



## Marathon Gold (MOZ CN) - Updated resource improves confidence in estimates ahead of upcoming PFS

Sentiment Indicator : neutral

Produced by Mihaljevic, Mark (RBC Dominion Securities Inc.) on Monday, January 20, 2020, 08:59 AM ET

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We expect a relatively neutral reaction from Marathon's shares to the resource update at the company's Valentine Lake gold project in Newfoundland. Overall, M&I resources continued to grow (+400 Koz) although the total resource and average grade were very slightly lower (~4% each) than the prior estimate. That being said, we view this as a fundamentally higher quality resource following an additional ~60,000 m of infill drilling (~270,000 m drilled to date) with drill spacing down to 10-15 m on 10 m sections in the core mineralized areas, more restrictive capping including both a hard cap and tighter search restrictions on the threshold cap, as well as refined geological models and mineralized domains. Management reiterated expectations that the upcoming Pre-Feasibility Study (PFS) will exclude development of the heap leach operation and noted the mine plan will only incorporate in-pit resources from the Marathon and Leprechaun deposits (combined M&I resource of ~2.8 Moz). We expect the key focus for investors to be results of the upcoming PFS which remains on track for Q2/20.

### Exhibit 1: Updated resource reflects ongoing infill drilling, more restrictive capping, and refined geological models

	Open-Pit			Underground			Total		
	Tonnes (Mt)	Grade (g/t)	Gold (Moz)	Tonnes (Mt)	Grade (g/t)	Gold (Moz)	Tonnes (Mt)	Grade (g/t)	Gold (Moz)
<b>January 2020</b>									
Measured & Indicated	53.6	1.70	2.92	1.3	4.02	0.17	54.9	1.75	3.09
Inferred	14.5	1.44	0.67	2.3	3.90	0.29	16.8	1.78	0.96
Total	68.0	1.64	3.59	3.6	3.94	0.45	71.6	1.76	4.04
<b>October 2018</b>									
Measured & Indicated	44.3	1.79	2.56	0.8	5.13	0.13	45.1	1.85	2.69
Inferred	24.4	1.57	1.23	2.4	3.86	0.30	26.9	1.77	1.53
Total	68.8	1.71	3.79	3.2	4.18	0.44	72.0	1.82	4.22
<b>Variance</b>									
Measured & Indicated	21%	-5%	14%	60%	-22%	25%	22%	-5%	15%
Inferred	-41%	-8%	-45%	-6%	1%	-5%	-38%	0%	-38%
Total	-1%	-4%	-5%	11%	-6%	4%	-1%	-4%	-4%

Source: Company reports, RBC Capital Markets

Company Name	Exchange	Ticker	Rating	Risk Qualifier	Price Target	Currency	Price	Price Date
Marathon Gold Corp	Toronto SE	MOZ CN	Outperform	Speculative Risk	2.00	Canadian Dollar	1.55	20 Jan 2020 07:55:56 ET

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