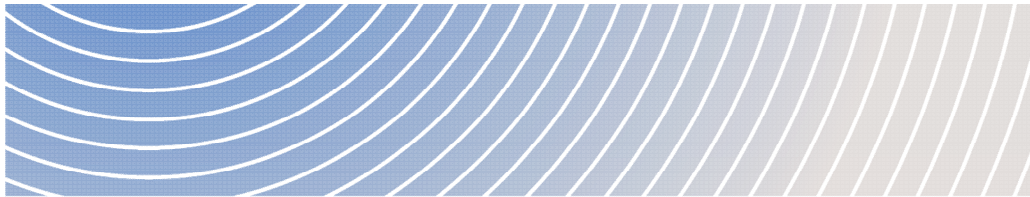




Analysis of Marathon Gold's Proposed Changes to the Valentine Gold Project



DRAFT REPORT

January 2026



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1. Introduction

The Valentine Gold Project (the Project), as currently approved, includes the construction, operation, decommissioning, and reclamation of an open-pit gold mine located at Valentine Lake, approximately 55 kilometres southwest of Millertown in Newfoundland and Labrador. The Project includes three open pits, disposal piles, crushing and stockpiling areas, site infrastructure, a tailings management facility, and mine site haul and access roads. Production capacity is estimated at 10,960 tonnes per day of high- and low-grade ore, with an operation life of 14.4 years.

The Project was assessed under the *Canadian Environmental Assessment Act, 2012* (CEAA 2012). On August 23, 2022, the former Minister of Environment and Climate Change issued a Decision Statement for the Project. The Decision Statement was first amended on May 25, 2023, to include the addition of a communications tower. A subsequent amended Decision Statement was issued on July 29, 2024, to incorporate a third open pit and modifications to associated infrastructure. This amendment also removed conditions related to greenhouse gas emissions, in alignment with the transition provisions set out in the *Budget Implementation Act, 2024*.

On June 30, 2025, Marathon Gold Corporation (the Proponent) notified the Impact Assessment Agency of Canada (IAAC) of proposed changes to the Project, in accordance with condition 2.16 of the Decision Statement. This report summarizes the proposed changes and provides an analysis of whether they constitute a new or different designated project under the *Physical Activities Regulations*. It also assesses whether the changes could result in increased adverse environmental effects within federal jurisdiction compared to those identified in the 2022 environmental assessment. In addition, the report considers whether any modifications to the conditions in the Decision Statement, such as additions or removals, may be necessary to address the proposed changes. The analysis is based on information provided by the Proponent, feedback received from federal authorities and from Indigenous groups.

2. Proposed project changes

The Proponent has proposed several changes to the Project. These refinements include:

- Ore stockpile changes: Splitting and expanding the high-grade ore stockpile into four separate stockpiles (two high-medium grade and two medium grade), increasing the project footprint by approximately 22.09 hectares. Additional water management infrastructure, including perimeter ditches and a sedimentation pond with a final discharge point (BR-FDP-07) into pond L2, will add approximately 2.99 hectares (area 1 in Figure 1).
- Fuel storage expansion: Increasing diesel fuel storage capacity from 450,000 litres to 950,000 litres with enhanced safety measures such as double-contained tanks and oil-water separators.
- Camp expansion: Adding up to 250 rooms, expanded parking, and temporary facilities to accommodate additional personnel during overlapping construction and operations phases. This temporary expansion will increase the footprint of the camp by approximately 3.74 hectares (area 3 in Figure 1) for two to four years.



- Laydown areas: Expanding laydown areas for materials and equipment storage, adding approximately 12.59 hectares (area 4 in Figure 1).
- Process plant pad: Expanding the process plant pad by approximately 6.96 hectares (area 5 in Figure 1) to improve access and operational efficiency.

Overall, these refinements would increase the area of mining operations within the Designated Project Area by approximately 48.7 hectares without changing the approved ore extraction rate. The Proponent indicates that all new infrastructure will be decommissioned and restored in accordance with the rehabilitation and closure plan described in the environmental impact statement.

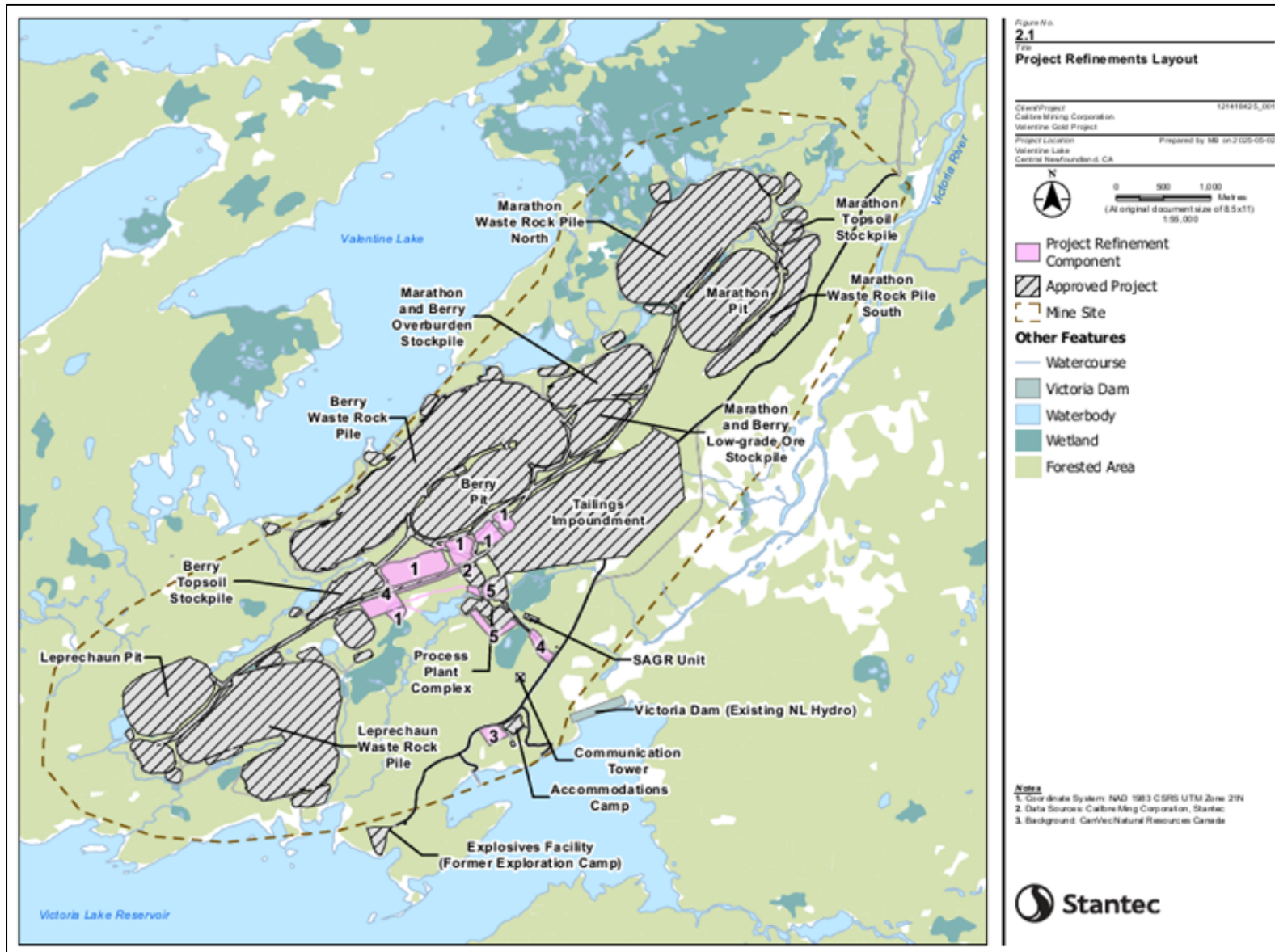


Figure 1. Map of the Designated Project Area.

2.1 Analysis in accordance with the *Physical Activities Regulations*

The *Physical Activities Regulations* under the Impact Assessment Act (IAA) identify the physical activities that constitute designated projects that may require an impact assessment, including cases where the area of mining operations would increase by 50% or more. Based on the Proponent's submission, the proposed changes would increase the area of mining operations by 4.7%. As a result, IAAC has determined that these changes do not constitute a new or different designated project and therefore do not trigger the requirement for a new impact assessment.

3. Consultation and engagement

In its submission to IAAC, the Proponent indicated that it had engaged with Miawpukek First Nation and Qalipu First Nation regarding the proposed project changes. IAAC understands that the Proponent is committed to ongoing engagement with Indigenous groups outside of IAAC's process.

As part of the public consultation period on proposed amendments to the Decision Statement and draft analysis of the changes, IAAC will be inviting comments from Miawpukek First Nation and Qalipu First Nation, as well as the public. Comments will inform IAAC's analysis and recommended amendments to the Decision Statement.

4. Assessment of potential adverse environmental effects

4.1 Fish and fish habitat

Proponent's assessment

The Proponent predicts that the separation and expansion of the high-grade ore stockpile and associated water infrastructure will result in minor, localized, and reversible impacts to groundwater and surface water quantity and quality. Localized increases in iron, nitrite, and nitrate are anticipated downstream of the new sedimentation pond discharge point (BR-FDP-07) in pond L2 and watercourse 27; however, concentrations are expected to return to acceptable or background levels within 100 metres, based on modelling. In addition, an estimated 60 m² of fish habitat loss has been identified, which would need to be offset in accordance with the *Fisheries Act*.

To address these changes, the Proponent proposes updates to water management and acid rock drainage and metal leaching (ARD/ML) plans, including preferential processing of acid-generating materials and contingency treatment if discharge approaches regulatory thresholds. Fish habitat effects will be offset as required. The Proponent concludes that these refinements do not substantially alter previously predicted environmental effects.

The increase in fuel storage is not expected to change the risk of accidental spills or associated environmental impacts. Fuel will continue to be managed under existing procedures and emergency response plans, which the Proponent considers sufficient. No additional mitigation measures are proposed.

The camp expansion is predicted to result in a minor increase in road traffic on the mine access road, with an additional two or three bus return trips every two weeks plus transportation of equipment, as well as small changes to water withdrawals and surface runoff associated with new impervious surfaces such as parking areas and buildings. These changes will be accommodated through updates to water management infrastructure, such as expanded perimeter ditches and resized dissipation pools. Existing environmental protection procedures will continue to apply. No new mitigation measures are proposed.

The additional laydown areas are expected to have minimal environmental impacts. Site preparation will follow established procedures, and the areas will be used for inert materials stored on aggregate pads. Drainage will be managed through existing roadside ditches or directed to the surrounding environment as surface runoff. No new mitigation measures are proposed.

The expansion of the process plant pad is also predicted to have minimal environmental impacts. Site preparation and drainage will follow current practices, and no new management infrastructure is proposed. Existing environmental protection procedures are considered sufficient.

Views expressed

Environment and Climate Change Canada (ECCC) noted that the Proponent considered seepage scenarios and associated risks. Fisheries and Oceans Canada (DFO) acknowledged the anticipated impacts to fish and fish habitat and indicated that further assessment will be required as part of the permitting process under the *Fisheries Act*.

Analysis and conclusions

It is predicted that concentrations of aluminum, chromium, copper, iron, lead, manganese, zinc, nitrite, nitrate, ammonia, and fluoride could exceed the *Canadian Water Quality Guidelines for the Protection of Aquatic Life* (CWQG-FAL) within the mixing zone at the new discharge point (BER-FDP-07). This does not necessarily require additional mitigation measures beyond those already outlined in the Decision Statement, because mixing zones are legally permissible under Canadian regulations, and compliance is assessed at the final discharge point in accordance with section 9 of the *Metal and Diamond Mining Effluent Regulations* (MDMER).

Currently, only iron, nitrite, and nitrate are below CWQG-FAL thresholds within the mixing zone at the new discharge point. The Proponent is required to monitor and, if necessary, treat contact water at the discharge point prior to release to ensure compliance with the MDMER, and this requirement has been incorporated into the Proponent's updated water management plan.

Conditions 3.9, 3.15, and 3.17 of the Decision Statement address effluent management prior to release into the receiving environment, management of mine rock with ARD/ML potential and verification of effectiveness of associated mitigation measures, and follow-up programs for fish and fish habitat, including monitoring of water quality changes, respectively. Given the potential effects in pond L2 and

watercourse 27, and to verify the effectiveness of treatment at the discharge point, IAAC recommends amending condition 3.17.3 to include monitoring requirements for water quality in these locations.

Considering these requirements, including those under the *Fisheries Act*, IAAC is of the view that the effects to fish and fish habitat remain within the range predicted during the environmental assessment, and no additional conditions are required beyond the amendment to condition 3.17.3.

4.2 Current use of lands and resources for traditional purposes

Proponent's assessment

The Proponent predicts that the Project changes will result in an increase of 48.37 hectares (approximately 4.7% increase in the cleared area within the Designated Project Area), including a small expansion into sensitive areas that may provide habitat for woodland caribou (*Rangifer tarandus caribou*), a species traditionally harvested by Indigenous groups. No new mitigation measures are proposed, as the potential habitat loss was previously assessed during the environmental assessment. The Proponent intends to continue applying existing mitigation and monitoring measures related to woodland caribou (*Rangifer tarandus caribou*).

Views expressed

To date, no comments have been received regarding the potential impacts of the Project changes on woodland caribou (*Rangifer tarandus caribou*). Additional views may be provided during the upcoming public comment period.

Analysis and conclusions

IAAC notes that the 2022 environmental assessment assumed that all sensitive habitat for woodland caribou (*Rangifer tarandus caribou*) within the Designated Project Area would be disturbed or destroyed. Since the Project changes remain within the Designated Project Area, the original conclusions remain valid. Conditions 9.1 to 9.3 of the Decision Statement require the Proponent include measures to mitigate effects to woodland caribou (*Rangifer tarandus caribou*), including conducting activities that may impact woodland caribou (*Rangifer tarandus caribou*) outside of sensitive time periods, prioritizing habitat protection by first avoiding destruction or alteration, then minimizing it if avoidance is not possible, followed by on-site restoration, and lastly, offsetting as a final option.

Taking this into account, IAAC is of the view that effects to current use of lands and resources for traditional purposes would be within the range of effects predicted during the 2022 environmental assessment and that no new conditions are required.

5. Conclusion

Based on the information provided by the Proponent and the parties consulted to date, IAAC is of the view that the proposed changes to the Project are not likely to cause significant adverse environmental

effects beyond those described in the 2022 environmental assessment. This conclusion takes into account the mitigation measures and follow-up programs included in the conditions of the Decision Statement, as well as the proposed amendments below.

IAAC recommends updating the definitions of Designated Project and Designated Project Area to include the proposed Project changes, ensuring that all conditions in the Decision Statement apply to them. IAAC recommends that condition 3.17.3 be amended to include monitoring requirements for water quality in pond L2 and watercourse 27. IAAC also proposes revising how the Designated Project definition is presented in the Decision Statement to improve clarity and align with current practices. IAAC also recommends that conditions 2.16 and 2.17 be amended to align with recent decision statements, ensuring consistency in how project changes are reported by proponents and how IAAC considers this information.

Currently, condition 1.9 references multiple IAAC reports. IAAC recommends consolidating the content of these reports, along with the proposed changes, into a new schedule within the Decision Statement (see Annex I for proposed wording). Conditions 1.9 and 1.10 would be amended to reference this new schedule, and condition 1.3 removed as it is no longer referenced.

Table 1. Amendments to the Decision Statement recommended by IAAC.

Decision Statement dated July 29, 2024	Recommended Amendments to the Decision Statement
<p><u>Description of the Designated Project</u> Marathon Gold Corporation is proposing the construction, operation, decommissioning, and reclamation of an open-pit gold mine located at Valentine Lake, approximately 55 kilometres southwest of Millertown in Newfoundland and Labrador. As proposed, the Valentine Gold Project would include three open pits, disposal piles, crushing and stockpiling areas, site infrastructure, a tailings management facility, and mine site haul and access roads. Production capacity is estimated at 10,960 tonnes per day of high- and low-grade ore, with an operation life of 14.4 years.</p>	<p><u>Description of the Designated Project</u> Marathon Gold Corporation is proposing the construction, operation, decommissioning, and reclamation of an open-pit gold mine <u>and on-site mill</u> located at Valentine Lake, approximately 55 kilometres southwest of Millertown in Newfoundland and Labrador. As proposed, the Valentine Gold Project would include three open pits, disposal piles, crushing and stockpiling areas, site infrastructure, a tailings management facility, and mine site haul and access roads. Production capacity is estimated at 10,960 tonnes per day of high- and low-grade ore, <u>over a planned with an operation life of about</u> 14.4 years.</p>
<p>Condition 1.3: Berry pit expansion report means Marathon Gold's <i>Berry Pit Expansion Environmental Registration / Environmental Assessment (Valentine Gold Project) Update</i> (Canadian Impact Assessment Registry Reference Number 80169, Document Number 85).</p>	<p>Condition 1.3 removed: Berry pit expansion report means Marathon Gold's <i>Berry Pit Expansion Environmental Registration / Environmental Assessment (Valentine Gold Project) Update</i> (Canadian Impact Assessment Registry Reference Number 80169, Document Number 85).</p>
<p>Condition 1.9: <i>Designated Project</i> means the Valentine Gold Project as described in section 2 of the environmental assessment report prepared by the Impact Assessment Agency of Canada (Canadian Impact Assessment Registry Reference Number</p>	<p>Revised condition 1.9: <i>Designated Project</i> means the Valentine Gold Project as described in <u>Schedule 1 of this document</u>, section 2 of the environmental assessment report prepared by the Impact</p>

80169, Document Number 75), in section 2 of IAAC's analysis report Marathon Gold's Proposed Change to the Valentine Gold Project (communications tower) (Canadian Impact Assessment Registry Reference Number 80169, Document Number 83), and in section 2 of IAAC's analysis report Marathon Gold's Proposed Change to the Valentine Gold Project (third pit) (Canadian Impact Assessment Registry Reference Number 80169, Document Number 88).

~~Assessment Agency of Canada (Canadian Impact Assessment Registry Reference Number 80169, Document Number 75), in section 2 of IAAC's analysis report Marathon Gold's Proposed Change to the Valentine Gold Project (communications tower) (Canadian Impact Assessment Registry Reference Number 80169, Document Number 83), and in section 2 of IAAC's analysis report Marathon Gold's Proposed Change to the Valentine Gold Project (third pit) (Canadian Impact Assessment Registry Reference Number 80169, Document Number 88).~~

Condition 1.10:

Designated Project area means the geographic area occupied by the Designated Project, as defined by Figure 2 of IAAC's analysis report Marathon Gold's Proposed Change to the Valentine Gold Project (third pit) (Canadian Impact Assessment Registry Reference Number 80169, Document Number 88).

Revised condition 1.10:

Designated Project Area means the geographic area occupied by the Designated Project as described in Figure 2 of Schedule 1 of this document. ~~geographic area occupied by the Designated Project as defined by Figure 2 of IAAC's analysis report Marathon Gold's Proposed Change to the Valentine Gold Project (third pit) (Canadian Impact Assessment Registry Reference Number 80169, Document Number 88).~~

Condition 2.16

If the Proponent is proposing to carry out the Designated Project in a manner other than described in condition 1.9, the Proponent shall notify the Agency in writing in advance of carrying out those proposed activities. As part of the notification, the Proponent shall provide:

Revised condition 2.16

If the Proponent is proposing to carry out the Designated Project in a manner other than described in Schedule 1 of this document~~condition 1.9~~, the Proponent shall notify the Agency in writing in advance of carrying out those proposed activities. As part of the notification, the Proponent shall provide:

New

Condition 2.16.4

the results of consultation with Indigenous groups on the proposed change(s), if the proposed change(s) may adversely affect Indigenous groups, including any views on the environmental effects referred to in condition 2.16.1 and on the modified or additional mitigation measures and follow-up requirements referred to in condition 2.16.2;

Condition 2.17

The Proponent shall submit to the Agency any additional information required by the Agency about the proposed change(s) referred to in condition 2.16, which may include the results of consultation with Indigenous groups and relevant authorities on the proposed change(s) and environmental effects referred to in condition 2.16.1 and the modified or additional mitigation measures and follow-up requirements referred to in condition 2.16.2.

Revised condition 2.17

The Proponent shall submit to the Agency any additional information required by the Agency about the proposed change(s) referred to in condition 2.16, which may include the results of consultation with ~~Indigenous groups~~ and relevant authorities on the proposed change(s) and environmental effects referred to in condition 2.16.1 and the modified or additional mitigation measures and follow-up requirements referred to in condition 2.16.2.

Condition 3.17.3:

monitor, during all phases of the Designated Project, in consultation with relevant authorities, and taking into account the Canadian Council of Ministers of the Environment's Canadian Water Quality Guidelines for Protection of Aquatic Life, contaminants of concern prescribed by the Metal and Diamond Mining Effluent Regulations as well as mercury, chromium, nitrogen, and phosphorous at locations identified in Section 7.9.1 of the environmental impact statement, section 8.8 of the Berry pit expansion report, and at offshore locations on Valentine and Victoria lakes to confirm the zone of influence predicted in the assimilative capacity assessment in appendix 7C of the environmental impact statement and Appendix 8B of the Berry pit expansion report;

Revised condition 3.17.3:

monitor, during all phases of the Designated Project, in consultation with relevant authorities, and taking into account the Canadian Council of Ministers of the Environment's Canadian Water Quality Guidelines for Protection of Aquatic Life, contaminants of concern prescribed by the Metal and Diamond Mining Effluent Regulations as well as mercury, chromium, nitrogen, and phosphorous at locations identified in Section 7.9.1 of the environmental impact statement, section 8.8 of the Berry pit expansion report, ~~and~~ at offshore locations on Valentine and Victoria lakes to confirm the zone of influence predicted in the assimilative capacity assessment in appendix 7C of the environmental impact statement and Appendix 8B of the Berry pit expansion report, and in pond L2 and watercourse 27.

Annex I: Description of the Designated Project

Project overview

The Designated Project is the construction, operation, decommissioning, and reclamation of an open-pit gold mine and on-site mill, located approximately 55 kilometres southwest of Millertown in Newfoundland and Labrador. The Designated Project location is shown in Figure 1.

The Designated Project has a production capacity of up to approximately 10,960 tonnes of ore per day over a planned operation of about 14 years. The Designated Project Area, shown in Figure 2, is estimated to cover approximately 10.9 km² and is divided into three sections: the Mine Site Area, the Tailings Management Facility Area and the Mine Access Area.

Mine Site Area

The Mine Site Area, shown on Figure 2, includes the following components and associated activities:

- three open pits (Leprechaun, Berry, and Marathon);
- ore stockpiles;
- topsoil and overburden stockpiles;
- waste rock piles;
- haul and service roads;
- material laydown areas;
- worker accommodation facility (or facilities) and supporting infrastructure, with a total capacity of up to 550 workers during construction and operations;
- effluent discharge pipeline connecting the water (effluent) treatment plant (located in the Tailings Management Area) to the effluent discharge points within the water management system, ultimately releasing treated water to Victoria Lake Reservoir and Valentine Lake via associated ponds and watercourses;
- freshwater intake pipeline and distribution system;
- on-site electrical distribution system;
- ore processing facilities, including crushing, grinding, gold recovery, and reagent handling systems;
- tailings management infrastructure, including filtration facilities, pipelines, and distribution systems;
- administration buildings, workshops, warehouse, security and laboratory;
- water management, erosion and sediment control structures, and contact water treatment structures, including ditches, sedimentation ponds, and collection ponds;
- explosives storage and handling facilities;
- communication tower;
- fuel storage and fueling stations; and
- stormwater pond and sewage treatment facilities.

Tailings Management Facility Area

The Tailings Management Facility area, shown on Figure 2, includes the following components and associated activities:

- a tailings management facility for the disposal of tailings that features lined embankments;

- water management, erosion and sediment control structures, and contact water treatment structures, including ditches and collection;
- haul and service roads; and
- laydown areas.

Following exhaustion of the Berry Pit, the original tailings management facility will be decommissioned, and the Berry Pit will be repurposed to serve as the new tailings management facility.

Mine Access Area

The Mine Access Area, shown on Figure 2, includes the following components and associated activities:

- Mine Access Road that connects Mine Site Area to the existing regional road;
- transmission line that connects the Mine Site Area to the regional electrical grid and supporting infrastructure;
- borrow pits and associated access roads; and
- laydown areas.

Incidental activities

The Designated Project includes the road use and transportation of supplies, equipment and personnel to the Project Development Area along the regional road to Millertown as incidental activities.

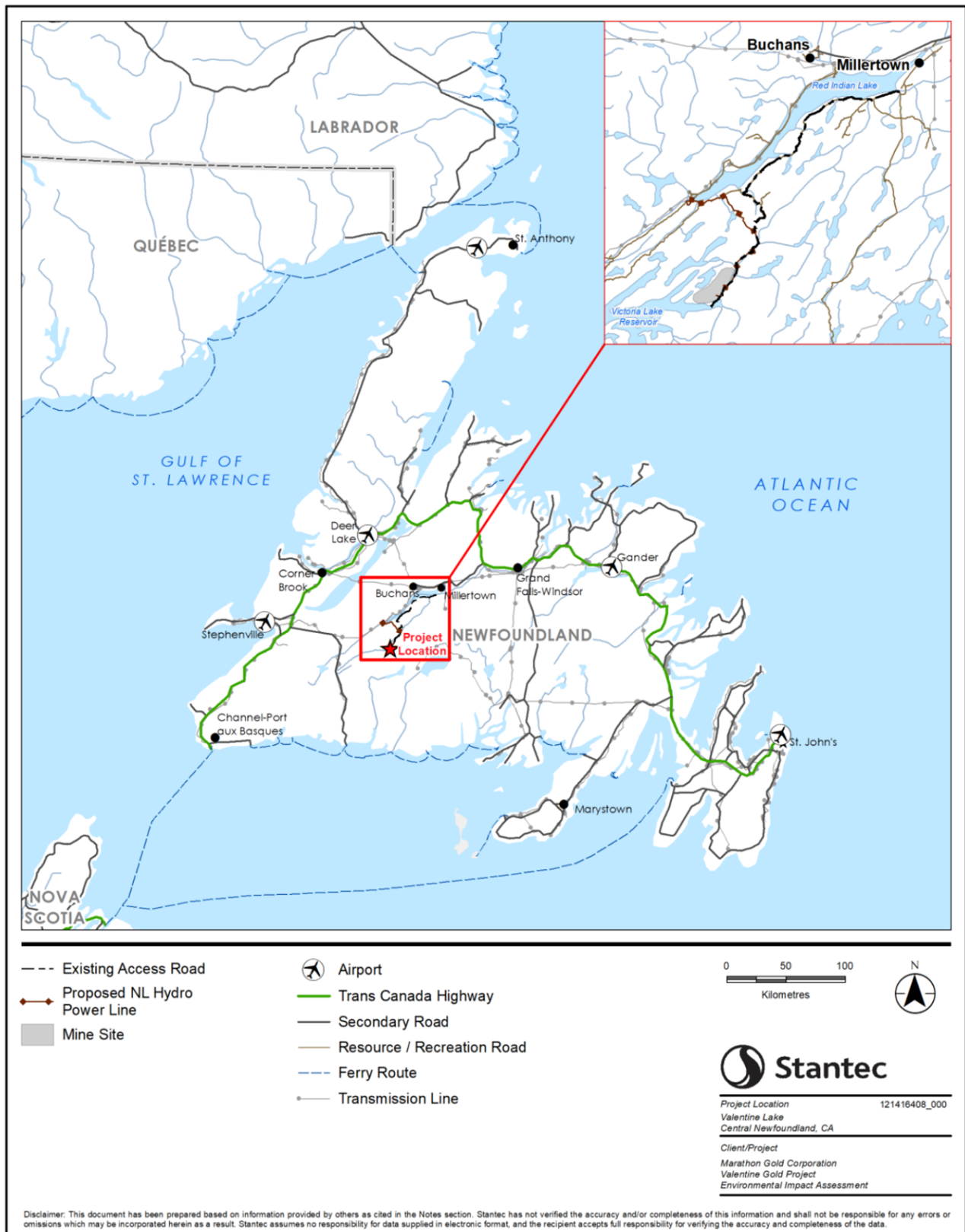


Figure 1. Location of the Valentine Gold Project.

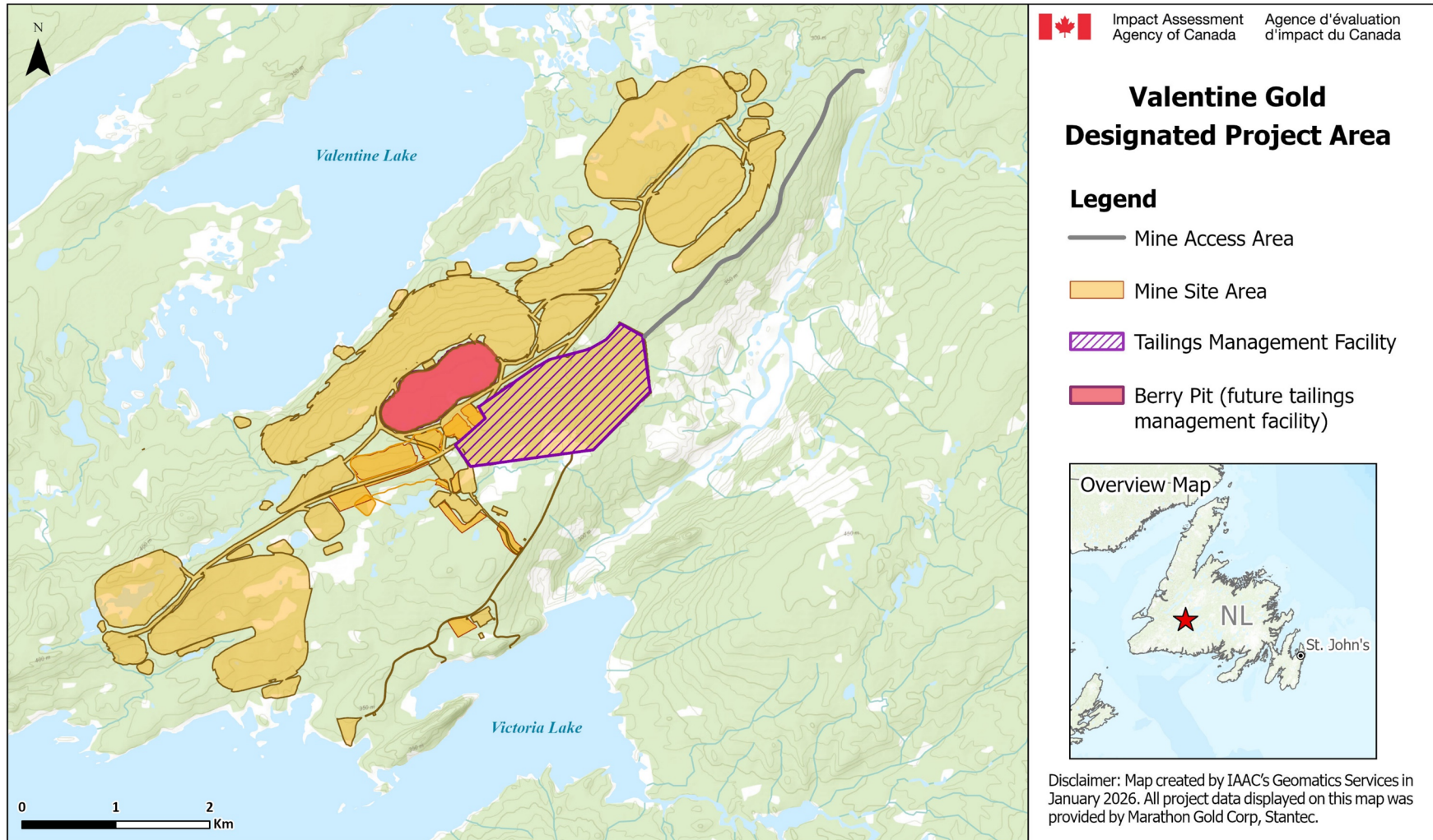


Figure 2. The Designated Project Area for the Valentine Gold Project.