Submission to the Marathon Palladium Project Joint Panel Review, Registry # 54755

February 14, 2022

Thank you for this opportunity to provide comment about the proposed Marathon Palladium Mine.

MiningWatch Canada is a non-profit organization that provides a public interest response to the threats to public health, the environment, and community interests posed by irresponsible mineral policies and practices in Canada and around the world. It provides timely information and support to mining-affected communities and related organizations, and works to improve mining-related policies.

We have reviewed documents filed for investors by Generation Mining, particularly the Feasibility Study (FS)[1] and the 2020 Annual Information Return (AIF).[2] We also researched the history of the mine's proponents by talking to communities where they had operated and searching publicly available literature.

Both research projects unearthed some serious concerns about the Marathon Mine of which the Panel needs to be aware. These issues are:

- the potential that the mine will become much larger than that being reviewed in the environmental assessment process;
- the actual economic viability of the mine is questionable;
- the public (and First Nations) will not be adequately insured against mine risks; and
- the history of the main promoters of the mine is not reassuring.

The eventual size of the mine will be larger than the mine under EA review

1) The Marathon Mine alone will have three open pits, a massive tailings impoundment, and waste rock (the rock removed to get a mineral bearing ore) that is three times bigger than the ore itself. The

[1] G Mining Services, Feasibility Study: Marathon Palladium & Copper Project, Ontario Canada. Prepared for Generation Mining, effective date March 3, 2021. Available on the sedar.com website.
[2] Generation Mining Annual Information Return for 2020, dated March 25, 2021. Available on the sedar.com website.

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figure below[3] shows the mine plan for Marathon only, including three pits, mill, low-grade ore stockpile, waste rock dumps, roads, pipelines, and tailings impoundments.

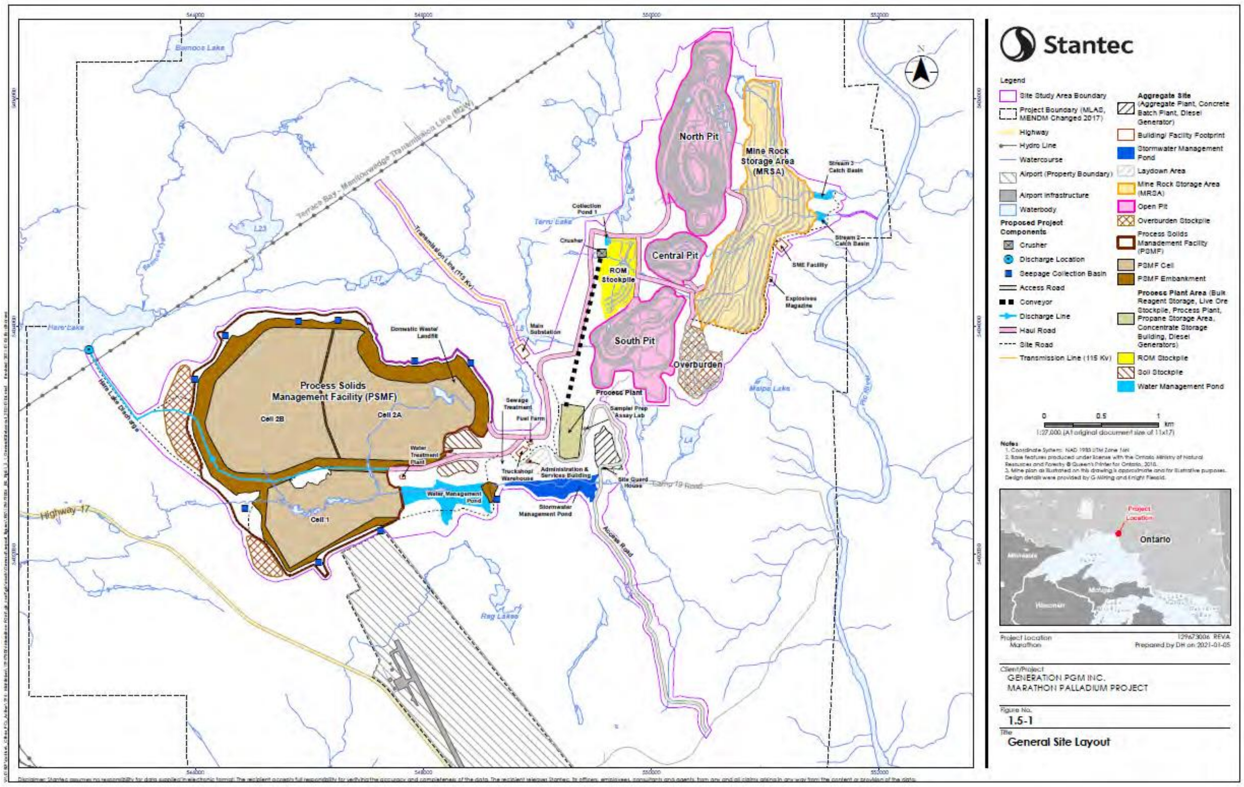

Figure 1. Marathon Palladium Project site layout

2) However, Marathon is only one of potentially four separate mines in the same area that the company wants to develop. Their reports to investors about mineral resources are based on four mine projects (Marathon, the West Horizon, Sally and Geordie), not just Marathon.[4] The total area under mining claim and lease is 21, 965 hectares (almost 220 sq. kms.), including 46 leases and 980 cell claims.[5] The development of these other deposits is a key part of the company presentations to prospective investors.[6] In future, if the Marathon Mine is permitted, mining the other deposits may not require any kind of environmental review, as they will be considered to be expansions of the existing mine.

The Economic Viability of the Mine is Questionable[7]

1) The economic viability of the mine (even for its planned 13 years) is questionable, as it depends on a

[3] Feasibility Study, page 467.
[4] Feasibility Study, page 1-13, Table 1.1.
[5] Feasibility Study, 1.3. page 1-2.
[6] See https://resourcestockdigest.com/archives/interviews/generation-mining-cse-genm-executive-chairman-kerry-knoll-talks-past-successes-finding-value-in-the-resource-space-the-marathon-palladium-project/ and https://resourcestockdigest.com/archives/interviews/generation-mining-tsx-genmotc-genmf-executive-chairman-kerry-knoll-on-developing-a-critical-green-metals-resource-within-the-friendly-confines-of-north-america/.
[7] Corbeil, Matt. Economic Analysis: The Marathon Palladium Project. MiningWatch Canada, March 15, 2021. https://registrydocumentsprd.blob.core.windows.net/commentsblob/project-54755/comment-53880/Corbeil%20-%20Palladium%20Economic%20Analysis.pdf.

continuing demand for palladium. 80- 85% of palladium is used for catalytic convertors.[8] However, with the growing use of electric vehicles, catalytic convertors will no longer be needed, and the market is likely to collapse. Although hydrogen fuel cells might provide a market, they are a long way from being developed.[9] If the price of palladium falls, the Marathon Mine would no longer be economic and will close prematurely.

2) The mine is of low-grade ores which will not be economic to mine unless the price stays high. It will be very vulnerable to price and cost fluctuations of all kinds, as well as to US/CAD exchange rates.[10]

3) The company has not identified the market for their ore, but it is likely that concentrates will have to be transported over 750 km to the Glencore smelter in Rouyn-Noranda,[11] at enormous expense. Haulage of concentrates to the smelter is "the major mining cost", estimated to be $176 million over the life of the mine according to the Feasibility Study.[12] The company also anticipates the refining charges at the smelter will be about $178 Million over the life of the mine.[13]

4) The amount of money needed to actually develop the mine – estimated at $665-$689.6 million in the Feasibility Study[14] – is a lot more than is currently needed to bring the mine to that stage and will require major investors or credit facilities. However, after the Feasibility Study was released, Sibanye decided to reduce its commitment in the Joint Venture.[15] It has now sold all its shares to Generation Mining, which spins this as an ownership success.[16]

5) So far, no other major investor has stepped up, except for a streaming agreement for the project gold and platinum production with Wheaton River Minerals, which will only invest $40 million up front, out of a total of $240 million over the life of mine.[17] Of note in this agreement, is that the alternative – should the palladium market falter – would be platinum, and Generation Mining has given up a significant portion of platinum production under the streaming agreement.

The public (and First Nations) will not be adequately insured against mine risks

1) It should be noted that the Feasibility Study does not estimate that the costs of reclamation will be paid up front before the mine opens.[18] The total reclamation cost is estimated at only $55 million, paid progressively over the life of the mine, with monitoring only for 5 years after the mine is closed.

[8] Feasibility Study, page 19-9. Page 459.
[9] Reguly, Eric. https://www.theglobeandmail.com/business/industry-news/energy-and-resources/article-the-myth-of-the-green-hydrogen-revolution/.
[10] Feasibility Study, 25-4, page 578.
[11] Feasibility Study, page 19-7, page 457.
[12] Feasibility Study, page 457.
[13] Feasibility Study, page 458.
[14] Feasibility Study, page 513, 21.6.
[15] https://www.globenewswire.com/news-release/2021/07/21/2266730/0/en/Generation-Mining-maintains-operatorship-and-majority-control-of-Marathon-Project-as-Sibanye-Stillwater-confirms-it-will-not-exercise-ownership-increase-right.html.
[16] See https://www.globenewswire.com/news-release/2021/07/21/2266730/0/en/Generation-Mining-maintains-operatorship-and-majority-control-of-Marathon-Project-as-Sibanye-Stillwater-confirms-it-will-not-exercise-ownership-increase-right.html
[17] https://www.mining.com/generation-mining-clinches-c240m-stream-with-wheaton-for-marathon-construction/.
[18] Feasibility Study, page 21-44.

If the mine closes prematurely, with an inadequate financial assurance, then it leaves governments and communities to try to clean up any mess the company has made.

2) The company is also unlikely to have insurance adequate to cover the costs of any major accident or environmental event during operations. In Generation Mining's Annual Information Return there is a risk disclaimer stating so. If the company goes bankrupt, the government and the affected peoples become the involuntary insurers of the project.

3) The risk disclaimer in the Annual Information Return (March 2021)[19] states (emphasis ours):

> Operating Hazards and Risks
>
> Mineral exploration, development and production are subject to many conditions that are beyond the control of the Company. These conditions include, but are not limited to, natural disasters, unexpected equipment repairs or replacements, unusual geological formations, unexpected geotechnical conditions, environmental hazards and industrial accidents. The occurrence of any of these events could result in delays, work-stoppages, damage to or destruction of property, loss of life, monetary losses and legal liability, any of which could have a material adverse effect upon the Company or the value of its securities. 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.** Should the Company suffer a material loss or become subject to a material liability for which it was not insured, such loss or liability could have a material adverse effect upon the Company and the value of its securities.
>
> **Uninsurable Risks**
>
> Events in the financial markets have demonstrated that businesses and industries throughout the world are very tightly connected to each other. General global economic conditions seemingly unrelated to the Company or to the mining industry, including, without limitation, interest rates, general levels of economic activity, fluctuations in the market prices of securities, participation by other investors in the financial markets, economic uncertainty, national and international political circumstances, natural disasters, or other events outside of the Company's control may affect the activities of the Company directly or indirectly. 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. The Company's business, operations and financial condition

[19] Annual Information Form pages 43-44.

could also be materially adversely affected by the outbreak of epidemics or pandemics or other health crises.[20]

6) There appears to be no substantial money set aside in the Feasibility Study for compensation/ restitution to the First Nations whose land will be damaged and destroyed,[21] although on Page 22-7 of the Feasibility Study it says that the General and Administration charges (G&A) include "*estimated payments to indigenous communities.*"[22] There is a section in the Annual Information Form regarding consultation with Indigenous communities, but it says nothing about compensation amounts.[23]

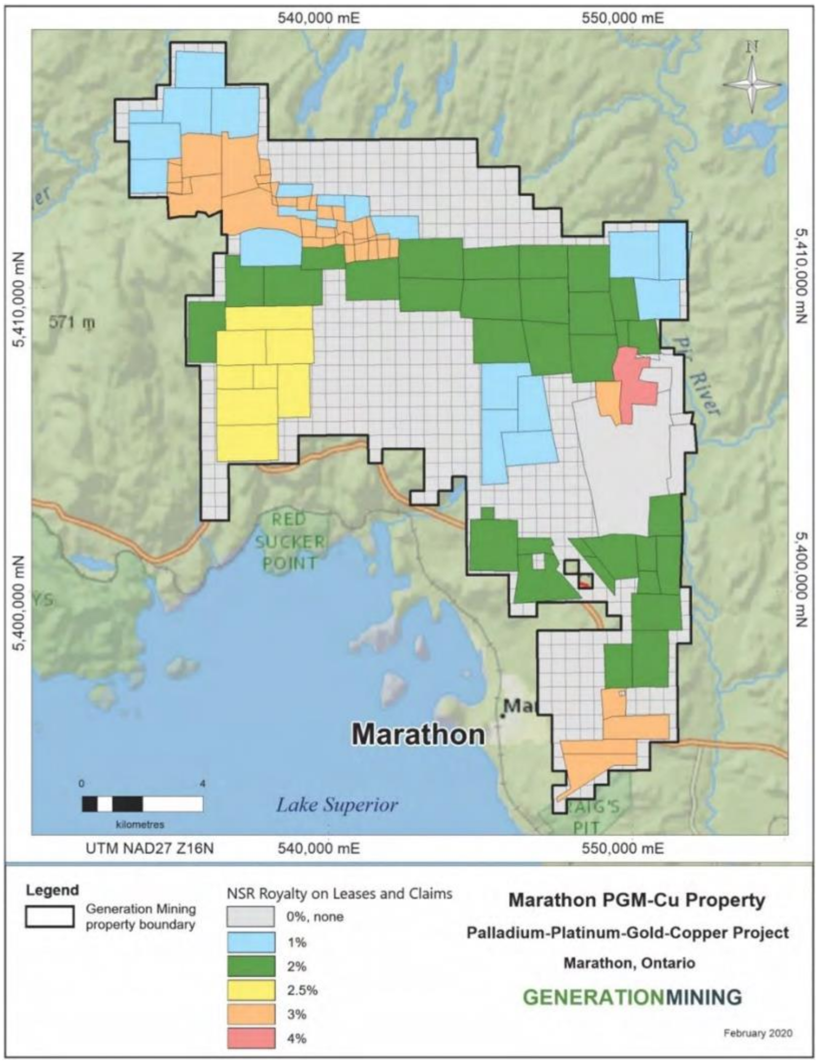

Figure 2. Direct royalty interests in Generation Mining's Marathon properties.

[20] Annual Information Form March 2021, page 45.
[21] See Feasibility Study, Table 21.6. page 535. General and Administrative Costs Summary.
[22] Feasibility Study, page 22-7.
[23] Annual Information Form page 34.

Who is Generation Mining?

1) The mine project will be operated by Generation PGM Inc, a privately-held subsidiary of a publicly listed company: Generation Mining Inc.[24] It is a limited liability company that can go bankrupt if things don't work out.

2) The key players and promoters of the company are Kerry Knoll, the Chair, and Jamie Levy, who is the President and CEO of the company.[25]

3) They, along with Ian Macdonald, are also the directors of Moon River Capital Ltd, a capital pool shell company listed on the TSX Venture exchange on March 20, 2020.[26] So far, the shell has been used to purchase ATS (Advanced Test Solutions), an Israeli company engaged in "*developing an innovative technology that will enable testing of mmWave radar and 5G devices at frequencies that are currently impossible to test in mass production*."[27]

4) Knoll has a history in mining going back to 1978 and says the Marathon Project is *the "best project" he has worked on in his career.*[28]

5) Levy is an investment broker who has specialized in financing at least 45 mine exploration companies. His former career is with Pine Tree Capital and previous to that with Byron Securities.[29] He and Knoll worked together in Darnley Resources – an exploration company in the NWT. He does not appear to have been either a director or executive of an operating mining company or mine.

6) Generation Mining was created by Kerry Knoll and Jamie Levy in December 2017 when they sold the Pine Point Mine project in the NWT to Osisko for $34 million in cash and stock. Gen Mining took over all the projects the pair had that were not the Pine Point Mine. Pine Point is an enormous abandoned zinc mine on Dene territory with many pits, tailings, and waste rock dumps.

7) Knoll encourages investors to invest in the Marathon Project, saying he has created six mining companies and 4 mines which were sold to major investors.[30]

8) Before he decides to invest in a mineral project, he says[31] he looks for:

    a) Which commodity (gold, zinc, molybdenum, palladium) is in short supply and which companies are foundering that are or want to mine it – "Timing is everything."[32]

    b) Can he raise the cash to purchase the company?

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[24] Annual Information Form, page 4.
[25] Annual Information Form, page 48.
[26] https://www.pressreader.com/canada/stockwatch-daily/20191202/281913069971187
https://www.stockwatch.com/News/Item?bid=Z-C%3A*MKTSHEL-2841231&symbol=*MKTSHEL&region=C.
[27] https://www.newsfilecorp.com/release/94683/Moon-River-Capital-Ltd.-Enters-into-Letter-of-Intent-for-Qualifying-Transaction-with-A.T.S.-Advanced-Test-Solutions-Ltd.
[28] https://resourcestockdigest.com/interviews/generation-mining-tsx-genmotc-genmf-executive-chairman-kerry-knoll-on-developing-a-critical-green-metals-resource-within-the-friendly-confines-of-north-america/.
[29] https://www.marketscreener.com/business-leaders/Jamie-Levy-08G02S-E/biography/.
[30] https://www.marketscreener.com/business-leaders/Kerry-Knoll-05T8C1-E/biography/ and https://www.northernminer.com/news/veteran-mining-entrepreneur-kerry-knoll-bets-on-molybdenum-renaissance/1003773324/.
[31] https://resourcestockdigest.com/archives/interviews/generation-mining-cse-genm-executive-chairman-kerry-knoll-talks-past-successes-finding-value-in-the-resource-space-the-marathon-palladium-project/.
[32] Kerry Knoll and Nick Trintor. Tales from the Prospect Club. 2021, page 83. Published by the Prospect Club.

c) Does the project have a mine life longer than a few years (to interest major investors) with a possibility of more deposits in the area? and

d) What is the possibility of speedy permitting: few environmental issues like acid mine drainage, minimal local opposition (for example, the local town is dying, the "natives"[33] are friendly), and a good jurisdiction?

9) Knoll's actual career is checkered. (A detailed chronology of Knoll's career is attached as Appendix A). Generally speaking, his companies have worked well for his investors. From his time at The Northern Miner, he knows almost everyone in the mining and mining investment industry. His interviews and writing indicate his excellent sense of timing and strategy as well as incredible luck. However, it appears that his only real concern about the environment and people that his projects affect is how they will influence investors in his mines.[34] A few examples:

a) Knoll's Wheaton River bought the underground Golden Bear Mine in northwestern British Columbia in 1997. It had been operating a few years and was not doing well. Wheaton turned it into Canada's second cyanide heap leach mine and operated it for four years, when it was mined out. Twenty years later, this mine still has to be maintained. When they sold their company to the fledging Goldcorp in 2001, Knoll and his partners used the money to purchase mines in Nicaragua and Costa Rica that were cheap because they were facing labour and environmental difficulties.

b) The Bellavista Mine in Costa Rica, which Knoll's company Glencairn Gold bought in October 2002 through a merger with Blackhawk Mining, had a catastrophic slide of its cyanide-laced leach pile in 2007, leaving the local communities with a toxic water supply.[35] The mine never re-opened.

c) Glencairn's involvement in Lynn Lake in northern Manitoba from 2003-4 after taking over Blackhawk added a new tailings impoundment and more pollution to the existing nickel mine.[36] Blackhawk owed back taxes to the municipality from 1998 to 2003, which the town said amounted to $6 million. In 2004, a court negotiated a settlement for $839,000. Glencairn sold the mine in 2006.[37]

d) In 2004, sure that the global price was rising, Knoll and his partner Ian Macdonald got interested in molybdenum. They set up a company called Blue Pearl Mining and bought the Davidson Project in British Columbia.[38] There were serious environmental and social concerns and the mine has never been developed.

e) Blue Pearl was able to purchase Thompson Creek Metals, including the Endako Mine, in 2004 but the purchase resulted in a huge debt load. Knoll and MacDonald got out before the price of

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[33] https://resourcestockdigest.com/archives/interviews/generation-mining-cse-genm-executive-chairman-kerry-knoll-talks-past-successes-finding-value-in-the-resource-space-the-marathon-palladium-project/.
[34] See https://resourcestockdigest.com/archives/interviews/generation-mining-cse-genm-executive-chairman-kerry-knoll-talks-past-successes-finding-value-in-the-resource-space-the-marathon-palladium-project/ and https://resourcestockdigest.com/archives/interviews/generation-mining-tsx-genmotc-genmf-executive-chairman-kerry-knoll-on-developing-a-critical-green-metals-resource-within-the-friendly-confines-of-north-america/.
[35] https://earthworks.org/stories/bellavista/.
[36] https://www.canadianminingjournal.com/news/taxing-matters-glencairn-lynn-lake-settle-dispute/.
[37] https://www.northernminer.com/news/lynn-lake-the-next-revived-nickel-mine/1000201662/.
[38] http://www.mineralsnorth.ca/pdf/11-davidson-project.pdf.

molybdenum crashed in 2008. The Endako Mine closed in 2015, due to financial difficulties,[39] leaving behind a massive toxic tailings impoundment and waste rock dumps.

f) Stonegate Agricom, a potash project that Knoll and MacDonald started in 2006, was a failure that ended with its shares trading for one cent in 2017.[40]

g) Canada Lithium, in which Knoll invested and briefly chaired its board was, according to Knoll, a "spectacular failure."[41] It merged with RB Energy, where Knoll was a director, which also ran out of money and went into receivership in 2015.

h) Darnley Bay Resources was set up to try to bring the IZOK Project in the NWT into production in 2010. When this did not happen, the company purchased the enormous abandoned Pine Point zinc mine(s) on the south shore of Great Slave Lake for $8 million in 2017. Changing its name to Pine Point Mines Ltd., it hired some local people, began more exploratory drilling, and promoted the project's potential. The company was sold to Osisko for $34 million in cash and shares a year later. [42] The project is currently in the Environmental Assessment process.

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39 https://www.cbc.ca/news/canada/low-prices-force-b-c-mine-closure-1.233781.
40 https://www.northernminer.com/news/veteran-mining-entrepreneur-kerry-knoll-bets-on-molybdenum-renaissance/1003773324/.
41 https://www.northernminer.com/news/veteran-mining-entrepreneur-kerry-knoll-bets-on-molybdenum-renaissance/1003773324/.
42 https://www.northernminer.com/news/osisko-metals-on-a-mission-of-resource-conversion-at-pine-point/1003795637/.

Appendix A. Kerry Knoll Mining History

1978	Enrols in journalism at Ryerson; meets mining promoter Leon La Prairie, starts at Northern Miner.
1987	Ends time at The Northern Miner; had written big article on heap leach mining and got interested in it.
Oct-87	IPO for his first mining company (with Ian Macdonald) Glencairn Exploration Limited. Later became Glencairn Gold, then Central Sun Mining, eventually bought (after 2007 Bellavista disaster) by B2Gold. Bought Ketza River project and did some exploration, sold to YGC Resources in 1994; mine is now abandoned and one of the Type 2 sites in the Yukon.
1991- 1996	Bought Mount Skookum through Glencairn Exploration and did some work. Sold to Omni Resources.
1991	Wheaton River becomes a public company on the TSX (Knoll, MacDonald).
1993	Hears that Homestake wants to sell its majority share in North American Minerals' Golden Bear Mine in BC. Homestake effectively gives the mine to Wheaton for $100,000 and agrees to take on reclamation.
1994	Knoll and Macdonald's first capital shell company created – Dontrell Capital (finances trailer manufacturer Mond Industries Ltd., later Trailmobile) – diversifying far away from mining.
1995	Knoll and Macdonald - IPO for Lucro Capital Ltd and launched Intrepid Minerals Ltd. Lasted about ten years with stock at ten cents.
1997-2001	Golden Bear turned into a heap leach operation (only second in Canada); has one year of great production. Company is effectively taken over by Telfer, Guistra and Lassonde and Holmes, becoming Goldcorp. Knoll and Macdonald use money to set up Glencairn Exploration and to buy more mining projects.
2004	Buys Davidson molybdenum project near Smithers, BC. Knoll thinks price of molybdenum rising and wants in. Sets up Blue Pearl Mining (later changes name back to Thompson Creek); wants to purchase Endako molybdenum mine and mill from Thompson Creek Mining Turns out owner is desperate to get out and sells entire company to Blue Pearl. Molybdenum price starts to rise. Exploring Davidson site.
June 2005	Glencairn purchases Bellavista Mine in Costa Rica, despite a moratorium against open-pit gold mining; also purchases La Libertad Mine in Nicaragua.
June 2005	Glencairn merges with Blackhawk Mining. A bitter strike at Blackhawk's Limón mine in Nicaragua had ended (badly for the workers) in February 2003.

	Also got Lynn Lake property in Manitoba. Nasty mess left behind; Blackhawk owed $3 million in back taxes to the town; Mayor Audie Dulewich seized the company helicopter in 2001 when flying out last gold.
2006	Knoll and Macdonald found Stonegate Agricom.
2007	Major landslide at Bellavista mine heap leach. Closed. Catastrophic for communities. Company sold to B2Gold.
2008	Market crash; price of molybdenum, copper etc. drops. Knoll et al. exit Thompson Creek.
2009	Knoll invests in Canada Lithium and is interim president, then Chair of the Board; says it's "a spectacular failure". Canada Lithium merged with RB Energy - also ran out of money.
2009	Knoll invests in Darnley Bay Resources (exploring site of IZOK Mine in the northern Arctic).
2010	Listed Stonegate Agricom Ltd. Company lasted until July 2017 with shares around one cent. Sold to Itafos.
2010	Exploring at Darnley Bay, Knoll sets up company with Leon Laprairie.
2013	Thompson Creek sells Davidson Project due to massive debt.
2013	Jamie Levy is made president of Darnley Bay Resources.
2015	RB Energy placed in receivership.
2016	Darnley Bay options Davidson project.
2016	Darnley Bay buys Pine Point for $8 million and begins exploration at site of abandoned Pine Point Mine (zinc) in the NWT.
2017	Darnley Bay changes name to Pine Point Mining Ltd.
Dec 2017	Pine Point Mining sold to Osisko for $34 million (largest zinc mine in the world – ten-year life).
2018	Knoll, Levy set up Generation Mining Ltd to hold other properties of Pine Point. Purchase Marathon Project from Sibanye Stillwater.
2018	Generation Mining purchases zinc mine in Nova Scotia (Kennetcook Property) and Alberta Zinc Project.
June 2019	Generation signs definitive acquisition agreement with Sibanye for Marathon.
March 2020	Moon River Capital IPO issued, with Knoll, Levy, and MacDonald as directors.
March 2021	Feasibility Study for Marathon published.
May 2021	Decision to proceed with Marathon deferred by Sibanye and GenMining JV.
July 2021	Sibanye elects not to increase its share of Marathon project.