MARATHON GOLD CORPORATION

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED

MARCH 31, 2019 AND 2018

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)

	March 31 2019	December 31 2018
	$	$
Assets		
Current assets		
Cash	**19,430,568**	3,662,137
Amounts receivable	**354,608**	264,812
Prepaids and deposits	**56,875**	54,144
	19,842,051	3,981,093
Non-current assets		
Mineral exploration and evaluation assets (note 4)	**70,520,040**	85,778,373
Property, plant and equipment	**75,065**	43,992
	70,595,105	85,822,365
Total assets	**90,437,156**	89,803,458
Liabilities and shareholders' equity		
Current liabilities		
Trade payables	**1,127,245**	502,956
Lease liability	**13,974**	-
Flow-through share tax liability (notes 6 (b)(i)	**61,097**	493,000
	1,202,316	995,956
`		
Deferred income tax liabilities	**4,894,567**	4,357,880
	6,096,883	5,353,836
Equity attributable to owners (notes 6, 7, and 8)	**84,340,273**	84,449,622
Total liabilities and shareholders' equity	**90,437,156**	89,803,458

On behalf of the Board,

"George D. Faught"
George D. Faught
Director

"Phillip C. Walford"
Phillip C. Walford
Director

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

Marathon Gold Corporation
Consolidated Statements of Operations
For the three months ended March 31, 2019 and 2018
(Unaudited - Expressed in Canadian dollars)

	2019	2018
	$	$
Expenses:		
General and administrative expenses (note 10)	**583,179**	483,630
Other income – royalty payments related to gold sales by the Golden Chest Mine	**(26,344)**	-
Interest income	**(27,518)**	-
Interest expense	**216**	-
Foreign exchange gain	**(6,587)**	(5,225)
Loss before tax	**522,946**	478,405
Income tax expense (recovery)	**104,784**	(311,151)
Loss for the period	**627,730**	167,254
Loss per share:		
Basic	**0.004**	0.001
Diluted	**0.004**	0.001
Weighted average number of common shares outstanding		
Basic (note 9)	**160,369,502**	145,989,163
Diluted (note 9)	**160,369,502**	145,989,163

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

Marathon Gold Corporation
Consolidated Statements of Comprehensive Loss
For the three months ended March 31, 2019 and 2018
(Unaudited - Expressed in Canadian dollars)

	2019	2018
	$	$
Other comprehensive loss (income):		
Loss for the period	**627,730**	167,254
Items that may be reclassified subsequently to net loss:		
Currency translation adjustment	**24,576**	(22,886)
Comprehensive loss attributable to Marathon Gold shareholders	**652,306**	144,368

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

Marathon Gold Corporation
Consolidated Statements of Cash Flows
For the three months ended March 31, 2019 and 2018
(Unaudited - Expressed in Canadian dollars)

	2019	2018
	$	$
Cash flows used in operating activities:		
Loss for the period	**(627,730)**	(167,254)
Add (deduct) items not involving cash		
Accretion expense	**216**	-
Unrealized foreign exchange gain	**(7,041)**	-
Income taxes	**104,784**	(311,151)
Stock based compensation charged to operations	**42,019**	-
Depreciation	**19,451**	10,566
	(468,301)	(467,839)
Changes in non-cash working capital items		
Increase in amounts receivable	**(89,796)**	(143,102)
Increase in prepaid expenses	**(2,731)**	(5,000)
Increase (Decrease) in accounts payable	**121,479**	(45,082)
	(439,349)	(661,023)
Cash flows from financing activities:		
Proceeds from issuance of common shares (note 6)	**416,900**	510,400
Proceeds from sale of royalty to Franco-Nevada Corp. (note 4)	**17,979,222**	-
Lease payments	**(8,466)**	-
	18,387,656	510,400
Cash flows used in investing activities:		
Royalty payments related to gold sales by the Golden Chest mine	**-**	28,173
Purchase of capital assets	**(28,300)**	(29,000)
Expenditures on mineral exploration and evaluation assets	**(2,151,576)**	(2,885,386)
	(2,179,876)	(2,886,213)
Increase (Decrease) in cash	**15,768,431**	(3,036,836)
Cash– beginning of period	**3,662,137**	7,172,355
Cash– end of period	**19,430,568**	4,135,519

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

Marathon Gold Corporation
Consolidated Statements of Changes in Equity
For the three months ended March 31, 2019 and 2018
(Unaudited - Expressed in Canadian dollars)

	Share Capital (note 6)	Warrants (note 7)	Contributed Surplus (note 8)	Deficit	Accumulated Other Comprehensive Income	Total Shareholders' Equity
	$	$	$	$	$	$
Balance – January 1, 2018	**84,729,774**	**386,042**	**12,461,327**	**(20,849,599)**	**113,878**	**76,841,422**
Loss for the period	-	-	-	(167,254)	-	(167,254)
Stock based compensation	-	-	240,676	-	-	240,676
Common shares issued upon exercise of stock options	678,093	-	(167,693)	-	-	510,400
Currency translation adjustment		-	-	-	22,886	22,886
Balance – March 31, 2018	**85,407,867**	**386,042**	**12,534,310**	**21,016,853**	**136,764**	**77,448,130**
Balance – January 1, 2019	**94,346,516**	**-**	**13,635,802**	**(23,696,581)**	**163,885**	**84,449,622**
Loss for the period	-	-	-	(627,730)	-	(627,730)
Stock based compensation	-	-	126,057	-	-	126,057
Common shares issued upon exercise of stock options	622,780	-	(205,880)	-	-	416,900
Currency translation adjustment	-	-	-	-	(24,576)	(24,576)
Balance – March 31, 2019	**94,969,296**	**-**	**13,555,979**	**24,324,311**	**139,309**	**84,340,273**

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

1) GENERAL INFORMATION

Marathon's primary business focus is the acquisition, exploration and development of precious and base metal prospects.

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 is domiciled in Canada and its registered address is 10 King Street East, Suite 501, Toronto, Ontario M5C 1C3.

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

2) 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, 2018, 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 May 13, 2019.

3) SIGNIFICANT 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, except for the adoption of *IFRS 16, Leases* ("IFRS 16"), which is discussed below.

Overview of IFRS 16, Leases

Marathon adopted IFRS 16 as of January 1, 2019 but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and adjustments arising from adoption of this standard are therefore reflected as of January 1, 2019.

Marathon leases real estate under a lease contract with a fixed term of three years at inception. The lease agreement does not impose any covenants on Marathon.

(Unaudited - Expressed in Canadian dollars)

On adoption of IFRS 16, Marathon recognized a lease liability in respect of a lease in respect of real estate property, which had been recognized previously as an operating lease under *IAS 17, Leases*. The liability was measured at the present value of the remaining lease payments to the end of the lease agreement assuming that Marathon would not renew the lease upon termination, discounted using an estimate of the implicit interest rate for the lease, as at January 1, 2019. Each lease payment is allocated between interest expense and repayment of the lease liability. The interest expense on the lease liability is charged to the Consolidated Statements of Operations using the effective interest method so as to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period.

The discount rate applied to the lease liability on adoption of IFRS 16 on January 1, 2019 was 5.6%.

The effect of adoption of IFRS 16 as reflected on January 1, 2019 was to recognize a right-of-use asset and a corresponding lease liability of $22,224, which is classified as a current liability. At March 31, 2019 the lease liability amounted to $13,974.

Upon adoption of this standard, the right-of-use asset is shown as part of Property, plant and equipment on the Consolidated Balance Sheets, and amortization costs are included within depreciation costs on the Consolidated Statements of Operations. The right-of-use asset is depreciated over the shorter of the asset's useful life and the remaining lease term on a straight-line basis. Depreciation of the right-of-use asset is included within depreciation in the Operating activities section of the Consolidated Statements of Cash Flows.

The change in accounting policy affected the following items in the Consolidated Balance Sheets on January 1, 2019.

	$
Property, plant and equipment – increased by	22,224
Lease liabilities – increased by	(22,224)
	-

Until the end of 2018, payments under operating leases were charged to the Consolidated Statements of Operations on a straight-line basis over the life of the lease and consequently were fully included in the calculation of loss per share. Subsequent to adoption of IFRS 16, only depreciation charged on in respect of right-of-use assets and interest expense on lease liabilities are now included in the Consolidated Statements of Operations and therefore included in the calculation of loss per share. Principal portions of lease payments are not included in the Consolidated Statements of Operations and are instead applied to reduce the lease liability in the Consolidated Balance Sheets. There was no material impact of these changes on the measurement of Marathon's loss per share for the three-month period ended March 31, 2019.

(Unaudited - Expressed in Canadian dollars)

Short-term lease payments are not included in the measurement of lease liabilities and are not shown in the Consolidated Balance Sheets in accordance with IFRS 16. These payments are included as part of Mineral exploration and evaluation assets in the Consolidated Balance Sheets. Similarly, variable lease payments that do not depend on an index or rate are not included in the measurement of lease liabilities and are reflected in the Consolidated Statements of Operations and the Operating Activities section of the Consolidated Statements of Cash Flows.

Practical expedients applied

In applying IFRS for the first time, Marathon has considered the following practical expedients permitted by the standard:

- The use of hindsight in determining the lease term where the lease agreement contained an option to renew the lease.

The significant judgments, estimates and assumptions made by management and applied in the preparation of these financial statements, specifically as they relate to the adoption of IFRS 16, included evaluating the appropriate discount rate used to discount the lease liability and determining the lease term.

4) MINERAL EXPLORATION AND EVALUATION ASSETS

	Valentine Lake Gold Project, Newfoundland	Golden Chest Royalty Interest	Bonanza Mine Project, Oregon USA	Total
	$	$	$	$
Balance – January 1, 2018	**73,008,742**	**43,787**	**773,718**	**73,826,247**
Deferred exploration costs	11,928,255	-	-	11,928,255
Royalty payments related to gold sales by the Golden Chest mine	-	(43,565)	-	(43,565)
Currency translation adjustment	-	(222)	67,658	67,436
Balance – December 31, 2018	**84,936,997**	**-**	**841,376**	**85,778,373**
Deferred exploration costs	2,738,097	-	-	2,738,097
Sale of royalty to Franco-Nevada Corp.	(17,979,222)	-	-	(17,979,222)
Currency translation adjustment	-	-	(17,208)	(17,208)
Balance – March 31, 2019	**69,695,872**	**-**	**824,168**	**70,520,040**

a) Valentine Lake gold property, Newfoundland

At March 31, 2019, the Valentine Lake property was subject to two overlapping agreements, which are described below.

Net profits interest

The Reid Newfoundland Company retains a 7.5% net profits interest (“NPI”) over two land packages which cover the current resource pits associated with the Leprechaun and Victory Gold Deposits, but not the Sprite and Marathon Deposits.

Net smelter return royalty

On February 21, 2019, Marathon sold a 2% net smelter returns royalty on the Valentine Lake property to Franco-Nevada Corp. (the “FNV NSR”) for gross proceeds of $18,000,000 and net proceeds of $17,979,222. The FNV NSR applies to sales of precious and base metals and minerals from all of the claims which comprise the Valentine lake property.

Marathon retains the right to buy back 25% of the FN NSR, representing 0.5%, until December 31, 2022 for US $7,000,000.

b) Bonanza Mine gold property, Oregon

On December 16, 2011, Marathon purchased a 100% interest in the Bonanza Mine gold property, a past producing gold mine located in the Green Horn gold district of Oregon, USA. On closing, Marathon paid the vendor US$126,711 and 300,000 common shares with a fair value of $345,000. In connection with this acquisition, the vendor retained timber rights to the patented claims for a period of 20 years and a 2% NSR royalty. Marathon has the right to purchase 1% of the royalty by paying the vendor US $1,000,000.

Concurrent with and subsequent to this property acquisition, Marathon staked additional unpatented claims around the Bonanza property. There are no royalties on the unpatented claims.

5) 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 its 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.

(Unaudited - Expressed in Canadian dollars)

6) SHARE CAPITAL

a) Authorized:

Unlimited common shares without par value
Unlimited preference shares, issuable in series

b) Issued and outstanding:

	Number	Amount
		$
Balance – January 1, 2018	**145,108,352**	**84,729,774**
Shares issued pursuant to the exercise of stock options	1,170,000	756,732
Shares issued pursuant to the exercise of warrants	4,498,350	1,825,514
Common shares issued pursuant to prospectus offering (i)	5,900,000	5,015,000
Flow through shares issued pursuant to prospectus offering (i)	2,900,000	2,552,000
Share issue costs	-	(724,495)
Deferred income taxes	-	191,991
Balance – December 31, 2018	**159,576,702**	**94,346,516**
Shares issued pursuant to the exercise of stock options	1,570,000	622,780
Balance – March 31, 2019	**161,146,702**	**94,969,296**

i) On July 19, 2018, Marathon closed a prospectus financing of 5,900,000 common shares at a price $0.85 per common share and 2,900,000 flow through shares at a price of $1.05 per flow through share, for aggregate gross proceeds of $8,060,000.

The gross proceeds from this financing were allocated between Share capital and Flow through share tax liability using the residual method, which resulted in $493,000 of gross proceeds being allocated to the liability portion of this financing.

Marathon incurred costs in connection with this financing amounting to $772,121, of which $47,626 was attributed to the Flow through share tax liability and charged to operations as Other finance expense.

7) WARRANTS

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

	Number	Amount
		$
Balance – January 1, 2018	**4,498,350**	**386,042**
Exercised during the year	**(4,498,350)**	**(386,042)**
Balance – December 31, 2018 and March 31, 2019	**-**	**-**

(a) Pursuant to a private placement which closed on May 6, 2016, Marathon issued a total of 5,252,250 share purchase warrants exercisable at a price of $0.32 per share and expiring on May 6, 2018. The fair value of these warrants was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

(Unaudited - Expressed in Canadian dollars)

- risk free interest rate of 0.55%;
- expected dividend yield of nil;
- expected volatility of 100%; and
- expected term of 2 years,

which yielded an estimated weighted average fair value of $0.086 per warrant.

The warrants outstanding at January 1, 2018 were exercised on various dates during the year ended December 31, 2018 for aggregate cash proceeds of $1,439,472.

8) STOCK BASED COMPENSATION

Marathon has a stock option plan (the "Plan") which was reconfirmed by the Company's shareholders at its annual meeting on June 7, 2017, 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, employees 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 to date under the Plan are non-assignable and have a term of up to 5 years.

	Three months ended March 31, 2019		Three months ended March 31, 2018	
	Number	**Weighted average exercise price per share**	Number	Weighted average exercise price per share
		$		$
Balance - beginning of period	**11,722,500**	**0.67**	10,118,500	0.58
Granted	300,000	0.80	440,000	1.00
Exercised	(1,570,000)	0.27	(990,000)	0.52
Expired	(6,000)	1.00	-	-
Balance – end of period	**10,446,500**	**0.73**	9,568,500	0.61

(Unaudited - Expressed in Canadian dollars)

Options to purchase common shares outstanding at March 31, 2019 carry exercise prices and remaining terms to maturity as follows:

		Options Outstanding		
Exercise price	**Expiry date**	**Vested**	**Unvested**	**Contract Life (years)**
$				
0.39	July 7, 2019	672,500	-	0.27
0.25	August 10, 2020	1,064,000	-	1.36
0.20	December 18, 2020	959,000	-	1.72
0.68	December 1, 2021	2,198,000	-	2.67
1.02	March 28, 2022	50,000	-	2.99
1.08	June 7, 2022	1,475,000	-	3.19
1.08	June 21, 2022	610,000	-	3.23
1.02	September 19, 2022	150,000	-	3.47
1.07	October 2, 2022	200,000	-	3.51
1.00	February 27, 2023	434,000	-	3.92
0.91	July 30, 2023	2,134,000	-	4.33
0.86	August 2, 2023	200,000	-	4.34
0.80	January 7, 2024	300,000		4.78
0.73		**10,446,500**	**-**	**2.92**

The fair value of the options granted by Marathon in in the periods ended March 31, 2019 and 2018 was estimated at the date of grant using the Black-Scholes option pricing model with the following assumptions:

	2019	2018
Risk free interest rate	**1.87%**	1.75%
Dividend rate	**Nil**	Nil
Volatility	**80%**	80%
Expected life	**3 years**	3 years
Expected forfeiture of options subject to vesting	**Nil**	Nil
Weighted average fair value per option granted in the year	**$0.42**	$0.52

Marathon recognized total stock-based compensation costs of $126,057 in the period ended March 31, 2019 (2018 - $240,676). Of this total, $42,019 (2018 - $Nil) was charged to operations and $84,038 (2018 - $240,676) was capitalized as a component of Marathon's mineral exploration and evaluation assets.

(Unaudited - Expressed in Canadian dollars)

9) BASIC AND DILUTED SHARES OUTSTANDING

Basic and diluted weighted average shares outstanding for the periods ended March 31, 2019 and 2018 are calculated as shown in the table below.

	2019	2018
	$	$
Weighted average basic number of common shares outstanding	**160,369,502**	145,989,163
Effect of dilutive securities:		
In the money shares – stock options		-
In the money shares – warrants		-
Weighted average diluted number of common shares outstanding	**160,369,502**	145,989,163

10) GENERAL AND ADMINISTRATIVE EXPENSES

	2019	2018
	$	$
Wages, salaries and benefits (note 11)	**214,678**	168,701
Listing fees and related expenses	**60,621**	63,821
Investor relations	**89,661**	122,338
Professional fees	**93,891**	27,935
Occupancy costs	**13,834**	16,438
Part XII.6 tax	**3,654**	21,813
Depreciation	**19,451**	10,566
Stock based compensation	**42,019**	-
Other expenses	**45,370**	52,018
	583,179	483,630

11) WAGES, SALARIES AND BENEFITS

	2019	2018
	$	$
Fees, salaries and wages paid to employees, key management and directors (note 12)	**731,864**	665,070
Social security benefits	**79,062**	66,988
	810,926	732,058
Charged to General and administrative expenses	**214,678**	168,701
Capitalized as a component of Exploration and evaluation assets	**596,248**	563,357
	810,926	732,058

12) 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.

	2019	2018
	$	$
Salaries paid to officers	**205,000**	155,000
Fees paid to directors	**47,500**	47,500
	252,500	202,500