

Marathon Gold Announces 2021 First Quarter Results

12.05.2021 | [GlobeNewswire](#)

TORONTO, May 12, 2021 - [Marathon Gold Corp.](#) ("Marathon" or the "Company"; TSX: MOZ) today announces its financial results for the first quarter ending March 31, 2021 and provides an update on the Company's activities at the Valentine Gold Project (the "Project") located in central Newfoundland.

First Quarter Highlights

- Completed the Feasibility Study for the Project confirming robust economics for a conventional open pit mining and milling operation, with low initial capital cost and high rate of return over a 13-year mine life. After-tax Internal Rate of Return was 31.5% and Net Present Value at a 5% discount rate was C\$600 million (US\$450 million) at US\$1,500/oz gold, increasing to 42.2% and C\$868 million (US\$651 million) at US\$1,750/oz gold;
- Subsequent to the end of the quarter, the Company released the results of the maiden mineral resource estimate for the new Berry Deposit. Inferred Mineral Resources of 638,700 oz (11.33 Mt at 1.75 g/t Au) were estimated based on 42,000 metres of drilling completed to the end of November 2020;
- On May 6, 2021, the Company announced an additional 50,000 metres of drilling to be completed at the Berry Deposit. Together with drilling completed in 2020, and the 30,000 metres of drilling already budgeted for 2021, this will bring the total drilling inventory at Berry to approximately 120,000 metres by mid-2022, sufficient to establish Berry's resource potential over its full 1.5 kilometre long extent. The Company will also commence a Reverse Circulation drill program of approximately 8,000 metres for resource reconciliation and grade control at the Leprechaun and Marathon Deposits;
- At March 31, 2021, the Company had completed 15,233 metres of its initially budgeted 52,000 metre 2021 exploration program. A total of 13,695 metres were drilled in the Berry Deposit;
- Consistent with the Environmental Assessment process, during the quarter the Company received Information Requests from both the federal and provincial regulators pursuant to the Project's Environmental Impact Statement ("EIS") filed on September 2020. Subsequent to the quarter end, responses to all federal government information requests had been submitted;
- Subsequent to the end of the quarter, the Company signed a Socio-Economic Agreement with the Qalipu Mi'kmaq First Nation ("Qalipu"), establishing a framework for a long-term positive working relationship between the Company and Qalipu over the life of the mine.

Matt Manson, President and CEO commented: "During the first quarter of this year we accomplished a number of important milestones in the development of the Valentine Gold Project. We completed the Feasibility Study and confirmed the Project's 'right sized' design, cost and value attributes first laid out in our 2020 Pre-Feasibility Study. Our exploration efforts continued to deliver strong results, with a maiden resource estimate at the new Berry Deposit pointing to substantial mine life extension potential. Our Environmental Assessment continues on course, with diligent technical support being provided for the public and regulatory review of our EIS. Our Socio-Economic Agreement with Qalipu, completed in early April, reflects the focus on communities and people that we are bringing to the development process. Finally, subsequent to the quarter end, we announced a re-commitment to exploration at the Project, with additional drilling metres committed at Berry, and an optimized construction strategy based on prioritizing the construction of the Project's infrastructure elements prior to commencing site works, and establishing the 'best' conditions for a successful build. Our work going forward into the summer will be focussed on continued exploration and resource growth, detailed project engineering and scheduling, and support for the ongoing Environmental Assessment. This will be supported with ongoing public consultation and the build-out of our Newfoundland based team."

Financial Performance

The results of operations for the first quarter of 2021 are summarized below (all figures are in Canadian dollars unless otherwise noted):

(Stated in thousands of Canadian dollars)	For the Three Months Ended March 31,	
	2021	2020
EXPENSES		
General and administrative expense	\$ 1,709	\$ 881
Finance income, net	(26)	(116)
Other income	(36)	(39)
Loss before tax	1,647	726
Deferred income tax expense / (recovery)	995	(658)
Net Loss	\$ 2,642	\$ 68
Capital expenditures	\$ 5,595	\$ 3,994

Three months ended March 31, 2021:

- General and administrative expenses increased from \$0.88 million to \$1.71 million. The principal components of this increase are set out below:
 - Salaries and wages increased from \$0.41 million to \$0.65 million, reflecting higher overall compensation costs as a result of the additions made to the Company's management team in the second half of 2020 and through the first quarter of 2021.
 - Project Financing advisory and professional fees increased from \$nil to \$0.40 million, resulting from advisory, legal and due diligence related costs, as the Company has commenced the process of assessing project financing alternatives.
 - Listing fees increased from \$0.08 to \$0.16 million, due to additional fees incurred related to the increase in market capitalization of the Company.
 - Share-based compensation expense increased from \$0.01 million to \$0.07 million in the quarter, resulting primarily from a \$0.26 million increase related to stock options granted during the first quarter of 2021 and further vesting of prior period stock option grants, offset partially by a decrease in the deferred share unit ("DSU") liability resulting from a decrease in the Company's share price between year-end 2020 and March 31, 2021. A total of 809,573 options were granted in the three months ended March 31, 2021, under the Company's annual long-term incentive plan.
- Finance income, net decreased from \$0.12 million to \$0.03 million, as the interest rate earned on surplus cash balances decreased substantially in late March 2020 due to COVID-19, more than offsetting the increase in surplus cash from the May 2020 equity financing.
- Deferred income tax expense/(recovery) increased from a recovery of \$0.66 million to an expense of \$1.00 million, as the increase in the deferred tax liability of \$1.10 million in the quarter was higher than the \$0.81 million increase in the deferred tax liability in the comparable period in 2020, and the \$0.10 million decrease in the flow-through share tax liability in the quarter was significantly lower than the \$1.47 million decrease in the comparable period in 2020.
- Capital expenditures excluding working capital movements, were \$1.60 million higher than the prior year primarily as a result of increased exploration drilling completed compared to the prior year and the completion of the remaining activities related to the finalization of the FS during the quarter. Exploration drilling continued to be the largest capital expenditure of the Company during the quarter, with drilling concentrated in the Berry Zone in support of a targeted maiden mineral resource estimate for this new area in the second quarter of 2020.

Qualified Person

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, and Mr. James Powell, P.Eng. (NL), Vice President, Regulatory and Government Affairs for Marathon. Mr. Williams, Mr. Toscano and Mr. Powell are qualified persons under National Instrument ("NI") 43-101. Nicholas Capps, P.Geo. (NL), Exploration Manager of Marathon, is responsible for the design and operation of exploration programs 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. Mr. Williams, Mr. Toscano, 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 Marathon's Annual Information Form ("AIF") for the year ended December 31, 2020 and the current technical report for the Valentine Gold Project prepared in accordance with NI 43-101 titled "NI 43-101 Technical Report & Feasibility Study on the Valentine Gold Project, Newfoundland and Labrador, Canada" prepared by Ausenco Engineering Canada Inc. with an effective date of April 15, 2021 (the "2021 Valentine Technical Report"). The AIF and the 2021 Valentine Technical Report are available at www.sedar.com.

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, 2020 and other filings made with Canadian securities regulatory authorities and available at www.sedar.com for further details and assumptions relating to Marathon and the Valentine Gold 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.

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_{5%}, 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, 2020.

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, 2020 and other filings made with Canadian securities regulatory authorities available at 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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