



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 months ended March 31, 2012.

The MD&A should be read in conjunction with the condensed interim consolidated financial statements for the three months ended March 31, 2012, including the notes thereto, and the audited consolidated financial statements for the year ended December 31, 2011, including the notes thereto.

This MD&A is presented as of May 11, 2012. 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 conditions and capital markets for 2012 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 great 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 Valentine Lake gold property which is being operated as a 50/50 joint venture with Mountain Lake Resources Inc. (“MOA”). Marathon is the operator.
- The Finger Pond gold property, an unexplored gold property acquired by staking in 2010. Finger Pond is located approximately 30km southwest of the Valentine Lake property and on the same geological structure as Valentine Lake. The Finger Pond property is outside the area of interest specified in the Valentine Lake Joint Venture Agreement.
- The Baie Verte gold property in western Newfoundland, an early-stage exploration project acquired by staking in 2008.

Idaho, United States

- The Golden Chest gold property, an 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”), a corporate joint venture in which Marathon holds an equal 50% interest with New Jersey Mining Company (“NJMC”), the operator of the project.

Oregon, United States

- The Bonanza Mine, an 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 March 31, 2012, Marathon Gold had \$6.9 million in cash and \$7.4 million in working capital.

The operational highlights of the period include:

- Commencement of the 2012 work program at Valentine Lake, including 40,000 meters of drilling.
- Completion of an updated mineral resource estimate at the Leprechaun Gold Deposit within Valentine Lake incorporating the results of the 2011 drilling program, with a global measured and indicated resource of 6,446,000 tonnes grading 2.05 g/t, representing 424,000 ounces of gold, and an additional inferred resource of 5,742,000 tonnes grading 1.65 g/t, representing 305,000 ounces of gold.
- Commencement of a 20,000 meter 2012 drilling program at Golden Chest, which will focus in part on expanding the existing potential open-pit mineral resource.
- Completion of an initial mineral resource estimate on Golden Chest, with a global indicated resource of 3,107,000 tonnes grading 1.47 g/t, representing 147,000 ounces of gold, and an additional inferred resource of 4,978,000 tonnes grading 1.46 g/t, representing 233,300 ounces of gold.

3) MINING PROPERTIES

a) Valentine Lake

Resource Estimate:

An updated global mineral resource for the Leprechaun Gold Deposit was completed based on the results of the 2011 drilling program. This resource is set out below as excerpted from Marathon's press release of March 29, 2012.

Leprechaun Gold Deposit 2012 Mineral Resource Estimate

(Cut-off Grade 0.5 g/t gold)

Classification	Tonnes	Gold Grade (g/t)	Contained Gold (oz)
Measured	1,378,000	1.90	84,000
Indicated	5,068,000	2.09	340,000
TOTAL Measured and Indicated	6,446,000	2.05	424,000
Inferred	5,742,000	1.65	305,000

Notes:

1. Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues.
2. The quantity and grade of reported Inferred mineral Resources in this estimate 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.

The table below compares the 2011 global resource with the global resource completed in March 2012, based on the cumulative drilling results to December 31, 2011.

	Global Resource 2012			Global Resource 2011		
	Tonnes	Grade (g/t)	Ounces (oz)	Tonnes	Grade (g/t)	Ounces (oz)
Measured	1,378,000	1.90	84,000	2,768,000	2.77	187,000
Indicated	5,068,000	2.09	340,000	1,200,000	2.36	90,000
TOTAL Measured and Indicated	6,446,000	2.05	424,000	3,300,000	2.62	277,000
Inferred	5,742,000	1.65	305,000	4,400,000	2.01	285,000

Marathon faced unforeseen challenges in the process of updating the resource estimate from the previous 2011 resource. The main challenge was that 22 historic drill holes had to be removed from the database, as they were selectively sampled for underground resources, leaving gaps in the mineralized intervals. There were also down hole surveying errors which became obvious when new holes were drilled nearby. As well, where old drill core could be recovered and completely sampled, the metal content was generally not as high as the original intercepts, suggesting that there may have been some bias in the historical sampling. The decline in grade from 2011 to 2012 can also be attributed in part to a more conservative top cut in the main zone of 30 g/t gold in 2012, compared to 76 g/t gold in 2011.

The issues associated with the historical drill holes are being addressed. Marathon began replacing the old drill holes late in the 2011 drilling program and continues to do so in 2012.

Drilling:

Marathon commenced work on the 2012 Valentine Lake exploration program in mid-January 2012, with a program which includes 40,000 meters of exploration drilling, 1,200 meters of geotechnical drilling, geophysical surveying, and systematic exploration focused on identifying new targets outside the existing resource boundary.

To the date of this MD&A, a total of 60 drill holes covering 16,385 meters have been drilled. Drilling has been successful in establishing down dip extensions of the existing Main Zone mineralization, with multiple interceptions of high-grade gold, and new hanging wall and footwall mineralization, confirming the continuity of the deposit.

Drilling on the property was suspended at the end of March because of an early start to spring break-up and resumed early in May. Drilling has been focused to date on the Leprechaun Gold Deposit but with the onset of better drilling conditions, drilling will expand southwest into the J. Frank Zone and northeast into the Sprite zone.

It is anticipated that a new resource will be prepared upon completion of the 2012 drilling program.

b) Golden Chest

Marathon completed the funding of its 50% interest in the Golden Chest property in November 2011.

Under the terms of the Golden Chest joint venture agreement, NJMC is the operator. Marathon may elect to become the operator and assume control of the project by committing to contribute an additional US \$3,500,000 on the property prior to November 30, 2012, thereby increasing the Company's interest in GCLLC to 60%.

Resource Estimate:

The results of the 2011 drilling program and historical drilling undertaken by NJMC between 2004 and 2010 were incorporated into an initial global and open-pit shell mineral resource estimate on the property. The resource is set out below and is excerpted from Marathon's press release dated March 5, 2012.

Golden Chest 2012 Mineral Resource Estimate

(Cutoff grade 0.4 g/t gold)

		Measured and Indicated	Inferred
Global Resource			
Tonnes		3,107,000	4,978,000
Grade (g/t)		1.47	1.46
Ounces @ 0.4 g/t cut-off		147,000	233,300
In Open Pit Shell			
Tonnes		2,788,000	3,847,500
Grade (g/t)		1.35	1.45
Ounces at 0.4 g/t cutoff		121,100	179,000

Notes:

- The 0.4 g/t gold open pit cut-off grade underlying the Resource Estimate is based on a number of parameters and assumptions including a gold price of US\$1,200 per troy ounce, 92% metallurgical gold recovery, mining costs of US\$2.00/tonne, 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.
- The quantity and grade of reported Inferred mineral Resources in this estimate 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.
- 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 March 5, 2012.

Exploration:

NJMC commenced work on GCLLC's 2012 exploration program at Golden Chest in January 2012. The 2012 drilling program is focused on expanding the boundary of the existing potential open pit resource to the north into the Katie-Dora area and to test new targets, including the expansion of the Idaho vein mineral resource, the down dip extension of the high-grade Katie-Dora veins below the No. 3 level of the past-producing mine, and the southern extension of the Idaho fault into the Joe Dandy claims acquired by GCLLC in 2011.

Drilling to date has been successful in expanding and improving the resource potential of the property. Surface infill drilling focused on the open pit resource encountered significant intercepts with grades from 1.14 to 1.26 g/t gold, in an area which currently hosts an inferred resource. Surface drilling focused on underground targets has succeeded in extending the strike length of the Idaho vein system in an area with no previous drilling results. In addition, an exploration crosscut completed early in the year in the Katie-Dora section of the historic mine, an area with little

previous exploration, encountered a high grade vein assaying 29.4 g/t gold over 1.4 meters, making this area a high priority target for future drilling.

c) Finger Pond

Marathon completed a limited initial prospecting program in the third quarter of 2011. This was the first work on Finger Pond since acquiring the property in 2010.

This work included a surface sampling program that yielded 128 grab samples. The program identified copper and silver showings in chalcopyrite and chalcocite veins, with grab samples grading as high as 24.6% copper and 34.1 g/t silver, and 45.6% copper and 15.3 g/t silver.

The Company had planned to carry out a program of airborne surveying on Finger Pond in the first quarter of 2012. Inclement weather and other factors prevented Marathon's contractor from carrying out this work in the period, and the program was completed in the second quarter.

d) Baie Verte

Marathon carried out a limited prospecting program at Baie Verte in the third quarter of 2011. This program included 17 grab samples collected from outcrop on the property.

Following on from this work, Marathon had planned a short drilling program at Baie Verte in the first quarter of 2012 including 1,500 meters of drilling. Management has since made a decision to defer this program until later in the year.

f) Bonanza

On December 15, 2011, Marathon acquired a 100% interest in the Bonanza Mine, an historic high-grade producing property consisting of 13 patented lode claims and one patented parcel totaling approximately 300 acres (121 hectares) and located in the Greenhorn Gold District in northeastern Oregon. Marathon paid the vendor US \$126,711 and issued 300,000 common shares with a fair value of \$345,000 for the property, and the vendor retained a 2% NSR royalty, of which 1% can be purchased for US \$1,000,000.

During 2012, Marathon acquired additional unpatented claims surrounding the property. These claims are not subject to any royalty. No exploration work has been carried out at the Bonanza property to the date of this MD&A.

4) OUTLOOK

Valentine Lake

The bulk of Marathon's Canadian exploration efforts in 2012 will be focused on Valentine Lake. The key elements of the 2012 exploration program include:

- A 40,000 meter drilling program including step-out and infill drilling which commenced in January 2012. A portion of this program is oriented toward replacing some of the high-grade historical drilling results removed from the database during the most recent mineral resource estimate.
- Continuing environmental baseline studies and metallurgical testwork.
- A program of geophysical surveying to potentially identify high-grade targets.

Golden Chest

NJMC as operator has commenced work on the 2012 exploration program at Golden Chest, which includes a total of 20,000 meters of surface and underground drilling, a program of underground rehabilitation and development, and preparations for a preliminary economic assessment expected to be completed in the fourth quarter of 2012. This program is being funded jointly by NJMC and Marathon.

Marathon has the right to elect to increase its share of Golden Chest to 60% by making a capital contribution of US \$3.5 million before November 30, 2012. Any decision on increasing the Company's interest in Golden Chest will depend on a number of factors, including the Company's success in raising additional financing.

Finger Pond

As mentioned earlier, Marathon completed a program of airborne geophysics at Finger Pond in the second quarter of 2012. The analysis of data obtained from this program is underway.

Baie Verte

As mentioned earlier, Marathon plans to complete a 1,500 meter drilling program at Baie Verte during 2012. Any additional work on the property will depend in part on the success of this program.

Bonanza

Marathon has no immediate plans for any material work on the Bonanza property.

5) RESULTS OF OPERATIONS

The results of operations for the three months ended March 31, 2012 and 2011 are summarized below.

	2012	2011
	\$	\$
Expenses:		
Exploration expenses (i)	2,072	6,187
General and administrative expenses (ii)	360,716	435,422
Interest income	(13,584)	(77)
Unrealized loss (gain) on warrant derivative investments (iii)	58,763	(14,782)
Foreign exchange (gain) loss	(285)	(90)
Loss before taxes	407,682	426,660
Income taxes (iv)	(629,588)	-
(Income) Loss for the period	(221,906)	426,660

- i) Marathon undertook very little exploration activity at its properties in the first quarter of either 2012 or 2011, other than Valentine Lake and Golden Chest. As mentioned earlier in this MD&A, planned Q1 exploration work at Baie Verte and Finger Pond has been delayed or postponed.
- ii) The decrease in reported administrative expenses in the quarter of 2012, compared to 2011, is primarily the result of
 - a. a decrease in stock based compensation costs, from \$30,650 in 2011 to \$Nil in 2012, as no stock options were awarded in the quarter;
 - b. a decrease in investor relations costs;
- iii) a decrease in other administrative costs, related in part to an increase in operator fees earned with respect to Valentine Lake.
- iv) The unrealized mark to market gains and losses associated with Marathon's investment warrants issued by NJMC are derived by revaluing the warrants at each reporting period using the Black-Scholes option pricing model and are impacted by the price of the underlying security, the remaining term of the investment, and other assumptions which drive the model.
- v) As explained in note 13 to the financial statements, Marathon renounced the tax benefits associated with the issue in 2011 of 5,256,000 flow-through common shares to its investors in February 2012 and released a portion of the liability set up in respect of these benefits during 2011 to the 2012 tax recovery, based on Canadian exploration expenses incurred to March 31, 2012.

6) QUARTERLY RESULTS

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

	2012 Q1	2011 Q4	2011 Q3	2011 Q2	2011 Q1	2010 Q4	2010 Q3	2010 Q2
	\$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	23	175	34	6	9	6	1
General and administrative expenses	360	634	403	426	435	1,366	180	454
Other expenses	-	144	-	-	-	-	-	-
Other (income) loss	46	(15)	84	109	(14)	(159)	(9)	(8)
Loss before tax for the period	408	786	662	569	427	1,216	177	447
Balance Sheet:								
Cash, cash equivalents and short term investments	6,950	9,545	3,182	6,089	7,606	7,583	-	-
Working capital	7,376	9,573	3,134	6,008	7,183	7,881	-	-
Mineral exploration and evaluation assets	16,487	14,777	12,322	9,755	9,007	4,642	3,391	1,681

The reported administrative expense amounts in all periods prior to Q1 of 2011 are based on allocations of shared expenses incurred originally by Marathon PGM Corporation, the parent company of Marathon prior to November 30, 2011.

The significant increase in general and administrative expenses in the fourth quarter of 2010 is due to the granting of 1,770,000 options in the quarter and subsequent recognition of \$972,742 in stock based compensation costs, of which \$802,375 was charged to operations.

7) CAPITAL, LIQUIDITY AND GOING CONCERN

Cash at March 31, 2012 amounted to \$6,949,678. Marathon's working capital at March 31, 2012 was \$7,376,285.

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 period ended March 31, 2012 Marathon incurred an operating loss of \$335,366, excluding non-cash charges for depreciation and mark to market losses on warrants. Marathon funded its operations in the period through the use of existing cash.

After taking its existing cash reserves and its expectations regarding the intention of MOA to participate fully in funding the exploration activities of the Valentine Lake Joint Venture into account, Marathon has sufficient cash to fund its planned exploration and investment activities and administrative costs to the end of 2012, but will require additional financings to advance Valentine Lake, Golden Chest, and its other projects. While Marathon has been successful to date in obtaining the equity financing it requires

to move its projects forward, it remains dependent on such financings and will continue to depend on financings as its sole source of cash inflows for the foreseeable future. There can be no assurance that the Company will continue to be able to obtain financing in the future.

8) CAPITAL ACTIVITIES

The Company did not complete any capital market transactions during the period ended March 31, 2012.

9) 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 period ended March 31, 2012, no options were awarded or exercised.

10) FULLY DILUTED SHARE CAPITAL

	Number of shares
Common shares	29,871,928
Unexercised stock options	2,637,000
Unexercised broker warrants	176,995
Unexercised share purchase warrants	1,964,000
Fully diluted share capital – May 11, 2012	34,649,923

11) OFF-BALANCE SHEET ARRANGEMENTS

Marathon had no off balance sheet arrangements as at March 31, 2012 or subsequently to the date of this MD&A.

12) RELATED PARTY TRANSACTIONS

During the period ended March 31, 2012, Marathon paid fees totaling \$Nil (2011 - \$29,874) to a company controlled by Marathon's former chairman, James Frank, for management services. These transactions were charged to operations and were in the normal course of business. At March 31, 2012 there were no amounts due in respect of these services.

Following the death of Mr. Frank during the fourth quarter of 2011, Marathon's board approved an ex gratia posthumous bonus amounting to US\$120,000 in recognition of Mr. Frank's services to the Company. This bonus was expensed in 2011, is outstanding at March 31, 2012, and will be paid in 2012.

13) RISK FACTORS AND UNCERTAINTIES

Marathon is subject to the usual risks associated with a junior mineral exploration company. We are competing for access to financing, specialized third party service providers and human capital against other exploration companies, some of whom are 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 we 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.

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, 2011. This document may be obtained at www.sedar.com.

14) 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.

IFRS 10 Consolidated Financial Statements

IFRS 10, *Consolidated Financial Statements* was issued by the IASB to replace IAS 27, *Consolidated and Separate Financial Statement* and SIC-12, *Consolidation - Special Purpose Entities*. IFRS 10 requires an entity to consolidate an investee when it has power over the investee, 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 is effective for annual periods beginning on or after January 1, 2013. The Company is currently evaluating the impact of IFRS 10 on its consolidated financial statements.

IFRS 11 Joint Arrangements

IFRS 11, *Joint Arrangements* supersedes IAS 31, *Interests in Joint Ventures*, and SIC-13, *Jointly Controlled Entities - Non-monetary Contributions by Venturers*. 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 is effective for annual periods beginning on or after January 1, 2013. The Company is currently evaluating the impact of IFRS 11 on its consolidated financial statements.

IFRS 12 Disclosures of Interests in Other Entities

IFRS 12 *Disclosures of Interests in Other Entities* was issued by the IASB to create a comprehensive disclosure standard to address the requirements for subsidiaries, joint arrangements and associates including the reporting entity's involvement with other entities. It also includes the requirements for unconsolidated structured entities. IFRS 12 is effective for annual periods beginning on or after January 1, 2013. The Company is currently evaluating the impact of IFRS 12 on its consolidated financial statements.

IFRS 13 Fair Value Measurement

IFRS 13, *Fair Value Measurement* 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 does not always reflect a clear measurement basis or consistent disclosures. IFRS 13 is effective for annual periods beginning on or after January 1, 2013. The Company is currently evaluating the impact of IFRS 13 on its consolidated financial statements.

15) 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 March 31, 2012.

16) 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 March 31, 2012 and have concluded that these controls and procedures are effective.

17) 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:

a) 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.

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.

The key assumptions used to derive the fair value of options awarded in 2011 are detailed in note 9 to the consolidated financial statements. No options have been awarded to date in 2012.

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.

The key assumptions used to estimate the fair value of this investment are detailed in note 5 to the consolidated financial statements.

18) 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