



Management's Discussion and Analysis of Operations and Financial Condition

Marathon Gold Corporation ("we", "us", "the Company", or "Marathon") presents below management's review of the Company's results of operations and financial condition for the three and twelve months ended December 31, 2013.

The MD&A should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2013 and 2012, including the notes thereto. This MD&A is presented as of March 26, 2014. All figures presented in this MD&A are expressed in Canadian dollars, unless specified otherwise.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Certain statements in this MD&A other than statements of historical fact are forward-looking statements based on certain assumptions and reflect the current expectations of Marathon's management. These statements include without limitation, statements regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, goals, ongoing objectives, strategies and outlook of the Company, as well as the outlook for economic and capital markets conditions for the 2014 and subsequent fiscal years.

Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects", "anticipates", "plans", "believes", "considers", "intends", "targets", or negative versions thereof and other similar expressions, or future or conditional verbs such as "may", "will", "should", "would" and "could". We provide forward-looking statements for the purpose of conveying information about our current expectations and plans relating to the future, and readers are cautioned that such statements may not be appropriate for other purposes.

By its nature, this information is subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved.

Other than as specifically required by law, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results otherwise.

NOTE TO U.S. INVESTORS

All references to mineral reserves and resources contained in this MD&A are determined in accordance with National Instrument 43-101, Standards of Disclosure for Mineral Projects (“NI 43-101”) of the Canadian Securities Administrators (“CSA”) and Canadian Institute of Mining, Metallurgy and Petroleum (“CIM”) standards. While the terms “mineral resource,” “measured mineral resource,” “indicated mineral resource,” and “inferred mineral resource” are recognized and required by Canadian regulations, they are not defined terms under the Securities and Exchange Commission (“SEC”) standards in the United States (“U.S.”). As such, information contained in this MD&A concerning descriptions of mineralization and resources under Canadian standards may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements of the SEC. “Indicated mineral resource” and “inferred mineral resource” have a significant amount of uncertainty as to their existence and economic and legal feasibility. It cannot be assumed that all or any part of an “indicated mineral resource” or “inferred mineral resource” will ever be upgraded to a higher category of resource. Investors are cautioned not to assume that all or any part of the mineral deposits in these categories will ever be converted into proven and probable reserves.

1) STRATEGY

Marathon’s principal business is the acquisition, exploration and development of natural resource properties located in North America. At the date of this MD&A, Marathon owns interests in the following resource properties:

Newfoundland

- The 100%-owned Valentine Lake gold property in west central Newfoundland. Prior to July 9, 2012 Valentine Lake was operated under a 50/50 joint venture with Mountain Lake Resources Inc. (“MOA”). On July 9, 2012 Marathon acquired the remaining 50% interest in the project it did not own.
- The 100%-owned Finger Pond gold property, an early-stage exploration property acquired by staking in 2010. Finger Pond is located approximately 50 km southwest of the Valentine Lake property and on the same geological structure as the Valentine Lake Project.
- The 100%-owned Baie Verte gold property in western Newfoundland, an early-stage exploration property acquired by staking in 2008.

Idaho, United States

- The Golden Chest gold property, a historic former mine consisting of patented and unpatented mining claims covering a total of 515 hectares located near Murray, Idaho. Golden Chest is owned by Golden Chest LLC (“GCLLC”), an entity in which Marathon holds a 52.22% interest with New Jersey Mining Company (“NJMC”), the operator of the project, holding the remaining 47.78%.

Oregon, United States

- The Bonanza Mine, a historic former mine located in northeastern Oregon. Marathon owns a 100% interest in the property, which was acquired in 2011 and subsequently expanded by staking.

British Columbia

- The Gold Reef property, an exploration property located near Stewart, BC with existing underground workings and drill holes.

2) OVERVIEW

At December 31, 2013, Marathon had \$1.2 million in cash and working capital. During the year ended December 31, 2013, Marathon implemented reductions in headcount and reduced general and administrative expenses, employee salaries and director remuneration to reduce the level of non-exploration spending; entered into a private placement in December 2013 which generated proceeds of \$250,000, further guaranteed proceeds of \$250,000 to be received by April 30, 2014, and the potential for an additional \$1,500,000 in proceeds in the period from May 1, 2014 to April 30, 2015; and subsequent to year end completed a private placement of flow through shares which generated proceeds of \$509,705.

Following a 2013 drilling program completed in the first quarter of 2013 in preparation for an initial mineral resource estimate at the Victory Zone (formerly known as the Valentine East Hill Zone) and an updated resource at the Leprechaun Gold Deposit, both of which were completed in the third quarter of 2013, the work program at Valentine Lake was refocused to concentrate on the completion of a technical study of the structural geology of the property and prospecting, trenching and mapping programs in areas of the property other than the Leprechaun Gold Deposit to identify priority targets for future drilling. This resulted in the discovery of a number of priority targets for drilling, some of which have been addressed in Marathon's winter drilling program in the Victory and Sprite areas.

In addition, Marathon increased its share of the Golden Chest project during May, June and July 2013 from 50% to 52.22%, acquiring effective control of this asset. Marathon's interest in Golden Chest remains at 52.22% at the date of this MD&A.

3) SUMMARY OF MINERAL RESOURCES

The tables below set out the current mineral resources for the Leprechaun Gold Deposit, the Victory Gold Deposit and the Golden Chest Mine.

| Leprechaun Gold Deposit (excerpted from press release dated August 1, 2013) | | | | | | | | | |
|---|-----------------------------------|----------------|----------------|-------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Category | Open Pit (0.50 g Au/t cut-off) | | | Underground (1.5 g Au/t cut-off) | | | Total | | |
| | Tonnes (kt) | Grade (g/t) | Gold (oz) | Tonnes (kt) | Grade (g/t) | Gold (oz) | Tonnes (kt) | Grade (g/t) | Gold (oz) |
| Measured | 3,523 | 2.18 | 247,000 | 108 | 4.83 | 17,000 | 3,631 | 2.26 | 264,000 |
| Indicated | 6,192 | 2.07 | 412,000 | 764 | 4.05 | 100,000 | 6,956 | 2.29 | 512,000 |
| Total M&I | 9,715 | 2.11 | 658,000 | 872 | 4.17 | 117,000 | 10,587 | 2.28 | 775,000 |
| Inferred | 1,206 | 1.82 | 71,000 | 349 | 6.13 | 69,000 | 1,555 | 2.79 | 140,000 |
| Victory Gold Deposit (excerpted from press release dated August 1, 2013) | | | | | | | | | |
| Indicated | 761 | 1.67 | 41,000 | - | - | - | 761 | 1.67 | 41,000 |
| Inferred | 199 | 1.47 | 9,000 | - | - | - | 199 | 1.47 | 9,000 |
| Notes: | | | | | | | | | |
| 1. CIM Definition Standards were followed for mineral resources. | | | | | | | | | |
| 2. The Qualified Person for the Leprechaun Mineral Resource estimate is Wayne Valliant, B.Sc., P.Geo | | | | | | | | | |
| 3. Open pit Mineral Resources are reported at a cut-off grade of 0.5 g/t Au. Pit optimizations were used to constrain the resources. | | | | | | | | | |
| 4. Underground Mineral Resources are estimated at a cut-off grade of 2.0 g/t Au, outside the open pit constraint and using high grade wireframe vein models | | | | | | | | | |
| 5. Mineral resources are estimated using an average long-term forecast, gold price of US\$1,350 per ounce and an exchange rate of US\$:C\$ of 1:1. | | | | | | | | | |
| 6. Totals may not add correctly due to rounding. | | | | | | | | | |

| Golden Chest Mine: 52.22% Portion Attributable to Marathon (excerpted from press release dated January 17, 2013) | | | | | | | | | |
|--|---------------------------------|----------------|----------------|------------------------------------|----------------|---------------|----------------|----------------|----------------|
| Category | Open Pit (0.3 Au g/t cutoff) | | | Underground (2.0 Au g/t cutoff) | | | Total | | |
| | Tonnes (kt) | Grade (g/t) | Gold (oz) | Tonnes (kt) | Grade (g/t) | Gold (oz) | Tonnes (kt) | Grade (g/t) | Gold (oz) |
| Measured | 688 | 1.47 | 32,376 | - | - | - | 688 | 1.47 | 32,376 |
| Indicated | 1,595 | 1.64 | 84,074 | 103 | 3.11 | 10,235 | 1,698 | 1.73 | 96,007 |
| Total M&I | 2,283 | 1.59 | 116,450 | 103 | 3.11 | 10,235 | 2,386 | 1.65 | 126,685 |
| Inferred | 1,237 | 1.33 | 52,742 | 386 | 3.48 | 43,082 | 1,623 | 1.83 | 95,824 |

Notes:

1. The mineral resource estimate reported at 0.3 g/t gold cut-off grade for a potential Open Pit is based on a number of parameters and assumptions including a gold price of US\$1,455 per troy ounce, 92% metallurgical gold recovery, mining costs of US\$2.00/tonne and process costs of US\$9.50/tonne, General & Administrative costs of US\$2.00/tonne and environmental rehabilitation costs of US\$0.20 per tonne treated.
2. The 2.0 g/t gold cut-off grade for a potential Underground mine was suggested by Marathon Gold Corporation and New Jersey Mining Corporation based on their experience. The mineral resource estimate is reported at that cut-off grade.
3. The quantity and grade of reported Inferred mineral Resources in this estimation are uncertain in nature and there has been insufficient exploration to define the Inferred mineral Resources as Indicated or Measured mineral Resources. It is uncertain if further exploration will result in upgrading them to Indicated or Measured mineral Resource categories.
4. The mineral Resources in this news release were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council. The effective date of this mineral Resource Estimate is January 16, 2013.

4) EXPLORATION ACTIVITY IN THE YEAR

a) Valentine Lake

2013 Exploration

Marathon completed a winter drilling program at Valentine Lake in late March 2013. In this phase of drilling on the property, Marathon drilled a total of 57 drill holes totalling 10,392 meters with the objectives of improving the Leprechaun Gold Deposit mineral resource and testing targets identified by previous prospecting, trenching and sampling programs at the Sprite and Victory areas. No drilling was done at the J. Frank Zone as a result of problems in accessing water supplies close to the exploration area, a direct result of severe winter weather conditions in the area.

At the Leprechaun Gold Deposit, a total of 22 deep holes totalling 7,208 meters focused on down-dip extensions of high grade shoots within the Main Zone, up to 150 meters down-dip of previous intercepts identified in the 2012 drilling program, and high-grade lenses located in the hanging wall of the deposit. This drilling was successful in defining high grade shoots within the area of existing open pit resource and underground targets with the potential to increase the size and grade of the existing underground resource. In addition, 34 shallow holes totalling 3,184 meters were drilled at the Victory and Sprite prospects, located on-strike and respectively 10 and 0.2 kilometers northeast of the Leprechaun Gold Deposit, and encountered near-surface gold intercepts with good intervals and several occurrences of localized high grade gold, all in quartz-tourmaline-pyrite veining similar to that found in the Main Zone of the Leprechaun Gold Deposit. This work was undertaken in an effort to define an initial mineral resource estimate at these prospects.

Marathon released an initial mineral resource estimate for the Victory Gold Deposit on June 14, 2013 and an updated resource for the Leprechaun Gold Deposit on August 1, 2013, with each resource reflecting the results of the 2013 winter drilling program.

Victory Gold Deposit:

Marathon considered the first resource in this area of Valentine Lake a success. The resource, which is detailed on page 3 of this MD&A, represented a discovery cost of approximately \$8 per ounce, an effective use of Marathon's financial resources. In addition, with a resource pit shell approximately 300 meters in length and a maximum depth of 100 meters, the zone remains open down-dip and along strike, with historical drilling results indicating additional areas of potential gold mineralization in the area.

Leprechaun Gold Deposit:

Management considered the results of the resource update at Leprechaun a success, particularly in light of the relatively modest drilling program undertaken in 2013.

- In the open-pit portion of the resource, measured and indicated contained gold increased by 97,000 ounces or 17.3% compared to the previous resource released in October 2012, with no significant reduction in grade, the result of discovering additional mineralized material in the hanging wall of the deposit and higher-grade material near the bottom of the pit shell. In addition, the footprint of the open-pit resource stayed virtually unchanged in spite of remodeling the resource using a \$1,350 gold price compared to \$1,500 previously, suggesting that the resource is relatively insensitive to gold price fluctuations.
- In the underground portion of the resource measured and indicated contained gold decreased from 121,000 ounces to 117,000 ounces, but the grade improved from 2.75 g/t to 4.17 g/t, a 52% improvement, the result of using high-grade wireframe vein modeling better suited to the characteristics of this deposit. Similarly, while the contained gold in the inferred category decreased from 89,000 ounces to 69,000 ounces, the grade increased from 2.6 g/t to 6.13 g/t.

Following completion of the resource estimates for the Leprechaun and Victory deposits, Marathon focused in the third and fourth quarters on a limited program of surface work on the 13 kilometers of ground between the Leprechaun and Victory resource boundaries, consisting of prospecting, trenching and geological mapping. This program had two significant exploration successes:

- In the area immediately northeast of the resource boundary of the Victory Gold Deposit, trenching revealed abundant gold-bearing quartz-tourmaline-pyrite ("QTP") veining mineralization, identical to the mineralization found in the Leprechaun and Victory Gold Deposits, occurring in outcrop up to 300 meters northeast and along strike from the existing resource boundary, with selected grab samples returning grades as high as 141.97 g/t gold. In addition, while the trenching program did not cover the entire 300 meters of additional strike length from the resource boundary, historical drill holes completed by previous operators intersected significant intervals of gold mineralization in the area between the resource boundary and the trenched outcrop. The current and historical results suggest the area was a priority for future drilling and favourable to the expansion of the Victory resource. In the Victory NE area, located 1.2 kilometers northeast of the Victory resource boundary, trenching encountered extensive QTP veining with good gold values obtained from grab samples, ranging as high as 24.04 g/t. Taken together with the existing Victory resource, the historical drilling information to the northeast of the resource, and the results obtained from the two areas where trenching was completed in 2013, the Victory area represented a strike length in excess of 2 kilometers.
- In the Sprite area, prospecting and trenching discovered abundant high-grade QTP veining, identical to the mineralization found in the Leprechaun and Victory Gold Deposits, over an area in excess of 1.2 kilometers by 500 meters, with grab samples from exposed veins returning

grades as high as 58.13 g/t. These results came in an area which had been sporadically drilled and sampled by previous operators without intersecting the mineralization zone.

2014 Exploration

In December 2013 Marathon received the results of a structural geology study completed by SRK Consulting, focused on gaining an understanding of the structural controls of gold mineralization on those sections of the Valentine Lake property currently subject to exploration. SRK integrated the results of historical drilling and surface work at Valentine Lake with the results of an airborne electromagnetic survey undertaken on the property by a previous operator. This work identified a number of high priority targets located in magnetic lows on the property which SRK interpreted as splay off the Valentine Lake Thrust Fault, a structural control for gold mineralization on the property. A number of these magnetic lows are spatially related to the Leprechaun Gold Deposit, the Victory Gold Deposit and to targets developed in the Victory, Marathon and Sprite areas through prospecting and trenching in 2013.

Marathon commenced work on a winter drilling program focused on the Victory and Sprite areas in early January, with an initial objective of completing approximately 2,000 meters of shallow drilling in these areas. The program was expanded from its original scope as a result of favorable exploration results and as of the date of this MD&A consists of a total of 39 holes covering 4,285 meters of drilling.

Drilling at the Victory Zone was focused on expanding the existing mineral resource and testing mineralization along strike to the northeast of the existing resource boundary and consisted of 10 holes covering 1,120 meters. Marathon encountered near surface gold intercepts with grades as high as 3.44 g/t Au over 6.75 meters including 19.16 g/t Au over 1.13 meters in VGD-14-029, 2.21 g/t Au over 7.88 meters including 5.19 g/t Au over 1.13 meters in VGD-14-029 and 3.59 g/t Au over 5.25 meters including 14.53 g/t Au over 0.75 meters (TT) in VGD-14-028. These results are seen as favorable.

At Sprite, drilling focused on testing targets identified in the 2013 prospecting program, which defined a mineralized alteration halo 1km in length and 200 meters wide. Assaying is not complete at the date of this MD&A, but drilling in the 28 holes drilled in this program covered approximately 700 meters of strike length and encountered numerous wide-interval, near-surface gold intercepts with good grades, in some cases returning significantly better gold values than proximal holes drilled by previous operators. These results are favorable to the potential development of an initial resource at Sprite, but more exploration work will be needed to determine the extent of mineralization in this area prior to completing an initial resource.

b) Golden Chest

Acquisition of Control of GCLLC

During May, June and July 2013, NJMC issued cash calls related to the ongoing operations of GCLLC, electing in each case not to fund its proportionate share. Marathon in each case funded NJMC's share as well as its own. This resulted in Marathon acquiring effective control of GCLLC on May 23, 2013. Consequently, Marathon began to consolidate the financial results of GCLLC. The impact on Marathon's financial statements arising from the acquisition of control is described in note 6(b) of the financial statements.

Restructuring of Promissory Note

As reported in the MD&A accompanying the financial statements for the year ended December 31, 2012, Marathon and NJMC negotiated a rescheduling of the instalment of US \$500,000 due December 15, 2012 on a promissory note issued to J. W. Beasley Interests, LLC (“Beasley”) and secured by title to the claims which make up the Golden Chest property. GCLLC paid two instalments each of US \$125,000 due on March 15 and June 15, 2013 and a partial payment of US \$50,000 on September 15, 2013.

In September 2013, Beasley agreed to defer payment of the remaining US \$75,000 due on the September 2013 instalment until November 30, 2013, which was paid by GCLLC on November 27, 2013; to reschedule the remaining balance of US \$2,250,000 into quarterly instalments, with the first such installment becoming due on December 15, 2013; and to extend the cure period for any payment default from 10 to 30 days, in return for GCLLC quitclaiming its title to the patented claims to Beasley. The note remains without recourse to GCLLC, NJMC or Marathon, and the forfeiture of any interest in these claims remains the only remedy available to Beasley in the event of an uncured default by GCLLC.

Optioning of the Skookum Lode

In September 2013, GCLLC entered into an option agreement with Juniper Resources (“Juniper”), a privately-held mining company based in Idaho. Under the terms of this agreement, Juniper may mine the Skookum Lode, a vein on the Golden Chest property, for its own account.

Juniper paid Marathon and NJMC an initial deposit of US \$50,000 on September 3, 2013. On November 27, 2013, Juniper elected to proceed under the terms of the option and paid an advance royalty of US \$200,000 to Marathon and NJMC on the basis of their relative interests in GCLLC at the time. Juniper subsequently paid the installments of US \$125,000 due December 15, 2013 and March 15, 2014 on the Beasley note.

Juniper has the right to mine the Skookum Lode from underground for a period of up to 36 months in return for the following consideration:

- The payment of instalments due on the Beasley note for so long as Juniper is mining the property, to a maximum of US \$1,500,000 if Juniper conducts mining operations for the full three-year term of this agreement; and
- A 2% net smelter returns royalty, payable quarterly to NJMC and Marathon on the basis of their relative interests in GCLLC at the time of each payment.

This agreement was attractive to NJMC and Marathon for the following reasons:

- The deal was non-dilutive to existing shareholders.
- It monetized a development asset which would require additional exploration and development spending to be brought into production, at a time when the equity markets are particularly weak, and without any impact on the existing open-pit resource at Golden Chest.
- The prospect of payment of instalments against the Beasley note by Juniper removed a significant holding cost from the property over a period of up to 3 years and could result in GCLLC having remaining instalments on this note of as little as US \$575,000 upon termination of the agreement.
- The terms of the option allow NJMC and Marathon to continue exploration activity in other parts of the property.

Bulk Sampling Program

During April and May 2013, NJMC transported 1,682 tonnes of surface stockpiles located on the Golden Chest property and a bulk sample from the Popcorn vein, a narrow high-grade vein in the north end of the mine not forming part of the Golden Chest mineral resource, to its mill in Kellogg, Idaho for processing and ultimately sale of the resulting doré. This work was being done in an effort to test the grade and continuity of the Popcorn vein and to generate short term positive cash flow for GCLLC.

In the period from May 22, 2013, the point at which Marathon acquired control of GCLLC and began to consolidate the results of GCLLC in its financial reporting, to December 31, 2013, GCLLC generated sales amounting to US \$95,330 against mining, transportation and milling costs of US \$80,736, resulting in a positive return of US \$14,594, which is included within these financial statements as a reduction in deferred exploration expenses. However, the full year costs amounted to US \$203,833, representing a negative return of US \$108,503. This return reflected head grades that were lower than expected, partly due to the high volume of surface stockpiles being milled, and mill recovery rates that were similarly below expectation. Management does not expect to undertake a similar exercise in the future.

c) Other properties

In July 2013 Marathon undertook a program of prospecting and geological mapping at Finger Pond, focused on historical mineral occurrences and anomalies identified by an airborne EM survey done on the property in 2012.

One of the objectives of the ground program was to test a known gold zone identified by historical drilling. This proved impracticable as a result of a lack of outcrop. The prospecting program encountered several occurrences of base metal mineralization with some gold results, but the results of this work are preliminary and additional work will be required.

5) OUTLOOK

a) Valentine Lake

Marathon's current drilling programs at Victory and Sprite will be completed by March 31, 2014. As was the case in 2013, the emphasis of work at Valentine Lake will shift following the spring break-up to focused prospecting and trenching to identify additional targets.

In addition, Marathon is in the process of identifying a suitable service provider to perform additional preliminary metallurgical testing on samples from Leprechaun to optimize recoveries, a prerequisite step to a preliminary economic assessment. No timetable exists at present for the commencement of a PEA.

b) Golden Chest

GCLLC has not formalized its 2014 exploration plan at the date of this MD&A.

c) Other properties

A portion of the Finger Pond claims will be forfeited in 2014 to rationalize the land package associated with this project and reduce the annual expenditures required to keep the property in good standing. There are no firm plans for exploration work in 2014 at Finger Pond.

There are no plans in place to carry out exploration work at Baie Verte or Bonanza.

6) RESULTS OF OPERATIONS

The results of operations for the three and twelve months ended December 31, 2013 and 2012 are summarized below.

| | Three months ended | | Year ended | |
|---|--------------------|---------|------------------|-----------|
| | December 31 | | December 31 | |
| | 2013 | 2012 | 2013 | 2012 |
| | \$ | \$ | \$ | \$ |
| Expenses: | | | | |
| Exploration expenses ⁽ⁱ⁾ | 2,054 | 8,971 | 137,785 | 427,599 |
| General and administrative expenses ⁽ⁱⁱ⁾ | 257,061 | 462,468 | 1,358,622 | 1,812,862 |
| Other finance expense | - | 9,356 | - | 9,356 |
| Interest income | (3,655) | (5,118) | (29,050) | (48,520) |
| Unrealized loss on warrant investments ⁽ⁱⁱⁱ⁾ | - | 288,607 | 3,208 | 392,516 |
| Foreign exchange loss | - | 884 | 568 | 1,785 |
| Loss before taxes | 255,460 | 765,168 | 1,471,133 | 2,595,598 |

Notes:

- i) Exploration expenses are impacted by the timing of work on Marathon's properties other than Valentine Lake. In 2013, there was little work carried out other than at Valentine Lake, while in 2012 the exploration expenses reflect the costs of an airborne electromagnetic surveying program at Finger Pond in the second quarter and a ground prospecting program in the third quarter.
- ii) The decrease in general and administrative expenses in the fourth quarter and for the year ended December 31, 2013 reflects the following:
 - a) Salaries and director fees charged to operations decreased to \$110,384 from \$258,860 in the three months ended December 31, 2013 and to \$618,145 from \$827,990 in the year ended December 31, 2013. This reflects Marathon's officers, directors and administrative employees forgoing one month of salary and fees in the third quarter of 2013 and 25% of their normal salaries or fees with effect from September 1, 2013, in addition to a reduction in non-exploration headcount in the year.
 - b) Professional fees declined in both the three and twelve months ended December 31, 2013, as a result of reduced legal work in and a negotiated reduction in Marathon's audit fees for 2013.
 - c) Investor relations costs decreased as a result of reduced investor activity in 2013 given the distressed market conditions during the year.
 - d) Stock based compensation decreased from 2012 both because of fewer options having been issued and because of a lower fair value attributed to each option.
- iii) The loss on warrant investments reflects the adjustment of Marathon's warrants to estimated fair value based on the Black-Scholes option pricing model. The assumptions used to derive fair value in the current period are detailed in note 6 to the financial statements. The decreased

expense in 2013 is the result of the majority of the value of these securities having been written down in 2012 and the decision in the fourth quarter of 2012 to transfer \$245,296 in accumulated losses on available-for-sale equity investments to operations.

7) QUARTERLY RESULTS

Selected quarterly information derived from Marathon's consolidated financial statements for each of the eight most recently completed financial periods is set out below.

| | 2013 Q4 | 2013 Q3 | 2013 Q2 | 2013 Q1 | 2012 Q4 | 2012 Q3 | 2012 Q2 | 2012 Q1 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|
| | \$000's | \$000's | \$000's | \$000's | \$000's | \$000's | \$000's | \$000's |
| Statement of Operations and Comprehensive Loss: | | | | | | | | |
| Exploration expenses | 2 | 118 | 17 | 1 | 9 | 67 | 349 | 2 |
| General and administrative expenses | 257 | 219 | 337 | 546 | 463 | 614 | 376 | 360 |
| Other expenses | - | - | - | - | 9 | - | - | - |
| Other (income) loss | (4) | (6) | (8) | (8) | 284 | 10 | 6 | 46 |
| Loss before tax for the period | 255 | 331 | 346 | 539 | 765 | 691 | 731 | 408 |
| Balance Sheet: | | | | | | | | |
| Cash, cash equivalents and short term investments | 1,185 | 1,404 | 1,928 | 2,977 | 5,187 | 2,037 | 3,988 | 6,950 |
| Working capital | 1,174 | 1,475 | 1,917 | 3,012 | 5,169 | 2,069 | 3,967 | 7,376 |
| Mineral exploration and evaluation assets | 47,020 | 46,436 | 46,441 | 40,450 | 38,512 | 37,046 | 19,285 | 16,487 |

Marathon's reported exploration expenses reflect the timing of exploration activities at properties other than Valentine Lake and are not directly comparable from one accounting period to another.

Marathon's reported general and administrative expenses in the fourth quarter of 2011, the third quarter of 2012 and the first quarter of 2013 reflect the issuance of stock options in each period.

The significant increase in the carrying value of Marathon's exploration and evaluation assets in the third quarter of 2012 reflects the acquisition of the net assets of MOA. Similarly, the significant increase in the carrying value of these assets in the second quarter of 2013 reflects the acquisition of the net assets of GCLLC.

8) CAPITAL, LIQUIDITY AND GOING CONCERN

Cash at December 31, 2013 amounted to \$1,185,351. Marathon's working capital at December 31, 2013 was \$1,174,449.

Marathon's condensed interim consolidated financial statements are prepared on a going concern basis. The appropriateness of this approach is discussed in detail in note 1 to the financial statements.

In the year ended December 31, 2013 Marathon incurred a consolidated operating loss of \$1,255,815, excluding non-cash charges for stock based compensation, depreciation and unrealized investment losses. Marathon funded its operations in the year through the use of existing cash.

Marathon's ability to carry out exploration work at its mining properties, particularly resource expansion drilling, depends on additional financing. Marathon is considering a number of potential financing transactions, and while management has been successful in the past in raising equity in challenging financial markets, there can be no assurance that Marathon will be successful in its current efforts.

9) CAPITAL ACTIVITIES

a) Rambler subscription agreement

On December 12, 2013, Marathon entered into a subscription agreement with Rambler Metals & Mining plc ("Rambler") pursuant to which:

- Rambler subscribed irrevocably for Marathon common shares in two tranches priced at a premium to the market at the time of each tranche being subscribed for guaranteed proceeds of \$500,000, and
- Marathon granted Rambler the right to subscribe for additional shares in four quarterly tranches of \$375,000 each, for total non-guaranteed proceeds of \$1,500,000.

The particulars of the subscription, including the pricing mechanisms for the subscription and the exercise of the rights, are detailed in note 10 to the consolidated financial statements.

b) Flow through shares

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

10) OPTIONS

The terms of Marathon's option plan authorize the issue of share purchase options to employees, officers and directors, and third party service providers subject to a stipulation that total options issued at any point in time cannot exceed 10% of the number of common shares issued and outstanding at that time.

During the year ended December 31, 2013 Marathon awarded a total of 1,244,000 options to directors, officers and employees at an exercise price of \$0.52 per share and an additional 110,000 options at an exercise price of \$0.26 per share. These options were awarded with immediate vesting.

Subsequent to December 31, 2013, Marathon awarded 870,000 options at an exercise price of \$0.32 expiring on February 24, 2019, and 440,000 options with a weighted average exercise price of \$0.82 expired.

11) RELATED PARTY TRANSACTIONS

Marathon incurred the following compensation costs related to key management and directors in the normal course of business. At December 31, 2013, \$Nil was owing to these related parties for services received during the period.

| | Three months ended | | Year ended | |
|---------------------------------|--------------------|---------|-------------|-----------|
| | December 31 | | December 31 | |
| | 2013 | 2012 | 2013 | 2012 |
| | \$ | \$ | \$ | \$ |
| Salaries paid to key management | 107,750 | 266,250 | 480,436 | 705,000 |
| Fees paid to directors | 30,896 | 41,292 | 124,245 | 131,292 |
| Stock based compensation | - | 11,244 | 176,846 | 294,391 |
| | 138,646 | 318,786 | 781,527 | 1,130,683 |

12) FULLY DILUTED SHARE CAPITAL

Excluding the shares issuable to Rambler upon completion of its subscription obligation and upon the exercise of the rights granted to Rambler by Marathon, fully diluted share capital is comprised as follows:

| | Number of shares |
|---|-------------------|
| Common shares | 62,572,181 |
| Unexercised stock options | 5,798,000 |
| Unexercised share purchase warrants | 5,262,101 |
| Fully diluted share capital – March 26, 2014 | 73,632,282 |

13) OFF-BALANCE SHEET ARRANGEMENTS

Marathon had no off balance sheet arrangements as at December 31, 2013 or subsequently to the date of this MD&A.

14) RISK FACTORS AND UNCERTAINTIES

Marathon is subject to the usual risks associated with a junior mineral exploration company. The Company competes for access to financing, specialized third party service providers and human capital against other exploration companies, some of whom may be better capitalized. Prices for the commodities contained in Marathon's exploration properties have fluctuated significantly over the last few years and may continue to do so. Such volatility may affect the timing and magnitude of funds which Marathon may seek to raise to support further exploration of its properties or may make it difficult to complete an offering of securities.

It may not be possible to raise additional funds to complete development and achieve profitable production or to obtain the permits required to enable Marathon to commence mining operations on its properties.

Marathon participates in exploration joint ventures as a means of earning or acquiring interests in properties with existing mineral resources and subsequently increasing shareholder value through exploration and resource expansion. The ability of Marathon to influence the nature, extent, and timing of exploration and evaluation activities at properties where Marathon is not the 100% owner depends on a number of factors, including but not limited to decisions made by project operators, who typically have control over the scope of project budgeting and the pace of work against such budgets, and the financial health of Marathon's partners. The inability of a partner in any of Marathon's projects to continue to fund the ongoing exploration work or other obligations of the project could have a material impact on Marathon's finances and the reported values of its mineral exploration and evaluation assets. While management has used its best efforts to ensure title to all its properties and secured access to surface rights, these titles or rights may be disputed.

For a more detailed discussion of risk factors, reference should be made to Marathon's Annual Information Form for the year ended December 31, 2013. This document may be obtained at www.sedar.com.

15) FUTURE ACCOUNTING PRONOUNCEMENTS

IFRS 9 Financial Instruments

IFRS 9, *Financial Instruments* was issued by the IASB and will replace IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments. Such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income (loss). Where equity instruments are measured at fair value through other comprehensive income (loss), dividends are recognized in profit or loss to the extent that they do not clearly represent a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income (loss) indefinitely. Requirements for financial liabilities are included in IFRS 9 and they largely carry forward existing requirements from IAS 39, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss are generally recorded in other comprehensive income (loss). IFRS 9 is effective for annual periods beginning on or after January 1, 2015. The Company is currently evaluating the impact of IFRS 9 on its consolidated financial statements.

In July 2013, the IASB tentatively decided to defer the mandatory effective date of IFRS 9. The IASB agreed that the mandatory effective date should no longer be annual periods beginning on or after January 1, 2015 but rather be left open pending the finalization of the impairment and classification and measurement requirements. The Company is currently evaluating the impact of IFRS 9 on its consolidated financial statements.

16) INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for the design and operating effectiveness of internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements in accordance with accounting principles generally accepted in Canada. Based on a review of its internal control procedures at the end of the period covered by this

MD&A, management believes its internal controls and procedures are appropriately designed and were operating effectively as at December 31, 2013.

17) DISCLOSURE CONTROLS

Management is also responsible for the design and operation of disclosure controls and procedures to provide reasonable assurance that material information related to the Company, including its consolidated subsidiaries, is made known to the Company's certifying officers. The Company's Chief Executive Officer and Chief Financial Officer have each evaluated the design and effectiveness of the Company's disclosure controls and procedures as of December 31, 2013 and have concluded that these controls and procedures are effective.

18) CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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:

Mineral exploration and evaluation assets

Marathon capitalizes exploration and evaluation costs on mineral properties with an existing mineral resource and expenses exploration costs incurred with respect to properties without existing mineral resources.

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.

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.

1,354,000 options were awarded in the year ended December 31, 2013. The key assumptions used to determine the fair value of options awarded in 2013 are detailed in note 11 to the financial statements.

Warrant investments

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

The key assumptions used to estimate the fair value of these investments are detailed in note 6 to the financial statements.

19) ADDITIONAL INFORMATION

Additional information relating to Marathon can be found on SEDAR at www.sedar.com.

(Signed) "Phillip C. Walford"
Phillip C. Walford
President and Chief Executive Officer

(Signed) "James Kirke"
James Kirke
Chief Financial Officer