

REGISTERED MAIL

April 30, 2012

Sherry Dunsworth  
Marathon Gold Corporation  
330 Bay Street, Suite 1505  
Toronto ON  
M5H 2S8

**Re: site inspection of the Marathon Gold Valentine Lake property corresponding to exploration approval file E120003 and previous files (NTS 12A/06, Licences 010899M, 010943M, 013809M, 013810M, 017230M, 017231M, 018687M, 018688M)**

Dear Ms. Dunsworth,

On March 21, 2012, a site inspection was carried out on the Marathon Gold Valentine Lake property corresponding to exploration approval file E120003 and previous files. The site inspection was carried out by Stephen Hinchey and William Oldford of the Mineral Lands Division, Department of Natural Resources. The inspection was facilitated and accompanied by John McBride and Scott McCrindle of Marathon Gold.

The site inspection visited the camp at Victoria Lake (Figures 1, 2), the laydown area (Figure 3), and drill sites and trench sites of varying age in the Leprechaun Pond exploration area (Figures 4, 5, 6, 7). Some of the trenches are more precisely described as stripped or grubbed areas.

Issues of concern were discussed on-site with John and Scott. The main discussion points are addressed below from the point of view of the Mineral Lands Division:

1. The most recent procedure used on the project to prepare drill sites on uneven ground is to use an excavator to in-fill low areas of the drill site with mixed earth and organic cover (including slash and brush) derived from the immediate site, as well as to use this material to construct a berm on the downslope side of the drill site if deemed prudent, and then crib the drill rig on top of the leveled surface (Figure 4). Compared with typical leveled drill pads, having been prepared using a bulldozer, the drill pads prepared by the above method occupy less area, correspond to less ground disturbance, and are underlain by a higher proportion of ground conducive to re-vegetation. Nonetheless, the preferred practice is to use lumber or timber cribbing to level the drill site and decking to provide a level work space around the rig, with the ground surface left more or less undisturbed. However, given that closely-spaced in-fill drilling allows for less discretion in choosing precise site locations, and given that the drill program involves the liberal use of scattered hay and silt fences where needed to minimize soil erosion, and provided that efforts are made to restore some of the original site topography by spreading some of the in-fill mixture back over the leveled portion, the procedure used is an acceptable and indeed innovative compromise. The procedure used to prepare drill sites on boggy ground is to lay corduroy out to the site, crib the drill rig on top of the corduroy, then remove the corduroy insofar as practical when exiting the bog. Needless to say this procedure is exemplary. Marathon's own account of the drill site preparation procedures or any commentary on the above descriptions would be appreciated.

2. During the inspection it was brought to John and Scott's attention that Section 45(1) of the *Mineral Regulations* requires that "all trenches, stripped areas or sample sites shall be backfilled as soon as practical and the topsoil and organic material shall be placed on top of the backfilled trench" but that pending the approval of the Department of Natural Resources the most valuable exposures may be left open for future viewing and sampling. The Mineral Lands Division hereby requests that Marathon determine which sections it will seek approval to remain open, with the rest to be backfilled as per Section 45(1) of the *Mineral Regulations*. For example, perhaps half of a trench or a complete section through a trench could be approved to remain open with the remainder of the trench backfilled. For each trenched or stripped section for which approval is sought to remain open, the company must provide a UTM coordinate, approximate dimensions, and the reason(s) for wanting to keep the section open, as well as a gross estimate of the overall percentage of trenched area to be kept open. Reasons sufficient to justify keeping a section open include: valuable for property tours, best assay results, completeness of section, important structural features, best developed or visually spectacular mineralization or alteration, location of first discovery. All exposures are valuable from a geological perspective, and so a more specific reason such as those listed is required for approval to be granted. For those sections approved to remain open, the excavated piles must be sloped and contoured. Siltation control measures would need to continue (as required by Section 45(2) of the *Mineral Regulations*), and it may be most straightforward to apply hay and seed to the piles to prevent erosion and promote re-vegetation, even if eventually the trenches are to be backfilled or the area mined. Note that older trenches for which the excavated piles have already substantially re-vegetated need not be backfilled and are best left as is. Please submit Marathon's request for approvals for sections to remain open early enough that by the end of 2012 only approved sections and older trenches will remain open on the Valentine Lake property.

Note that in order to fully comply with Section 45(1) of the *Mineral Regulations* organic cover (topsoil + vegetation) must be removed before deeper excavation and separately stockpiled from the underlying inorganic soil, which unfortunately was not been done for the trenches observed during the site inspection (Figure 7). If the layer of organic cover is less than 30-40 cm thick then removal of the upper 30-40 cm of ground shall be considered satisfactory to comply with the requirement to separately stockpile organic cover. Stockpiles of organic cover should be no more than 1.5-2 m in height to preserve aeration and prevent compaction. The Mineral Lands Division hereby requests that Marathon fully comply with the *Mineral Regulations* for all further trenching and stripping.

3. John and Scott described how areas of exposed soil around the camp have been seeded and will be seeded in the future, with different species to be experimented with. Since carrying out the site inspection, the Mineral Lands Division has come across the following information provided by the Department of Transportation and Works based on their experience re-vegetating the sides of highways:
  - When it becomes evident hydroseeding is needed, use seed species that readily grow in disturbed sites but not in natural areas;
  - A mix of species is used to quickly stabilize the exposed soils and to rapidly enrich the nutrient-poor, organic-deficient exposed material;
  - The hydroseeding mix used may include the following species:

- annual rye grass
- Canada blue grass
- creeping red fescue (boreal)
- hard fescue
- tall fescue
- timothy grass
- white clover
- birdsfoot trefoil

This species mix works well for slope stabilization. Annual rye grows very quickly, sending out fibrous roots to bind the soil, preventing rill erosion. Slower growing grasses and legumes can then become established within the protection of the rye grass.

- Annual rye grass is short-lived, lasting only one growing season. It covers the slopes effectively and doesn't self-seed in this province's climate. Slower growing, self-seeding fescue, bluegrass, clover, and trefoil are established in the organics over the next two years or so in the stable soil left by the rye. Once organics are in place and the slopes have been stabilized, native colonizers very rapidly move in. Initial native colonizers include goldenrod species, pearly everlasting, fireweed, raspberry, northeastern wild rose, and the ubiquitous speckled alder.
- Another, simpler seeding method is to harvest alder seeds by hand during late fall and let the wind blow the seeds across the surface to be covered. The seeds do not need fertilizing and are adapted to nutrient-deficient soils.
- Replacing organic cover (topsoil and vegetation including remaining woody material) is ultimately more effective than seeding in re-vegetating disturbed ground.

Not just the campsite, but all areas of exposed soil should be seeded, including the laydown area. Of course traffic and frequent use of these areas will inhibit plant growth, but by seeding everywhere cleared spaces can be retained while reducing the amount of open soil to the minimum required. Any feedback regarding successes and failures of seeding would be appreciated.

4. The cleared, sloped area containing the camp extends to the shore of Victoria Lake (Figure 8) and the potential for siltation into the lake during periods of high run-off is a concern. Section 45(2) of the *Mineral Regulations* states that "all disturbed areas including trench locations, sections of trails, drill sites and camp sites that could cause siltation into nearby bodies of water shall be stabilized with vegetation mats or have properly installed filter-fabric barriers to avoid siltation of the water body". As a result of seeding efforts, the area approaching the pond appears to have become partially grassy. All the same, the siltation situation during periods of high run-off is to be monitored by staff in camp and siltation control measures are to be implemented as need be. Siltation control measures could include silt fences, hay bales (staked down), and swathes of corduroy (staked down or otherwise fixed in place in case water levels rise).
5. In summary: the Valentine Lake project is an intense project resulting in unavoidable environmental concerns, however, due to the conscientious people involved, the project also provides a number of insights on how to minimize and mitigate the impact of such intense exploration activity. Although there are several outstanding concerns as described above, Marathon is to be commended for its exemplary performance in minimizing and mitigating the environmental impacts of its exploration

program.

If you have any questions concerning the site inspection or this letter, please contact Stephen Hinchey, Mineral Exploration Site Inspector, at (709) 729-5634.

Regards,



Kenneth C.M. Andrews, P. Geo.  
Director, Mineral Lands Division

Attached: Figures 1 to 8.

Copy to: Jim Hinchey, Manager of Mineral Rights  
Heather Rafuse, Exploration Approvals  
Bas Cleary, Director, Environmental Assessment Division  
Brent Keeping, Environmental Scientist, Environmental Assessment Division



Figure 1. The upslope portion of the Marathon Lake camp at Victoria Lake, viewed from downslope.





Figure 2. The downslope portion of the Marathon Lake camp at Victoria Lake, viewed from near the lakeshore.



Figure 3. Laydown area located along the access road between the camp and the Leprechaun Pond exploration area.



Figure 4. Active drill site prepared as described under point 1. Note the berm (foreground) consisting of mixed earth and organic cover, including slash. Frozen pond located out of picture to right.



Figure 5. Drill site from a previous year with hay scattered over the leveled pad. Silt fences, water pump, and numerous other drill sites (marked with posts) in background.





Figure 6. 2011 trench (background). Note the berm of excavated material spanning the downslope boundary of the trench.



Figure 7. Same trench as in Figure 6. Note that the excavated piles contain organic cover (dark) which should have been separately stockpiled.



Figure 8. Downslope portion of the Marathon Lake camp at Victoria Lake, looking toward where the cleared area approaches the lakeshore.