MARATHON GOLD CORP.

MARATHON GOLD CORPORATION

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED

MARCH 31, 2011 AND 2010

(UNAUDITED)

Marathon Gold Corporation
Consolidated Balance Sheets
(Unaudited – expressed in Canadian dollars)

	March 31 2011 $	December 31 2010 $	January 1 2010 $
Assets			
Current assets			
Cash	**7,606,295**	7,582,774	-
Amounts receivable	**246,410**	517,416	100
Prepaids and deposits	**211,735**	111,490	-
	8,064,440	8,211,680	100
Non-current assets			
Investments (note 9)	**746,905**	695,150	-
Property, plant and equipment (note 7)	**65,429**	72,782	79,533
Mineral exploration and evaluation assets (note 8)	**9,007,264**	4,642,735	-
Total assets	**17,884,038**	13,622,347	79,633
Liabilities			
Current liabilities			
Trade payables	**880,593**	330,992	-
	880,593	330,992	-
Non-current liabilities			
Other liabilities (note 12)	**329,271**	-	-
Total liabilities	**1,209,864**	330,992	-
Equity	**16,674,174**	13,291,355	79,633
Total liabilities and shareholders' equity	**17,884,038**	13,622,347	79,633

Going concern (note 1)

These financial statements have been approved by the board of directors and authorized for issue on June 14, 2011 and have been signed on their behalf.

James D Frank

James Frank
Director

Phillip Walford

Phillip C. Walford
Director

Marathon Gold Corporation
Consolidated Statements of Operations and Comprehensive Loss
For the three months ended March 31, 2011 and 2010
(Unaudited – expressed in Canadian dollars)

	2011	2010
	$	$
Expenses:		
Exploration expenses (note 15)	**6,187**	4,982
General and administrative expenses (note 16)	**435,422**	235,410
Total expenses	**441,609**	240,392
Interest income	**(77)**	(5,452)
Unrealized gain on warrant derivatives	**(14,782)**	-
Foreign exchange gain	**(90)**	-
Loss for the period	**426,660**	234,940
Other comprehensive income:		
Currency translation adjustment	**28,450**	-
Unrealized gain in fair value of investments classified as available for sale	**(36,973)**	-
Comprehensive loss for the period	**418,137**	234,940
Basic and diluted loss per share	**0.02**	234.94
Weighted average number of common shares outstanding	**21,258,356**	1,000

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

Marathon Gold Corporation
Consolidated Statements of Cash Flow
For the three months ended March 31, 2011 and 2010
(Unaudited – expressed in Canadian dollars)

	2011	2010
	$	$
Cash flows used in operating activities		
Loss for the period	**(426,660)**	(234,940)
Add (deduct) items not involving cash		
Operating costs allocated by Marathon PGM Corporation	**-**	227,497
Interest income allocated by Marathon PGM Corporation	**-**	(5,452)
Unrealized gain on warrant derivatives	**(14,782)**	-
Depreciation	**14,077**	12,895
Stock-based compensation charged to operations (note 14)	**30,650**	-
	(396,715)	-
Changes in non-cash working capital items		
Decrease in amounts receivable	**271,006**	-
Increase in prepaid expenses	**(100,245)**	-
Increase in accounts payable and accrued liabilities	**14,971**	-
	(210,983)	-
Cash flows from financing activities		
Proceeds from issuance of common shares (note 12)	**4,551,300**	-
Share issue costs	**(484,445)**	-
	4,066,855	-
Cash flows used in investing activities		
Purchase of capital assets	**(6,724)**	-
Expenditures related to the Valentine Lake joint venture	**(3,337,377)**	-
Expenditures related to the Golden Chest joint venture	**(488,250)**	-
	(3,832,351)	-
(Decrease) Increase in cash	**23,521**	-
Cash– beginning of period	**7,582,774**	-
Cash– end of period	**7,606,295**	-

Supplemental cash flow information		
Purchases of property, plant and equipment funded by Marathon PGM Corporation	**-**	4,773
Cash expenditures on mineral properties funded by Marathon PGM Corporation	**-**	1,014,462

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

Marathon Gold Corporation
Consolidated Statement of Changes in Equity
For the three months ended March 31, 2011 and 2010
(Unaudited – expressed in Canadian dollars)

	Share Capital (note 12)	Contributed Surplus (note 14)	Warrants (note 13)	Deficit	Accumulated Other Comprehensive Income	Total Shareholders' Equity
	$	$	$	$	$	$
Balance – January 1, 2010	100	750,788	-	(671,255)	-	**79,633**
Operating expenses funded by MPGM		222,045	-	(222,045)	-	**-**
Depreciation	-	-	-	(12,895)	-	**(12,895)**
Other assets funded by MPGM	-	25,700	-	-	-	**25,700**
Mining property expenditures funded by MPGM	-	1,014,462	-	-	-	**1,014,462**
Property plant and equipment acquisitions funded by MPGM	-	4,773	-	-	-	**4,773**
Balance – March 31, 2010	**100**	**2,017,768**	**-**	**(906,195)**	**-**	**1,111,673**
Balance – January 1, 2011	**9,241,007**	**6,679,383**	**-**	**(2,746,507)**	**117,472**	**13,291,355**
Loss for the period	-		-	(426,660)	-	**(426,660)**
Stock based compensation	-	30,650	-	-	-	**30,650**
Unrealized gain on available-for-sale investment	-	-	-	-	36,973	**36,973**
Currency translation adjustment	-	-	-	-	(28,450)	**(28,450)**
Flow-through common shares	3,621,984	-	148,322	-	-	**3,770,306**
Balance – March 31, 2011	**12,862,991**	**6,710,033**	**148,322**	**(3,173,167)**	**125,995**	**16,674,174**

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

1) GOING CONCERN

The consolidated financial statements of Marathon Gold Corporation (Marathon", the "Company", "we" or "us") has 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 $3.2 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 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 March 31, 2011 through the use of existing cash and from a private placement financing which closed on March 1, 2011 and which generated net cash proceeds of $4,099,577.

After taking its existing cash reserves and the financing completed in the quarter into account, Marathon anticipates that it has sufficient cash reserves to fund its planned exploration and investment activities and administrative costs for the coming twelve months. However, at present Marathon does not have adequate funding to meet the future capital requirements for the development of Valentine Lake and Golden Chest past March 2012. Marathon will continue to seek external financing to fund its ongoing and planned exploration and development activities, but 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 Golden Chest project in Idaho, 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 330 Bay Street, Suite 1505, Toronto, Ontario M5H 2S8.

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

3) BASIS OF PRESENTATION AND ADOPTION OF IFRS

We prepare our financial statements in accordance with Canadian generally accepted accounting principles as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards and to require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, we have commenced reporting on this basis in these interim consolidated financial statements. In these financial statements, the term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS.

These interim consolidated financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34 and IFRS 1. Subject to certain transition elections disclosed in note 20, we have consistently applied the same accounting policies in its opening IFRS statement of financial position at January 1, 2010 and throughout all periods presented as if these policies had always been in effect. Note 20 discloses the impact of the transition to IFRS on the company's reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in Marathon's consolidated financial statements for the year ended December 31, 2010.

The policies applied in these condensed interim consolidated financial statements are based on IFRS effective as of June 14, 2011, the date the Board of Directors approved the statements. Any subsequent changes to IFRS that are given effect in Marathon's annual consolidated financial statements for the year ending December 31, 2011 could result in restatement of these interim consolidated financial statements, including the transition adjustments recognized on change-over to IFRS.

The interim consolidated financial statements should be read in conjunction with our Canadian GAAP annual financial statements for the year ended December 31, 2010.

4) SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies we applied in the preparation of these consolidated interim financial statements are described below.

a) Basis of measurement

These consolidated interim financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial assets to fair value, including warrant derivatives and available-for-sale investments.

As described in note 6, on November 30, 2010 Marathon acquired certain mining property interests, property, plant and equipment, and cash from Marathon PGM Corporation ("MPGM"), its parent company at the time. As the shareholders of MPGM ultimately continued to hold their respective interests in the Transferred Assets, there was no resulting change of control. Consequently, the acquisition was accounted for using continuity-of-interests accounting and no fair value adjustments were made for the assets acquired by Marathon.

These interim consolidated financial statements include certain allocations of costs of MPGM as further described in note 6 which are not directly attributable to Marathon. Accordingly, the financial information included herein may not necessarily be indicative of Marathon's financial position, operating results or cash flows if Marathon had been a stand-alone entity during the period ended March 31, 2010.

b) Principles of consolidation

Marathon's financial statements consolidate the accounts of Marathon and its wholly owned subsidiary, Marathon Gold USA Corporation ("Marathon USA"). All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation. Subsidiaries are those entities which Marathon controls by having the power to govern the financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether Marathon controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by Marathon and are de-consolidated from the date that control ceases.

Marathon has various interests in development and exploration projects which are held through option or joint agreements. These have been classified as joint operations under IFRS and have been accounted for using the undivided interest method.

c) Foreign currency translation

Items included in the financial statements of each consolidated entity in the Marathon group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). Primary and secondary indicators are used to determine the functional currency (primary indicators have priority over secondary indicators). The primary indicator which applies to Marathon is the currency that mainly influences labour, material and other costs. Secondary indicators include the currency in which funds from financing activities are generated, and the autonomy of foreign subsidiaries. For Marathon, the Canadian dollar has been determined to be the functional currency, while for Marathon USA the functional currency is the US dollar. These consolidated financial statements are presented in Canadian dollars, which is the group's functional currency.

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate in effect at the balance sheet date. Non-monetary assets, liabilities, and expenses arising from foreign currency transactions are translated at the exchange rate in effect at the date of the transaction. Exchange gains and losses arising from translation are included in the determination of losses for the period.

The results and financial position of entities with functional currencies different from the group presentation currency are translated into the group presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the exchange rate in effect at the balance sheet date.
- Equity transactions are translated at the historical exchange rate.
- Income and expenses are translated at the exchange rate in effect at the date of the transaction or at an average rate for the period.
- All resulting exchange differences are recognized in other comprehensive income.

d) Mineral exploration and evaluation costs

Acquisition, exploration and development expenditures relating to properties which have existing mineral resources or reserves or are viewed by management as extensions of properties with existing mineral resources or reserves are capitalized. Once the technical and economic viability of a project has been established by completion of a favorable feasibility study, the accumulated capitalized exploration costs are transferred to mineral properties and amortized over the estimated useful life of the related property on a unit-of-production basis against future production following commencement of commercial production, or written off if the properties are sold, allowed to lapse, or abandoned. Properties which do not have existing mineral resources are considered to be too early stage to justify the capitalization of costs, and consequently all acquisition, exploration and development expenditures relating to such properties are expensed as incurred.

Marathon assesses its mining property interests where costs have been capitalized when facts and circumstances indicate that the carrying amount of a property may exceed its recoverable amount. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the asset's fair value less costs to sell. Estimated future cash flows are calculated using estimated future commodity prices, mineral resources, operating and capital costs, using appropriate discount rates. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (each a 'cash–generating unit'), which for Marathon is individual projects.

e) Property, plant and equipment

Property, plant and equipment includes office equipment and vehicles, which are carried at cost, less accumulated depreciation. Depreciation is calculated using the straight-line method over the assets' estimated useful lives, commencing the quarter they are available for use.

The major categories of property, plant and equipment are depreciated on a straight line basis as follows:

Office equipment	2-5 years
Vehicles	3-5 years

f) Government assistance

We apply from time to time for financial assistance from the Government of Newfoundland and Labrador with respect to certain exploration and development costs.

Government assistance is recognized when there is reasonable assurance that Marathon will comply with the conditions attaching to such assistance and that the assistance will be received. Government assistance is recorded using the cost-reduction method, whereby the amounts received or receivable each period are applied to reduce the cost of the exploration expenses or deferred exploration costs.

g) Stock-based compensation

We have a stock option plan which is described in note 14. The fair value of stock options awarded to employees, directors and non-employees is measured at the date the options are granted using the Black-Scholes option pricing model and charged to operations or mineral properties and deferred exploration costs as the options vest. Currently, we grant options with immediate vesting and consequently do not consider forfeitures of options prior to their exercise in the determination of compensation expense in the period.

h) Financial instruments

Financial assets and financial liabilities are recognized when the company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, Marathon classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

(i) Financial assets and liabilities at fair value through profit or loss: A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short term.

Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the statement of income. Gains and losses arising from changes in fair value are presented in the statement of operations and comprehensive loss in the period in which they arise. Financial assets and financial liabilities at fair value through profit or loss are classified as current except for the portion expected to be realized or paid beyond twelve months of the balance sheet date, which is classified as non-current.

(ii) Available-for-sale investments: Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories. Marathon's available-for-sale assets comprise investments in equity securities.

Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. Gains or losses arising from changes in fair value are recognized in other comprehensive income. Available-for-sale investments are classified as non-current, unless the investment matures within twelve months, or management expects to dispose of them within twelve months.

When an available-for-sale investment is sold or impaired, the accumulated gains or losses are moved from accumulated other comprehensive income to the statement of income and are included in other gains and losses.

Marathon assesses at the end of each reporting period whether there is objective evidence that a financial asset has been impaired. In the case of equity instruments classified as available for sale, a significant or prolonged decline in the fair value of the security below its original cost would suggest that the asset has been impaired. If the results of such periodic assessments suggest that the asset is impaired, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that asset recognized previously in profit or loss – is removed from equity and charged to the consolidated statement of loss. Impairment losses on equity instruments are not reversed through the consolidated statement of operations.

iii) Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The company's loans and receivables comprise trade receivables and cash and cash equivalents, and are included in current assets due to their short-term nature.

Loans and receivables are initially recognized at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost less a provision for impairment.

iv) Financial liabilities at amortized cost: Financial liabilities at amortized cost include trade payables. Trade payables are initially recognized at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, trade payables are measured at amortized cost. Financial liabilities are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

i) Income taxes

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date, plus any adjustment to taxes payable in respect of previous years. Deferred income taxes are recognized, using the liability method, on temporary differences between the financial reporting and tax basis of assets and liabilities, and are measured using the substantively enacted tax rates and laws that will be in effect when the differences are expected to reverse. Deferred income tax assets are recognized only to the extent that it is probable the assets can be recovered.

j) Flow-through common shares

The Company's Canadian exploration activities have been financed in part through the issuance of flow-through common shares whereby the tax benefits of the eligible exploration expenditures incurred under this arrangement are renounced to the subscribers. The proceeds from issuing flow-through shares are allocated between the offering of shares and the sale of tax benefits. The allocation is based on the difference ("premium") between the quoted price of the Company's existing shares and the amount the investor pays for the actual flow-through shares. A liability is recognized for the premium, and is extinguished when the tax effect of the temporary differences, resulting from the renunciation, is recorded – with the difference between the liability and the value of the tax assets renounced being recorded as a deferred tax expense. The tax effect of the renunciation is recorded at the time the Company makes the renunciation – which may differ from the effective date of renunciation. If the flow-through shares are not issued at a premium, a liability is not established, and on renunciation the full value of the tax assets renounced is recorded as a deferred tax expense.

k) Loss per share

Basic loss per common share is calculated based on the weighted average number of common shares issued and outstanding during the year. Basic and diluted losses per share are the same, as the effect of potential issuances of shares from exercises of stock options would be anti-dilutive.

l) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

m) Future accounting pronouncements

In May 2011, the IASB issued the following standards which have not yet been adopted by Marathon: IFRS 10, *Consolidated Financial Statements* (IFRS 10), IFRS 11, *Joint Arrangements* (IFRS 11), IFRS 12, *Disclosure of Interests in Other Entities* (IFRS 12), IAS 27, *Separate Financial Statements* (IAS 27), IFRS 13, *Fair Value Measurement* (IFRS 13) and amended IAS 28, *Investments in Associates and Joint Ventures* (IAS 28). Each of the new standards is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements.

IFRS 9 Financial Instruments: Classification and Measurement -

IFRS 9, effective for annual periods beginning on or after January 1, 2013 introduces new requirements for the classification and measurement of financial instruments. Management anticipates that this standard will be adopted in the Company's financial statements for the period beginning January 1, 2013 and does not consider the effect of the changes will have a significant impact.

IFRS 10 – Consolidation

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 Consolidation—Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements.

The Company has not yet assessed the impact of the standards or determined whether it will adopt the standard early.

IFRS 11 - Joint Arrangements

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, *Interests in Joint Ventures,* and SIC-13, *Jointly Controlled Entities—Non-monetary Contributions by Venturers*.

The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

IFRS 13 - Fair Value Measurement

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

The Company has not yet assessed the impact of the standards or determined whether it will adopt the standard early.

International Accounting Standard 28, Investments in Associates and Joint Ventures (IAS 28)

In addition, there have been amendments to existing standards, including IAS 28, Investments in Associates and Joint Ventures. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 11 – 13 which are discussed above.

The Company will assess the impact of the amendment in conjunction with assessments made for IFRS 11-3.

5) CRITICAL ACCOUNTING ESTIMATES AND MEASUREMENT UNCERTAINTIES

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and at the date of the financial statements and the reported amount of expenses and other income during the year. These estimates and assumptions are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience.

The following are the critical judgments that management has made in the course of applying Marathon's accounting policies and which have the most significant effect on the amounts recognized in these consolidated financial statements:

a) Mineral exploration and evaluation assets

The estimation of mineral resources and reserves is complex and requires significant subjective assumptions which are valid at the time of estimation. These assumptions may change significantly over time when new information becomes available and may cause the mineral resources and reserves estimates to change. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may have a significant impact on the economic assessment of the mineral resources and reserves and may result in their restatement.

b) Stock based compensation

The compensation cost associated with stock options granted under the terms of Marathon's stock option plan is measured at the grant date by using the Black-Scholes option pricing model to determine fair value. The Black-Scholes model requires the use of subjective estimates, in particular for the estimated life of options and the expected rate of volatility in Marathon's share price over the life of the options, which can materially affect the fair value estimate.

c) Warrant derivatives

Warrant derivatives held as investments are measured at fair value using the Black-Scholes option pricing model. The fair value estimates derived through the use of this model are subject to the use of subjective assumptions similar to those described for stock based compensation.

(Unaudited – expressed in Canadian dollars)

6) ASSET TRANSFER FROM MARATHON PGM CORPORATION AND CONTINUITY OF INTERESTS

On September 7, 2010, MPGM, Marathon's then-parent company, and Stillwater Mining Company ("Stillwater") entered into an Arrangement Agreement (the "Arrangement"), which was subsequently amended on October 4, 2010. Under the terms of the Arrangement, MPGM proposed to:

a) transfer certain capital assets, the rights and title to MPGM's Valentine Lake, Baie Verte, Finger Pond, and Gold Reef properties, and up to $6 million in cash ("the Transferred Assets") to Marathon in exchange for common shares,
b) reorganize the share capital of MPGM into two classes of shares, Class A and Class B,
c) distribute the common shares of Marathon it acquired as a result of the asset transfers described above to redeem the Class A shares, and
d) list Marathon's common shares for trading on the Toronto Stock Exchange.

On November 30, 2010, the various transactions contemplated by the Arrangement were executed, and Marathon acquired the Transferred Assets by issuing a total of 17,816,428 common shares with a deemed value of $9,853,564. The allocation of the deemed value of the common shares issued to MPGM was based on the historical carrying values of each asset in the underlying accounting records of MPGM and is summarized below:

	$
Cash	6,000,000
Security deposits	58,697
Deferred property acquisition and exploration costs with respect to the Valentine Lake property, Newfoundland	3,709,677
Property, plant and equipment	85,190
	9,853,564

As the shareholders of MPGM ultimately continued to hold their respective interests in the Transferred Assets, there was no change of control. Consequently, the transfer was accounted for using continuity-of-interests accounting and no fair value adjustments were made for the assets acquired by Marathon.

The derivation of Marathon's reported results of operations for the period ended March 31, 2010 in conformity with continuity of interest accounting is set out below.

(Unaudited – expressed in Canadian dollars)

	Costs incurred by MPGM				**Marathon Gold**
	Period ended March 31 2010	**Costs directly attributable to MPGM**	**Shared costs**	**Marathon Gold share**	**Period ended March 31 2010**
	$	$	$	(iv)	$
General and administrative expenses (i), (iii)	474,564	(33,753)	440,811		235,410
Exploration expenses (ii)	5,601	(619)	4,982	100%	4,982
Operating costs	480,165	(34,372)	445,793		240,392
Interest earned	(10,484)	-	(10,484)	52%	(5,452)
Foreign exchange	-	-	-	52%	-
Loss before tax	**469,681**	**(34,372)**	**435,309**		**234,940**

The 2010 expenses attributable to the continuing development and management of the Transferred Assets include costs originally incurred by MPGM, reduced to eliminate costs attributable solely to MPGM. These include the following:

Note	Explanation
(i)	Office expenses were reduced by $9,522, representing property taxes on real property not forming part of the Transferred Assets.
(ii)	Exploration expenses were reduced by $619 in respect of exploration expenses incurred on a property which was not a Transferred Asset.
(iii)	Depreciation expense was reduced by $24,231 to eliminate the depreciation charge on assets retained by MPGM.
(iv)	After the adjustments referred to in notes (i) to (iii) had been taken into consideration, the resulting expenses were allocated between the continuing operations of Marathon and the surviving operations of MPGM on a pro rata basis, based on the exploration and development spending on the two groups of exploration properties during 2010, with the exception of depreciation expense which was allocated 100% to Marathon.

(Unaudited – expressed in Canadian dollars)

7) PROPERTY PLANT AND EQUIPMENT

	Vehicles and machinery $	Furniture and equipment $	Total $
At January 1, 2010			
Cost	64,103	118,980	**183,083**
Accumulated depreciation	34,392	69,158	**103,550**
Net book value	29,711	49,822	**79,533**
Year ended December 31 , 2010			
Opening net book value	29,711	49,822	**79,533**
Additions	28,753	15,137	43,890
Depreciation charge	(14,259)	(36,382)	(50,641)
Closing net book value	**44,205**	**28,577**	**72,782**
At January 1, 2011			
Cost	92,856	134,117	226,973
Accumulated depreciation	48,651	105,540	154,191
Net book value	**44,205**	**28,577**	**72,782**
Period ended March 31, 2011			
Opening net book value	**44,205**	**28,577**	**72,782**
Additions	6,724	-	6,724
Depreciation charge	(5,198)	(8,879)	(14,077)
Closing net book value	**45,731**	**19,698**	**65,429**
Cost	99,580	134,117	**233,697**
Accumulated depreciation	53,849	114,419	**168,268**
Net book value	**45,731**	**19,698**	**65,429**

(Unaudited – expressed in Canadian dollars)

8) MINERAL EXPLORATION AND EVALUATION ASSETS

	Valentine Lake Gold Project, Newfoundland				Golden Chest	
	Property acquisition costs	Deferred exploration costs	Contributions by Mountain Lake Resources	Total		Total
	$	$	$	$	$	$
Balance – January 1, 2010	-	-	-	-	-	-
Additions	2,580	1,011,882	-	1,014,462	-	1,014,462
Balance – March 31, 2010	**2,580**	**1,011,882**	**-**	**1,014,462**	**-**	**1,014,462**
Additions	-	3,099,393	(465,720)	2,633,673	1,013,100	3,646,773
Currency translation adjustment	-	-	-	-	**(18,500)**	**(18,500)**
Balance – December 31, 2010	**2,580**	**4,111,275**	**(465,720)**	**3,648,135**	**994,600**	**4,642,735**
Additions	3,009,026	1,679,623	(783,920)	3,904,729	488,250	4,392,979
Currency translation adjustment	-	-	-	-	**(28,450)**	**(28,450)**
Balance – March 31, 2011	**3,011,606**	**5,790,898**	**(1,249,640)**	**7,552,864**	**1,454,400**	**9,007,264**

a) Valentine Lake gold property, Newfoundland

In December 2009, MPGM entered into an option agreement with Mountain Lake Resources Inc. ("Mountain") to earn an initial 50% interest in the Valentine Lake property. As part of the transaction described in note 6(a), the option agreement and all of MPGM's rights and interests thereunder was assigned to Marathon in November 2010.

At each of January 1, 2010, March 31, 2010 and December 31, 2010, Mountain owned a 30% interest in Valentine Lake, with the remaining 70% held by Richmont Mines Inc. ("Richmont"). Mountain had an option to purchase Richmont's interest by making cash payments to Richmont totaling $3,000,000 and incurring $1,000,000 in exploration costs over a period of three years ending January 4, 2013. Under the terms of the option agreement, Marathon had the right to earn a 50% interest in the Valentine Lake project by:

- Incurring exploration costs totaling $3,000,000 over three years, including an irrevocable commitment to incur $500,000 in exploration costs by May 1, 2010.
- Making a total of $3,000,000 in cash payments over three years to Richmont on Mountain's behalf in satisfaction of the terms of Mountain's option, including an irrevocable commitment to fund the first $100,000 of such payments.

The Valentine Lake property is subject to two overlapping royalties. Xstrata Canada Corporation retains a 2% net smelter return royalty on base metals and a 1.5% net smelter return royalty on the first 250,000 oz. of gold produced, increasing at that point to 3%. In addition, the Reid Newfoundland Company Ltd. ("Reid") retains a 7.5% net profits interest that accelerates the increase in Xstrata's net smelter return royalty on gold to 3% should a net profits interest royalty become payable prior to the first 250,000 oz. produced. Any amount payable to Reid for the net profits interest royalty reduces the net smelter royalty on gold payable to Xstrata.

(Unaudited – expressed in Canadian dollars)

At December 31, 2010, Marathon had incurred a total of $4,113,855 in qualifying expenditures with respect to the Valentine Lake property, and Mountain agreed to fund a portion of the Company's exploration costs on the project in excess of the $3,000,000 commitment MPGM made upon entering into the option agreement.

On January 24, 2011, Marathon fulfilled the last of its earn-in obligations under the option agreement by paying Richmont $3,000,000 and consequently owns an undivided 50% interest in the Valentine Lake project.

b) Golden Chest gold property, Idaho

On December 16, 2010, Marathon entered into a joint venture agreement with New Jersey Mining Company ("NJMC") under which Marathon may earn an interest of up to 60% in the Golden Chest gold property.

Under the terms of the agreement, a new company, Golden Chest LLC ("GCLLC"), was established to carry out the business of the joint venture, and NJMC, the operator, transferred its interests in the claims comprising the property to GCLLC in return for a 50% interest in GCLLC. Marathon was attributed a 50% interest in the property and made an initial payment of US $1 million to fund the first stage of exploration on the property, with a non-binding agreement to contribute an additional US $2.5 million according to the following schedule:

Contribution deadline	Contribution amount
	US $
June 30, 2011	500,000
September 30, 2011	1,000,000
November 30, 2011	1,000,000
Total	2,500,000

Marathon is not obligated to make any of these payments. In the event that Marathon fails to make any or all of the payments, the Company's interest in GCLLC will be diluted.

(Unaudited – expressed in Canadian dollars)

GCLLC's title to the claims which make up the project is secured against a non-interest bearing promissory note repayable according to the following schedule:

Date	Amounts Due US$
December 15, 2011	500,000
December 15, 2012	500,000
December 15, 2013	500,000
December 15, 2014	500,000
December 15, 2015	500,000
December 15, 2016	500,000
December 15, 2017	250,000
Total	3,250,000

9) INVESTMENTS

Our investments at March 31, 2011 are summarized below.

		Fair Value		
Description	**Quantity**	**March 31 2011**	**December 31 2010**	**January 1 2010**
		$	$	$
New Jersey Mining Company:				
• Common shares, restricted as to salability until December 2011	2,000,000	434,225	397,252	-
• Warrants exercisable at a price of $0.30 per share and expiring on December 23, 2013	2,000,000	312,680	297,898	-
		746,905	**695,150**	**-**

In December 2010, Marathon acquired 2,000,000 units issued by New Jersey Mining Company ("NJMC") at a price of US $0.20 per unit, with each unit consisting of the following:

- One common share with restrictions until December 2011 on our ability to sell the shares, and
- One share purchase warrant exercisable at a price of US $0.30 per share and expiring on December 23, 2012.

Marathon's investment in common shares of NJMC was valued at the closing trading price of the shares on the OTC Bulletin Board on March 31, 2011, adjusted by applying a 29% discount (December 31, 2010 – 38%) reflecting the restricted liquidity of this investment.

(Unaudited – expressed in Canadian dollars)

The fair value of the warrants was estimated using the Black-Scholes option pricing model with the following inputs:

	March 31 2011	December 31 2010
Risk free interest rate	**1.77%**	1.66%
Dividend rate	**Nil**	Nil
Volatility	**100%**	80%
Expected life	**1.75 years**	2 years
Estimated fair value per warrant	**$0.161**	$0.15

10) FINANCIAL INSTRUMENTS

The carrying values of Marathon's financial instruments are classified into the following categories:

	March 31 2011	**December 31 2010**	**January 1 2010**
	$	$	$
Loans and receivables [(a)]	7,852,705	8,100,190	100
Held for trading [(b)]	260,926	297,898	-
Available for sale [(c)]	478,940	397,252	-
Other financial liabilities [(d)]	(880,593)	(330,992)	-

(a) – includes cash and amounts receivable
(b) – includes Marathon's investment in warrant derivatives issued by New Jersey Mining Company
(c) – includes Marathon's investment in common shares of New Jersey Mining Company
(d) – includes accounts payable

The carrying value of Marathon's financial assets and liabilities other than investments approximates fair value as a result of the short lifespan of these instruments.

The following table presents the classification of the Company's financial instruments within the fair value hierarchy as at March 31, 2011 and December 31, 2010:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	**Significant Other Observable Inputs (Level 2)**	**Significant Non-Observable Inputs (Level 3)**	**Total**
	$	$	$	**$**
Investments	-	-	746,905	**746,905**
	-	**-**	**746,905**	**746,905**

(Unaudited – expressed in Canadian dollars)

11) CAPITAL MANAGEMENT

Marathon is not subject to externally imposed capital requirements.

We manage our capital structure and make adjustments to it based on the funds available to us 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.

The properties which we own or in which we are earning interests are in the exploration and evaluation stages, and as such we depend on external financing to fund our activities. In order to carry out our planned scope of exploration and development activities and to pay for administrative costs, we spend existing working capital and raise additional amounts as needed. We continue to assess new properties and seek to acquire interests in additional properties if we feel there is sufficient geologic or economic potential and if we have adequate financial resources to do so.

12) 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 of shares	Amount
		$
Balance – January 1, 2010 and March 31, 2010	**1,000**	**100**
Issued pursuant to the acquisition of the Transferred Assets (note 4) (i), net of amounts allocated to Contributed surplus	17,816,428	6,000,000
Issued for cash pursuant to private placement (ii)	2,570,000	3,366,700
Share issue costs	-	(125,793)
Balance – December 31, 2010	**20,387,428**	**9,241,007**
Issued pursuant to private placement of flow-through common shares (iii)	2,528,500	4,172,025
Share issue costs	-	(550,041)
Balance – March 31, 2011	**22,915,928**	**12,862,991**

(Unaudited – expressed in Canadian dollars)

i. On November 30, 2010, we issued a total of 17,816,428 common shares as consideration pursuant to the transfer of assets from MPGM, which at the time was Marathon's parent company (note 6). The value attributed to share capital in connection with this transaction represents the cash consideration received from MPGM.

ii. On December 30, 2010 we closed a private placement of 2,570,000 common shares at a price of $1.31 per common share, generating gross proceeds of $3,366,700. These shares were subscribed by a subsidiary of Stillwater.

In connection with this financing, Marathon granted to Stillwater an option to purchase up to 15% of each subsequent offering of securities on the terms applicable to each such offering, expiring on December 30, 2013. No value has been attributed to this option.

iii. On March 1, 2011, we closed a private placement of 2,528,500 flow-through common shares at a price of $1.80 per share, generating gross proceeds of $4,551,300. We allocated the gross proceeds of this financing between share capital and the flow-through tax liability using the residual method, which resulted in $379,275 of gross proceeds being allocated to the liability portion of this financing.

In connection with this financing, we paid the underwriters a cash commission amounting to $319,742 and a cash advisory fee amounting to $58,344 and issued a total of 176,995 compensation warrants, with each warrant exercisable into one non flow-through common share at a price of $1.80 per share and expiring on March 1, 2013.

Total share issue costs associated with this financing amounted to $600,045, of which $50,004 was allocated to the flow-through tax liability on a pro rata basis.

13) WARRANTS

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

	Number	Value
		$
Balance – January 1, 2010, March 31, 2010, and December 31, 2010	**-**	**-**
Issued pursuant to private placement	176,995	148,322
Balance – March 31, 2011	**176,995**	**148,322**

(Unaudited – expressed in Canadian dollars)

In connection with the private placement which closed on March 1, 2011 we issued 176,995 warrants exercisable at a price of $1.80 per share and expiring on March 1, 2013. The fair value of these warrants was estimated using the Black-Scholes option pricing model with the following assumptions:

- risk free interest rate of 1.69%;
- expected dividend yield of nil;
- expected volatility of 100%; and
- expected term of two years,

which yielded an estimated fair value of $0.84 per warrant.

14) CONTRIBUTED SURPLUS

	$
Balance – January 1, 2010	**750,788**
Additions to property plant and equipment funded by MPGM	4,773
Cash operating costs funded by MPGM	222,045
Additions to mining properties funded by MPGM	1,014,462
Additions to other assets funded by MPGM	25,700
Balance – March 31, 2010	**2,017,768**
Additions to property plant and equipment funded by MPGM	39,117
Cash operating costs funded by MPGM	709,823
Additions to mining properties funded by MPGM	2,695,215
Additions to other assets funded by MPGM	32,997
Stock based compensation allocated to the Company by MPGM	211,721
Stock based compensation pursuant to the grant of options by Marathon	972,742
Balance – December 31, 2010	**6,679,383**
Stock based compensation pursuant to the grant of options by Marathon	30,650
Balance – March 31, 2011	**6,710,033**

(Unaudited – expressed in Canadian dollars)

Marathon has a stock option plan (the "Plan") which was adopted on November 30, 2010 upon completion of the Arrangement, 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 5 years and vest over upon grant.

	Three months ended March 31, 2011		**Year ended December 31, 2010**	
	Number	**Weighted average exercise price per share**	**Number**	**Weighted average exercise price per share**
		$		$
Balance - beginning of period	**1,770,000**	**1.61**	-	-
Granted	50,000	1.58	1,770,000	1.61
Balance – end of period	**1,820,000**	**1.61**	**1,770,000**	**1.61**

Options to purchase common shares outstanding at March 31, 2011 carry exercise prices and remaining terms to maturity as follows:

Exercise price	Options Outstanding and exercisable	Contract Life (years)
$		
1.61	1,770,000	4.72
1.58	50,000	1.79
1.61	**1,820,000**	**4.64**

The fair value of the options granted in 2011 was estimated at the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk free interest rate	1.73%
Dividend rate	Nil
Volatility	100%
Expected life	1 year
Weighted average fair value per option granted in the period	$0.61

(Unaudited – expressed in Canadian dollars)

We recognized total stock based compensation costs of $30,650 in the period ended March 31, 2011 (2010 - $Nil), which was charged to operations.

15) EXPLORATION EXPENSES

	Three months ended March 31	
	2011	**2010**
	$	$
Baie Verte Property, Newfoundland		
Exploration costs	**641**	2,422
	641	2,422
Finger Pond Property, Newfoundland		
Property acquisition costs	**120**	2,560
Exploration costs	**2,466**	-
	2,586	2,560
Barachois Brook Property, Newfoundland		
Property acquisition costs	**2,460**	-
Exploration costs	**500**	-
	2,960	-
Total	**6,187**	4,982

16) GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended March 31	
	2011	2010
	$	$
Wages, salaries and benefits (note 17)	**177,343**	102,494
Professional fees	**55,100**	24,555
Occupancy costs	**19,212**	9,949
Investor relations	**58,414**	31,581
Other expenses	**80,626**	53,936
Depreciation	**14,077**	12,895
Stock based compensation (note 14)	**30,650**	-
	435,422	235,410

(Unaudited – expressed in Canadian dollars)

17) WAGES, SALARIES AND BENEFITS

	Three months ended March 31	
	2011	2010
	$	$
Fees, wages and salaries paid to employees, key management and directors (note 19)	**418,685**	251,571
Social security benefits	**36,739**	26,777
	455,424	278,348
Charged to general and administrative expenses	**177,343**	102,494
Charged to exploration expenses	**2,653**	-
Capitalized as a component of mining properties	**275,428**	175,854
	455,424	278,348

18) COMMITMENTS

Marathon has the following commitments under operating leases.

Year ending March 31	$
2012	66,685
2013	2,645
2014	2,645
2015	1,102
Thereafter	-
	73,077

19) RELATED PARTY TRANSACTIONS

a) Management fees

During the period ended March 31, 2011, we paid fees totaling $29,874 to a company controlled by Marathon's chairman for management services. These transactions were charged to operations and were in the normal course of business.

During the three month period ended March 31, 2010, MPGM paid fees amounting to $31,500 for the same services, of which $16,380 were allocated to Marathon and charged to operations.

b) 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.

(Unaudited – expressed in Canadian dollars)

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

	Three months ended March 31	
	2011	2010
	$	$
Salaries and management fees paid to key management	**176,124**	117,910
Fees paid to directors	**16,500**	8,190
	192,624	126,100

20) TRANSITION TO IFRS

IFRS 1, "First Time Adoption of International Reporting Standards", sets out guidance for the initial adoption of IFRS. Under IFRS 1 these standards are applied retrospectively at the transitional balance sheet date with all adjustments to assets and liabilities taken to the deficit unless certain optional exemptions and mandatory exemptions are applied.

Marathon has applied mandatory exemptions from full retroactive application of IFRS as follows:

- Estimates cannot be created or revised using hindsight. The estimates previously made by the Company under Canadian GAAP ("CGAAP") were not revised for the application of IFRS except where necessary to reflect any difference in accounting policies.

a) Adoption of IFRS 6 for exploration and evaluation expenditures

Marathon has elected to adopt the provisions of IFRS 6 which allow the Company to continue with its current accounting policies regarding the accounting for exploration and evaluation expenditures.

b) Change in foreign exchange translation methodology

Under CGAAP, the Company used the temporal method of foreign exchange translation for its integrated wholly owned subsidiary, Marathon USA. Under the temporal method, non-monetary assets were converted to the presentation currency using historical foreign exchange rates and the resulting difference between the translation of the balance sheet and income statement was recorded in the statement of operations.

Under IFRS, the temporal method is not recognized and the translation methodology used to translate the financial statements of entities with presentation currencies other than Canadian dollars is driven by the determination of the functional currency in each entity in the group.

Because the functional currency of Marathon USA has been determined to be the US dollar, we translated the assets and liabilities of Marathon USA at the exchange rate in effect at each balance sheet date. Because the formation of Marathon USA and the resulting investment in GCLLC did not take place until December 2010, there was no impact on Marathon's consolidated balance sheets or statements of operations for the periods ended March 31, 2010, June 30, 2010, or September 30, 2010, or for the balance sheet at the Transition Date. At December 31, 2010, the translation of Marathon USA's interest in GCLLC resulted in a reduction in the carrying value of this asset of $18,500 and a corresponding foreign exchange loss, which has been recorded as other comprehensive income.

(Unaudited – expressed in Canadian dollars)

Reconciliation of Equity as reported under Canadian GAAP to IFRS

	March 31, 2010			December 31, 2010			January 1, 2010		
	CGAAP	Effect of transition	IFRS	CGAAP	Effect of transition	IFRS	CGAAP	Effect of transition	IFRS
	$	$	$	$	$	$	$	$	$
Assets									
Current assets									
Cash	-			7,582,774	-	7,582,774	-	-	-
Amounts receivable	-			517,416	-	517,416	100	-	100
Other current assets	-			111,490	-	111,490	-	-	-
				8,211,680	-	8,211,680	100		100
Non-current assets									
Investments	-			695,150	-	695,150	-	-	-
Property, plant and equipment	70,229		70,229	72,782	-	72,782	79,533	-	79,533
Mineral exploration and evaluation assets	1,014,462	-	1,014,462	4,661,235	**(18,500)**	4,642,735	-	-	-
Total assets	**1,084,691**	-	**1,084,691**	**13,640,847**	**(18,500)**	**13,622,347**	**79,633**	-	**79,633**
Liabilities									
Current liabilities									
Trade payables and accrued liabilities	-		-	330,992	-	330,992	-	-	-
	-		-	330,992	-	330,992	-	-	-
Non-current liabilities									
Other liabilities	-		-	-	-	-	-	-	-
Total liabilities	-		-	330,992	-	330,992	-	-	-
Equity	**1,084,691**	-	**1,084,691**	13,309,855	**(18,500)**	13,291,355	79,633	-	79,633
Total liabilities and shareholders' equity	**1,084,691**		**1,084,691**	**13,640,847**	**(18,500)**	**13,622,347**	**79,633**	-	**79,633**

(Unaudited – expressed in Canadian dollars)

Reconciliation of Comprehensive Loss as reported under Canadian GAAP to IFRS

	Three months ended March 31, 2010			Year ended December 31, 2010		
	CGAAP	Effect of transition	IFRS	CGAAP	Effect of transition	IFRS
	$	$	$	$	$	$
Expenses:						
Exploration expenses	**4,982**	-	**4,982**	21,105	-	21,105
General and administrative expenses	235,410	-	235,410	2,234,545	-	2,234,545
Total expenses	240,392	-	240,392	2,255,650	-	2,255,650
Interest income	(5,452)	-	(5,452)	(26,451)	-	(26,451)
Unrealized gain on warrant derivatives	-	-	-	(154,218)	-	(154,218)
Foreign exchange gain (loss)	-	-	-	271	-	271
Loss for the period	**234,940**	-	**234,940**	**2,075,252**	-	**2,075,252**
Other comprehensive income:						
Currency translation adjustment	-	-	-	-	18,500	18,500
Unrealized gain in fair value of investments classified as available for sale	-	-	-	(135,972)	-	(135,972)
Comprehensive loss for the period	**234,940**	-	**234,940**	**1,939,280**	18,500	**1,957,780**