



MiningWatch Canada

Submission to the Joint Panel Review

for the

Marathon Palladium Project, Registry #54755

March 16, 2022



Introduction

MiningWatch is concerned that the project, already shelved for the better part of a decade because it was not economic, may fail, leaving communities and taxpayers with environmental, social, and economic impacts and liabilities.

Our comments are based on documents filed by Generation Mining for its investors – particularly the Feasibility Study and the 2020 Annual Information Return.

We also researched the history of the mine proponents by searching publicly available literature and talking to communities where they had operated.

Four key issues

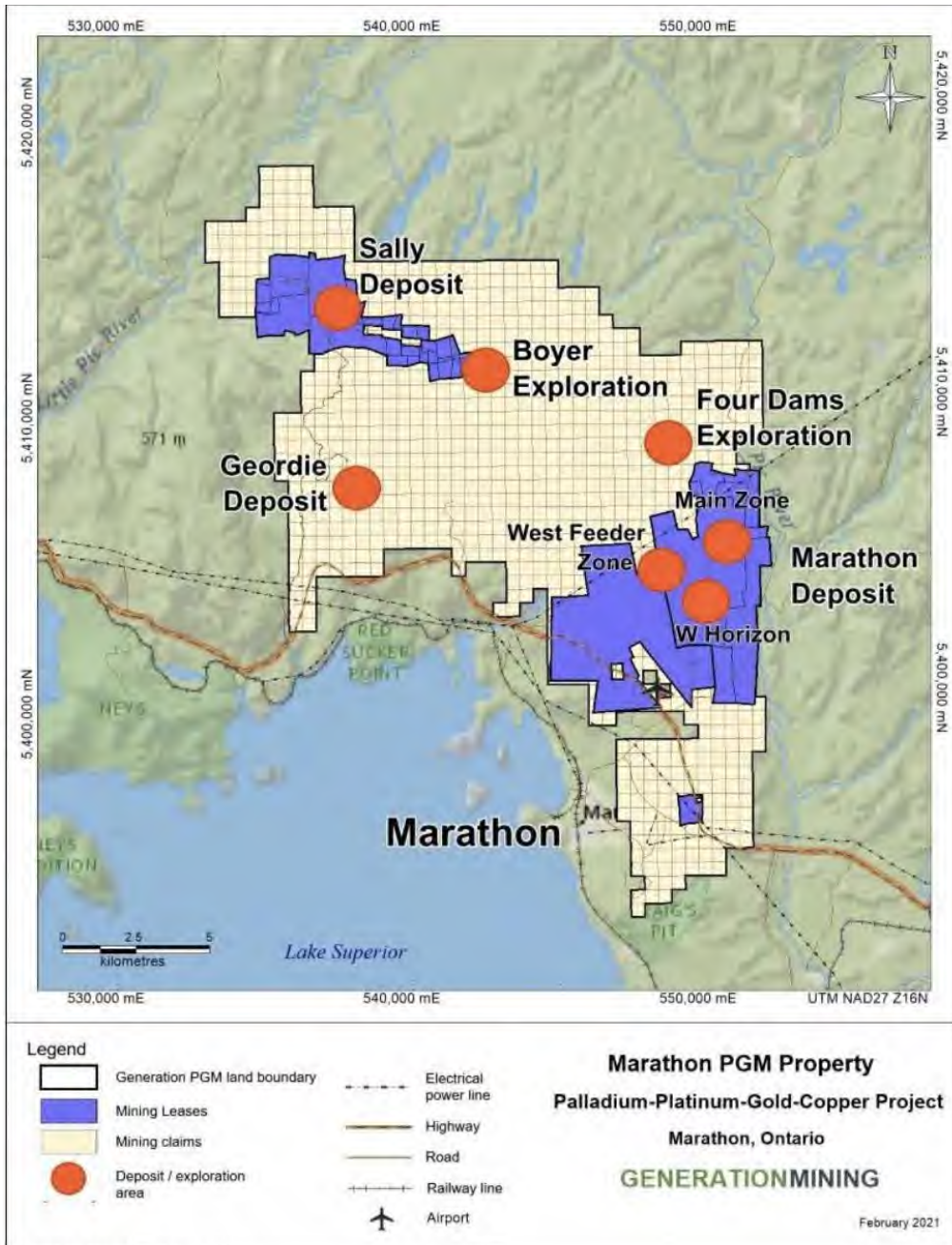
- The potential that the mine may become much larger than the mine being reviewed in this EA
- The economic viability of the mine is questionable
- The public, First Nations and investors will not be adequately ensured against mine risks during operations
- The history of the mine promoters is not reassuring

The eventual size of the mine may be much larger

The mine being reviewed is already large, with a strip ratio of 3:1, a massive tailings impoundment, a low grade ore stockpile, and accompanying infrastructure.

There are four separate mines in the area that the company wants to develop.

Total claim area is almost 220 sq. kms.



Gen Mining includes the resources at Geordie and Sally in its resource estimates.

MINERAL RESOURCES

GENERATIONMINING

Pit Constrained Combined Mineral Resource Estimate¹⁻⁸ for the Marathon, Geordie and Sally Deposits (Effective date June 30, 2020)

MINERAL RESOURCE CLASS	TONNAGE kt	Pd		Cu		Au		Pt		Ag	
		g/t	koz	%	M lbs	g/t	koz	g/t	koz	g/t	koz
MARATHON DEPOSIT											
Measured	113,793	0.63	2,304	0.20	502	0.07	262	0.21	762	1.49	5,466
Indicated	89,012	0.45	1,296	0.19	373	0.06	182	0.16	449	1.77	5,078
M&I	202,806	0.55	3,599	0.20	875	0.07	444	0.19	1,211	1.62	10,544
Inferred	6,931	0.43	95	0.17	26	0.08	17	0.14	32	1.55	345
GEORDIE DEPOSIT											
Indicated	17,268	0.56	312	0.35	133	0.05	25	0.04	20	2.40	1,351
Inferred	12,899	0.51	212	0.28	80	0.03	14	0.03	12	2.40	982
SALLY DEPOSIT											
Indicated	24,801	0.35	278	0.17	93	0.07	56	0.20	160	0.70	567
Inferred	14,019	0.28	124	0.19	57	0.05	24	0.15	70	0.60	280
TOTAL PROJECT											
Measured	113,793	0.63	2,304	0.20	502	0.07	262	0.21	762	1.49	5,466
Indicated	131,081	0.45	1,886	0.21	599	0.06	263	0.15	629	1.66	6,996
M&I	244,874	0.53	4,190	0.20	1,101	0.07	525	0.18	1,391	1.58	12,462
Inferred	33,849	0.40	431	0.22	163	0.05	55	0.10	114	1.48	1,607

For Notes see next slide.

Always read the fine print (from the Risk Disclaimer)

...such statements are not guarantees of future performance and actual results or developments may differ materially from those in the statements....

...Certain factors that could cause actual results to differ materially from those in the forward-looking information. These include:

- *commodity price volatility,
- *continued availability of capital and financing,
- *uncertainties involved in interpreting geological data,
- *increases in costs,
- *environmental compliance and changes in environmental legislation and regulation,
- *the Company's relationships with First Nations communities,
- *exploration successes, and
- *general economic, market or business conditions



The economic viability of the Mine is questionable

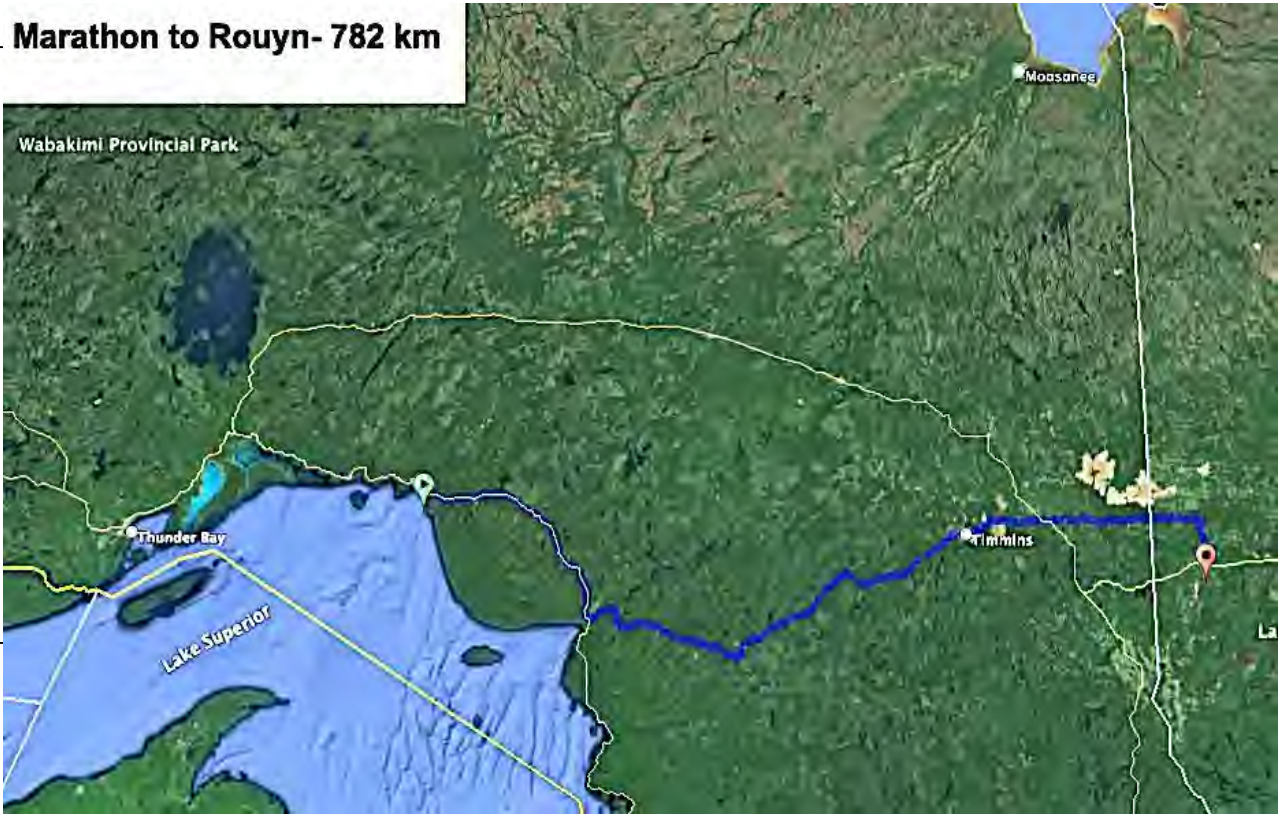
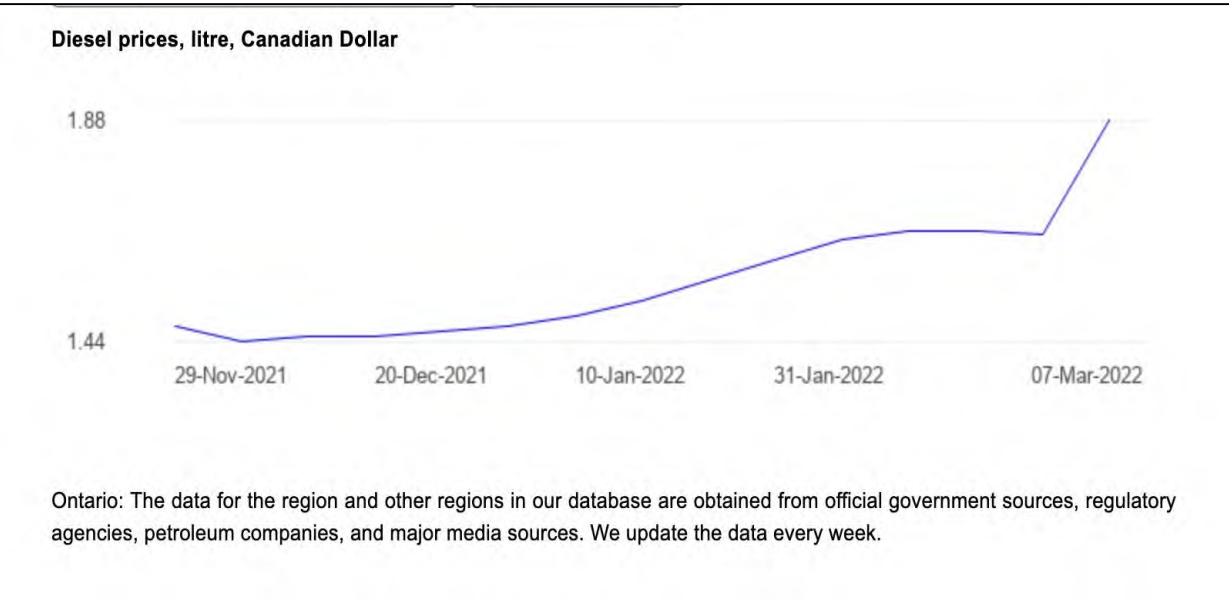
- 80-85% of palladium is used for catalytic converters.
- The development of Electric Vehicles will mean that palladium is no longer in demand part way through the mine life.
- Hydrogen Fuel Cells are a long way from development.
- The mine is of low grade ores that will not be economic to mine if the commodity price falls, or costs rise dramatically.
- So far, no major investor has stepped up to cover the capital costs. The capital costs for this project are actually over \$1 billion, but much of it is been put into sustaining capital costs (including the tailings pond).
- The mine will have trouble finding skilled labour.

Diesel Fuel Costs/Transportation Costs

“The transportation costs and smelter conversion charges (TC/RC) are deducted from gross smelter revenues to estimate the NSR.”

In Table 21-23, the company says it is the second highest mining cost after salaries.

Diesel price estimated at 77-80cents/litre, now over \$1.88 and climbing.



Inadequate Insurance against Mine Risks

- While the Company maintains insurance against risks which are typical in the mining industry, *insurance against certain risks to which the Company may be exposed may not be available on commercially reasonable terms, or at all.* Further, in certain circumstances, the Company might elect not to insure itself against such liabilities due to high premium costs or for other reasons.
- In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur.

Who is Generation Mining?

- A privately held subsidiary of a listed company
- Kerry Knoll, Chair, and Jamie Levy, President and CEO, are the key players.
- Levy is an investment broker who has never been a director or executive of an operating mining company.
- Knoll says that he has created six mining companies and four mines that were sold to major investors.

How much confidence can the public have in GenMining?

- 2004-6: Glencairn buys Lynn Lake nickel mine in northern Manitoba through a merger with Blackhawk, adds new tailings impoundment and settles a \$6 million tax bill to the municipality for less than a \$1 million.
- The Davidson project in BC was never developed because of environmental and social concerns, massive debt.
- 2004: bought Thompson Creek Metals with huge credit facility, and got out before its Endako Mine closed due to financial difficulties
- Stonegate Agrium (2010) and Canada Lithium (2009) were spectacular failures
- 2007: Bellavista mine heap leach in Costa Rica has a catastrophic 35 million m³ landslide

Landslide at the Bellavista Mine in Costa Rica 2007



How the project promoters make a decision to invest/ Whose “need and purpose” for the Marathon Project?

- Which commodity is in short supply and which companies are foundering?
- Can they raise the cash to purchase it?
- Will the project last more than a few years with other deposits in the area (so that major investors will be interested)
- Can it be permitted rapidly:
 - few environmental issues
 - minimal local opposition
 - is the jurisdiction friendly?

Is the project robust enough to meet its commitments?

- What happens when the current boom in palladium subsides?
- What happens if there is an accident or “Act of God” during operations?
- What happens as the price of diesel and other supplies continue to rise?
- What happens if there is a skilled labour shortage?

Any questions?

Thank you, and we wish you the best in your deliberations.