

Marathon Gold Corporation Announces 2022 Second Quarter Results

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TORONTO, Aug. 12, 2022 - [Marathon Gold Corporation](#) ("Marathon" or the "Company"; TSX: MOZ) today announces its financial results for the second quarter ending June 30, 2022 and provides an update on the Company's activities at the Valentine Gold Project (the "Project") in the central region of Newfoundland and Labrador ("NL").

Second Quarter Highlights

- At June 30, 2022 the Company had cash and cash equivalents of \$62 million, leaving it well positioned to execute on its permitting, development, and exploration activities at the Project. Incurred capital expenditures in the quarter were \$9.24 million;
- On May 26, 2022, the Company announced that a draft Environmental Assessment ("EA") Report had been filed by the Impact Assessment Agency of Canada for the Project. The draft EA Report, and accompanying draft conditions for EA release, were available for 30 days for public review and comment. Given this period has now concluded, the Minister of Environment and Climate Change Canada is in a position to make a Decision Statement on the acceptability of the Project for development. A positive Decision Statement will mark the completion of the federal EA;
- On May 31, 2022, the Company announced the appointment of SNC-Lavalin for Engineering and Procurement related to mill and major facilities, as well as the appointment of Progesys for the development of an integrated construction management team;
- On June 13, 2022, the Company announced the execution of a credit-approved commitment letter of US\$81 million with Caterpillar Financial Services Limited for equipment lease financing related to the development and operation of the Project;
- On June 13, 2022, the NL Minister of Industry, Energy and Technology issued Mining Leases covering the development of the Marathon and Leprechaun Deposits with a term of 20 years. The Project's Surface Leases were issued on June 23, 2022;
- At June 30, 2022, the Company had completed 15,295 metres of drilling, comprising 9,810 metres and 2,765 metres of exploration and geotechnical drilling (respectively) at the Berry Deposit, and 2,720 metres of exploration drilling at the Victory Deposit;
- Subsequent to the end of the quarter, the Company released updated Mineral Resource Estimates (the "2022 MRE") for Leprechaun, Marathon, and Berry Deposits resulting in the following:
 - Total Measured and Indicated Mineral Resources of 4.0 Moz Au (64.6 Mt at 1.90 g/t Au), increases of +26% in ounces, +14% in tonnes and +10% in grade compared to the previous estimate.
 - Additional Inferred Mineral Resources of 1.1 Moz Au (20.8 Mt at 1.65 g/t)
- Subsequent to the end of the quarter, the Company announced the completion of several important stakeholder agreements and permitting milestones concerning the development of the Project. This included the completion and signing of the Benefits Agreement between Marathon and the Province of Newfoundland and Labrador, the completion and signing of an Outfitter Environmental Effects Monitoring Plan between Marathon and the Newfoundland and Labrador Outfitters Association; and
- Subsequent to the end of the quarter, the Company reported the publication of the Company's first Sustainability Report covering the years 2019 – 2021 for Project. Marathon's 2021 Sustainability Report is now available at Environmental, Social, and Governance | Marathon Gold ([marathon-gold.com](#)).

Mineral resources which are not mineral reserves do not have demonstrated economic viability.

Matt Manson, President, and CEO commented: "During the second quarter and into the summer, our preparations for the development of the Valentine Gold Project continued with progress on our financing, permitting, engineering and project execution arrangements. Important milestones were achieved with the

completion of the public and regulatory review stages of our federal Environmental Assessment, the execution of our Benefits Agreement with the province of Newfoundland and Labrador, the issuance of our Mining and Surface Leases, and the publication of our first annual Sustainability Report. At time of writing, we are awaiting a final Decision Statement by the Minister of Environment and Climate Change Canada which, if positive, will mark the completion of our overall Environmental Assessment process and permit site activities to commence. Alongside this development work, in early July, we were pleased to have announced an increase to the Project's Mineral Resource Estimate in each of tonnes, grade and ounces. Our Updated Feasibility Study, under preparation for completion in the fourth quarter, will assess the opportunities presented by this larger resource inventory to the Project's Mineral Reserves, production profile and mine life, as well as provide an updated capital and operating cost estimate. The Valentine Gold Project will be the most significant new mining project in Newfoundland and Labrador in recent years, and with our strong treasury at quarter-end, we look forward to commencing our early works later this quarter, with permits in hand."

Financial Performance

The results of operations for the second quarter 2022 are summarized below (all figures are in Canadian dollars unless otherwise noted):

(Stated in thousands of Canadian dollars)	Three Months Ended		Six Months Ended	
	June 30,	June 30,	June 30,	June 30,
	2022	2021	2022	2021
EXPENSES				
General and administrative expense	\$ 857	\$ 2,486	3,182	\$ 4,195
Finance (income)/expense, net	(178)	28	(278)	2
Other income	(40)	(59)	(82)	(95)
Loss before tax	\$ 639	\$ 2,455	\$ 2,822	\$ 4,102
Deferred income tax (recovery)/expense	(2,271)	850	(649)	1,845
Net (Income)/Loss	\$ (1,632)	\$ 3,305	\$ 2,173	\$ 5,947
Capital expenditures	\$ 9,242	\$ 4,714	\$ 22,594	\$ 10,309

Factors affecting financial results for the three months ended June 30, 2022:

- General and administrative expenses decreased from \$2.49 million to \$0.86 million. The principal components of this decrease include:

-- Share-based compensation expense decreased from an expense of \$0.77 million to a recovery of \$0.76 million, due to a \$1.60 million and \$0.12 million decrease in deferred share unit ("DSU") expense and restricted share unit ("RSU") expense, respectively, resulting from a decrease in the Company's share price during the three months ended June 30, 2022, offset partially by a \$0.19 million increase in stock option expense related to further vesting of prior period stock option grants.

-- Project financing advisory & professional fees decreased from \$0.57 million to \$0.35 million, as a result of decreased advisory, legal, and due diligence related costs subsequent to the closing of the US\$185 million term loan credit facility with Sprott Resource Lending II (Collector-2) on March 31, 2022.

-- Professional fees increased from \$0.16 million to \$0.23 million, resulting from an increase in legal fees, as the Company's breadth of activities has increased compared to the prior year and recruiting fees.

- Finance (income)/expense, net increased from an expense of \$0.03 million to income of \$0.18 million, primarily as a result of an increase in interest income from \$0.07 million to \$0.20 million, as the interest rate earned on surplus cash balances increased compared to the same period in 2021.

- Other income decreased from \$0.06 million to \$0.04 million, due to a decrease in marketable securities sold compared to the same period in 2021.

- Deferred income tax (recovery)/expense changed from an expense of \$0.85 million to a recovery of \$2.27 million, as the decrease in the deferred tax liability in the period of \$1.47 million was higher than the increase to the deferred tax liability of \$0.92 million in the comparable period in 2021. In addition, the decrease in the flow-through share tax liability of \$0.80 million in the second quarter of 2022 was higher than the decrease of \$0.07 million in the comparable period in 2021.

- Capital expenditures, excluding working capital movements, were \$4.53 million higher in the second quarter

of 2022 than the comparable period in the prior year, mainly due to project pre-construction capital spending, which commenced in the third quarter of 2021. Pre-construction capital spending in the second quarter of 2022 included detailed engineering and consulting fees, milestone payments related to the procurement of a permanent camp, access road maintenance and NL Hydro contribution payments.

Factors affecting financial results for the six months ended June 30, 2022:

- General and administrative expenses decreased from \$4.20 million to \$3.18 million. The principal components of this decrease include:
 - Share-based compensation expense changed from an expense of \$0.84 million to a recovery of \$0.30 million, due to a \$1.62 million and \$0.10 million decrease in DSU expense and RSU expense, respectively, resulting from a decrease in the Company's share price during the six months ended June 30, 2022, offset partially by a \$0.58 million increase in stock option expense related to stock options granted during the six months ended June 30, 2022 and further vesting of prior period stock option grants. A total of 2,944,839 options were granted in the six months ended June 30, 2022, compared to 1,059,573 in the comparable period of 2021.
 - Salaries and wages decreased from \$1.27 million to \$0.73 million, due to higher capitalized salaries and wages compared to the same period in the prior year, offset partially by an increase in overall compensation costs as a result of the additions made to the Company's management team throughout 2021 and the six months ended June 30, 2022. For additional details regarding the changes to the Company's management team during the period, see the "Corporate Developments" section below.
 - Project Financing advisory & professional fees increased from \$0.98 million to \$1.32 million, as a result of increased advisory, legal, and due diligence related costs in the first quarter of 2022 with the closing of the US\$185 million term loan credit facility with Sprott Resource Lending II (Collector-2) on March 31, 2022.
 - Professional fees increased from \$0.31 million to \$0.42 million, resulting from an increase in legal fees, as the Company's breadth of activities has increased and from an increase in executive search consulting fees related to the hiring of a new Chief Financial Officer.
 - Investor relations and corporate communication expenses increased from \$0.15 million to \$0.17 million, resulting from an increase in in-person investor relation initiatives in the first half of 2022 compared to the same period in the prior year.
- Finance (income)/expense, net changed from an expense of \$nil to income of \$0.28 million, primarily as a result of an increase in interest income from \$0.10 million to \$0.30 million, as the interest rate earned on surplus cash balances increased compared to the same period in 2021.
- Other income decreased from \$0.10 million to \$0.08 million, due to a decrease in marketable securities sold compared to the same period in 2021.
- Deferred income tax (recovery)/expense increased from an expense of \$1.85 million to a recovery of \$0.65 million, as the decrease in the flow-through share tax liability was \$2.91 million higher than the comparable period in 2021. This was partially offset by an increase in the deferred tax liability in the first half of 2022 of \$2.43 million, compared to \$2.01 million in comparable period in 2021.
- Capital expenditures, excluding working capital movements, were \$12.29 million higher in the first half of 2022 than the prior year primarily as a result of project pre-construction capital spending, which commenced in the third quarter of 2021. Pre-construction capital spending in the first half of 2022 included detailed engineering and consulting fees, milestone payments related to the procurement of a permanent camp, access road maintenance, initial deposits on drilling equipment and NL Hydro contribution payments.

Development Activities

During the second quarter of 2022, the Company announced its intent not to proceed with a fixed price Engineering, Procurement and Construction contract with Ausenco Engineering Canada Inc. ("Ausenco") as previously contemplated. Instead, the Company has elected to proceed with an E+P+CM project execution structure, separating the engineering, procurement, and construction management roles within an integrated project development team. Under this structure, SNC Lavalin has been appointed to completed detailed engineering on the Project's mill, and Progesys has been appointed to develop an integrated construction management and project controls team with Marathon's development team based in Grand Falls-Windsor, NL. Marathon believes an integrated team strategy provides an overall lower risk approach in the current

inflationary construction environment, allowing closer relationships between management and vendors, better site coordination, initiatives on potential cost and schedule efficiencies and, ultimately, better project delivery. Ausenco continue to be involved in the Project through management of the updated Feasibility Study, scheduled for the fourth quarter of 2022, and trade off studies.

Exploration Activities

During the months of April and May 2022 the exploration camp was in care and maintenance due to road and bridge conditions following spring melt. Drilling at the property resumed in June 2022, focusing on condemnation, geotechnical and hydrogeological programs. A total of 2,765 metres of geotechnical drilling was completed during the second quarter of 2022 across 12 drill holes.

On June 15, 2022, the Company released the results of fire assay data from the first fifteen diamond drill holes completed as part of the 2022 exploration drill program at the Berry Deposit and an additional five holes from 2021 and 2022 drilling at the Victory Deposit. This drilling continue to show multiple long intercepts of high-grade mineralization, with Berry highlights including:

- VL-22-1189 intersected 8.68 g/t Au over 16 metres including 20.55 g/t Au over 6 metres, and 6.17 g/t Au over 2 metres including 10.78 g/t Au over 1 metre, and 0.75 g/t Au over 15 metres;
- VL-22-1193 intersected 1.56 g/t Au over 40 metres including 12.67 g/t Au over 1 metre, and 6.44 g/t Au over 2 metres including 11.85 g/t Au over 1 metre;
- VL-22-1191 intersected 3.86 g/t Au over 13 metres including 21.33 g/t Au over 1 metre, and 1.29 g/t Au over 25 metres including 12.76 g/t Au over 1 metre;
- VL-22-1198 intersected 25.25 g/t Au over 2 metres, and 1.97 g/t Au over 14 metres including 13.06 g/t Au over 1 metre; and
- VL-22-1185 intersected 2.58 g/t Au over 13 metres including 12.74 g/t Au over 1 metre, and 13.55 g/t Au over 1 metre, and 13.04 g/t Au over 1 metre, and 1.38 g/t Au over 9 metres.

Victory highlights included:

- VGD-22-086 intersected 3.85 g/t Au over 17 metres including 45.55 g/t Au over 1 metre;

These assays were not included in the 2022 MRE published subsequent to the quarter end, which was based on drilling completed to the end of November 2021. Results from the 2022 exploration drilling program will continue to be released throughout the remainder of 2022 as assaying is completed.

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, and 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 Corporation. 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. Ross, 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 news release. Mr. Roy Eccles, P. Geo. (PEGNL), of APEX Geoscience Ltd. is the Qualified Person for purposes of NI 43-101 responsible for the updated 2022 MRE, which was prepared by John T. Boyd Company.

Marathon's mineral resources and mineral reserves have been estimated 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, 2021 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). 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 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 Corporation 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, NPV5%, 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. 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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