

# Marathon Gold Provides Update on Development Plans for the Valentine Gold Project

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TORONTO, April 12, 2022 - [Marathon Gold Corp.](#) ("Marathon" or the "Company"; TSX: MOZ) is pleased to provide an update on development planning for the Valentine Gold Project located in the central region of Newfoundland and Labrador (the "Project"). In this news release, Marathon is providing guidance on remaining regulatory approvals and permitting, the Project's execution strategy and schedule, mineral resources and mine planning, capital and operating cost outlook, and project financing. Highlights are as follows:

- Provincial Environmental Assessment ("EA") completed. Federal EA approaching a ministerial decision. Site-specific permitting commenced.
- Subject to this regulatory schedule, site early works to commence in the third quarter, supporting full site mobilization by the end of the year and first gold pour in late 2024.
- Updated Mineral Resource estimate ("MRE") to be completed by mid-year, incorporating the 2021 Reverse Circulation ("RC") drilling at the Marathon and Leprechaun Deposits and 100,000 metres of exploration drilling at the Berry Deposit. An overall increase in open-pit Measured plus Indicated Mineral Resources is anticipated.
- Life-of-mine capital and operating costs are estimated to have increased by between 15% and 20% compared to the April 2021 Feasibility Study, in line with market trends.
- New technical report to be prepared for the fourth quarter of this year, incorporating the new MRE, new production schedule, updated capital and operating costs, and higher gold price environment.
- US\$185 million term loan credit facility closed and available for draw in alignment with Marathon's project development strategy.

Matt Manson, President and CEO, commented: "Following the recent provincial Cabinet approval of the Valentine Gold Project, and the closing of our US\$185 million term loan credit facility, we are providing guidance today on the development path for the Project for the remainder of this year and into principal construction. Upon the receipt of final regulatory approvals and site permits we intend to start early works activities in the third quarter of this year. This will support a schedule for first gold production in late 2024. At the same time, we will work to complete a new technical report and production schedule for the Project, for release later this year. This will incorporate a new project-wide mineral resource estimate, the most robust completed to date, that is expected to show an estimate of open-pit Measured plus Indicated Mineral Resources that is both larger and better constrained. The new technical report will also reflect the impact of both the higher capital and operating cost environment on the Project and the higher gold price environment. The net result of this program of work will be a Project permitted for construction, with site development activities underway, and a new longer-term vision for Atlantic Canada's largest gold mine."

## Environmental Assessment and Permitting

On March 17, 2022, the Project received approval by the Cabinet of the Government of Newfoundland and Labrador, marking the completion of the provincial EA process. This has allowed Marathon to commence permitting for site activities pertaining to provincial jurisdiction, including the acquisition of the Project's Mining Lease.

Concurrently, Marathon received formal notification from the Impact Assessment Agency of Canada ("IAAC") overseeing the federal EA process that it had completed its technical review of the Project's Environmental Impact Statement. This allows IAAC to complete and issue a draft EA Report for the Project, which will be available for public comment for 30 days. This is expected shortly. On the completion of this review period, the Minister of Environment and Climate Change Canada will be in a position to make a determination on the acceptability of the Project for development. Approval either directly by the federal Minister or, if he directs, in federal cabinet, would represent the completion of the federal EA process and allow permits to be acquired on site activities pertaining to federal jurisdiction.

Marathon anticipates completion of the federal EA process and the receipt of sufficient permits to allow site construction activities to commence in the third quarter of this year, as per previous guidance.

### Execution Strategy and Schedule

2022 third quarter site activities are expected to include the upgrading of the Project's access road and bridges from Millertown, construction of a 120 bed temporary construction camp, tree cutting and grubbing, pad development, and the installation of communications infrastructure. Mine pre-development at the Leprechaun Deposit will commence concurrently to provide construction materials. The Project's main accommodation camp, which was purchased in 2021, is expected to be installed before the end of the year along with temporary workshops and warehousing. Once these early works have been achieved, principal site mobilization for the construction of the mill, major facilities, and the Tailings Management Facility will commence by the end of the year. This schedule supports first gold pour by the end of 2024. Full site mobilization will be subject to a construction decision by the Board of Director's following the receipt of all regulatory approvals.

Project execution will be by way of an integrated team of specialized contractors under the overall management of Marathon's project development team based in Grand Falls-Windsor, NL. Contracts for engineering, procurement and construction management roles are expected to be finalized shortly. Marathon will not proceed with a fixed price Engineering, Procurement and Construction contract (commonly referred to as "EPC") for the Project's mill and major facilities, as was previously guided. Marathon believes an integrated team strategy provides an overall lower risk approach in the current construction environment, and allows for better site coordination, initiative on potential cost and schedule efficiencies and, ultimately, better project delivery.

### Mineral Resources and Mine Plan

During 2021 Marathon completed an approximately 12,000 metres RC drill program at the Leprechaun and Marathon Deposits, and completed approximately 70,000 metres of new exploration diamond drilling at the Berry, Victory and Sprite Deposits.

The 2021 RC drill program was undertaken to test the Project's Mineral Reserve block model within the Phase 1 pits of the Project's mine plan (see *Marathon news release dated February 23, 2022*). The program gave good insight into areas of the block models that may be variously understated or overstated in gold content. It also provided strong confidence in the continuity and orientation of the Quartz-Tourmaline-Pyrite-Au veins that host the Project's gold mineralization.

The 2021 exploration program was focussed principally on in-fill drilling at the Berry Deposit. An April 2021 maiden mineral resource estimate at Berry comprised 638,700 oz of Inferred Mineral Resources (11.33 Mt at 1.75 g/t Au) based on approximately 42,000 metres of drilling completed to the end of November 2020 (see *Marathon news release dated April 21, 2021*). By the end of November 2021 approximately 100,000 metres of drilling had been completed over the full 1.5 kilometres of the Berry Deposit's length. Fire assays for approximately 93,000 metres of this drilling have been received and published, with the final data expected to be released shortly.

These new RC and diamond drilling data will be incorporated into a new MRE for the Project by mid-year. The estimate will be based primarily on metallic screen fire assays, as with previous convention, and utilize new, better constrained geological models for each deposit. Marathon expects that this work will result in an increase in the quantity and confidence of Mineral Resources at the Berry Deposit. At the same time, tighter constraints on the modelling of mineralised volumes prompted by the 2021 RC work is expected to result in a decrease in tonnes and ounces at the Marathon Deposit. Minimal changes are expected at the Leprechaun Deposit. At present, and subject to the completion of the MRE, the aggregate result of this work is expected to be an increase in the overall quantity of open pit Measured plus Indicated Mineral Resources and a decrease in Inferred Mineral Resources at the Project.

Following the MRE work, Marathon will complete a new NI 43-101 technical report for the Project, which will constitute an updated Feasibility Study (the "Updated FS"). This will reflect the updated MRE, an updated production schedule, the development schedule, and the current capital and operating cost environment.

Marathon will also re-assess the optimum pit size for each deposit in the light of a sustained higher gold price environment since the pits were first designed in 2020. No changes are expected in processing and facilities design, infrastructure, mining methodology or tailings deposition strategy. The Updated FS is expected to be completed by the fourth quarter of the year.

### Capital and Operating Cost Outlook

The Project's April 2021 Feasibility Study ("FS") estimated an initial capital cost of C\$305 million, total life-of-mine ("LOM") capital costs of C\$662 million, total cash operating costs of US\$704/oz and all-in sustaining costs ("AISC") of US\$833/oz. Since this time significant cost inflation and construction market volatility has impacted major capital projects globally. Based on the Project's current scope and development timeline, Marathon forecasts that LOM capital costs at the Project will be between 15% and 20% higher than previously estimated principally due to higher materials costs and contractor rates. Cash operating costs and AISC are similarly estimated to be approximately 15% and 20% higher, principally due to higher consumables costs and labour rates. The April 2021 FS financial analysis (as well as the underlying estimates for Mineral Resources and Mineral Reserves) utilized a gold price assumption of US\$1500/oz and a US\$:C\$ exchange rate assumption of 0.75. The Updated FS will contain a re-estimate of the Project's capital and operating costs, and a gold price and exchange rate assumption reflecting the current market. Marathon also intends to re-characterize certain capital costs that were previously captured as early sustaining capital items to initial capital cost. This will increase the initial capital cost but reduce AISC and de-risk the Project's ramp-up to positive cash-flow.

### Project Financing

Marathon announced the closing of its US\$185M term loan credit facility with Sprott Private Resource Lending II (Collector-2) LP (the "Facility") on March 31, 2022. The proceeds of the Facility are to be used for the Project's development costs and working capital requirements. The balance of the Project's construction costs, working capital requirements, overrun funding provisions, corporate and financing costs, and exploration costs will be funded from existing cash reserves and new equity. At March 31, 2022, Marathon had cash and cash equivalents of approximately C\$73 million.

Other than the Facility and equity funding, Marathon does not contemplate completing any additional debt, royalty, streaming, or gold offtake arrangements to finance the Project. An existing 2% net smelter returns royalty is held by Franco-Nevada Corporation, with a right in Marathon's favour to repurchase 0.5% for US\$7 million before December 31, 2022. On March 14, 2022 Marathon announced the purchase for cancellation of a 7.5% net profit interest royalty on certain mineral resource areas of the Project from the Reid Newfoundland Company Limited. Equipment-lease carve outs of approximately US\$110 million are permitted under the terms of the Facility, and will be used to finance mobile and drilling equipment during the life of the Project.

### Qualified Persons

Disclosure of a scientific or technical nature in this news release has been approved by Mr. Tim Williams, FAusIMM, Chief Operating Officer of Marathon, Mr. Paolo Toscano, P.Eng. (Ont.), Vice President, Projects for Marathon, Mr. James Powell, P.Eng. (NL), Vice President, Regulatory and Government Affairs for Marathon, and Mr. David Ross, P.Geo. (Ont), Director of Mineral Resources for [Marathon Gold Corp.](#) The Qualified Person responsible for the preparation of the April 2021 Mineral Resource estimate for the Berry Deposit is Robert Farmer, P.Eng. of John T Boyd Company. Mr. Farmer is considered to be "independent" of Marathon and the Valentine Gold Project for purposes of NI 43-101.

### 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 five mineralized deposits along a 20-kilometre system. An April 2021 Feasibility Study outlined an open pit mining and conventional milling operation over a thirteen-year mine life with a 31.5% after-tax rate of return. The Project has estimated Proven Mineral Reserves of 1.40 Moz (29.68 Mt at 1.46 g/t) and Probable Mineral Reserves of 0.65 Moz (17.38 Mt at 1.17 g/t). Total Measured Mineral Resources (inclusive of the Mineral Reserves) comprise 1.92 Moz (32.59 Mt at 1.83 g/t) with Indicated

Mineral Resources (inclusive of the Mineral Reserves) of 1.22 Moz (24.07 Mt at 1.57 g/t). Additional Inferred Mineral Resources are 1.64 Moz (29.59 Mt at 1.72 g/t Au). Please see Marathon's Annual Information Form for the year ended December 31, 2021 and other filings made with Canadian securities regulatory authorities and available at [www.sedar.com](http://www.sedar.com) 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://Marathon Gold Corp.) 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 the FS and the results therefrom (including IRR, NPV<sub>5%</sub>, Capex, FCF, AISC and other financial metrics), the realization of mineral reserve and mineral resource estimates, the future financial or operating performance of the Company and the Project, capital and operating costs, the ability of the Company to obtain all government approvals, permits and third-party consents in connection with the Company's exploration, development and operating activities, the potential impact of COVID-19 on the Company, the Company's ability to successfully advance the Project and anticipated benefits thereof, economic analyses for the Valentine Gold Project, processing and recovery estimates and strategies, future exploration and mine plans, objectives and expectations and corporate planning of Marathon, future 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 concerning the interpretation of exploration results and the impact on the Project's mineral resource estimate, the Company has provided such statements 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.*

*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 risks and uncertainties relating to the interpretation of drill results, the geology, grade and continuity of mineral deposits and conclusions of economic evaluations; uncertainty as to estimation of mineral resources; inaccurate geological and metallurgical assumptions (including with respect to the size, grade and recoverability of mineral resources); the potential for delays or changes in plans in exploration or development projects or capital expenditures, or the completion of feasibility studies due to changes in logistical, technical or other*

*factors; the possibility that future exploration, development, construction or mining results will not be consistent with the Company's expectations; risks related to the ability of the current exploration program to identify and expand mineral resources; risks relating to possible variations in grade, planned mining dilution and ore loss, or recovery rates and changes in project parameters as plans continue to be refined; operational mining and development risks, including risks related to accidents, equipment breakdowns, labour disputes (including work stoppages and strikes) or other unanticipated difficulties with or interruptions in exploration and development; risks related to the inherent uncertainty of production and cost estimates and the potential for unexpected costs and expenses; risks related to commodity and power prices, foreign exchange rate fluctuations and changes in interest rates; the uncertainty of profitability based upon the cyclical nature of the mining industry; risks related to failure to obtain adequate financing on a timely basis and on acceptable terms or delays in obtaining governmental or other stakeholder approvals or in the completion of development or construction activities; risks related to environmental regulation and liability, government regulation and permitting; risks relating to the Company's ability to attract and retain skilled staff; risks relating to the timing of the receipt of regulatory and governmental approvals for continued operations and future development projects; political and regulatory risks associated with mining and exploration; risks relating to the potential impacts of the COVID-19 pandemic on the Company and the mining industry; changes in general economic conditions or conditions in the financial markets; and other risks described in Marathon's documents filed with Canadian securities regulatory authorities, including the Annual Information Form for the year ended December 31, 2021.*

*You can find further information with respect to these and other risks in Marathon's Annual Information Form for the year ended December 31, 2021 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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