Marathon Gold Announces 2021 Second Quarter Results

TORONTO, ON – August 16, 2021 - Marathon Gold Corporation ("Marathon" or the "Company"; TSX: MOZ) today announces its financial results for the second quarter ending June 30, 2021 and provides an update on the Company's activities at the Valentine Gold Project (the "Project") located in central Newfoundland.

Second Quarter Highlights

- On April 21, 2021, 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 through mid-2022. The Company also commenced a Reverse Circulation drill program of approximately 8,000 metres for resource reconciliation and grade control at the Leprechaun and Marathon Deposits;

- 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;

- The Company concluded a Memorandum of Understanding with Miawpukek First Nation providing a process of ongoing engagement and consultation between the Company and Miawpukek;

- Consistent with the Environmental Assessment process, the Company received Information Requirements from both the federal and provincial regulators pursuant to the Project's Environmental Impact Statement filed on September 2020. Responses to all federal requirements were submitted during the quarter, and provincial government information requirements have been submitted subsequent to the quarter;

- On May 27, 2021, the Company closed a private placement financing for gross proceeds of $50.4 million consisting of 14,373,101 common shares at $2.45 per common share and 4,888,629 flow-through common shares at $3.10 per flow-through common share;

- Subsequent to the end of the quarter, the Company entered into an exclusive non-binding Indicative Term Sheet with Sprott Resource Lending Corp. for a senior secured project financing facility of US$185 million;

- The Company's June 30, 2021 cash balance of $107.5 million leaves Marathon well positioned to execute on its permitting, development, and exploration activities at the Valentine Gold Project through to a targeted construction decision in the second half of 2021.

Matt Manson, President and CEO commented: "During the second quarter we continued to make important progress in our development work for the Valentine Gold Project in each of our priority areas of environmental assessment, community engagement and engineering. We announced a highly encouraging maiden mineral resource estimate for the new Berry Deposit, and recommitted to significant, ongoing exploration work. At the same time, we strengthened our balance sheet with a successful equity placement and gave guidance to our contemplated debt facility for mine project financing. All of this sets the stage for the second half of the year, during which we expect to see the completion of our environmental assessment process ahead of construction ground-breaking in the new year." Mr. Manson continued: "Marathon's strong quarter-end treasury of

$107.5 million reflects a series of carefully executed financings undertaken over the last 24 months. We would like to remind holders of the share-purchase warrants issued with an exercise price of $1.60 at the time of the September 2019 financing of their scheduled expiry on September 30, 2021. The full exercise of these warrants is expected to yield an additional $12.7 million in cash proceeds to the Company."

Financial Performance

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

(Stated in thousands of Canadian dollars)	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	**2020**	**2021**	**2020**
EXPENSES				
General and administrative expense	$ 2,486	$ 2,266	4,195	$ 3,147
Finance expense/(income), net	28	(38)	2	(154)
Other income	(59)	(40)	(95)	(79)
Loss before tax	**$ 2,455**	**$ 2,188**	**$ 4,102**	**$ 2,914**
Deferred income tax expense/(recovery)	850	(193)	1,845	(851)
Net Loss	**$ 3,305**	**$ 1,995**	**$ 5,947**	**$ 2,063**
Capital expenditures	**$ 4,714**	**$ 2,762**	**$ 10,309**	**$ 6,756**

Three months ended June 30, 2021:

- **General and administrative** expenses increased from $2.27 million to $2.49 million. The principal components of this increase are set out below:
  - **Salaries, wages, and benefits expenses** increased from $0.53 million to $0.62 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 $0.57 million, resulting from advisory, legal and due diligence related costs, as the Company commenced the process of assessing project financing alternatives in the fourth quarter of 2020.
  - **Share-based compensation** expense decreased from $0.85 million to $0.77 million in the quarter, resulting from a $0.52 million decrease in stock option expense as there was less vesting in the second quarter of 2021 compared to the same period in the prior year, offset partially by an increase in deferred share unit ("DSU") expense of $0.36 million resulting in an increase in the Company's share price during the second quarter of 2021 and an $0.09 million increase in restricted share unit ("RSU") expense resulting from additional vesting and an increase in the Company's share price during the second quarter of 2021.
- **Finance expense/(income), net** increased from income of $0.04 million to expense of $0.03 million, as a result of a $0.09 million increase in other finance expense, as a portion of the share issuance costs related to the May 2021 private placement financing were allocated to the flow-through share tax liability, partially offset by a $0.03 increase in net income, as the surplus cash balance and the interest rate earned on it increased during the second quarter of 2021.

- **Deferred income tax expense/(recovery)** increased from a recovery of $0.19 million to an expense of $0.85 million, as the increase in the deferred tax liability of $0.92 million in the quarter was significantly higher than the $0.08 million increase in the deferred tax liability in the comparable period in 2020, and the $0.07 million decrease in the flow-through share tax liability in the second quarter of 2021 was lower than the $0.27 million decrease in the comparable period in 2020.
- **Capital expenditures** excluding working capital movements, were $1.95 million higher than the prior year primarily as a result of increased exploration drilling completed compared to the prior year and increased detailed engineering activities as the Company Progresses towards construction. Exploration drilling continued to be the largest capital expenditure of the Company during the second quarter of 2021, with drilling concentrated in the Berry Deposit in support of further delineation of the ore body and resource growth.

Six months ended June 30, 2021:

- **General and administrative expenses** increased from $3.15 million to $4.20 million. The principal components of this increase are set out below:
    - **Salaries, wages, and benefits expenses** increased from $0.94 million to $1.27 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 half of 2021.
    - **Project Financing advisory & professional fees** increased from $nil to $0.98 million, resulting from advisory, legal, and due diligence related costs, as the Company commenced the process of assessing project financing alternatives in the fourth quarter of 2020.
    - **Other expense** increased from $0.15 million to $0.27 million, due to increased office, information technology, and insurance expenses related to growth in headcount and corporate activities as the Company continues to progress towards construction.
    - **Investor relations and corporate communication expenses** decreased from $0.22 million to $0.15 million, resulting from a reduction in in-person investor relations initiatives and corporate communication consulting fees in the first half of 2021 compared to the same period in the prior year.
- **Finance expense/(income), net** increased from income of $0.15 million to expense of $0.01 million, as a result of a $0.09 million increase in other finance expense, as a portion of the share issuance costs related to the May 2021 private placement financing were allocated to the flow-through share tax liability. In addition, interest income decreased $0.05 million as the interest rate earned on surplus cash balances during the six months ended June 30, 2021, was lower than the comparable period in 2020.
- **Deferred income tax expense/(recovery)** increased from a recovery of $0.85 million to an expense of $1.85 million, as the increase in the deferred tax liability of $2.01 million in the six months ended June 30, 2021 was significantly higher than the $0.89 million increase in the deferred tax liability in the comparable period in 2020, and the $0.17 million decrease in the flow-through share tax liability in the six months ended June 30, 2021 was significantly lower than the $1.74 million decrease in the comparable period in 2020.
- **Capital expenditures,** excluding working capital movements, were $3.55 million higher than the prior year primarily as a result of increased exploration drilling completed and increased detailed engineering activities as the Company progresses towards to construction. Exploration drilling continued to be the largest capital expenditure of the Company during the first half of 2021, with drilling concentrated in the Berry Deposit in support of the maiden mineral resource estimate for this new area. This resource estimate

was released during the second quarter of 2021 and drilling is now focused on further delineation of the ore body and resource growth.

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.

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, $NPV_{5\%}$, 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.