

# Marathon Gold Announces 2020 Third Quarter Results

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TORONTO, Nov. 09, 2020 - [Marathon Gold Corp.](#) (NYSE: Marathon; or the Company; TSX: MOZ) today announces its financial results for the third quarter ending September 30, 2020 and provides an update on the Company's activities at the Valentine Gold Project (the Project) in central Newfoundland.

## Third Quarter Highlights

- On September 29, 2020, filed the Environmental Impact Statement (EIS) for the Valentine Gold Project. Over an initial 30-day review period, the Impact Assessment Agency of Canada assessed the EIS for conformity with federal guidelines issued in July 2019 and, in early November, determined that the EIS is in conformance. As a result, the EIS has now been accepted into the formal federal and provincial technical review processes;
- Continued Marathon's successful drill exploration program within the 6 kilometre Sprite Corridor at the Project. The Sprite Corridor includes the new Berry Zone where multiple intercepts of significant Main Zone type gold mineralization have now been reported;
- On August 24, 2020, announced an additional 8,000 metres of in-fill drilling at the Berry Zone, bringing the total budgeted 2020 exploration drill program to 52,000 metres. The new in-fill program will support a mineral resource estimate at Berry scheduled for early 2021.
- Through September 30, 2020, completed 33,637 metres of exploration drilling at the Project comprising 20,400 metres in the Sprite Corridor including Berry, 2,260 metres at the Narrows prospect located northeast of the Marathon Deposit, and 10,977 metres in Footwall Areas 1 & 2 located south of the Valentine Lake Shear Zone;
- Completed a series of geotechnical, hydrogeological and metallurgical bridging activities in anticipation of the commencement of the Project Feasibility Study (FS), which was announced on August 20, 2020;
- Significantly increased its team strength with the appointment of Mr. Tim Williams as Chief Operating Officer and Mr. Paolo Toscano as VP, Projects;
- Continued the Company's community and stakeholder engagement meetings in the central region of Newfoundland, and announced a series of investments in local development projects as well as financial assistance for certain COVID-19 response initiatives focussed on food security, providing support for vulnerable populations, and local service organisations; and
- Marathon closed the quarter with cash and cash equivalents of \$50.10 million.

Matt Manson, President and CEO commented: "During the third quarter we made steady progress with our project development activities at the Valentine Gold Project. The filing of our EIS in September with the federal and provincial regulators, and its subsequent acceptance into the formal review process, was a significant milestone for us. With the EIS review process now underway, we remain on track with our overall project development timeline, which anticipates construction commencing in early 2022 and first gold production in 2023. In support of this schedule, we have now commenced the formal FS study, and added two senior engineers in Tim Williams and Paolo Toscano to lead our project execution."

Mr. Manson continued: "In parallel with the project development work, we have been very pleased with the progress being made in our exploration drilling at the new Berry Zone. Drill intercepts such as 3.33 g/t Au over 120 metres (VL-20-833, news release dated July 22, 2020), 1.47 g/t Au over 111 metres (VL-20-838, news release dated September 8, 2020) and 2.61 g/t Au over 85 metres (VL-20-873, news release dated October 21, 2020) are some of the best intercepts returned at the Valentine Gold Project. We now believe we are delineating a significant Main Zone of concentrated quartz-tourmaline-pyrite-gold mineralization over a 650 metres strike extent at Berry, and recent step-out drill results have demonstrated an overall gold mineralizing system of up to 1.5 kilometres in length. We expect to announce additional drill results from this drill program through the fourth quarter and to complete the first mineral resource estimate for Berry in the first quarter of 2021."

## Financial Performance

The results of operations for the third quarter are summarized below (all figures are in Canadian dollars unless otherwise noted):

(Stated in thousands of Canadian dollars)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
<b>EXPENSES</b>				
General and administrative expense	\$ 1,619	\$ 734	\$ 4,766	\$ 2,079
Exploration expense	25	24	25	24
Finance (income) / expense, net	(29 )	77	(183 )	(26 )
Other income	(33 )	(40 )	(112 )	(94 )
Loss before tax	1,582	795	4,496	1,983
Deferred income tax expense / (recovery)	499	(177 )	(352 )	16
Net Loss	\$ 2,081	\$ 618	\$ 4,144	\$ 1,999
Capital expenditures	\$ 5,494	\$ 5,430	\$ 12,250	\$ 10,834

Three months ended September 30, 2020:

- General and administrative expenses increased from \$0.73 million to \$1.62 million. The principal components of this increase are set out below:
  - Salaries and wages increased from \$0.19 million to \$0.47 million, reflecting higher overall compensation costs as a result of the additions made to the Company's management team in the second half of 2019 and throughout 2020.
  - Share-based compensation expense increased from \$0.19 million to \$0.59 million in the quarter, resulting primarily from a \$0.37 increase in the deferred share unit (DSU) liability resulting from the increase in the Company's share price between the end of the second and third quarter of 2020. A total of 1,500,000 options were granted in the three months ended September 30, 2020.
  - Investor relations and corporate communications expenses increased from \$0.06 million to \$0.18 million, reflecting increased investor and corporate communication initiatives, including engagement with stakeholders in the local communities around the Valentine Gold Project, and the Company hosting a virtual Annual and Special meeting of shareholders in August 2020.
- Finance (income) / expense, net increased from an expense of \$0.08 million to income of \$0.03 million, as the prior-year quarter included finance expense of \$0.15 million related to the bought deal private placement in the third quarter of 2019. The impact of the reduction of this expense was offset partially by \$0.02 million lower interest income in the quarter, as the interest rate earned on surplus cash balances decreased in the third quarter of 2020 relative to the prior-year quarter.
- Other income decreased from \$0.04 million to \$0.03, resulting from an decrease in royalty income due to decreased tonnes mined and grade at the Golden Chest Mine, where the Company holds a 2% net smelter returns royalty, offset partially by higher gold prices.
- Capital expenditures were consistent with the prior year, excluding working capital movements. The focus in the third quarter of 2020 was completion of the EIS and bridging phase activities related to the initiation of the FS, as well as exploration drilling, while in 2019 the focus was mainly exploration drilling. During the third quarter of 2020, exploration drilling continued to be the largest capital expenditure of the Company, with significant progress made towards completion of its 2020 exploration drill program.

Nine months ended September 30, 2020:

- General and administrative expenses increased from \$2.08 million to \$4.77 million. The principal components of this increase are set out below:
  - Salaries and wages increased from \$0.67 million to \$1.92 million, reflecting higher overall compensation costs as a result of the additions made to the Company's management team in the second half of 2019 and throughout 2020, as well as \$0.50 million severance costs incurred during the nine months ended September 30, 2020.
  - Share-based compensation expense increased from \$0.46 million to \$1.42 million, resulting from an increase of \$0.52 million in stock option expense, related to vesting of options on completion of the Pre-Feasibility Study (PFS) and 2020 employee option grants, and a \$0.44 increase in the DSU liability resulting from the increase in the Company's share price in the nine months ended September 30, 2020. A total of 4,675,000 options were granted in the nine months ended September 30, 2020.
  - Investor relations and corporate communication expenses increased from \$0.17 million to \$0.39 million, reflecting increased investor and corporate communication initiatives.
- Finance income, net increased from \$0.03 million to \$0.18 million primarily as a result of a \$0.15 million decrease in other finance expense related to the bought deal private placement in the third quarter of 2019 and an increase in interest income from \$0.16 million to \$0.20 million as Marathon invested surplus cash from the September 2019 and May 2020 equity financings in interest-bearing deposits.
- Other income increased from \$0.09 million to \$0.11 million, resulting from an increase in royalty income due to higher gold prices and increased tonnes mined at the Golden Chest Mine.
- Capital expenditures increased from \$10.83 million to \$12.25 million, excluding working capital movements, with the increase reflecting the continued advancement of the Valentine Gold Project including: the completion of the updated January 2020 Mineral Resource Estimate and the April 2020 PFS; the completion of bridging phase activities related to the initiation of the FS; the completion of the EIS, including various underlying environmental studies and community initiatives; and continued exploration drilling.

#### Qualified Person

Scientific and technical information contained in this news release was reviewed and approved by James Powell, P.Eng (NL), VP of Regulatory and Government Affairs and Nicholas Capps, P.Geo. (NL), Project Manager for exploration at the Valentine Gold Project. Exploration data quality assurance and control for Marathon is under the supervision of Jessica Borysenko, P.Geo (NL), GIS Manager for [Marathon Gold Corp.](#) . Mr. Powell, Mr. Capps and Ms. Borysenko are Qualified Persons in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects (NI 43-101) and have approved the technical content of this MD&A. Marathon's mineral resources and mineral reserves have been calculated in accordance with the standards of the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) and in accordance with the requirements of NI 43-101. Mineral resources which are not mineral reserves do not have demonstrated economic viability. Mineral resources are reported inclusive of mineral reserves. Information on data verification performed on, and other scientific and technical information relating to, the Valentine Gold Project are contained in the AIF and the current technical report for the Valentine Gold Project prepared in accordance with NI 43-101 titled NI 43-101 Technical Report & Pre-Feasibility Study on the Valentine Gold Project, Newfoundland and Labrador, Canada; dated April 21, 2020 with an effective date of April 18, 2020 and prepared by Ausenco Engineering Canada (the 2020 Valentine Technical Report) available at [www.sedar.com](#).

#### Acknowledgments

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

#### About Marathon

Marathon (TSX:MOZ) is a Toronto based gold company advancing its 100%-owned Valentine Gold Project located in the central region of Newfoundland and Labrador, one of the top mining jurisdictions in the world. The Project comprises a series of four mineralized deposits along a 20-kilometre system. An April 2020 Pre-Feasibility Study outlined an open pit mining and conventional milling operation over a twelve-year mine life with a 36% after-tax rate of return. The Project has estimated Proven Mineral Reserves of 1.3 Moz (26.3 Mt at 1.52 g/t) and Probable Mineral Reserves of 0.6 Moz (14.8 Mt at 1.23 g/t). Total Measured Mineral

Resources (inclusive of the Mineral Reserves) comprise 1.9 Moz (31.7 Mt at 1.86 g/t) with Indicated Mineral Resources (inclusive of the Mineral Reserves) of 1.19 Moz (23.2 Mt at 1.60 g/t). Additional Inferred Mineral Resources are 0.96 Moz (16.77 Mt at 1.78 g/t Au). Please see the Technical Report dated April 21, 2020 for further details and assumptions relating to the Valentine Gold Project.

For more information, please contact:

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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. We provide forward-looking statements for the purpose of conveying information about our current expectations and plans relating to the future, and readers are cautioned that such statements may not be appropriate for other purposes. More particularly and without restriction, this news release contains forward-looking statements and information about Marathon's economic analyses for the Valentine Gold Project, capital and operating costs, processing and recovery estimates and strategies, future exploration and mine plans, objectives and expectations and corporate planning of Marathon, future 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. 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.

By its nature, this information is subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved. Factors that could cause future results or events to differ materially from current expectations expressed or implied by the forward-looking statements include availability of financing to fund Marathon's exploration and development activities, the ability of the current exploration program to identify and expand mineral resources or mineral reserves, operational risks in exploration and development for gold, delays or changes in plans with respect to exploration or development projects or capital expenditures, uncertainty as to calculation of mineral resources or mineral reserves, changes in commodity and power prices, changes in interest and currency exchange rates, the ability to attract and retain qualified personnel, inaccurate geological and metallurgical assumptions (including with respect to the size, grade and recoverability of mineral resources), changes in development or mining plans due to changes in logistical, technical or other factors, title defects, government approvals and permits, cost escalation, changes in general economic conditions or conditions in the financial markets, environmental regulation, operating hazards and risks, delays, taxation rules, competition, public health crises such as the COVID-19 pandemic and other uninsurable risks, liquidity risk, share price volatility, dilution and future sales of common shares, aboriginal claims and consultation, cybersecurity threats, climate change, delays and

other risks described in Marathon's documents filed with Canadian securities regulatory authorities.

You can find further information with respect to these and other risks in Marathon's Amended and Restated Annual Information Form for the year ended December 31, 2019 ( the AIF) and other filings made with Canadian securities regulatory authorities available at [www.sedar.com](http://www.sedar.com). Other than as specifically required by law, Marathon undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results otherwise.

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