MARATHON GOLD

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October 28, 2020

Atlantic Regional Office
Impact Assessment Agency of Canada
1801 Hollis St. #200
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Attention: Mike Atkinson, Regional Director

Re: NL Hydro Transmission Line
Marathon Gold's Valentine Gold Project, Central Newfoundland, NL

Further to our discussion on October 26, 2020, Marathon Gold Corporation (Marathon) is pleased to provide additional information regarding NL Hydro's proposed electrical transmission infrastructure to supply electrical power to Marathon's proposed Valentine Gold Project (the Project). This information is provided within the context of the Impact Assessment Agency of Canada's (IAAC) current review of the Project Environmental Impact Statement (EIS) submitted on September 29, 2020, in terms of conformance with the guidelines issued by IAAC in July 2019.

Within Newfoundland and Labrador, NL Hydro and NL Power are responsible for provision of electricity to customers. In the region of the proposed Project, electricity is supplied to industrial customers by NL Hydro. Based on Marathon's engagement with NL Hydro, sufficient power can be provided to the Project via a new 66 kV high voltage transmission line extending from the existing power grid near the Star Lake terminal station to the mine site.

NL Hydro will own and operate the transmission line and is therefore responsible for the design, construction, operation, maintenance and decommissioning of the transmission line, including the connection terminal near the Star Lake station and the transmission line to the connection point within the substation at the mine site. As the owner/proponent, NL Hydro is also responsible for all federal and provincial environmental approvals and permitting associated with the construction, operation, maintenance and decommissioning of the transmission line.

Within the Project EIS, Marathon has provided all information currently available to us with regards to the description of the power source and transmission route (Project Description, Project Components, Section 2.3.8), alternate power sources and routing options (Project Description, Alternative Means of Carrying Out the Project, Section 2.11), and assessment of the power source and transmission line as it relates to the Project, as further described below.

As Marathon cannot commit NL Hydro to mitigation and monitoring components related to the environmental assessment, it would not be possible for us to fully or properly assess the power transmission components and activities within the Scope of the Project. The transmission line does, however, fall within the Scope of Assessment and is assessed as a reasonably foreseeable project in the Cumulative Effects Assessment. Precedent set by other federal environmental assessments was considered in assessing potential cumulative effects of the Project and NL

Hydro's transmission line for each Valued Component (VC). Particular attention has been given to caribou, as these have been identified as a concern by the NL Wildlife Division, stakeholders and Indigenous groups. This approach was presented to provincial and federal regulators prior to submission of the EIS, and we believe that this approach satisfies the intent of the EIS Guidelines.

Marathon's Assessment of Power Distribution and NL Hydro's Transmission Line

Marathon has fully assessed the Project-related environmental effects associated with the electrical power infrastructure that is directly part of the Project and within our care and control (i.e., distribution infrastructure and activities at the mine site). These aspects are within the Scope of the Project, as it is within Marathon's mandate to propose and implement relevant mitigation and monitoring measures (including those that may be specified by IAAC in the EA Conditions) to reduce associated adverse effects. Conversely, we cannot commit, on behalf of NL Hydro, to specific mitigation, monitoring or follow-up related to the transmission line.

Given this, NL Hydro's transmission line from Star Lake to the mine site has been fully assessed within the Project EIS as a contributor to potential cumulative effects. Residual effects from the Project combined with anticipated residual effects from the NL Hydro transmission line were assessed and considered the context for cumulative effects in the VC-specific Regional Assessment Area, the nature and extent of the potential cumulative interactions, and the technically and economically feasible mitigation measures that Marathon will implement to reduce cumulative effects.

As discussed in Chapter 20, the construction of the NL Hydro transmission line from Star Lake to the mine site will spatially and temporally overlap with the construction of the Project. Potential for cumulative interactions were identified for the following VCs: atmospheric environment, surface water resources, fish and fish habitat, vegetation, wetlands, terrain and soils, avifauna, caribou, other wildlife, community services and infrastructure, community health, employment and economy, land and resource use, Indigenous groups, and historic resources. Marathon understands that the NL Hydro transmission line will have similar effect pathways as effects arising from the Project, and that NL Hydro will employ best management practices and design mitigation to reduce or eliminate potential residual effects.

Transmission Line Routing and Caribou

An initial transmission line route was provided by NL Hydro to Marathon and illustrated in the Project Description submitted by Marathon to IAAC in April 2019. The initial route was identified as a concern by NL Wildlife Division, as it did not align with the existing access road, rather followed a more direct route from Star Lake to the mine site, and represented an additional linear feature that could adversely affect caribou migration (specifically that of the Buchans Herd).

Marathon shared these concerns with NL Hydro, and in response the proposed transmission line route was modified to reduce potential adverse effects on caribou migration.

The currently proposed transmission line route, as shown in the EIS, has been aligned with the existing access road where this infrastructure overlaps with the Buchans Herd migration corridor and primary migration path (as shown in Figures 11-12 and 11-13 of the EIS). The route alignment from Star Lake to where it begins to follow the access road will be determined by NL Hydro as part of their design process. However, it is Marathon's understanding that NL Hydro anticipates aligning this portion with existing forestry access roads. This will further reduce the need for new linear features in the area (and habitat fragmentation and edge effects associated with linear corridors) and reduce the potential for increased access by land and resource users.

As the EIS fully assesses the predicted effects of the access road and mine site on caribou movement, it can be considered that the predicted residual effects of the Project on caribou captures the likely effects of the portion of the transmission line alongside the access road. As indicated in the cumulative effects assessment, as the NL Hydro transmission line to Star Lake will occur within the range of the Buchans Herd and will likely be situated near the existing migration corridor, it is possible that construction and operation of the transmission line will incrementally contribute to cumulative effects on caribou migration. It is Marathon's understanding that NL Hydro will consult with relevant stakeholders, including land and resource users, through the approval process, and implement mitigation measures similar to Marathon's to reduce effects of the transmission line on caribou and other VCs.

Closure

Marathon is committed to providing IAAC with the information required to complete the environmental assessment of Marathon's proposed Valentine Gold Project. We have provided all the information available from NL Hydro and included the NL Hydro transmission line in the Scope of Assessment by assessing it as a reasonably foreseeable project in the Cumulative Effects Assessment. We believe this satisfies the Federal EIS Guidelines and is aligned with the approach taken for other projects where electric utility supply is constructed and owned by a third-party.

Marathon is committed to providing any additional information that becomes available from NL Hydro that may add additional context or relevant information to the Project EIS cumulative effects assessment. We currently understand from NL Hydro that as part of their next phase of work (the "Facilities Study") they are preparing to complete baseline studies in support of an anticipated Environmental Assessment Registration (NL). However, a timeline for this work and its submission has not yet been provided to Marathon.

We appreciate the opportunity to provide the enclosed information and we would be pleased to provide any further information requested as part of the ongoing EIS conformance review. Please

contact myself or Tara Oak (toak@marathon-gold.com) at your convenience with any questions you may have.
Sincerely,
<Original signed by>

James Powell, M.Eng., P.Eng.
VP, Regulatory and Government Affairs
Marathon Gold Corp

cc: Jill Adams, Head, NL Satellite Office, IAAC
Tara Oak, Manager, Environmental Assessment, Marathon Gold Corp