



MARATHON GOLD CORPORATION
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED
JUNE 30, 2015 AND 2014

Notice to Reader

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the unaudited interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements have been prepared by and are the responsibility of the Corporation's management.

The Corporation's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of unaudited interim financial statements by an entity's auditor.

Marathon Gold Corporation
Consolidated Balance Sheets
(Unaudited - Expressed in Canadian dollars)

| | June 30 | December 31 |
|---|-------------------|-------------|
| | 2015 | 2014 |
| | \$ | \$ |
| Assets | | |
| Current assets | | |
| Cash | 3,455,264 | 2,706,129 |
| Amounts receivable | 90,292 | 162,727 |
| Prepays and deposits | 47,849 | 67,242 |
| | 3,593,405 | 2,936,098 |
| Assets held for sale (notes 6 and 15) | 2,559,101 | 3,372,094 |
| Non-current assets | | |
| Investments | - | 177,700 |
| Property, plant and equipment | 22,469 | 30,856 |
| Mineral exploration and evaluation assets (note 5) | 41,653,200 | 40,121,443 |
| | 41,675,669 | 40,329,999 |
| Total assets | 47,828,175 | 46,638,191 |
| Liabilities | | |
| Current liabilities | | |
| Trade payables | 282,840 | 188,487 |
| Flow-through share tax liability (notes 9(b)(ii),(iii) and (v)) | 102,267 | 90,578 |
| | 385,107 | 279,065 |
| Liabilities associated with assets held for sale (notes 6 and 15) | 26,502 | 29,452 |
| Total liabilities | 411,609 | 308,517 |
| Equity attributable to owners (notes 9, 10, and 11) | 46,215,880 | 44,741,307 |
| Non-controlling interest in subsidiary (note 15) | 1,200,686 | 1,588,367 |
| | 47,416,566 | 46,329,674 |
| Total liabilities and shareholders' equity | 47,828,175 | 46,638,191 |

Going concern (note 1)

On behalf of the Board,

(signed) "George D. Faught"
George D. Faught
Director

(signed) "Phillip C. Walford"
Phillip C. Walford
Director

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

Marathon Gold Corporation
Consolidated Statements of Operations
For the three and six months ended June 30, 2015 and 2014
(Unaudited - Expressed in Canadian dollars)

| | Three months ended June 30 | | Six months ended June 30 | |
|---|-------------------------------|----------------|-----------------------------|----------------|
| | 2015 | 2014 | 2015 | 2014 |
| | \$ | \$ | \$ | \$ |
| Expenses: | | | | |
| Exploration expenses (note 12) | 20,422 | 5,186 | 20,422 | 5,186 |
| General and administrative expenses (note 13) | 280,940 | 237,186 | 577,357 | 584,955 |
| Other finance expense | 4,849 | - | 4,849 | 1,903 |
| Interest income | (4,086) | (1,491) | (11,114) | (4,156) |
| Loss on investments | - | - | 9,575 | - |
| Foreign exchange gain | (340) | (217) | (3,399) | (172) |
| Loss from continuing operations before tax | 301,785 | 240,664 | 597,690 | 587,716 |
| Income taxes | - | - | (90,578) | - |
| Loss from continuing operations for the period | 301,785 | 240,664 | 507,112 | 587,716 |
| Loss from discontinued operations, net of tax (notes 6 and 15) | 1,073,833 | - | 1,073,833 | - |
| Net loss for the period | 1,375,618 | 240,664 | 1,580,945 | 587,716 |
| Net loss attributable to non-controlling interest | (513,077) | - | (513,077) | - |
| Loss attributable to Marathon Gold shareholders | 862,541 | 240,664 | 1,067,868 | 587,716 |
| Loss attributable to Marathon Gold shareholders: | | | | |
| Basic and diluted loss per share – continuing operations | 0.004 | 0.003 | 0.007 | 0.009 |
| Basic and diluted loss per share – discontinued operations | 0.014 | - | 0.014 | - |
| Weighted average number of common shares outstanding | 75,241,132 | 64,762,450 | 75,133,361 | 63,375,669 |

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

Marathon Gold Corporation
Consolidated Statements of Comprehensive Loss
For the three and six months ended June 30, 2015 and 2014
(Unaudited - Expressed in Canadian dollars)

| | Three months ended June 30 | | Six months ended June 30 | |
|---|-------------------------------|-----------|-----------------------------|----------|
| | 2015 | 2014 | 2015 | 2014 |
| | \$ | \$ | \$ | \$ |
| Other comprehensive loss (income): | | | | |
| Loss for the period | 1,375,618 | 240,664 | 1,580,945 | 587,716 |
| Items that may be reclassified subsequently to net loss (income): | | | | |
| Currency translation adjustment – continuing operations | 8,848 | 26,114 | (59,358) | (2,932) |
| Currency translation adjustment – discontinued operations | (254,603) | 383,566 | (256,187) | (33,249) |
| Unrealized gain in fair value of investments classified as available for sale | - | 5,028 | - | (53,132) |
| Comprehensive loss | 1,129,863 | 655,372 | 1,265,400 | 498,403 |
| Comprehensive (loss) income attributable to non-controlling interest | (537,121) | (182,703) | (391,305) | 16,134 |
| Comprehensive loss attributable to Marathon Gold shareholders | 592,742 | 472,669 | 874,095 | 514,537 |

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

Marathon Gold Corporation
Consolidated Statements of Cash Flow
For the six months ended June 30, 2015 and 2014
(Unaudited - Expressed in Canadian dollars)

| | 2015 | 2014 |
|--|--------------------|--------------------|
| | \$ | \$ |
| Cash flows used in operating activities from continuing operations: | | |
| Loss from continuing operations for the period | (507,112) | (587,716) |
| Add (deduct) items not involving cash | | |
| Income taxes | (90,578) | - |
| Loss on investments | 9,575 | - |
| Depreciation | 11,607 | 22,073 |
| Stock-based compensation charged to operations (note 11) | - | 90,738 |
| | (576,508) | (474,905) |
| Changes in non-cash working capital items | | |
| Decrease (Increase) in amounts receivable | 85,538 | 25,968 |
| Decrease (Increase) in prepaid expenses | 19,393 | (6,336) |
| Decrease in accounts payable | (4,459) | (3,529) |
| Increase in Flow-through share tax liability | 102,267 | 90,578 |
| | (373,769) | (368,224) |
| Cash flows from financing activities from continuing operations: | | |
| Cash contributions from New Jersey Mining Company | 3,624 | - |
| Proceeds from issuance of common shares (note 9) | 2,490,983 | 1,676,827 |
| Share issue costs paid in cash | (51,758) | (83,793) |
| Proceeds on sale of investments | 190,743 | - |
| | 2,633,592 | 1,593,034 |
| Cash flows used in investing activities from continuing operations: | | |
| Expenditures on mineral exploration and evaluation assets | (1,643,165) | (1,353,914) |
| Government assistance | 140,902 | 100,000 |
| Purchase of capital assets | (3,220) | - |
| | (1,505,483) | (1,253,914) |
| Increase (Decrease) in cash from continuing operations | 754,340 | (29,104) |
| Decrease in cash from discontinued operations (note 6) | (5,205) | (4,560) |
| Increase (Decrease) in cash in the period | 749,135 | (33,664) |
| Cash— beginning of period | 2,706,129 | 1,185,351 |
| Cash— end of period | 3,455,264 | 1,151,687 |

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

Marathon Gold Corporation
Consolidated Statements of Changes in Equity
For the six months ended June 30, 2015 and 2014
(Unaudited - Expressed in Canadian dollars)

| | Share Capital (note 9) | Warrants (note 10) | Contributed Surplus (note 11) | Deficit | Accumulated Other Comprehensive Income | Other reserve | Equity attributable to owners of Marathon Gold Corporation | Non- controlling interest (note 15) | Total Shareholders' Equity |
|--|------------------------------|-----------------------|-------------------------------------|---------------------|---|---------------|--|--|----------------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance – January 1, 2014 | 41,462,714 | 1,738,323 | 7,939,021 | (8,026,037) | 259,366 | 85,023 | 43,458,410 | 5,047,326 | 48,505,736 |
| Loss for the period | - | - | - | (587,716) | - | - | (587,716) | - | (587,716) |
| Stock based compensation | - | - | 138,495 | - | - | - | 138,495 | - | 138,495 |
| Unrealized gain on available-for-sale investments | - | - | - | - | 53,132 | - | 53,132 | - | 53,132 |
| Currency translation adjustment | - | - | - | - | 20,047 | - | 20,047 | 16,134 | 36,181 |
| Common shares issued for cash pursuant to private placement | 250,000 | - | - | - | - | - | 250,000 | - | 250,000 |
| Flow through shares issued for cash pursuant to private placement | 427,927 | - | - | - | - | - | 427,927 | - | 427,927 |
| Units issued for cash pursuant to private placement | 847,529 | 151,371 | - | - | - | - | 998,900 | - | 998,900 |
| Warrants expired in the period | - | (1,108,322) | 1,108,322 | - | - | - | - | - | - |
| Share issue costs | (77,757) | 12,683 | - | - | - | - | (65,074) | - | (65,074) |
| Balance – June 30, 2014 | 42,910,413 | 794,055 | 9,185,838 | (8,613,753) | 332,545 | 85,023 | 44,694,121 | 5,063,460 | 49,757,581 |
| Balance – January 1, 2015 | 46,796,662 | 635,307 | 9,823,147 | (13,458,005) | 859,173 | 85,023 | 44,741,307 | 1,588,367 | 46,329,674 |
| Loss for the period | - | - | - | (1,067,868) | - | - | (1,067,868) | (513,077) | (1,580,945) |
| Cumulative unrealized gains on available for sale investments transferred to profit and loss upon sale | - | - | - | - | 22,618 | - | 22,618 | - | 22,618 |
| Flow through shares issued for cash pursuant to private placement | 664,733 | - | - | - | - | - | 664,733 | - | 664,733 |
| Units issued for cash pursuant to private placement | 1,485,688 | 340,562 | - | - | - | - | 1,826,250 | - | 1,826,250 |
| Share issue costs | (164,933) | - | - | - | - | - | (164,933) | - | (164,933) |
| Funding contributions by New Jersey Mining Company | - | - | - | - | - | - | - | 3,624 | 3,624 |
| Currency translation adjustment | - | - | - | - | 193,773 | - | 193,773 | 121,772 | 315,545 |
| Balance – June 30, 2015 | 48,782,150 | 975,869 | 9,823,147 | (14,525,873) | 1,075,564 | 85,023 | 46,215,880 | 1,200,686 | 47,416,566 |

Marathon Gold Corporation
Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2015 and 2014
(Unaudited - Expressed in Canadian dollars)

1) GOING CONCERN

The consolidated financial statements of Marathon Gold Corporation (Marathon”, the “Company”, “we” or “us”) have been prepared in accordance with International Financial Reporting Standards applicable to a going concern, which assumes continuity of operations and realization of assets and settlement of liabilities in the normal course of business for the foreseeable future.

Marathon has no sources of revenue, has incurred losses amounting to \$14.5 million since its inception, and is dependent on financings to fund its operations. In addition, as Marathon is in the development stage, it is subject to the risks, uncertainties and challenges similar to other companies in a comparable stage of development. These include, but are not limited to, the continuation of losses in future periods; the ability to raise sufficient funds, and on acceptable commercial terms, to continue its exploration programs; the ability to establish the economic viability of mineral deposits on any of its mining properties; the acquisition of required permits to mine; and the attainment of profitable operations. These material uncertainties lend significant doubt over the applicability of the going concern assumption and ultimately the use of accounting principles pertinent to a going concern. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported expenses and balance sheet classifications that would be necessary if the going concern assumption were inappropriate. These adjustments could be material.

Marathon funded its operations in the period ended June 30, 2015 through the use of its existing cash reserves obtained through equity financings completed most recently in the third quarter of 2014 and completed the first tranche of a private placement of units and flow through shares on June 29, 2015, which raised aggregate gross proceeds of \$2,593,250. In addition, Marathon continues to seek additional financing opportunities in order to raise necessary funds for the advancement of its properties. However, there can be no assurance that the Company will be successful in these efforts.

2) GENERAL INFORMATION

Marathon’s primary business focus is the acquisition, exploration and development of precious and base metal prospects, including the further development of the Valentine Lake Project in the Province of Newfoundland and Labrador in eastern Canada and the Bonanza project in Oregon, USA.

Marathon was incorporated under the Canada Business Corporations Act on December 3, 2009. On December 3, 2010, Marathon’s common shares commenced trading on the Toronto Stock Exchange under the symbol “MOZ”.

Marathon’s registered address is 357 Bay Street, Suite 800, Toronto, Ontario M5H 2T7.

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Marathon's operations and level of spending on its mining properties are impacted by seasonality, which at times limits the ability of the Company or its exploration partners to carry out drilling and other surface operations on its properties, and by the extent of Marathon's working capital.

3) BASIS OF PRESENTATION

These condensed interim consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB applicable to the preparation of interim financial statements, including IAS34, *Interim Financial Reporting*. These condensed interim consolidated financial statements should be read in conjunction with the audited annual financial statements for the year ended December 31, 2014, which were prepared in accordance with IFRS as issued by the IASB.

These condensed interim consolidated financial statements were approved by the Board of Directors for issue on August 6, 2015.

4) ACCOUNTING POLICIES

The accounting policies followed in the preparation of these condensed interim consolidated financial statements are consistent with those followed in the previous financial year.

5) MINERAL EXPLORATION AND EVALUATION ASSETS

| | Valentine Lake Gold Project, Newfoundland | Golden Chest Project, Idaho USA | Bonanza Mine Project, Oregon USA | Total |
|---|---|---------------------------------------|--|-------------------|
| | Total | | | Total |
| | \$ | \$ | \$ | \$ |
| Balance – January 1, 2014 | 35,805,981 | 10,558,418 | 655,980 | 47,020,379 |
| Property acquisition costs | 25,240 | - | - | 25,240 |
| Deferred exploration costs | 3,574,726 | 18,289 | - | 3,593,015 |
| Currency translation adjustment | - | 958,795 | 59,516 | 1,018,311 |
| Reclassified to assets held for sale (note 6) | - | (11,535,502) | - | (11,535,502) |
| Balance – December 31, 2014 | 39,405,947 | - | 715,496 | 40,121,443 |
| Property acquisition costs | 6,450 | - | - | 6,450 |
| Deferred exploration costs | 1,470,477 | - | - | 1,470,477 |
| Currency translation adjustment | - | - | 54,830 | 54,830 |
| Balance – June 30, 2015 | 40,882,874 | - | 770,326 | 41,653,200 |

a) Valentine Lake gold property, Newfoundland

The Valentine Lake property is subject to two overlapping agreements, which cover the claims which comprise the Leprechaun Gold Deposit and the Victory Gold Deposit but not the entire Valentine Lake property.

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The Reid Newfoundland Company retains a 7.5% net profits interest (“NPI”). In addition, Glencore Canada Corporation retains a 2% net smelter return royalty (“NSR”) on base metals and a 3% NSR on precious metals, which is reduced from 3% to 1.5% over the life of production until the earlier of the following:

- Cumulative production exceeding 250,000 ounces of gold, and
- An amount becoming payable under the terms of the Reid NPI.

Amounts payable in any period under the Xstrata NSR’s on precious and base metals are reduced by amounts payable in the same periods under the Reid NPI.

b) Golden Chest gold property, Idaho

Marathon holds a 52.22% interest in Golden Chest LLC (“GCLLC”), a company formed to hold a 100% interest in the Golden Chest gold property located near Kellogg, Idaho. Exploration activity at the Golden Chest property is carried out by New Jersey Mining Company (“NJMC”), the manager of the project.

GCLLC is earning a 100% interest in certain patented mining claims which make up a portion of the Golden Chest property by making payments to the original vendor of the property against a non-interest bearing promissory note (the “Beasley Note”). GCLLC’s remaining payment commitments with respect to the Beasley Note are outlined below.

| Year ending December 31: | Amounts Due US \$ |
|--------------------------|----------------------|
| 2015 | 250,000 |
| 2016 | 500,000 |
| 2017 | 500,000 |
| 2018 | 125,000 |
| | 1,375,000 |

The Beasley Note is without recourse to GCLLC, NJMC, and Marathon. In the event that GCLLC were unable to continue to make the vendor payments stipulated by the note, it would forfeit its interests in these claims.

In November 2013, GCLLC entered into a lease agreement with Juniper Resources, a private mining company based in Idaho, pursuant to which Juniper has the right to lease a section of the Golden Chest property to mine for its own account over a period of up to three years.

Under the terms of the lease agreement, the following monies became payable at various points over the life of the agreement, for so long as Juniper conducts mining operations on the property:

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- 1) the payment of quarterly installments due on the Beasley Note, commencing December 15, 2013; and
- 2) the payment of a 2% NSR royalty, net of advance royalty and other payments made by Juniper to GCLLC amounting to US \$250,000.

During the period ended June 30, 2015 Juniper paid the installments due March 15, 2015 and June 15, 2015 on the Beasley Note.

In December 2014, Marathon reclassified the assets and liabilities of GCLLC as held for sale. The facts and circumstances which led Marathon to this action, and certain disclosures related to the results of operations, cash flows, and assets and liabilities of GCLLC are described in note 6 to these financial statements.

c) Bonanza Mine gold property, Oregon

Marathon acquired a 100% interest in the Bonanza Mine gold property, a past producing gold mine located in the Green Horn gold district of Oregon, USA, in 2011. At the time of this transaction, the Bonanza property consisted of 13 patented lode claims and one patented parcel covering a total of approximately 120 hectares. Concurrent with and subsequent to this property acquisition, Marathon staked additional unpatented claims around the Bonanza property.

In connection with this acquisition, the vendor retained timber rights to the patented claims for a period of 20 years and a 2% net smelter returns royalty. Marathon has the right to purchase 1% of the royalty by paying the vendor US \$1,000,000. There are no royalties on the unpatented claims.

6) DISCONTINUED OPERATIONS

Marathon determined during the fourth quarter of 2014 that it would make no further expenditures on the Golden Chest property and began discussions with two interested purchasers oriented at the sale of GCLLC. These actions, taken together with Marathon's assessment that it was highly likely that a sale of its interest in GCLLC could be concluded prior to December 31, 2015, resulted in Marathon classifying the assets and liabilities of GCLLC as held for sale at both December 31, 2014 and June 30, 2015.

At June 30, 2015, Marathon still had ownership of 52.22% of GCLLC and considered that the assets and liabilities related to GCLLC met the criteria to be classified as a disposal group held for sale. Accordingly, Marathon has presented the results of GCLLC as a single line item on the face of the Consolidated Statements of Operations and Comprehensive Loss; that is, any expenses of GCLLC are reported separately from the results of continuing operations.

At June 30, 2015, accumulated currency translation adjustments related to the assets and liabilities of GCLLC and disclosed within Other comprehensive income amounted to \$946,132.

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All related assets and liabilities have been presented as held for sale in the Consolidated Balance Sheet at June 30, 2015. In addition, the net cash outflows of GCLLC for the periods ended June 30, 2015 and 2014 have been presented separately as changes in Cash from discontinued operations in the Consolidated Statement of Cash Flows. Details of the results of operations, the assets and liabilities in the disposal group, and the cash flows attributable to discontinued operations are presented in note 15.

As a result of Marathon's decision to realize value through a sale transaction as opposed to further development of Golden Chest, Marathon conducted an analysis of the carrying value of the Golden Chest property at December 31, 2014. As a result of this analysis, Marathon estimated the fair value less costs of disposal of the Golden Chest property at \$3,323,214 and recognized and charged to operations in 2014 an impairment loss amounting to \$8,212,288. At June 30, 2015 Marathon undertook a further analysis of the carrying value of the property and estimated the fair value less costs of disposal of the Golden Chest property at \$2,512,352. Consequently, Marathon recognized and charged to operations an impairment loss amounting to \$1,073,833 in the period ended June 30, 2015. These estimates were based on analyses of the market values of a number of junior mining properties in a similar stage of exploration situated in North America, focused exclusively on gold and silver, and exhibiting gold grades and resource magnitudes comparable to Golden Chest.

At June 30, 2015, Marathon's net economic interest in the net assets of GCLLC amounted to \$1,331,913, comprised as follows:

| | |
|--------------------------|-------------|
| | \$ |
| Assets | 2,559,101 |
| Trade payables | (26,502) |
| Non-controlling interest | (1,200,686) |
| Net | 1,331,913 |

7) FINANCIAL INSTRUMENTS

Measurement categories

Marathon's financial assets and liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value, whether changes in fair value are recognized in the statement of income or comprehensive income. Those categories are: fair value through profit or loss; loans and receivables; available for sale assets; and, for liabilities, amortized cost. The following table shows the carrying values of assets and liabilities for each of these categories at June 30, 2015 and December 31, 2014.

Marathon Gold Corporation
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For the three and six months ended June 30, 2015 and 2014
(Unaudited - Expressed in Canadian dollars)

| | June 30 2015 | December 31 2014 |
|-------------------------------------|-------------------------|---------------------|
| | \$ | \$ |
| Loans and receivables | | |
| Cash | 3,455,264 | 2,706,129 |
| | 3,455,264 | 2,706,129 |
| Available for sale | | |
| Investment in equity securities | - | 177,700 |
| | - | 177,700 |
| | June 30 2015 | December 31 2014 |
| | \$ | \$ |
| Other financial liabilities | | |
| Trade payables due within 12 months | (282,840) | (188,487) |
| | (282,840) | (188,487) |

The carrying values of Marathon's cash, trade receivables, loans, and trade payables approximate fair value.

Fair value hierarchy

The following table classifies financial assets and liabilities that are recognized on the balance sheet at fair value in a hierarchy that is based on significance of the inputs used in making the measurements. The levels in the hierarchy are:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

There were no transfers between levels 1, 2 or 3 during the year.

| | June 30 2015 | December 31 2013 |
|---------------------------------|-------------------------|---------------------|
| | \$ | \$ |
| Level 1 | | |
| Investment in equity securities | - | 177,700 |

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8) CAPITAL MANAGEMENT

Marathon is not subject to externally imposed capital requirements.

Marathon manages its capital structure and makes adjustments to it based on the funds available to support the acquisition, exploration and development of our mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of management to sustain the future development of the business.

Marathon's properties are in the exploration and evaluation stages, and as such the Company depends on external financing to fund its activities. In order to carry out its exploration and development activities and to pay for administrative costs, Marathon spends existing working capital and raises additional amounts as needed. Management continues to assess new properties and seeks to acquire interests in additional properties if there is sufficient geologic or economic potential and if Marathon has adequate financial resources to do so.

9) SHARE CAPITAL

a) Common shares issued and outstanding

Authorized:

Unlimited common shares without par value

Unlimited preference shares, issuable in series

b) Issued and outstanding:

| | Number | Amount \$ |
|---|-------------------|-------------------|
| Balance – January 1, 2014 | 61,115,881 | 41,462,714 |
| Flow through shares issued pursuant to private placement ⁽ⁱⁱ⁾ | 1,456,300 | 422,327 |
| Common shares issued pursuant to private placement ⁽ⁱ⁾ | 797,448 | 250,000 |
| Units issued pursuant to private placement ⁽ⁱⁱⁱ⁾ | 2,561,283 | 847,529 |
| Flow through shares issued pursuant to private placement ⁽ⁱⁱⁱ⁾ | 20,000 | 5,600 |
| Common shares issued pursuant to private placement ⁽ⁱ⁾ | 760,340 | 375,000 |
| Flow through shares issued pursuant to private placement ^(iv) | 4,863,140 | 2,674,727 |
| Units issued pursuant to private placement ^(iv) | 3,450,000 | 1,405,185 |
| Share issue costs | - | (646,420) |
| Balance – December 31, 2014 | 75,024,392 | 46,796,662 |
| Common shares issued pursuant to private placement ^(vi) | 7,305,000 | 1,485,688 |
| Flow through shares issued pursuant to private placement ^(vi) | 2,556,666 | 664,733 |
| Share issue costs | - | (164,933) |
| Balance – June 30, 2015 | 84,886,058 | 48,782,150 |

- i. On December 11, 2013, Marathon entered into a subscription agreement with Rambler Metals & Mining plc ("Rambler") (the "Rambler Subscription"). Under the

Marathon Gold Corporation
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(Unaudited - Expressed in Canadian dollars)

terms of the Rambler Subscription, Rambler agreed irrevocably to subscribe for common shares of Marathon for gross proceeds of \$500,000, as follows:

- a. 1,176,470 shares at a price of \$0.2125 per share, for gross proceeds of \$250,000 (the "First Tranche), which closed on December 11, 2013, and
- b. That number of common shares equal to \$250,000 (the "Second Tranche") at a subscription price calculated as a 10% premium to the greater of the volume weighted average price ("VWAP") for Marathon's common shares for the 60 and 5 trading days ending on the date prior to Rambler giving notice of its intention to subscribe under the Second Tranche, with the closing of the Second Tranche to occur no later than April 30, 2014.

In addition, Marathon granted Rambler an option, exercisable in its sole discretion, to subscribe for additional shares amounting to gross proceeds of \$1,500,000 in four quarterly tranches, as follows:

- a. \$375,000 at any time in the period from May 1, 2014 to July 31, 2014;
- b. \$375,000 at any time in the period from August 1, 2014 to October 31, 2014;
- c. \$375,000 at any time in the period from November 1, 2014 to January 31, 2015; and
- d. \$375,000 at any time in the period from February 1, 2015 to April 30, 2015,

with the number of shares issuable upon the exercise of each individual quarterly option equal to \$375,000 at a subscription price calculated as a 10% discount to the greater of the VWAP for Marathon's common shares for the 60 and 5 trading days ending on the date prior to Rambler giving notice of its intention to exercise its option. Marathon has not attributed a value to this option.

Finally, Marathon granted Rambler a pre-emptive right to participate in subsequent financings by Marathon in the period from May 1, 2014 to March 31, 2016, except if by exercising such right Rambler would increase its investment in the common shares of Marathon over 20%. Marathon has not attributed a value to this pre-emptive right.

On April 2, 2014, Marathon closed a private placement of 797,448 common shares at a price of \$0.3135 per share, for total gross proceeds of \$250,000 pursuant to the subscription of the Second Tranche by Rambler.

On August 5, 2014, Marathon closed a private placement of 760,340 common shares at a price of \$0.4932 per share, for total gross proceeds of \$375,000 pursuant to the exercise by Rambler of the first of the subscription rights described above.

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The second, third and fourth of the four subscription rights granted under the Rambler Subscription expired without exercise.

- ii. On February 7, 2014, Marathon closed a private placement of 1,456,300 flow-through common shares at a price of \$0.35 per share, for total gross proceeds of \$509,705.

The gross proceeds of the offering of flow-through shares were allocated between Share capital and Flow-through share tax liability using the residual method, which resulted in \$87,378 of gross proceeds being allocated to the liability portion of this financing.

Marathon incurred costs in connection with this offering of \$11,111, of which \$1,903 was attributed to the flow-through tax liability on a pro rata basis and charged to operations.

- iii. In May 2014, Marathon issued pursuant to a private placement a total of 2,561,283 units at a price of \$0.39 per unit and 20,000 flow-through common shares at a price of \$0.44 per share, for total gross proceeds of \$1,007,700.

The gross proceeds of the offering of flow-through shares were allocated between Share capital and Flow-through share tax liability using the residual method, which resulted in \$3,200 of gross proceeds being allocated to the liability portion of this financing.

Each unit consisted of one common share and one-half of one share purchase warrant, with each whole warrant exercisable at a price of \$0.50 per share and expiring two years after issue. The gross proceeds of the offering of units were allocated between Share capital and Warrants on the basis of relative fair value, which resulted in \$151,371 in proceeds being allocated to Warrants.

Marathon incurred costs incurred in connection with this offering of \$68,549, including \$48,000 in finder's fees and \$12,683 related to the fair value of broker compensation warrants.

- iv. On August 21, 2014, Marathon closed a private placement of 4,863,140 flow through common shares at a price of \$0.55 per flow through share and 3,450,000 units at a price of \$0.50, for total aggregate gross proceeds of \$4,399,727.

Each unit consisted of one common share and one-half of one share purchase warrant, with each whole warrant exercisable at a price of \$0.75 per share and

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expiring two years after issue. The gross proceeds of the offering of units were allocated between Share capital and Warrants on the basis of relative fair value, which resulted in \$319,815 in proceeds being allocated to Warrants.

Marathon incurred costs in connection with this offering of \$568,662, including \$263,984 in broker commissions and \$151,438 related to the fair value of broker compensation warrants.

- v. On June 29, 2015, Marathon closed the first tranche of a non-brokered private placement and issued a total of 7,305,000 units at a price of \$0.25 per unit and 2,556,666 flow-through shares at a price of \$0.30 per share, for total gross proceeds of \$2,593,250.

- vi. Each unit consisted of one common share and one-half of one share purchase warrant, with each whole warrant exercisable at a price of \$0.34 per share and expiring on June 29, 2017. The gross proceeds from the offering of units were allocated between Share capital and Warrants on the basis of relative fair value, which resulted in \$340,562 in proceeds being allocated to Warrants.

The gross proceeds from the offering of flow-through shares were allocated between Share capital and Flow-through share tax liability using the residual method, which resulted in \$102,267 of gross proceeds being allocated to the liability portion of this financing.

Marathon incurred costs in connection with this offering of \$169,782, of which \$4,849 was attributed to the flow through share tax liability and charged to operations.

On July 7, 2015, Marathon closed the second and final tranche of this offering and issued 2,420,000 units and 618,334 flow-through shares on terms identical to those described above, for total gross proceeds of \$790,500.

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10) WARRANTS

The movements in the number and estimated fair value of outstanding warrants are as follows:

| | Number | Value \$ |
|---|------------------|------------------|
| Balance – January 1, 2014 | 5,262,101 | 1,738,323 |
| Issued pursuant to private placement ^(a) | 1,280,641 | 151,371 |
| Broker compensation warrants issued ^(a) | 123,076 | 12,683 |
| Issued pursuant to private placement ^(b) | 1,725,000 | 319,815 |
| Broker compensation warrants issued ^(b) | 485,228 | 151,438 |
| Expired | (5,262,101) | (1,738,323) |
| Balance – December 31, 2014 | 3,613,945 | 635,307 |
| Issued pursuant to private placement | 3,652,500 | 340,562 |
| Balance – June 30, 2015 | 7,266,445 | 975,869 |

The warrants outstanding at June 30, 2015 are set out below.

| Exercise price | Number of warrants | Expiry date |
|----------------|--------------------|-------------------|
| \$0.39 | 123,076 | May 12, 2016 |
| \$0.50 | 1,090,641 | May 12, 2016 |
| \$0.50 | 190,000 | May 16, 2016 |
| \$0.75 | 1,725,000 | August 21, 2016 |
| \$0.55 | 485,228 | February 21, 2016 |
| \$0.34 | 3,652,500 | June 29, 2017 |
| \$0.62 | 7,266,445 | |

(a) Pursuant to a private placement which closed in two tranches on May 12 and May 16, 2014, Marathon issued a total of 1,280,641 share purchase warrants exercisable at a price of \$0.50 per share and expiring two years from issue. The fair value of these warrants was estimated using the Black-Scholes option pricing model with the following assumptions:

- risk free interest rate of 1.05%;
- expected dividend yield of nil;
- expected volatility of 80%; and
- expected term of 2 years,

which yielded an estimated fair value of \$0.118 per warrant.

In addition, Marathon issued a total of 123,076 broker compensation warrants exercisable at a price of \$0.39 per share and expiring on May 12, 2016. The fair value of these warrants was estimated using the Black-Scholes option pricing model with the following assumptions:

- risk free interest rate of 1.05%;

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- expected dividend yield of nil;
- expected volatility of 80%; and
- expected term of 2 years,

which yielded an estimated fair value of \$0.103 per warrant.

- (b) Pursuant to a private placement which closed on August 21, 2014 Marathon issued a total of 1,725,000 share purchase warrants exercisable at a price of \$0.75 per share and expiring two years from issue. The fair value of these warrants was estimated using the Black-Scholes option pricing model with the following assumptions:

- risk free interest rate of 1.03%;
- expected dividend yield of nil;
- expected volatility of 100%; and
- expected term of 2 years,

which yielded an estimated fair value of \$0.185 per warrant.

In addition, Marathon issued a total of 485,228 broker compensation warrants exercisable at a price of \$0.55 per share and expiring on February 21, 2016. The fair value of these warrants was estimated using the Black-Scholes option pricing model with the following assumptions:

- risk free interest rate of 1.03%;
- expected dividend yield of nil;
- expected volatility of 100%; and
- expected term of 1.5 years,

which yielded an estimated fair value of \$0.312 per warrant.

- (c) Pursuant to a private placement which closed on June 29, 2015 Marathon issued a total of 3,652,500 share purchase warrants exercisable at a price of \$0.34 per share and expiring two years from issue. The fair value of these warrants was estimated using the Black-Scholes option pricing model with the following assumptions:

- risk free interest rate of 0.56%;
- expected dividend yield of nil;
- expected volatility of 100%; and
- expected term of 2 years,

which yielded an estimated fair value of \$0.093 per warrant.

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11) STOCK BASED COMPENSATION

Marathon has a stock option plan (the "Plan") which was adopted on November 30, 2010, under which Marathon may grant options to directors, officers, and consultants. The number of shares reserved for issue under the Plan may not exceed 10% of the number of issued and outstanding common shares at any time.

The purpose of the Plan is to attract, retain and motivate directors, officers, and external service providers by providing them with the opportunity to acquire a proprietary interest in Marathon and benefit from its growth. The options granted under the Plan are non-assignable, have a term of up to 5 years and vest upon grant.

| | Six months ended June 30, 2015 | | Six months ended June 30, 2014 | |
|--------------------------------|-----------------------------------|---|-----------------------------------|--|
| | Number | Weighted average exercise price per share | Number | Weighted average exercise price per share |
| | | \$ | | \$ |
| Balance - beginning of period | 6,590,500 | 0.84 | 5,368,000 | 0.99 |
| Granted in the period | - | - | 870,000 | 0.32 |
| Expired | (18,000) | 0.66 | (440,000) | 0.82 |
| Balance – end of period | 6,572,500 | 0.84 | 5,798,000 | 0.90 |

Options to purchase common shares outstanding at June 30, 2015 carry exercise prices and remaining terms to maturity as follows:

| Exercise price | Options Outstanding and exercisable | Contract Life (years) |
|----------------|--|--------------------------|
| \$ | | |
| 1.61 | 1,655,000 | 0.47 |
| 1.28 | 63,000 | 1.18 |
| 1.18 | 547,000 | 1.48 |
| 0.65 | 1,430,000 | 2.09 |
| 0.52 | 1,149,000 | 2.55 |
| 0.26 | 110,000 | 3.18 |
| 0.32 | 820,000 | 3.66 |
| 0.39 | 798,500 | 4.02 |
| 0.84 | 6,572,500 | 2.15 |

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Marathon did not grant any options in the period ended June 30, 2015. The fair value of the options granted by Marathon in the six months ended June 30, 2014 was estimated at the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

| | |
|--|---------|
| | 2014 |
| Risk free interest rate | 1.04% |
| Dividend rate | Nil |
| Volatility | 85% |
| Expected life | 3 years |
| Weighted average fair value per option granted in the period | \$0.16 |

Marathon recognized total stock based compensation costs of \$Nil in the period ended June 30, 2015 (2014 - \$138,495). In the period ended June 30, 2014, a total of \$90,738 was charged to operations and \$47,757 was capitalized as a component of Marathon's exploration and evaluation assets.

12) EXPLORATION EXPENSES

| | Three months ended June 30 | | Six months ended June 30 | |
|---|-------------------------------|-------|-----------------------------|-------|
| | 2015 | 2014 | 2015 | 2014 |
| | \$ | \$ | \$ | \$ |
| Finger Pond Property, Newfoundland | | | | |
| Forfeiture of security deposits | - | 5,186 | - | 5,186 |
| | - | 5,186 | - | 5,186 |
| Bonanza Property, Oregon | | | | |
| Claim renewal costs | 20,422 | - | 20,422 | - |
| | 20,422 | - | 20,422 | - |
| | 20,422 | 5,186 | 20,422 | 5,186 |

13) GENERAL AND ADMINISTRATIVE EXPENSES

| | Three months ended June 30 | | Six months ended June 30 | |
|--|-------------------------------|---------|-----------------------------|---------|
| | 2015 | 2014 | 2015 | 2014 |
| | \$ | \$ | \$ | \$ |
| Wages, salaries and benefits (note 14) | 144,218 | 112,696 | 284,181 | 226,320 |
| Professional fees | 35,999 | 17,299 | 37,986 | 25,924 |
| Investor relations | 35,056 | 38,418 | 80,564 | 70,110 |
| Depreciation | 2,338 | 7,117 | 11,607 | 22,073 |
| Other expenses | 63,329 | 61,656 | 163,019 | 149,790 |
| Stock based compensation charged to operations (note 11) | - | - | - | 90,738 |
| | 280,940 | 237,186 | 577,357 | 584,955 |

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14) WAGES, SALARIES AND BENEFITS

| | Three months ended | | Six months ended | |
|---|--------------------|---------|------------------|---------|
| | June 30 | | June 30 | |
| | 2015 | 2014 | 2015 | 2014 |
| | \$ | \$ | \$ | \$ |
| Fees and salaries and wages paid to employees, officers and directors (note 17) | 337,984 | 267,653 | 710,554 | 555,623 |
| Social security benefits | 27,684 | 26,995 | 61,939 | 60,637 |
| | 365,668 | 294,648 | 772,493 | 616,260 |
| Charged to general and administrative expenses | 144,218 | 112,696 | 284,181 | 226,320 |
| Charged to exploration expenses | | - | | - |
| Capitalized as a component of mineral exploration and evaluation assets | 221,450 | 181,952 | 488,312 | 389,940 |
| | 365,668 | 294,648 | 772,493 | 616,260 |

15) NON-CONTROLLING INTEREST

The non-controlling interest relates to the 47.78% interest of NJMC in GCLLC. Marathon's voting interest in GCLLC at December 31, 2014 and June 30, 2015 was 52.22%.

The movement in the non-controlling interest in the period ended June 30, 2015 is set out below.

| | |
|--|------------------|
| Balance - January 1, 2014 | 5,047,326 |
| NJMC's share of funding of GCLLC from January 1, 2014 to December 31, 2014 | 6,526 |
| NJMC's share of impairment write-down on the Golden Chest property | (3,923,832) |
| Currency translation adjustment | 458,347 |
| Balance - December 31, 2014 | 1,588,367 |
| NJMC's share of funding of GCLLC | 3,624 |
| NJMC's share of impairment write-down on the Golden Chest property | (513,077) |
| Currency translation adjustment | 121,772 |
| Balance - June 30, 2015 | 1,200,686 |

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The results of operations attributable to GCLLC in the three and six months ended June 30, 2015 and 2014 are presented below.

| | Three months ended June 30 | | Six months ended June 30 | |
|----------------------------|-------------------------------|----------|-----------------------------|----------|
| | 2015 | 2014 | 2015 | 2014 |
| | \$ | \$ | \$ | \$ |
| Expenses | | | | |
| Impairment charge | 1,073,833 | - | 1,073,833 | - |
| Loss before taxes | 1,073,833 | - | 1,073,833 | - |
| Income taxes | - | - | - | - |
| Loss for the period | 1,073,833 | - | 1,073,833 | - |

The net assets and summarized cash flows of GCLLC at and for the period ended June 30, 2015, which form part of Marathon's consolidated balance sheet and statement of cash flows respectively, are summarized below.

| | June 30 2015 | December 31 2014 |
|---|------------------|---------------------|
| | \$ | \$ |
| Summarized balance sheet: | | |
| Assets | | |
| Current assets | | |
| Cash | 1,424 | 488 |
| Prepays and deposits | 2,258 | 8,391 |
| | 3,682 | 8,879 |
| Property, plant and equipment | 43,067 | 40,001 |
| Mineral exploration and evaluation assets | 2,512,352 | 3,323,214 |
| Total assets | 2,559,101 | 3,372,094 |
| Liabilities | | |
| Trade payables | (26,502) | (29,452) |
| Total liabilities | (26,502) | (29,452) |
| Net assets | 2,532,599 | 3,342,642 |

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| Summarized cash flows: | 2015 | 2014 |
|--|----------------|-------------|
| | \$ | \$ |
| Cash from financing activities: | | |
| Capital contributions by Marathon and NJMC | 6,141 | - |
| | 6,141 | - |
| Cash used in investing activities: | | |
| Cash expenditures on Golden Chest property | (5,205) | (4,560) |
| | (5,205) | (4,560) |
| Increase (Decrease) in cash | 936 | (4,560) |
| Cash – beginning of period | 488 | 7,607 |
| Cash – end of period | 1,424 | 3,047 |

16) COMMITMENTS

Operating leases

Marathon has the following commitments under operating leases.

| | |
|-------------------------|----------------|
| Year ending December 31 | \$ |
| 2015 | 72,042 |
| 2016 | 144,084 |
| 2017 | 20,219 |
| 2018 | 2,314 |
| Thereafter | - |
| | 238,659 |

17) RELATED PARTY TRANSACTIONS

Key management

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include Marathon's executive officers, vice-presidents and members of its Board of Directors.

Marathon incurred the following compensation costs related to key management and directors in the normal course of business.

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| | Three months ended | | Six months ended | |
|--|--------------------|---------|------------------|---------|
| | June 30 | | June 30 | |
| | 2015 | 2014 | 2015 | 2014 |
| | \$ | \$ | | \$ |
| Salaries paid to key management | 146,250 | 107,750 | 292,500 | 215,500 |
| Director fees | 31,625 | 22,406 | 59,250 | 49,812 |
| Consulting fees payable to a business controlled by a director of the Company | 10,000 | - | 10,000 | - |
| | 187,875 | 130,156 | 361,750 | 265,312 |

18) SUBSEQUENT EVENT

On July 7, 2015, Marathon closed the second and final tranche of its offering of units and flow through shares and issued 2,420,000 units at a price of \$0.25 per unit and 618,334 flow through shares at a price of \$0.30 per share for total gross proceeds of \$790,500.

Each unit consisted of one common share and one-half of one share purchase warrant, with each whole warrant exercisable at a price of \$0.34 per share and expiring on July 7, 2017.