploration potential developing around our newly designated "Berry Zone" in the Sprite Corridor, and look forward to resuming our drilling there as soon as we can. Overall, Marathon's business is well positioned to emerge in good standing from the current global health and economic challenges."

## FINANCIAL PERFORMANCE

The results of operations for the fourth quarter and FY 2019 are summarized below:

(Stated in thousands of Canadian dollars)	Three Months Ended		For the Years Ended	
	December 31,	December 31,	December 31,	December 31,
	2019	2018	2019	2018

## EXPENSES

General and administrative expense	\$ 1,766	\$ 364	\$ 3,845	\$ 2,349
Exploration expense	1	1	24	23
Finance (income) / expense, net	(158 )	(11 )	(183 )	34
Other expense / (income)	830	(25 )	736	(59 )
Loss before tax	2,439	329	4,422	2,347
Deferred income tax expense	255	409	271	500
Net Loss	\$ 2,694	\$ 738	\$ 4,693	\$ 2,847
Capital expenditures	\$ 4,888	\$ 2,286	\$ 15,721	\$ 11,614

- General and Administrative (G&A) expense totaled \$1.8 million in the three months ended December 31, 2019, compared to \$0.4 million for the same period in 2018. The increase in G&A expense for the period was due primarily to an increase in salary and wages of \$0.5 million, resulting from the changes made to the Company's management team in the second half of 2019 coupled with 2019 performance bonuses being recognized in the period. Share based compensation increased by \$0.7 million and was related to stock options issued to new management. The balance of the increase was driven by higher professional fees and investor relations expenditures.
- For FY 2019, G&A totaled \$3.8 million compared to \$2.3 million for the same period in 2018. The increase in G&A expense for the period was due to an increase in salary and wages of \$0.6 million driven by the 2017, 2018, and 2019 performance bonuses all being recognized in 2019 and higher overall compensation costs as a result of the changes made to the Company's management team in the second half of 2019. Share based compensation increased by \$0.4 million due to an increase in stock options granted and professional fees also increased as a result of the Company's execution of the announced CEO succession plan.
- Finance (income) / expense totaled \$0.2 million in the three months and FY ended December 31, 2019. The increase in finance income relates primarily to an increase in interest income resulting from the investment of surplus cash, arising from the September 2019 private placement and FNV NSR sale, in interest-bearing bonds.
- Other expense / (income) totaled \$0.8 million and \$0.7 million in the three months and FY ended December 31, 2019, respectively. The increase in other expense for the period related to \$0.9 million in severance payments incurred with respect to the changes made to the Company's executive management team, offset partially by royalty income in the period.
- Capital expenditures totaled \$4.9 million in the three months ended December 31, 2019, compared to \$2.3 million for the same period in 2018. For FY 2019, capitalized expenditures totaled \$15.7 million compared to \$11.6 million for the same period in 2018. The increase in both the three month and FY period relates to the completion of Marathon's 2019 infill drilling program in support of the January 2020 mineral resource update, activities performed in regards to advancing the PFS, and ongoing work toward the completion of the EIS with respect to the Valentine Gold Project.

## FINANCIAL POSITION AND LIQUIDITY

As at December 31, 2019, the Company held \$28.0 million in cash and cash equivalents compared to \$3.7 million as at December 31, 2018.

### Sale of Net Smelter Returns Royalty to Franco Nevada Corp.

On February 21, 2019 Marathon completed the sale of the FNV NSR to Franco Nevada Corp. for gross and net proceeds of \$18.0 million. The FNV NSR applies to sales of precious and base metals and minerals from all the claims which comprise the Valentine Gold Project. The Company maintained the right to buy back 0.5% of the FNV NSR at a cost of US \$7.0 million, reducing the outstanding royalty to 1.5%, prior to December 31, 2022 giving Marathon the ability to reduce the royalty prior to a production decision.

The sale of the FNV NSR provided Marathon with sufficient resources to fund its 2019 infill drilling program at the Marathon and Leprechaun deposits and commence a PFS for the Project.

### Private Placement

On September 30, 2019 Marathon closed a bought deal private placement for aggregate gross proceeds of \$25.3 million and net proceeds of \$24.0 million consisting of the following securities:

- 11,570,000 common share units at a price of \$1.32 per unit, with each unit consisting of one common share and one-half of one warrant. Each whole warrant is exercisable at a price of \$1.60 per share and expires on September 30, 2021; and
- 5,420,000 flow-through share units at a price of \$1.85 per unit, with each unit consisting of one flow-through share and one-half of one warrant, with each whole warrant exercisable at a price of \$1.60 per share and expiring on September 30, 2021.

The September 2019 equity financing provided the Company with additional financial resources to complete the PFS, conduct ongoing environmental assessment and community engagement including an EIS, commence work on a definitive feasibility study on the Valentine Gold Project, and fund an \$8.9 million 2020 exploration program on the Company's 240 km<sup>2</sup> land package at the Project.

## OPERATIONAL SUMMARY

### COVID-19 Response

Consistent with other businesses globally, the Company's business could be significantly adversely affected by the effects of the widespread global outbreak of COVID-19. On March 13, 2020, Marathon announced that the Corporation elected to close the Valentine Gold Project camp for the annual spring break-up and maintenance period earlier than is typical based on historical weather patterns. The Valentine Gold Project is considered to be a remote work environment, and this decision was made with the well-being of our employees and contractors in mind, given the recent COVID-19 developments. At the same time, Marathon's corporate office was also closed with staff and executives working remotely until further notice.

While the Company continues to advance its Pre-Feasibility Study and work related to the Environmental Assessment, the timelines for future studies, permitting and exploration could be impacted depending on both the continued duration and severity of COVID-19. Beyond the potential impact to various schedules, the economic impact of COVID-19 could affect the company's ability to access capital markets and secure sufficient financing to move the project forward on previously planned timelines.

### Management Changes

Through 2019 and early 2020 Marathon made a number of changes to its management team as the Company moves from a primary focus on exploration activity to a focus on mine development, including: permitting, completion of technical and financial studies, sourcing project financing and, ultimately, the construction and operation of a mine. A summary of the management changes implemented to date is provided below:

- The appointment of Matt Manson as President and Chief Executive Officer in August 2019 as the successor to Phillip Walford upon Mr. Walford's retirement;
- The appointment of Hannes Portmann as Chief Financial Officer and Business Development in October 2019, replacing Jim Kirke;
- The appointment of James Powell as Director, Environment and Stakeholder Engagement;
- The appointment of Marco Galego as Controller and Treasurer; and
- The appointments of Mary Hatherly as Manager, Stakeholder Engagement, Tara Oak as Manager, Environmental Assessment, and Jessica Borysenko as Manager, GIS.

### Infill drilling program

Marathon's 2019 infill drilling program commenced in January 2019 and was completed in October 2019.

This program was carried out primarily on the main mineralized corridors of the Marathon and Leprechaun deposits.

Based on the success of the infill drilling program during the summer of 2019, Marathon increased the scope of the program by 14,000 metres from 44,800 metres to a total of 58,800 metres. The results of this drilling were incorporated into an updated mineral resource estimate for the Valentine Gold Project, which was announced on January 20, 2020.

Updated Mineral Resource Estimate, effective January 10, 2020

The January 2020 updated Mineral Resource Estimate was authored by John T. Boyd Company utilizing Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Standards on Mineral Resources and Reserves (2014). Peer review and risk analysis was completed by RPA Inc., who determined that the new resource models as presented for both the Leprechaun and Marathon Deposits are reasonable overall.

Highlights were as follows:

- Measured Mineral Resources of 31.69 million tonnes at an average grade of 1.86 g/t, representing 1.90 million ounces of gold.
- Indicated Mineral Resources of 23.17 million tonnes at an average grade of 1.60 g/t, representing 1.19 million ounces of gold; and
- Inferred Mineral Resources of 16.77 million tonnes at an average grade of 1.78 g/t, representing 0.96 million ounces of gold.

The January 2020 Valentine Gold Project Mineral Resource Estimate is based on a total database of over 270,000 metres drilled and 190,000 assays, approximately 25% of which have been processed by metallic screen. In-pit Mineral Resources have been determined by the Whittle method based on an estimate of their reasonable prospects for economic extraction, using certain assumptions for gold recovery, costs for mining, processing and sale, and a US\$1,300/oz gold price. All in-pit Mineral Resources apply a bottom cut-off of 0.30 g/t. Additional underground Mineral Resources are defined as material outside of the Whittle pit shell at a bottom cut-off of 1.663 g/t.

Readers are referred to the press release dated January 20, 2020 for more information relating to the updated Mineral Resource Estimate. Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, socio-political, marketing, or other relevant issues including risks set forth in in Marathon's Annual Information Form and other filings made with Canadian securities regulatory authorities and available at [www.sedar.com](http://www.sedar.com).

#### Exploration Drilling in the Sprite Corridor

In November 2019 Marathon completed a 7,000 metre exploration drill program over a 3 kilometre strike length of the 6 kilometre long "Sprite Corridor" between the Leprechaun and Marathon Deposits. The drilling confirmed the presence of stacked, en-echelon quartz-tourmaline-pyrite-Au ("QTP-Au") veining in a "Main Zone" type setting adjacent to the Valentine Lake Shear Zone. Drill highlights included VL-19-786 with 7.60 g/t Au over 22.0 metres, and VL-19-769 with multiple intersections of 1.63 g/t Au over 16.0 metres, 2.04 g/t Au over 9.0 metres, 4.33 g/t Au over 9.0 metres, 7.53 g/t Au over 5.0 metres, and 2.30 g/t Au over 15.0 metres (uncut gold assays in core lengths). As a result of this drilling, the area of "Section 13410E", subsequently designated the "Berry Zone", was highlighted for follow up work in 2020.

#### Pre-Feasibility Study

In September 2019, Marathon announced the appointment of Ausenco as the Lead Consultant for the Valentine Gold Project PFS. Moose Mountain Technical Services are acting as Mining Consultant, Golder Associates Ltd. as Tailings Consultant, Stantec Consulting Ltd. as Environmental Consultant and Terrane Geoscience Inc. as Geotechnical Consultant. Ausenco's initial activity was focused on the completion of trade-off studies with respect to the Valentine Gold Project's optimum scope and design, with an emphasis

on rate of return and initial capital cost. The 2018 Valentine Lake Technical Report outlined a mine plan with a combined 3 Mt/year mill and 3 Mt/year heap leach pad for mineral processing. The most significant outcome from the trade-off studies conducted was the decision to simplify the mine plan utilized in the PFS by removing the heap leach component, thus employing a single stream of material feeding a conventional mill. The rationale for this change included the potential to lower pre-production capital costs, to improve the project's rate of return, and to reduce its environmental footprint. Marathon is also evaluating the opportunity to initiate production utilizing a smaller capacity mill, exploiting the project's higher-grade near surface ore, followed by mill expansion to provide for higher longer-term throughput. On a relative basis, this approach is expected to lower pre-production capital costs, improve the project's rate of return and reduce its environmental footprint, all while retaining a strong gold production profile.

The PFS remains on schedule and is expected to be completed in the second quarter of 2020.

#### Environment and Stakeholder Engagement

Marathon filed an EA Registration/Project Description with the Newfoundland and Labrador and federal regulators on April 5, 2019, which was subsequently accepted into the formal EA review process on April 16, 2019. As expected, both levels of government determined that further EA work was required for the Valentine Gold Project in the form of an EIS. On August 1, 2019 Marathon was informed by the Canadian Environmental Assessment Agency ("CEAA") that the environmental assessment process for the Valentine Gold Project will proceed under the normal course and will not be subject to a panel review. EIS guidelines have now been issued by both levels of government, federally in June of 2019, provincially in January of 2020. Work on the EIS is ongoing and is expected to be filed in the third quarter of 2020.

Marathon commenced formal stakeholder engagement with impacted local communities and first nations groups in March 2019. Since this time, Marathon has conducted a series of community meetings and technical review sessions with the communities of Buchans, Buchans Junction, Millertown, Grand Falls-Windsor, Badger and Bishop's Falls, with the Qalipu and Maiwpukek (Conne River) First Nations, and with other interested governmental and non-governmental stakeholder groups. Additional stakeholder engagement and consultation activities are ongoing.

#### 2020 OUTLOOK

The majority of Marathon's activity with respect to the Valentine Gold Project for 2020 is in support of the completion of the PFS, the completion and submission of the EIS, and a focused exploration program targeted toward areas of the Valentine Gold Project that have seen limited historical drilling activity.

Marathon completed an updated mineral resource estimate for the property incorporating the results of the Company's extensive infill drilling program completed in the third quarter of 2019, which was communicated in a news release dated January 20, 2020.

Marathon's plan for the remainder of 2020 includes:

- Completion of the PFS, which is on track for completion in the second quarter of 2020;

- The completion of an exploration drilling program consisting of a total of 44,000 metres of drilling, focused on continued resource growth in areas of the property which have exhibited high potential in previous drilling, surface trenching or prospecting but have not been subjected to extensive drilling to date. These are:
  - I. A program of up to 32,000 metres at the Sprite Corridor, a broad area of approximately 6 kilometres between the Marathon and Leprechaun deposits with previously identified quartz-tourmaline-pyrite (QTP) gold veining. This area includes the newly designated Berry Zone, exhibiting "Main Zone" type stacked QTP-Au veining.
  - II. A further 12,000 metres of reconnaissance drilling in two areas located south of the Valentine Lake Shear Zone, following up on geochemical anomalies and surface occurrences of QTP veining. This will be the first drilling program focused on testing the potential for sedimentary rocks on the footwall side of the Valentine Lake Shear Zone to host economic gold mineralization.
- A program of prospecting and trenching with the potential for additional drilling at four areas where previous trenching has exposed occurrences of QTP-Au veining. This work will be focused on the Triangle Pond and Narrows areas, located to the northeast of the Marathon deposit; the Victory SW area adjacent to the Victory deposit; and the Rainbow area located at the southwest end of the Sprite Corridor;
- Completion and filing of the EIS, which is expected in the third quarter of 2020;
- Completion of additional environmental baseline work in support of environmental assessment, permitting, and engineering design activities;
- Commencement of work on a definitive feasibility study; and
- Ongoing stakeholder engagement and consultation activity.

## ACKNOWLEDGMENTS

Marathon acknowledges the financial support of the Junior Exploration Assistance Program, Department of Natural Resources, and Government of Newfoundland and Labrador.

## QUALIFIED PERSONS

Disclosure of a scientific or technical nature in this news release was prepared under the supervision of Robbert Borst, C-Eng, Marathon's Chief Operating Officer and Sherry Dunsworth, MSc., P.Geol. (NL), Marathon's Senior Vice President of Exploration. Mr. Borst and Ms. Dunsworth are Qualified Persons under National Instrument ("NI") 43-101.

## About Marathon

Marathon is a Toronto based gold company advancing its 100%-owned Valentine Gold Project located in central Newfoundland and Labrador, one of the top mining jurisdictions in the world. The Valentine Gold Project comprises a series of mineralized deposits along a 20-kilometre system of gold bearing Quartz-Tourmaline-Pyrite veins. The project is accessible by a year-round road and is in close proximity to the provincial electrical grid. To date, four gold deposits have been delineated, including the large Leprechaun and Marathon Deposits. An October 2018 Preliminary Economic Assessment showed the project to be amenable to open pit mining and conventional milling over a twelve-year mine life. Total Mineral Resources currently comprise Measured Mineral Resources of 1.90 Moz (31.69 Mt at 1.86 g/t Au), Indicated Mineral Resources of 1.19 Moz (23.17 Mt at 1.60 g/t Au) and Inferred Mineral Resources of 0.96 Moz (16.77 Mt at 1.78 g/t Au). For more information on the Valentine Gold Project, readers are referred to the technical report prepared in accordance with the requirements of NI 43-101 dated October 30, 2018 and the press release dated January 20, 2020 for further details and assumptions relating to the project.

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To find out more information on [Marathon Gold Corp.](http://www.marathon-gold.com) and the Valentine Gold Project, please visit [www.marathon-gold.com](http://www.marathon-gold.com).

#### Cautionary Statement Regarding Forward-Looking Information

*Certain information contained in this news release constitutes forward-looking information within the meaning of Canadian securities laws ("forward-looking statements"). All statements in this news release, other than statements of historical fact, which address events, results, outcomes or developments that Marathon expects to occur are forward-looking statements. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects", "anticipates", "plans", "believes", "estimates", "considers", "intends", "targets", or negative versions thereof and other similar expressions, or future or conditional verbs such as "may", "will", "should", "would" and "could". More particularly and without restriction, this press release contains forward-looking statements and information about future exploration and mine plans, objectives and expectations of Marathon, future pre-feasibility and feasibility studies and environmental impact statements and the*

*timetable for completion and content thereof and statements as to management's expectations with respect to, among other things, the matters and activities contemplated in this news release.*

*Forward-looking statements involve known and unknown risks, uncertainties and assumptions and accordingly, actual results and future events could differ materially from those expressed or implied in such statements. You are hence cautioned not to place undue reliance on forward-looking statements. In respect of the forward-looking statements and information concerning the interpretation of exploration results and the impact on the project's mineral resource estimate, Marathon has provided such statements and information in reliance on certain assumptions it believes are reasonable at this time, including assumptions as to the continuity of mineralization between drill holes. A mineral resource that is classified as "inferred" or "indicated" has a great amount of uncertainty as to its existence and economic and legal feasibility. It cannot be assumed that any or part of an "indicated mineral resource" or "inferred mineral resource" will ever be upgraded to a higher category of mineral resource. Investors are cautioned not to assume that all or any part of mineral deposits in these categories will ever be converted into proven and probable mineral reserves.*

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